



五矿期货有限公司

U.S. Tariff Policies Amplify Demand Concerns

Copper Monthly Report

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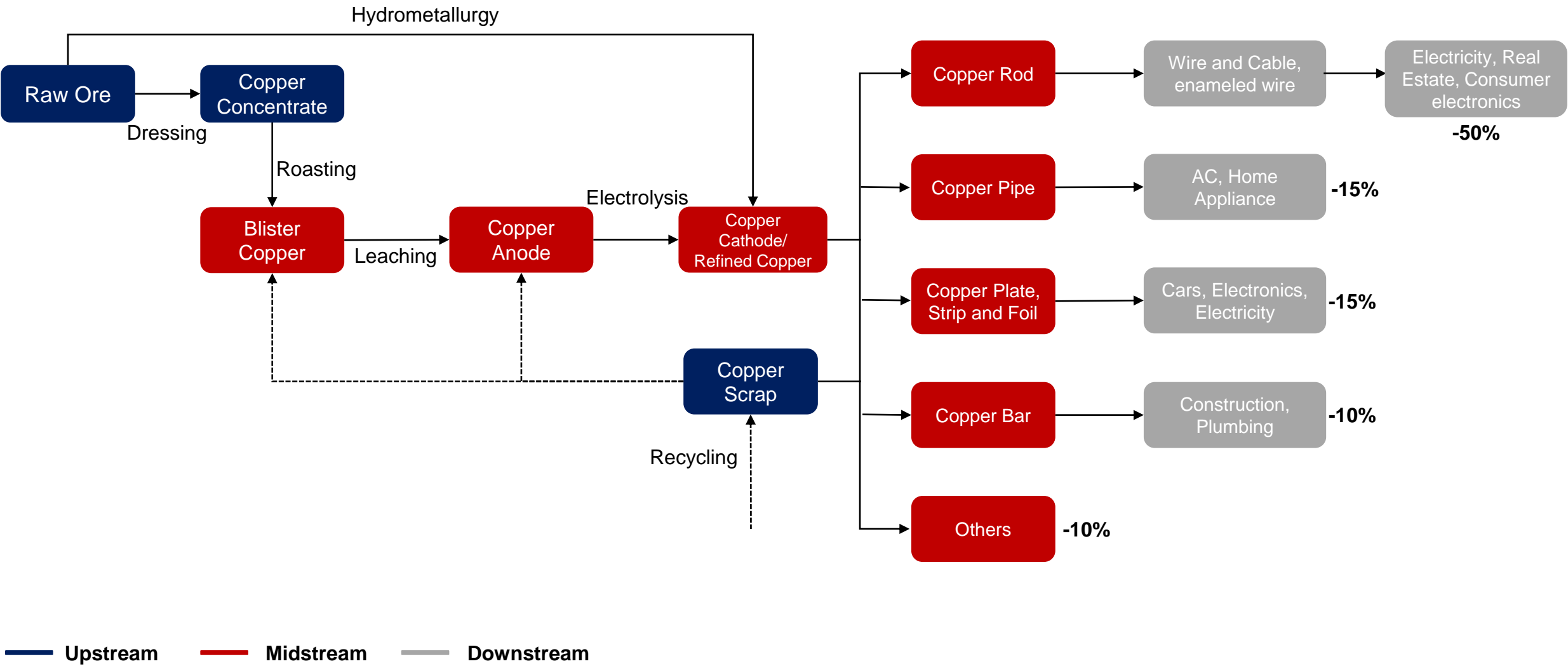
01

Monthly Review

- ◆ **Supply:** Near-term copper concentrate supply-demand remains tight, while blister copper availability shows marginal easing. China's refined copper output rebounded in March, but is projected to dip slightly in April.
- ◆ **Demand:** China's apparent consumption of refined copper is estimated to grow over 10% MoM in March, with further recovery expected in April. Weak overseas manufacturing PMIs signal subdued external demand.
- ◆ **Foreign trade:** SHFE copper import losses narrowed in March, but earlier steep losses is likely to reduce net imports.
- ◆ **Inventory:** SHFE and LME copper inventories declined in March, while bonded and COMEX stocks rose. Chinese inventories are forecast to draw in April, while overseas hidden stocks may further surface.
- ◆ **Summary:** Entering April, China's refined copper output is expected to stay elevated alongside demand recovery, with lower scrap substitution due to price corrections shifting the market from surplus to deficit. Overseas demand weakness and the possibility of hidden stocks surfacing may leave the supply-demand balances looser. Macro risks escalated as U.S. "reciprocal tariffs" exceeded market expectations, exacerbating demand fears. Tariff responses from non-U.S. nations and China remain unclear, warranting close monitoring of policy efforts and economic expectation shifts. In conclusion, while near-term Chinese fundamentals (tight raw materials, improving demand) provide support, heightened tariff-driven demand risks and sentiment pressures expose copper prices to further downside. Potential stabilization hinges on U.S. equity market resilience, tariff negotiation progress, or stimulus surprises.

