



Copper: Preliminary Data for April 2020

The International Copper Study Group (ICSG) released preliminary data for April 2020 world copper supply and demand in its July 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 remained essentially unchanged in the first four months of 2020, with concentrate production declining by 0.5% and solvent extraction-electrowinning (SX-EW) increasing by 1%.

- However, world mine production is estimated to have declined by 3.5% in April. April was the first full month impacted by COVID-19 related global lockdown and temporary shutdowns/reduced production in the copper mining industry.
- In Peru, stoppages resulting from COVID-19 pandemic, combined with operational issues/adverse weather affecting a few major mines, led to a 17% decline in mine production over the first four months with April presenting a decline of 33%.
- Mine production in Chile, the world's biggest copper mine producing country increased by 3.8% recovering from production constraints in early 2019. COVID-19 impact on Chilean output was minor at the beginning of the pandemic.
- In the Democratic Republic of Congo (DRC), mine production increased by 3.5% as output from ramp-up mines more than offset the temporary closure of the Mutanda mine in December 2019.
- Official data indicates that Chinese copper mine production declined by 1% mainly due to the temporary suspension of output at a number of mines due to COVID-19 related restrictions.
- In Indonesia, production grew by 26% as output levels improved following the transition of the country's major two copper mines to different ore zones in 2019.
- Although Panama's sole copper mine was temporarily shut down in early April due to COVID-19 restrictions, comparative year on year production was higher over the first four months of 2020 as the country only started producing copper in March 2019.

Preliminary data indicates that world refined copper production remained essentially unchanged during the first four months of 2020 with primary production (electrolytic and electrowinning) up by 2% and secondary production (from scrap) down by 8%.

- Chilean electrolytic refined output increased by 36% 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 copper production (including Electrowinning) increased by 11%.
- 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 during the early part of the year.
- In Africa, refined production in the DRC was up 2% but production in Zambia declined by 13% due to operational issues and temporary shutdowns.
- Indian output is estimated to have declined by 20% over the first four months primarily as a consequence of the suspension of Birla Copper's operations at the end of March following a national lockdown due to COVID-19.
- Japanese refined production increased by 5% 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 four months of 2020:

- COVID-19 related global lockdown has had a significant impact on the world economy and subsequently on the usage of copper.
- Chinese apparent usage declined by 1% mainly as a consequence of lower Chinese refinery output as net refined copper imports increased by 7%. 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 7% 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 5%.

Preliminary world refined copper balance in the first four months of 2020 indicates a surplus of 60,000 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 four months of 2020, the world refined copper balance, based on apparent Chinese usage (excluding unreported/bonded stocks), indicated a surplus of 60,000 t.
- The world refined copper balance adjusted for changes in Chinese bonded stocks indicated a market surplus of about 100,000 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 45,000 t over the first four months of 2020 compared to the year-end 2019 level. Bonded stocks increased by 140,000t over the same period of 2019.
- As of the end of June, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 388,846 t, an increase of 86,459 t (29%) from stocks held at the end of December 2019. Stocks were up at the LME (+47%) and COMEX (+122%) and down at SHFE (-19%)
- The average LME cash price for June 2020 was US\$ 5,742.39 /t, up 9.7% from the May average of US\$ 5,233.82 /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\$ 5,499.86 /t (8.3% 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 | 2020 | | | |
|--|--------|--------|--------|---------|-------|-------|-------|-------|-------|
| | | | | Jan-Apr | Jan | Feb | Mar | Apr | |
| World Mine Production | 20,082 | 20,577 | 20,537 | 6,521 | 6,512 | 1,681 | 1,555 | 1,692 | 1,583 |
| World Mine Capacity | 24,018 | 24,129 | 24,220 | 8,185 | 8,215 | 2,111 | 1,913 | 2,126 | 2,065 |
| Mine Capacity Utilization (%) | 83.6 | 85.3 | 84.8 | 79.7 | 79.3 | 79.7 | 81.2 | 79.6 | 76.7 |
| Primary Refined Production | 19,485 | 20,055 | 19,986 | 6,426 | 6,574 | 1,734 | 1,502 | 1,666 | 1,672 |
| Secondary Refined Production | 4,053 | 4,043 | 4,051 | 1,360 | 1,251 | 337 | 298 | 307 | 309 |
| World Refined Production (Secondary+Primary) | 23,538 | 24,098 | 24,037 | 7,786 | 7,825 | 2,071 | 1,801 | 1,973 | 1,981 |
| World Refinery Capacity | 27,435 | 27,871 | 28,828 | 9,386 | 9,674 | 2,490 | 2,255 | 2,502 | 2,427 |
| Refineries Capacity Utilization (%) | 85.8 | 86.5 | 83.4 | 83.0 | 80.9 | 83.2 | 79.9 | 78.8 | 81.6 |
| World Refined Usage 1/ | 23,710 | 24,489 | 24,455 | 7,968 | 7,766 | 2,062 | 1,662 | 1,975 | 2,067 |
| World Refined Stocks End of Period | 1,375 | 1,227 | 1,228 | 1,342 | 1,502 | 1,299 | 1,559 | 1,560 | 1,502 |
| Period Stock Change | 10 | -148 | 1 | 115 | 273 | 70 | 260 | 1 | -59 |
| Refined Balance 2/ | -171 | -391 | -418 | -181 | 59 | 10 | 138 | -3 | -86 |
| Seasonally Adjusted Refined Balance 3/ | | | | -171 | 73 | 4 | 75 | -20 | 14 |
| Refined Balance Adjusted for Chinese bonded stock change 4/ | -169 | -450 | -596 | -39 | 104 | 80 | 153 | 2 | -131 |

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".