

The Global Outlook for Copper

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(IWCC)**

Legal Disclaimer

The purpose of this presentation is to guide programmes benefiting the copper industry and to provide representatives of the copper industry with information to make independent business decisions

Before the outlook for copper, a little bit of information about the IWCC...

The IWCC:

- **Founded in 1953**
 - **Incorporated in the UK in 2013**
 - **Is the representative trade association for the copper and copper alloy semis fabricating industry worldwide**
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- **To promote the interests of the fabricating industry by the encouragement of lawful co-operation within the fabricating industry and by the exchange of information**
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Back to business....

The outlook for copper

- **Copper and copper alloy semis fabricators use either cathodes**



- **Copper and copper alloy semis fabricators use either cathodes or scrap**



- **Copper and copper alloy semis fabricators use either cathodes or scrap to manufacture semis, such as**

Wire Rod



- **Copper and copper alloy semis fabricators use either cathodes or scrap to manufacture semis, such as**

Copper Tube



- **Copper and copper alloy semis fabricators use either cathodes or scrap to manufacture semis, such as**

Brass Rod



- **Copper and copper alloy semis fabricators use either cathodes or scrap to manufacture semis, such as**

Alloy rolled



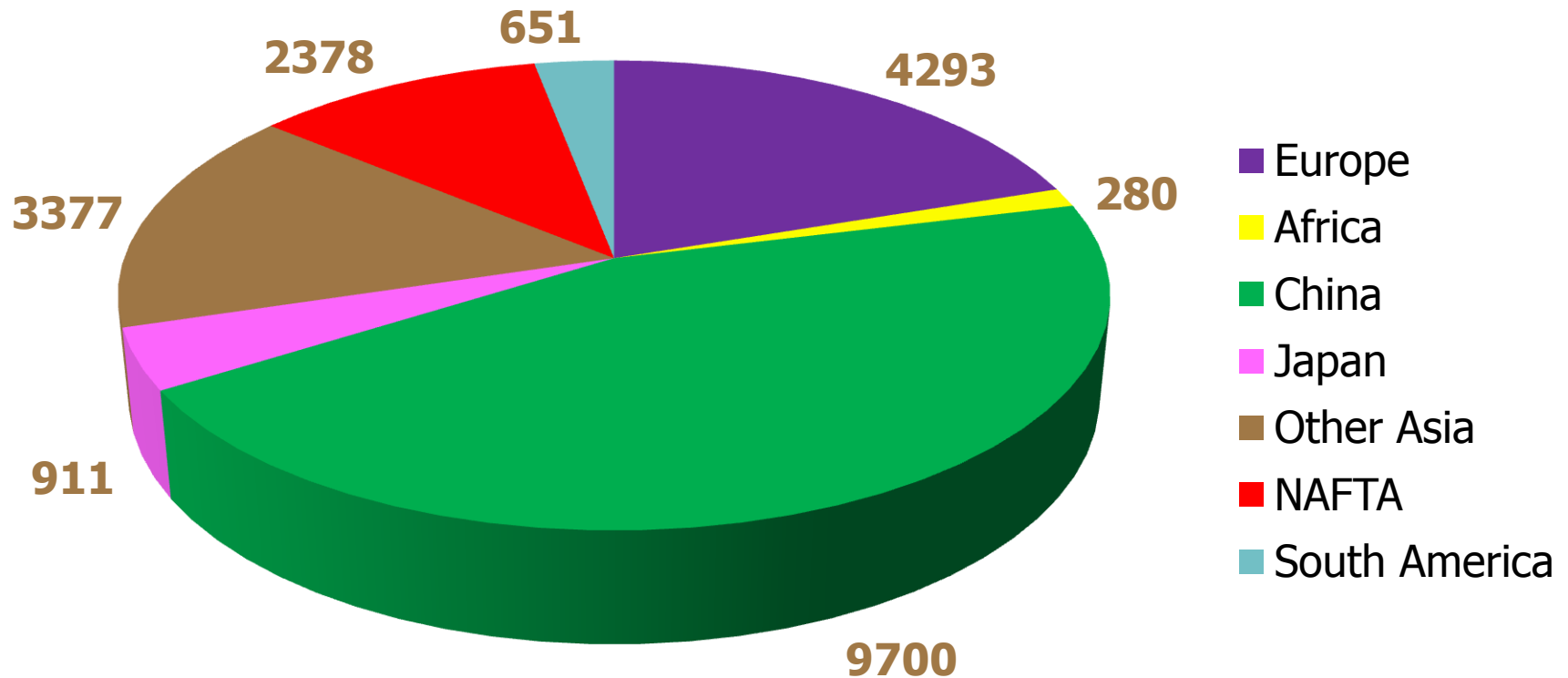
- **Copper and copper alloy semis fabricators use either cathodes or scrap to manufacture semis**