China Refined Copper Supply-Demand Balance (10k tons)

	Production	YoY	Import	Export	Net import	inventory change	Apparent consumption	YoY	Cumulative consumption	YoY
Jan-23	85.3	4.3%	30.0	1.3	28.7	18.0	96.1	-10.4%	96.1	-5.3%
Feb-23	89.9	7.6%	24.8	4.2	20.6	15.2	95.4	5.2%	191.4	7.8%
Mar-23	95.0	12.0%	25.7	4.7	21.0	(11.4)	127.4	3.0%	318.8	-0.8%
Apr-23	97.0	17.2%	26.0	2.8	23.2	(5.6)	125.8	17.2%	444.6	3.7%
May-23	95.8	17.0%	29.4	1.8	27.6	(7.7)	131.1	15.0%	575.7	6.0%
Jun-23	91.8	7.1%	29.8	2.2	27.6	(4.6)	124.0	2.8%	699.7	5.5%
Jul-23	92.5	10.1%	30.3	2.7	27.6	(2.4)	122.5	2.4%	822.2	5.0%
Aug-23	98.9	15.5%	34.1	2.1	32.0	(2.3)	133.2	6.8%	955.4	5.2%
Sep-23	101.0	11.1%	34.4	1.8	32.6	(2.7)	136.3	3.1%	1091.7	5.0%
Oct-23	99.0	9.9%	35.4	1.6	33.8	(2.4)	135.2	17.1%	1226.9	6.2%
Nov-23	96.0	6.7%	38.3	1.7	36.6	(1.1)	133.7	7.5%	1360.6	6.3%
Dec-23	99.5	14.4%	33.8	1.1	32.7	1.1	131.1	8.3%	1491.7	6.5%
Jan-24	97.0	13.7%	37.8	0.9	36.9	3.9	130.0	35.3%	130.0	35.3%
Feb-24	95.0	5.6%	26.7	1.4	25.3	21.3	99.0	3.8%	229.0	19.6%
Mar-24	100.0	5.3%	31.7	2.3	29.4	12.0	117.4	-7.8%	346.4	8.7%
Apr-24	98.5	1.5%	30.6	2.5	28.0	2.6	123.9	-1.5%	470.3	5.8%
May-24	100.8	5.2%	34.7	7.3	27.4	5.3	122.9	-6.3%	593.2	3.0%
Jun-24	100.5	9.5%	30.9	15.8	15.1	(3.9)	119.5	-3.6%	712.7	1.9%
Jul-24	102.8	11.1%	29.9	7.0	22.9	(6.3)	132.0	7.8%	844.7	2.7%
Aug-24	101.3	2.4%	27.6	3.1	24.5	(8.6)	134.4	0.9%	979.1	2.5%
Sep-24	100.0	-1.0%	34.8	1.6	33.2	(12.5)	145.7	6.9%	1124.8	3.0%
Oct-24	99.6	0.6%	38.6	1.0	37.6	5.6	131.6	-2.7%	1256.4	2.4%
Nov-24	100.5	4.7%	39.8	1.2	38.6	(7.8)	146.9	9.9%	1403.3	3.1%
Dec-24	106.0	6.5%	40.8	1.7	39.1	(6.9)	152.0	15.9%	1555.3	4.3%
Jan-25	102.0	5.2%	29.7	1.7	28.0	6.1	123.9	-4.7%	123.9	-4.7%
Feb-25	104.0	9.5%	30.5	3.2	27.3	24.2	107.1	8.2%	231.0	0.9%
Mar-25	110.0	10.0%			24.0	2.9	131.1	11.7%	362.1	4.5%



