



Copper: Preliminary Data for March 2020

The International Copper Study Group (ICSG) released preliminary data for March 2020 world copper supply and demand in its June 2020 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/€850 for orders originating from/outside institutions based in ICSG member countries).

Preliminary data indicates that world copper mine production increased by about 0.5% in the first quarter of 2020, with concentrate production remaining essentially unchanged and solvent extraction-electrowinning (SX-EW) increasing by 3%:

- World mine production increased by about 2% in the first two months of 2020 but declined by 2.5% in March mainly as a consequence of the COVID-19 related global lockdown.
- The partial paralysation of the mining industry in Peru due to COVID-19, combined with operational issues/adverse weather affecting a few major mines, led to a 25% decline in production in March, with the full first quarter presenting a decline of 12%.
- Mine production in Chile, the world's biggest copper mine producing country increased by 1% recovering from production constraints in early 2019. Chilean SX-EW output increased by 5%.
- In the Democratic Republic of Congo (DRC), mine production increased by 4% as production from ramp-up mines more than offset the temporary closure of a major mine in December 2019.
- Official data indicates that Chinese copper mine production declined by 4% mainly due to the temporary suspension of a number of mines due to COVID-19 related restrictions.
- In Indonesia, production grew by 14% as output levels improved following the transition of the country's major two copper mines to different ore zones in 2019.
- Production in Panama was higher due to the fact that the country only started producing copper in March 2019.

Preliminary data indicates that world refined copper production remained essentially unchanged in the first quarter of 2020 with primary production (electrolytic and electrowinning) up by 1.5% and secondary production (from scrap) down by 7.5%.

- Chilean electrolytic refined output increased by 30% as in the comparative month of 2019 production was negatively affected by temporary smelter shutdowns whilst undergoing upgrades to comply with new environmental regulations. Total Chilean refined production (including Electrowinning) increased by 12%.
- Chinese refined production was negatively impacted by temporary shutdowns related to COVID-19 restrictions, tight scrap supply and constraints associated with oversupply in the sulphuric acid market.
- In Africa, refined production in the DRC was up 2.5% but production in Zambia declined by 18% due to operational issues and temporary shutdowns.
- Japanese refined production increased by 8% mainly because maintenances negatively affected output during the same period of 2019.

Preliminary data indicates that world apparent refined copper usage declined by about 2.5% in the first quarter of 2020:

- Chinese apparent usage declined by 4% mainly as a consequence of lower Chinese refinery output as net refined copper imports increased by 8%. Real Chinese industrial usage was negatively impacted by COVID-19 related production suspensions at semis fabricators.
- Among other major copper users, refined usage declined by 6% in Japan and by 2.5% in the EU. No 2020 production nor usage data is yet available for the USA. However, it is estimated that usage could have declined by about 3%.

Preliminary world refined copper balance in the first quarter of 2020 indicates a surplus of 130,000 t

- 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 three months of 2020, the world refined copper balance, based on apparent Chinese usage (excluding unreported/bonded stocks), indicated a surplus of 130,000 t.
- The world refined copper balance adjusted for changes in Chinese bonded stocks indicated a market surplus of about 220,000 t.

Copper Prices and Stocks:

- Based on the average of estimates provided by independent consultants, China's bonded stocks are thought to have increased by about 90,000 t in the first three months of 2020 compared to the year-end 2019 level. Bonded stocks increased by 137,000t in the same period of 2019.
- As of the end of May, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 456,601 t, an increase of 154,214 t (51%) from stocks held at the end of December 2019. Stocks were up at the LME (+77%), SHFE (+17%) and at COMEX (64%).
- The average LME cash price for May 2020 was US\$ 5,233.82 /t, up 3.7% from the April average of US\$ 5,048.25 /t.
- The 2020 high and low copper prices through the end of May were US\$ 6,300.50 /t (on 16th Jan) and US\$ 4,617.50 /t (on 23rd Mar), respectively, and the year average was US\$ 5,448.06 /t (9% below the 2019 annual average).

Please visit the ICSG website www.icsg.org for further copper market related information.

(World Refined Copper Usage and Supply Trends table on next page)

World Refined Copper Usage and Supply Trends

Thousand metric tonnes, copper

	2017	2018	2019	2019	2020	2019	2020		
				Jan-Mar	Dec	Jan	Feb	Mar	
World Mine Production	20,082	20,577	20,553	4,883	4,906	1,843	1,685	1,568	1,653
World Mine Capacity	24,018	24,127	24,238	6,127	6,154	2,105	2,112	1,915	2,128
Mine Capacity Utilization (%)	83.6	85.3	84.8	79.7	79.7	87.6	79.8	81.9	77.7
Primary Refined Production	19,485	20,055	19,990	4,812	4,880	1,727	1,708	1,505	1,667
Secondary Refined Production	4,053	4,043	4,051	1,021	942	328	337	298	307
World Refined Production (Secondary+Primary)	23,538	24,098	24,041	5,833	5,822	2,055	2,045	1,803	1,974
World Refinery Capacity	27,435	27,869	28,826	7,032	7,249	2,485	2,491	2,255	2,503
Refineries Capacity Utilization (%)	85.8	86.5	83.4	83.0	80.3	82.7	82.1	80.0	78.9
World Refined Usage 1/	23,710	24,488	24,455	5,845	5,693	2,019	2,048	1,672	1,973
World Refined Stocks End of Period	1,375	1,227	1,228	1,333	1,560	1,228	1,299	1,559	1,560
Period Stock Change	10	-148	1	106	332	-59	70	260	1
Refined Balance 2/	-171	-391	-414	-12	130	36	-2	131	1
Seasonally Adjusted Refined Balance 3/				-94	49	-4	10	44	-5
Refined Balance Adjusted for Chinese bonded stock change 4/	-169	-450	-592	125	220	43	68	146	6

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".