- **Twice a year the IWCC prepares forecasts for copper supply and demand**
 - **The spring 2014 forecasts concluded in mid-May (during the IWCC Joint Meeting)**
 - **Forecasts prepared by the copper industry – both producers and fabricators – for use by the copper industry**
 - **IWCC uniquely placed to provide input on demand**
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- **Global mine and refined production expected to increase in 2014 & 2015**
- **Scrap shortage**
 - **Reduced feed for secondary refineries**
 - ⇒ **Relatively low copper price**
 - ⇒ **Consequence of the economic downturn**
 - **Reduced construction activity / demolition**
- **IWCC downward adjustment on refined production of 750kt in 2014 and a further 1,000kt in 2015**

All Data: kt



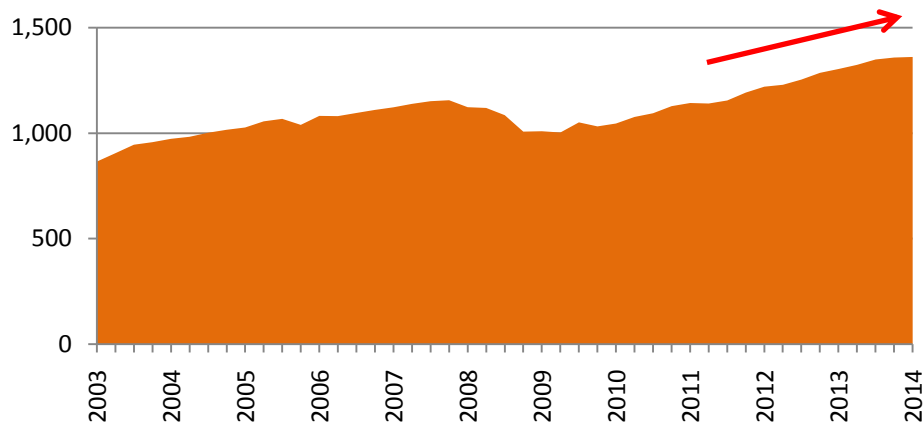
- **Demand for refined copper improving**
 - **Improved economic situation in most regions**
 - **Semis production should increase**
 - **Reduced scrap – direct feed – availability should further boost demand for cathode**

All Data: kt	<u>2012</u>	<u>2013</u>	<u>2014F</u>	<u>2015F</u>
Demand	19,752	20,724	21,590	22,423
% change	(0.1)	4.9	4.2	3.9

- **Southern countries (Greece, Italy & Spain) continue to be in a poor state but may be some signs of upward progress**
- **Northern countries continuing to do well – for example the auto industry**
 - **Improved European demand**
 - **Might be weaker demand for autos from China**
- **Downside risk**
 - **Ukraine crisis**

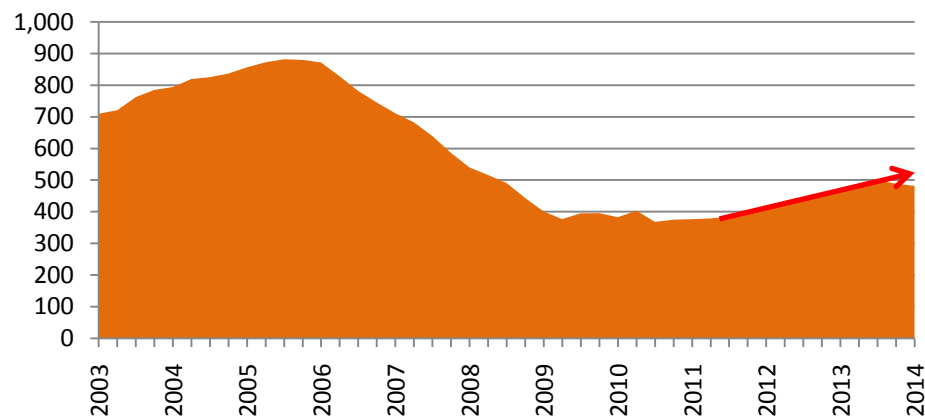
Durable goods

(billion, US\$ of 2009)