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Spot Market & Futures Market

Figure 1: Price Trend of SHFE Copper Main Continuous Contract (CNY/ton)



Sources: Wenhua, Minmetals Futures

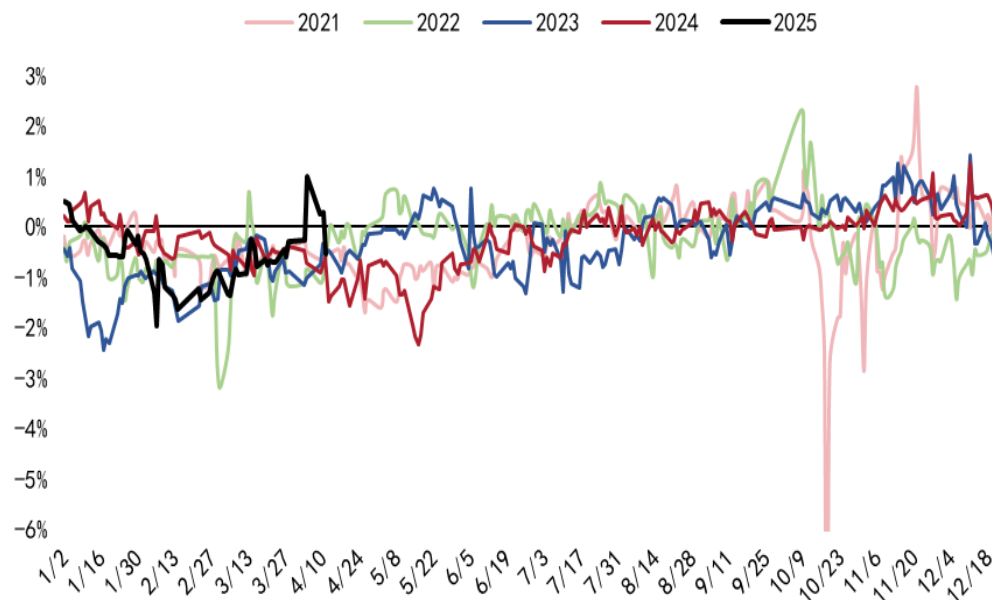
Figure 2: Price Trend of LME-3M Copper Contract (US\$/ton)



Sources: Wenhua, Minmetals Futures

- Copper prices surged then retreated in March, with SHFE main contract rising 4.05% and LME 3M up 3.51%. Initial rallies were driven by tariff-induced supply fears and plunging TC/RCs, but momentum faded as U.S. tariff implementation neared. The dollar index fell 3.1%, while offshore CNY gained 0.4%.

Figure 3: China's Copper Cathode Import Margins



Sources: LME, SHFE, SMM, WIND, Minmetals Futures

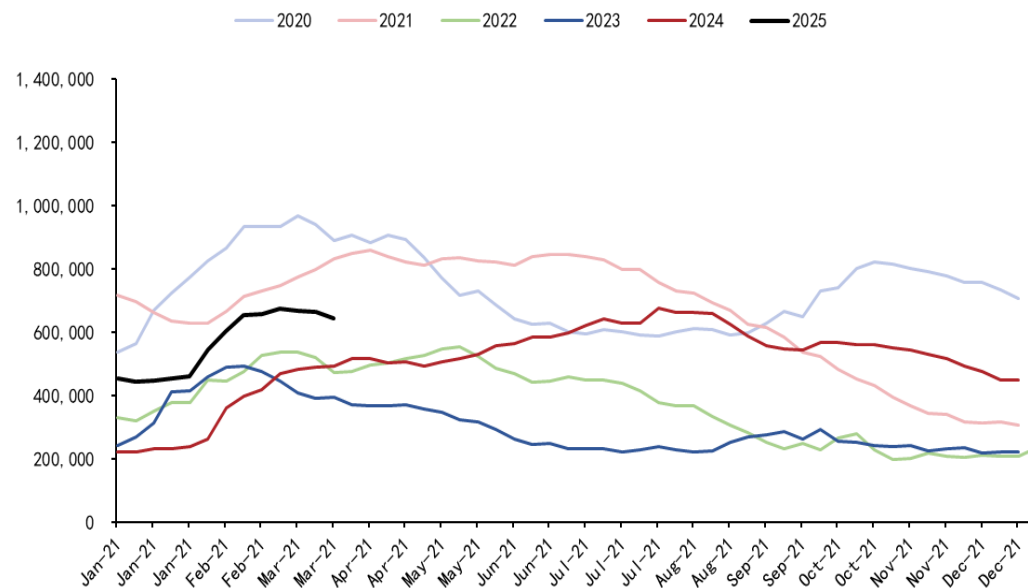
Figure 4: COMEX Copper, LME Copper and Spread (US\$/ton)



