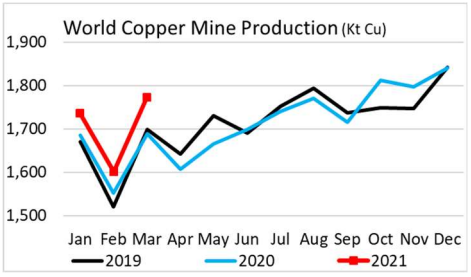
ICSG PRESS RELEASE **Date Issued: 21st June 2021**

Copper: Preliminary Data for March 2021

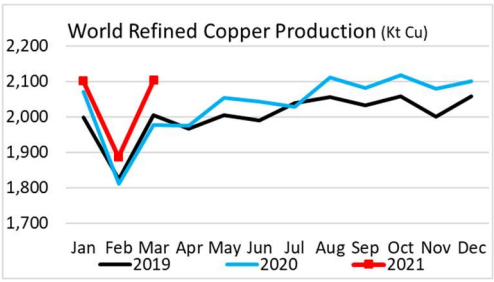
The International Copper Study Group (ICSG) released preliminary data for March world copper supply and demand in its June 2021 Copper Bulletin. The Bulletin and ICSG online statistical database provide data, on a country basis, for copper mine, smelter, refined and semis production, copper refined usage, 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 3.7% in the first three months of 2021, with concentrate production increasing by 5.5% and solvent extraction-electrowinning (SX-EW) declining by about 3.5%:



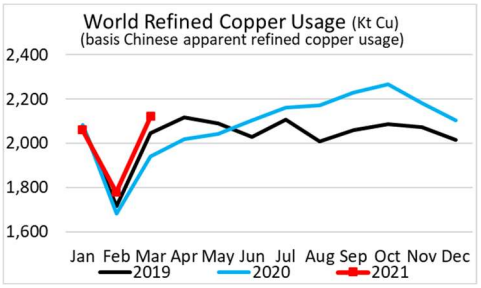
- World mine production started to recover in June 2020 as lockdown measures eased and the industry adapted to stricter health protocols that remain in place in 2021.
- Output in Peru, the world's second biggest copper mine producing country, increased by 3% mainly because March production was up by 18% from a constrained March 2020 basis. However, Jan-Mar 2021 production is still 10% below that of Jan-Mar 2019.
- Indonesian prodution increased by about 91% mainly due to the continued ramp-up of underground production at the Grasberg mine
- Strong increases were also seen in the D.R.Congo, Mongolia, Panama and Russia due to additional output from new or expanded operations.
- However, in Chile, the world's biggest copper mine producing country, total output was down by 2% with a 3.5% growth in concentrate production being more than offset by a 16% decline in SX-EW output.

Preliminary data indicates that world refined copper production increased by about 4% in the first three months of 2021 with primary production (electrolytic and electrowinning) up by 4.2% and secondary production (from scrap) up by 2.3%.



- Preliminary official Chinese refined production data indicates growth of 8%.
- Chilean electrolytic refined output increased by 15%. This was mainly due to the fact that in the comparative period of 2020 production was ramping up after smelter upgrades to comply with new environmental regulations. However, after taking into account a significant 16% reduction in electrowinning refined production, total Chilean refined copper production (electrolytic and electrowinning) declined by 6%.
- In Africa, refined production was up by 16% in the D.R. Congo due to the continued ramp-up of new or expanded SX-EW plants, and by 39% in Zambia, where output has recovered from smelters' operational issues and temporary shutdowns during 2019 and early 2020.
- Preliminary data indicates small declines in Brazil, Japan, Mexico (SX-EW), Russia, Spain (SX-EW) and Sweden for various reasons including maintenance work, operational issues and the shutdown of SX-EW plants.
- Globally, secondary refined production (from scrap) increased by 2.3% with China being the biggest contributor to growth.

Preliminary data indicates that world <u>apparent</u> refined copper usage increased by 4.5% in the first three months of 2021:



- The COVID-19 related global lockdown has had a notable negative impact on the world economy and subsequently on key copper end-use sectors in all regions ex-China. Although usage started to recover in the 2nd half of 2020, global demand remains below pre-pandemic levels in most countries.
- World ex-China refined copper usage has been significantly impacted by the pandemic and is estimated to have declined by about 9% in 2020. Usage over the first three months of this year is estimated to have declined by a further 4%.
- In contrast, Chinese <u>apparent</u> usage (excluding changes in bonded/unreported stocks) increased by around 13% supported by a 5.8% increase in net refined imports.

Preliminary world refined copper balance in the first three months of 2021 indicates an <u>apparent</u> surplus of about 130,000 t:

- In developing its global market balance, ICSG uses an apparent demand calculation for China that does not consider 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 bonded inventories provided by two consultants with expertise in China's copper market.
- In the first three months of 2021, the world refined copper balance, based on Chinese apparent usage (excluding changes in unreported 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 150,000 t.

Copper Prices and Stocks:

- Based on the average of estimates provided by two independent consultants, China's bonded stocks are thought to have increased by about 10,000 t in the first three months of 2021 compared to the year-end 2020 level.
- As of the end of May 2021, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 383,594 t, an increase 132,419 t (+53%) from stocks held at the end of December 2020. Stocks were down at COMEX (-22%) and up at the LME (+14%) and SHFE (+177%).
- The average LME cash price for May was US$ 10,183.97 /t, up 9.1% from the April average of US$ 9,335.55 /t. The 2021 high and low copper prices through the end of May were US$ 10,724.50 /t (on 10th May) and US$ 7,755.50 /t (on 2nd Feb), respectively, and the year average was US$ 8,979.76 /t (45% above the 2020 annual average).

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

Please visit the ICSG website <u>www.icsg.org</u> for further copper market related information.

World Refined Copper Usage and Supply Trends

Thousand metric tonnes, copper

	2018	2019	2020	2020	2021	2020	2021		
				Jan-Mar		Dec	Jan	Feb	Mar
World Mine Production	20,579	20,572	20,575	4,927	5,111	1,841	1,736	1,602	1,773
World Mine Capacity	24,063	24,163	24,762	6,056	6,318	2,158	2,167	1,965	2,185
Mine Capacity Utilization (%)	85.5	85.1	83.1	81.3	80.9	85.3	80.1	81.5	81.1
Primary Refined Production	20,040	20,013	20,580	4,912	5,122	1,780	1,761	1,585	1,776
Secondary Refined Production	4,035	4,028	3,875	949	972	322	341	303	328
World Refined Production (Secondary+Primary)	24,075	24,041	24,455	5,861	6,094	2,102	2,102	1,888	2,104
World Refinery Capacity	28,234	29,044	29,945	7,310	7,455	2,562	2,565	2,319	2,571
Refineries Capacity Utilization (%)	85.3	82.8	81.7	80.2	81.7	82.0	81.9	81.4	81.8
World Refined Usage 1/	24,484	24,429	24,987	5,707	5,965	2,103	2,063	1,780	2,123
World Refined Stocks End of Period	1,227	1,215	1,234	1,547	1,399	1,234	1,188	1,299	1,399
Period Stock Change	-148	-12	19	332	165	-45	-46	111	100
Refined Balance 2/	-409	-388	-532	154	129	-1	39	108	-19
Seasonally Adjusted Refined Balance 3/				18	-20	-51	23	6	-49
Refined Balance Adjusted for Chinese bonded stock change 4/	-468	-566	-422	244	149	-3	43	114	-8

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 Chinese and 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”.