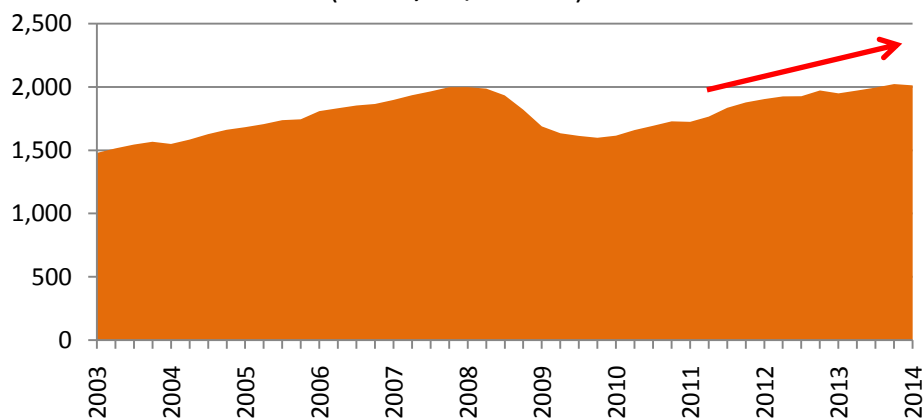
Residential

(billion, US\$ of 2009)