Sources: Wind, Minmetals Futures

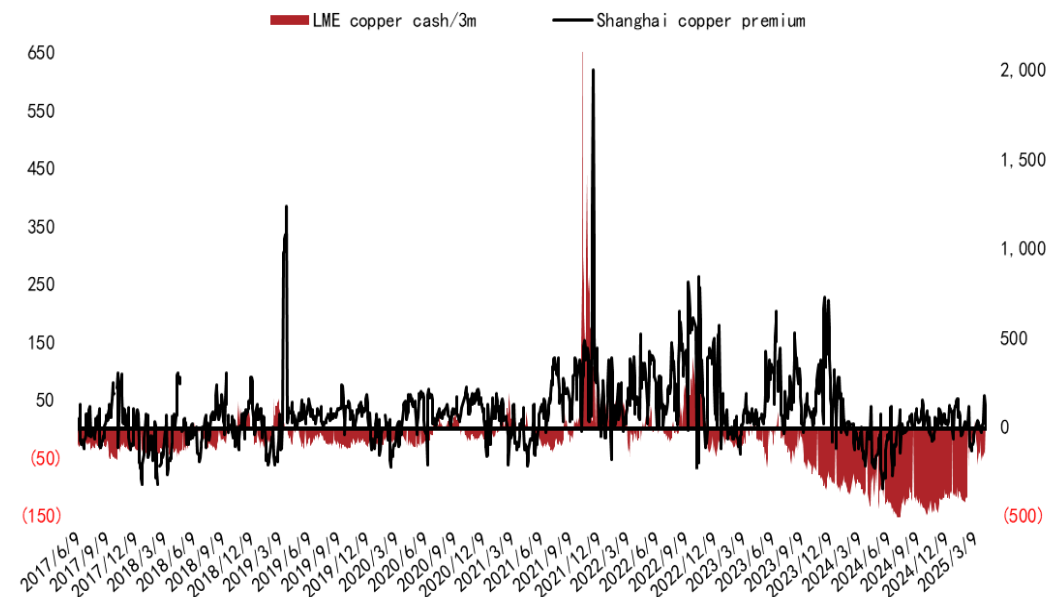
- U.S. copper tariff specifics remain undecided but could take effect by May, with markets pricing in a tariff level of around 14%. Fluctuation risks remain when the tariffs actually take effect.
- As deadlines approach, arbitrage-driven cargo flows have slowed. Domestically, seasonal demand recovery and export growth have marginally strengthened SHFE against LME.

Figure 5: Inventory of Three Major Exchanges and Bonded Area (ton)



