



Copper: Preliminary Data for September 2019

The International Copper Study Group (ICSG) released preliminary data for September 2019 world copper supply and demand in its December 2019 Copper Bulletin. The Bulletin and ICSG online statistical database provide detailed data, on a country basis, for copper mine, smelter, refined and semis production and copper refined usage, trade, stocks and prices. The bulletin is available for sale (annual subscription €550/€350 for orders originating from/outside institutions based in ICSG member countries).

Preliminary data indicates that world mine production declined by about 0.4% in the first nine months of 2019, with concentrate production remaining essentially unchanged and solvent extraction-electrowinning (SX-EW) declining by 1%:

- Reduced output in major producing countries more than offset growth in other countries.
 - Production in Chile, the world's biggest copper mine producing country, declined by 0.3% mainly due to lower copper head grades and some production disruptions that occurred early in the year.
 - Indonesian output declined by 50% as a consequence of the transition of the country's major two mines to different ore zones leading to temporarily reduced output levels.
 - After growth of 13% in 2018, aggregated production in the Democratic Republic of Congo (DRC) and Zambia declined by 3% as consequence of temporary suspensions at SX-EW mines, reductions in planned production and operational constraints.
- Production in a number of major copper mine producing countries, including Australia, China, Mexico, Peru and the United States increased due to improved grades and a recovery from constrained output in 2018.
- Panama started producing copper in March 2019, with the commissioning of the Cobre de Panama mine, and was the biggest contributor to world mine production growth in the first nine months of 2019.
- On a regional basis, mine production is estimated to have increased by around 4% in North America, 1.5% in Latin America and 6% in Oceania but declined by 6.5% in Asia, 2% in Africa and 2% in Europe.

Preliminary data indicates that world refined production remained essentially unchanged in the first nine months of 2019 with primary production (electrolytic and electrowinning) declining by 0.4% and secondary production (from scrap) increasing by 1.6%.

- World refined production growth was constrained as a consequence of:
 - A 30% decrease in Chilean electrolytic refined output due to temporary smelter shutdowns whilst undergoing upgrades to comply with new environmental regulations. Total Chilean refined production (including Electrowinning) declined by 11%.
 - A 35% decrease in Zambian refined output due to power supply interruptions, smelter outages and temporary shutdown and the introduction on 1st January 2019 of a 5% custom duty on copper concentrate imports constraining smelter feed.
 - A decline of 22% in India's production which was negatively impacted by the shutdown of Vedanta's Tuticorin smelter in April 2018.
 - Reduced output in Japan, Peru, the United States and a few European countries due to smelter maintenance shutdowns.
- However, these reductions were offset by growth in Chinese output and by increases in countries recovering from production constraints in 2018 such as Australia, Brazil, Iran and Poland.
- On a regional basis, refined output is estimated to have increased in Asia (3.5%) and in Oceania (11%) but declined, in North America (-2.5%), in Latin America (-8%), in Africa (-9%) and in Europe (-2.5%).

Preliminary data indicates that world apparent refined usage grew by a modest 0.3% in the first nine months of 2019:

- Although Chinese net refined copper imports declined by 12%, Chinese apparent usage grew by around 2.8% as a consequence of higher Chinese refinery output.
- Among other major copper users, demand increased in the United States, India and Taiwan (China) but declined in the EU and Japan.
- World ex-China usage declined by around 2%.

Preliminary world refined copper balance in the first nine months of 2019 indicates a deficit of about 390,000t:

- In developing its global market balance, ICSG uses an apparent demand calculation for China that does not take into account changes in unreported stocks [State Reserve Bureau (SRB), producer, consumer, merchant/trader, bonded]. To facilitate global market analysis, however, an additional line item—Refined World Balance Adjusted for Chinese Bonded Stock Changes—is included in the attached table that adjusts the world refined copper balance based on an average estimate of changes in unreported inventories provided by three consultants with expertise in China's copper market.
- In the first nine months of 2019, the world refined copper balance, based on apparent Chinese usage (excluding unreported/bonded stocks), indicated a deficit in the market of about 390,000 t.
- The world refined copper balance adjusted for changes in Chinese bonded stocks indicated a market deficit of around 525,000 t.

Copper Prices and Stocks:

- Based on the average of estimates provided by independent consultants, China's bonded stocks are thought to have declined by about 135,000 t in the first nine months of 2019 compared to the year-end 2018 level. Bonded stocks declined by around 90,000t in the same period of 2018.
- As of the end of November, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 365,092 t, an increase of 14,596 t (+4%) from stocks held at the end of December 2018. Stocks were up at the LME (+58%) and SHFE (+1%) and down at COMEX (-63%).
- The average LME cash price for November 2019 was US\$ 5,859.69 /t, up 2% from the October average of US\$ 5,742.89 /t.
- The 2019 high and low copper prices through the end of November were US\$ 6,572 /t (on 1st Mar) and US\$ 5,537 /t (on the 3rd September), respectively, and the year average was US\$ 5,994.35 /t (8% below the 2018 annual average).

World Refined Copper Usage and Supply Trends

Thousand metric tonnes, copper

	2016	2017	2018	2018	2019	2019			
				Jan-Sep	Jun	Jul	Aug	Sep	
World Mine Production	20,402	20,082	20,575	15,198	15,150	1,678	1,742	1,776	1,727
World Mine Capacity	23,481	23,993	24,077	18,438	18,500	2,068	2,060	2,067	2,008
Mine Capacity Utilization (%)	86.9	83.7	85.5	82.4	81.9	81.1	84.6	85.9	86.0
Primary Refined Production	19,490	19,485	20,055	14,887	14,833	1,673	1,705	1,713	1,670
Secondary Refined Production	3,866	4,053	4,043	3,026	3,075	341	345	346	332
World Refined Production (Secondary+Primary)	23,357	23,538	24,098	17,913	17,907	2,014	2,050	2,059	2,003
World Refinery Capacity	26,913	27,435	27,770	20,777	21,439	2,363	2,448	2,454	2,381
Refineries Capacity Utilization (%)	86.8	85.8	86.8	86.2	83.5	85.2	83.7	83.9	84.1
World Refined Usage 1/	23,492	23,710	24,489	18,243	18,301	2,050	2,119	2,022	2,083
World Refined Stocks End of Period	1,365	1,375	1,227	1,306	1,310	1,272	1,322	1,406	1,310
Period Stock Change	-140	10	-148	-68	83	-21	50	84	-97
Refined Balance 2/	-136	-171	-391	-330	-393	-35	-69	37	-81
Seasonally Adjusted Refined Balance 3/				-305	-361	-9	-57	-48	-32
Refined Balance Adjusted for Chinese bonded stock change 4/	-123	-169	-451	-418	-526	-108	-121	-10	-136

Due to the nature of statistical reporting, the published data should be considered as preliminary as some figures are currently based on estimates and could change.

1/ Based on EU apparent usage.

2/ Surplus/deficit is calculated using refined production minus refined usage.

3/ Surplus/deficit is calculated using seasonally adjusted refined production minus seasonally adjusted refined usage.

4/ For details of this adjustment see the paragraph of the press release on "World refined copper balance".