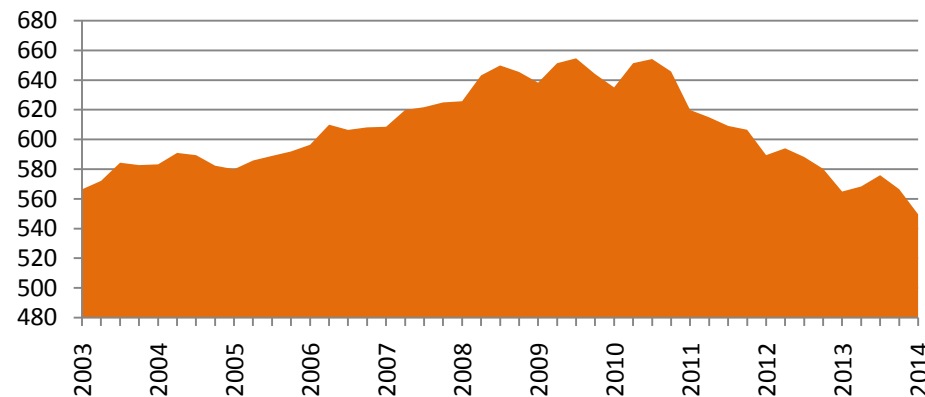
Non Residential

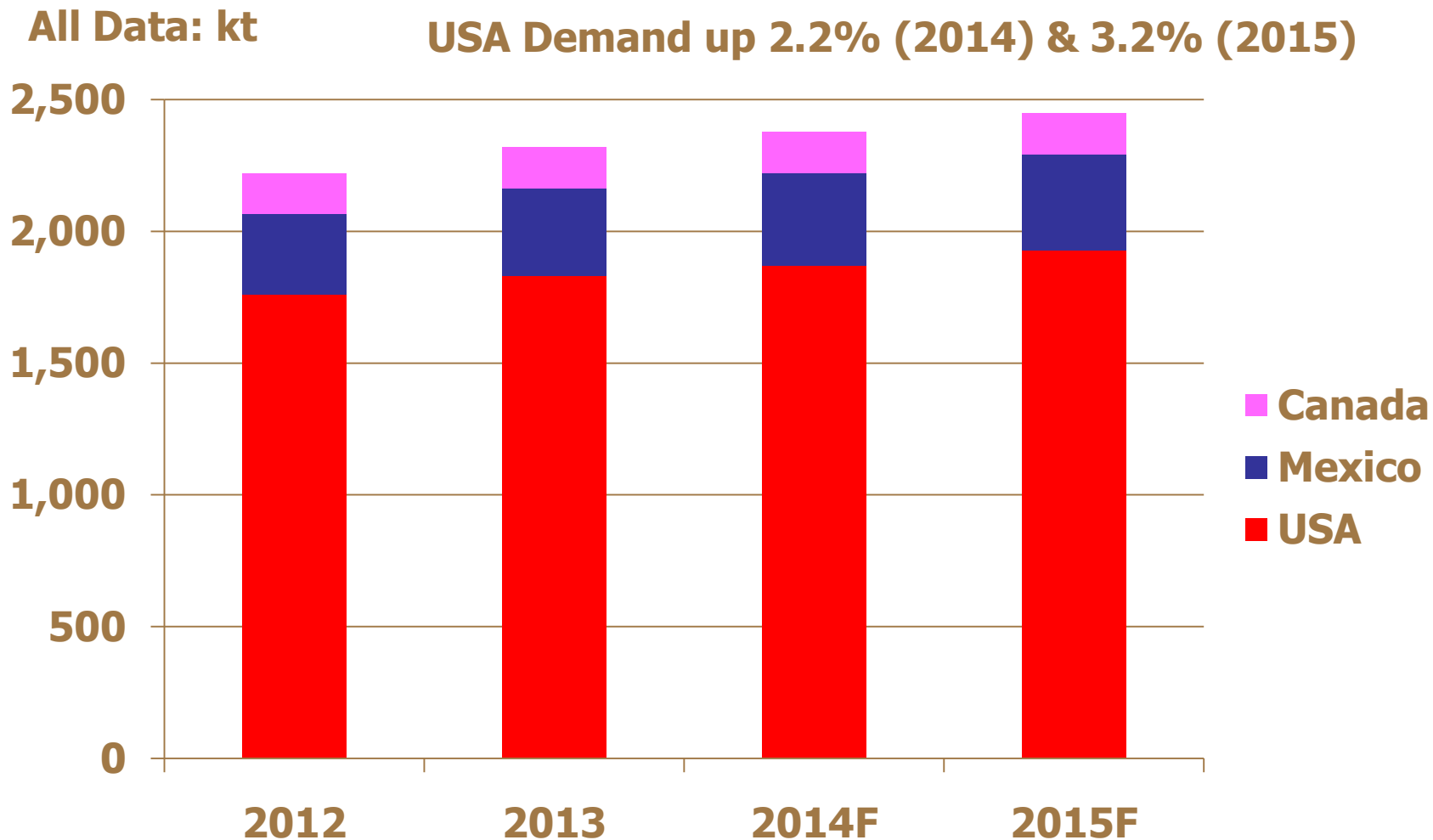
(billion, US\$ of 2009)