Sources: LME, SHFE, COMEX, MYMETAL, Minmetals Futures

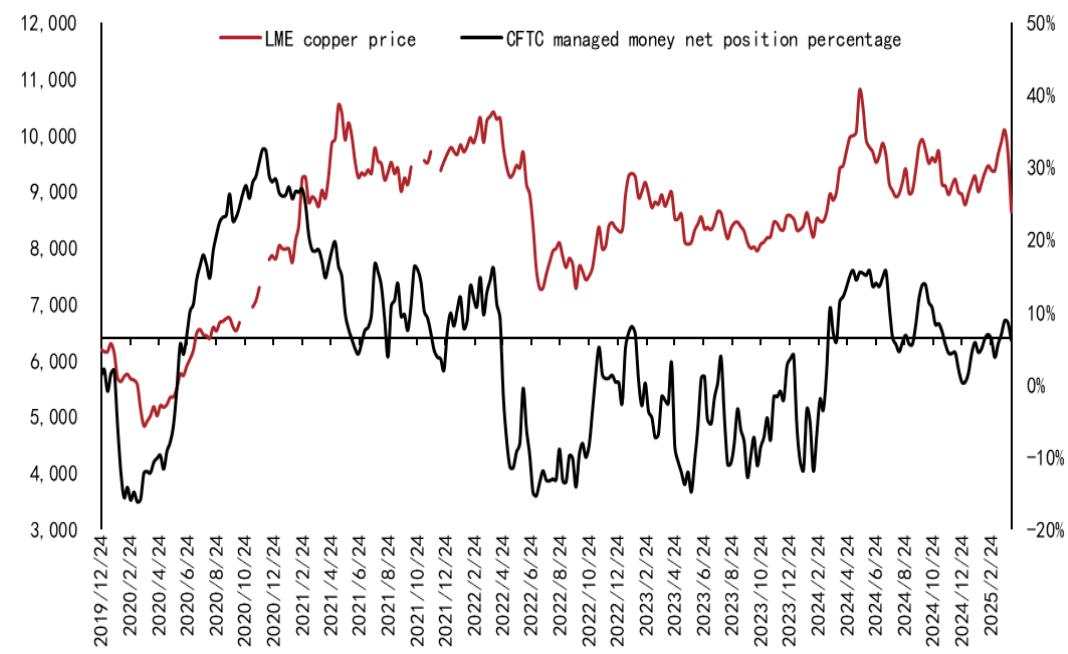
Figure 6: Domestic and Overseas Copper Spread (US\$/ton, CNY/ton)



Sources: LME, WIND, Minmetals Futures

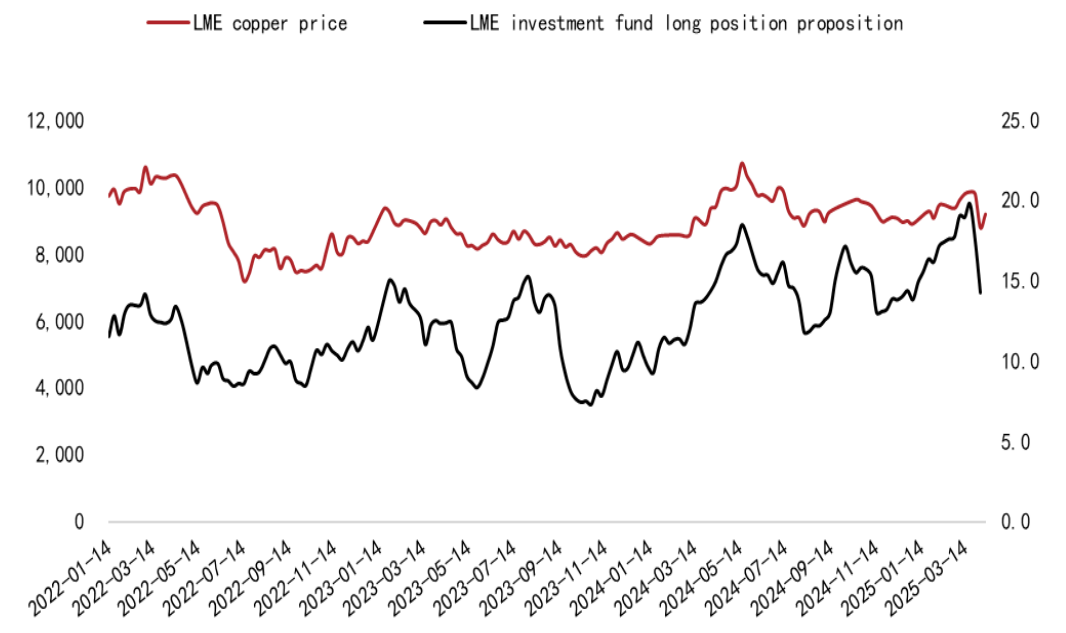
- Inventories of three major exchanges and Shanghai bonded area stood at 644,000 tons by end-March (-14,000 tons MoM vs +90,000 tons YoY). Draws were led by SHFE and LME, while bonded are and COMEX stocks rose. Chinese spot premiums narrowed to slight discounts in March but flipped to premiums in early April. LME Cash/3M widened to -\$46.8/tons in early April.

