

**IMaCS has brought out an Industry Commentary on the Indian Copper Industry, October 2013.**

Key highlights are indicated in this press release. The full report is available at [www.imacs.in](http://www.imacs.in)

- **Consumption Trends and Growth:** Over the period 2003 to 2012, world refined copper consumption increased by an estimated CAGR of 3.1% to 20.4 mt in 2012. Annual growth was higher at 3.8% during 2003-07 with average annual growth being lower at 2.4% during 2008-12.
- **Sectoral Usage:** The usage of copper by end-use markets comprise electrical (35%), building and construction (28%), transport equipment (10%), industrial machinery (14%), and others (13%). Consumption pattern varies widely across regions: construction accounts for 42% of copper usage in the US. By comparison, usage in electrical applications accounts for 33% of copper usage in Asia.
- **Main Markets:** China accounted for 43.3% of world apparent consumption in 2012, followed by US (8.6%), Germany (5.4%), Japan (4.8%), and South Korea (3.6%). While China's share in world consumption increased from 12.7% in 2000 to 43.3% in 2012, India's share increased from 1.6% to 2.2%.
- **Domestic Consumption Growth and Outlook:** Over the period 2003-12, India's copper consumption has increased at an annual rate of 4.4% to 456 kt in 2011. India's copper usage is forecast to increase at around 4% in 2013 because of slowdown in key end-use segments such as electricity, construction, industrial machinery and equipments. Assuming expected improvement in industrial production and construction activity during 2014, consumption is expected to increase 5% during 2014. Over the long-term, India is likely to be the third largest copper market in 2020 with a market size of 1.75 mt.
- **Per Capita Growth and Outlook:** Although India's annual per capita consumption of copper has increased from 0.23 kg in 2000 to 0.35 kg in 2012, it compares poorly with China's per capita consumption of 6.5 kg. China's per capita consumption at a given income level is higher than in the other emerging markets, mainly because it has a higher share of industry in GDP. By comparison, India's industrial sector has a much lower share in GDP. As such, while copper consumption in India is forecast to grow strongly over the medium term, it is not expected to replicate the very strong growth trend evident in China.
- **Capacity Additions:** India's primary copper production capacity has remained at around 950 kilotonnes per annum (ktpa) over the last few years. Capacity could increase to 1.45 mtpa by 2014-15, with higher exports of refined copper and products to Europe and Africa.
- **Price Trends:** During 2012, world copper prices declined 9.8% to average US\$7,962/t. Prices have continued to decline in 2013 declining 7.4% during the first nine months of 2013 to US\$7,389/t.
- **Price Outlook:** In 2013, world copper prices are forecast to decline 8% to average around US\$7,300/t. World copper consumption is forecast to remain stagnant in 2013. World mine and refined production is expected to outpace increases in demand leading to an

accumulation of global copper stocks. Production growth recovered in 2012 because of fewer mine disruptions and some new capacity additions, together with new investments in primary smelting and refining capacity. This trend is likely to continue into 2013 and 2014. As new supply enters the market, copper prices could fall to US\$6,700-6,900/t in 2014. The copper market is expected to have a production surplus relative to demand placing downward pressure on prices.