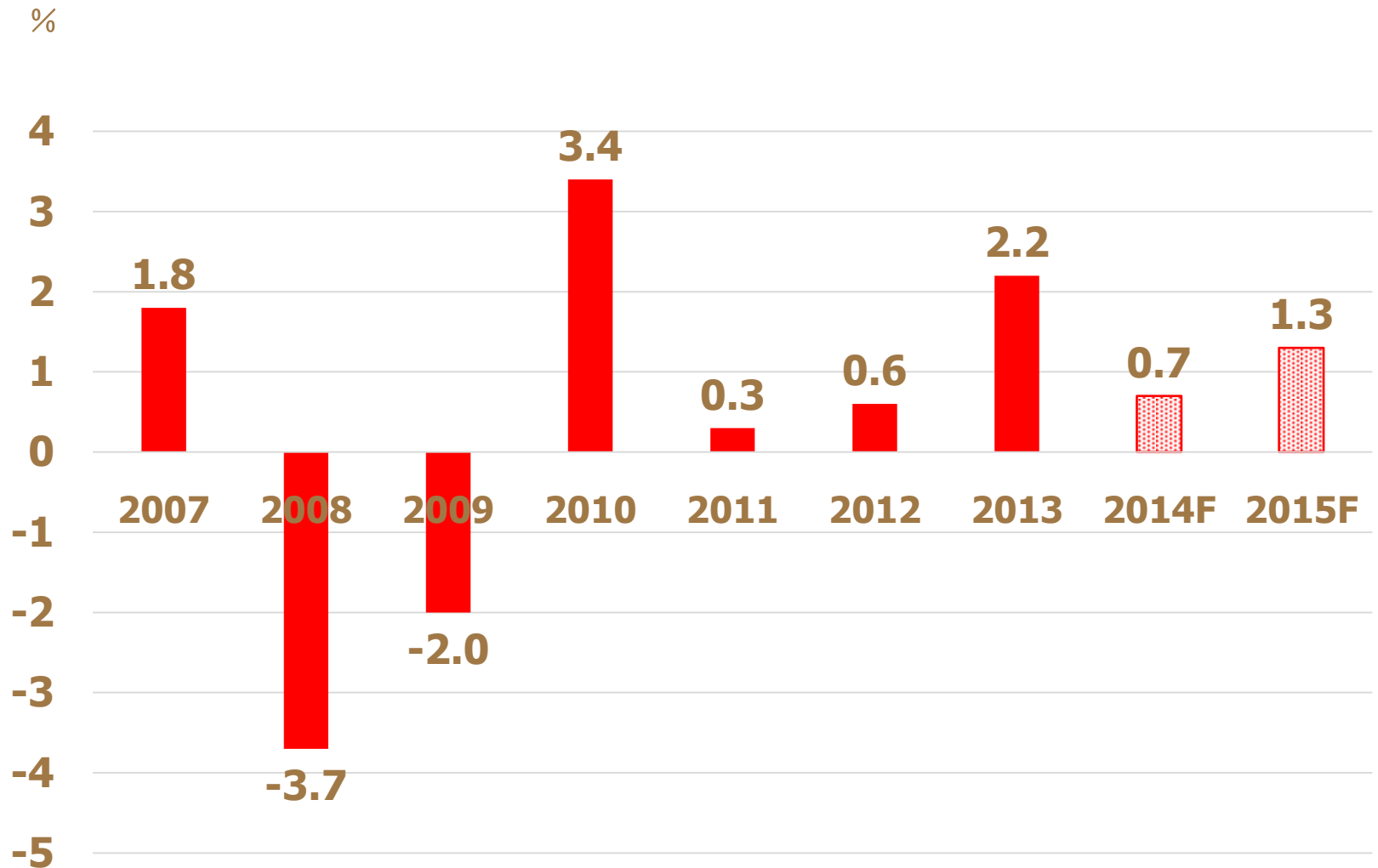


Government Investment

(billion, US\$ of 2009)







IWCC Japan – Wire and Cable Demand

Fiscal 2013

- **4% Increase**

- **By sector:**

- ⇒ **Increase: Construction, Automobile, Electricity & Machinery**

- ⇒ **Decrease: Electric Power & Communications**

Fiscal 2014

- **No increase forecast**

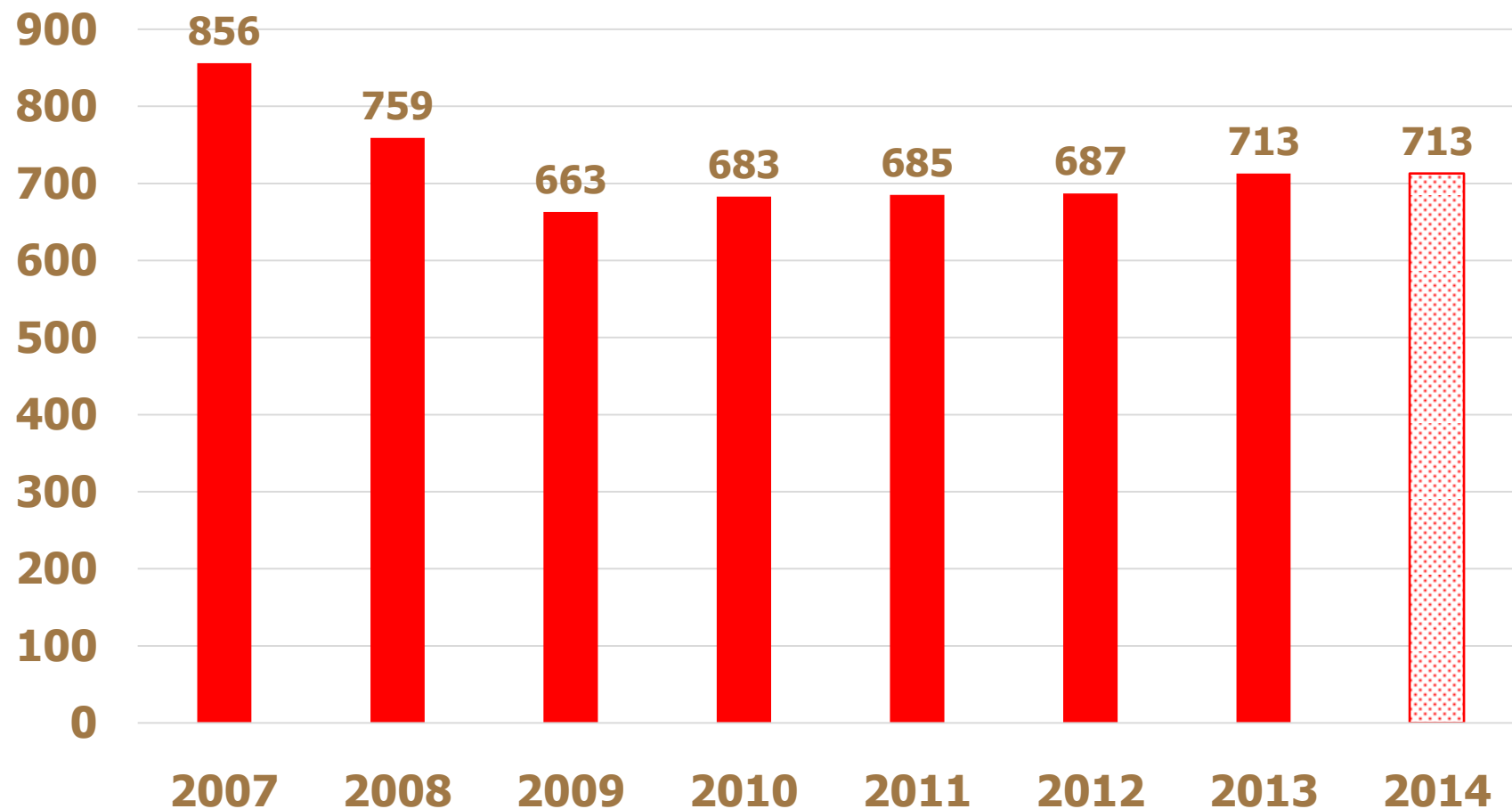
- **By sector**

- ⇒ **Increase: Construction**

- ⇒ **Decrease: Automobile, Electric Power & Communications**

Japan – Wire and Cable (Shipments)

All Data: kt



Fiscal 2013 Demand

- **5% increase**

- **By semis type:**

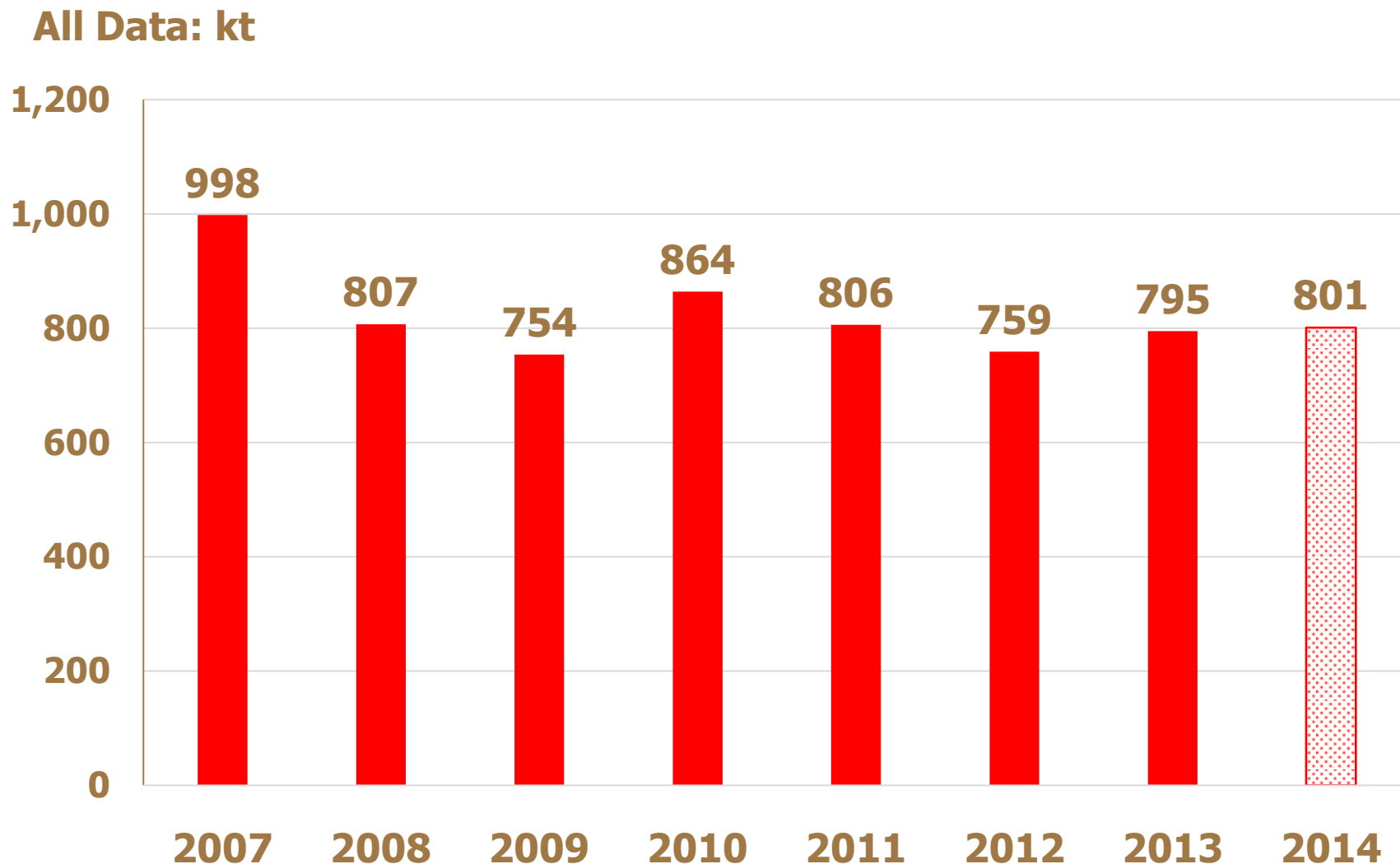
- ⇒ **Sheet & Plate – Increase**
- ⇒ **Copper Tube – no change**
- ⇒ **Brass Rod – Increase**

Fiscal 2014 Demand

- **Small increase anticipated**

- **By semis type:**

- ⇒ **Sheet & Plate – Small Increase**
- ⇒ **Copper Tube – Small Decrease**
- ⇒ **Brass Rod – Increase**



	2013	Q1-14	2014 March	2014 target
GDP	7.7%	7.4%	-	7.5%
Fixed asset investment	19.6%	17.6%	17.3%	17.5%
Industrial Production	9.7%	8.7%	8.8%	9.5%
Foreign trade	7.6%	-3.7%	-11.5%	7.5%
Import	7.3%	-1.2%	-13.8%	-
Export	7.9%	-6.1%	-9.2%	-
Retail sales	13.1%	12.0%	12.2%	14.5%

- **Upside**

- **Continual strong investment in the power sector**
 - ⇒ Power grid, Solar PV industry
- **Continual strong investment for 4G network construction, subsidy for IC and LED industry**
- **Continual tight scrap supply**
- **Expected improved exports with the depreciation of RMB**

- **Downside Risks**

- **Cooling down of housing industry**
- **Slow down of auto and home electrical appliance production in H2-14**
- **No restocking impetus from industry chain with tight monetary supply**

All Data: kt	<u>2012</u>	<u>2013</u>	<u>2014F</u>	<u>2015F</u>
Mine Production (1)	16,635	17,940	18,586	19,912
<i>% change</i>	<i>3.5</i>	<i>7.8</i>	<i>3.6</i>	<i>7.1</i>
Refined Production (1)	20,049	20,729	21,613	22,538
<i>% change</i>	<i>2.3</i>	<i>3.4</i>	<i>4.3</i>	<i>4.3</i>
Demand	19,752	20,724	21,590	22,423
<i>% change</i>	<i>(0.1)</i>	<i>4.9</i>	<i>4.2</i>	<i>3.9</i>
Statistical Surplus	297	5	23	115

1 – After downward adjustments for 2014 & 2015

Thank You!