Figure 7: CFTC Fund Net Long Ratio & LME Copper Price (US\$/ton)



Sources: WIND, Minmetals Futures

Figure 8: LME Investment Fund Long Position Share



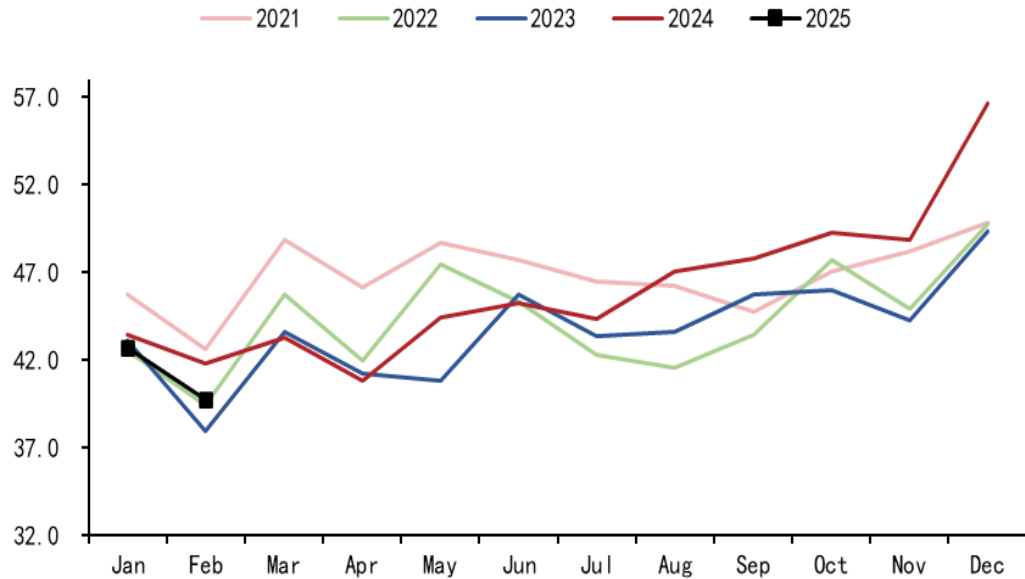
Sources: WIND, Minmetals Futures

- CFTC funds held net longs at 8.9% (highest since Jan.) amid long additions/short covers. LME investment fund longs peaked then shrank, reflecting cooling sentiment. April sentiment hinges on global trade tensions, Chinese policy, inventory shifts, and U.S. equities.

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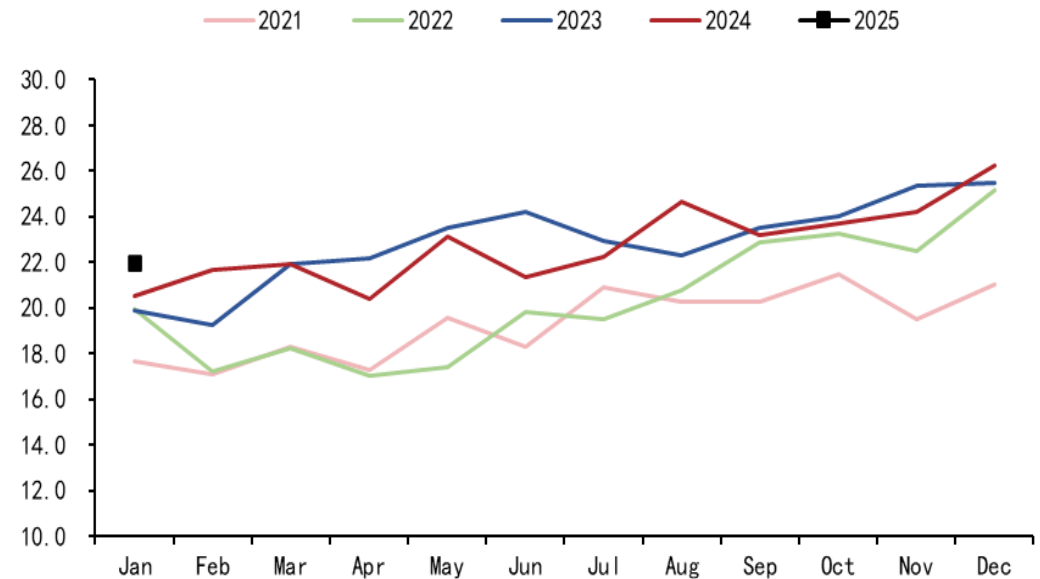
Supply and Demand Analysis

Figure 9: Chile Copper Output (10k tons)



Sources: Cochilco, Minmetals Futures

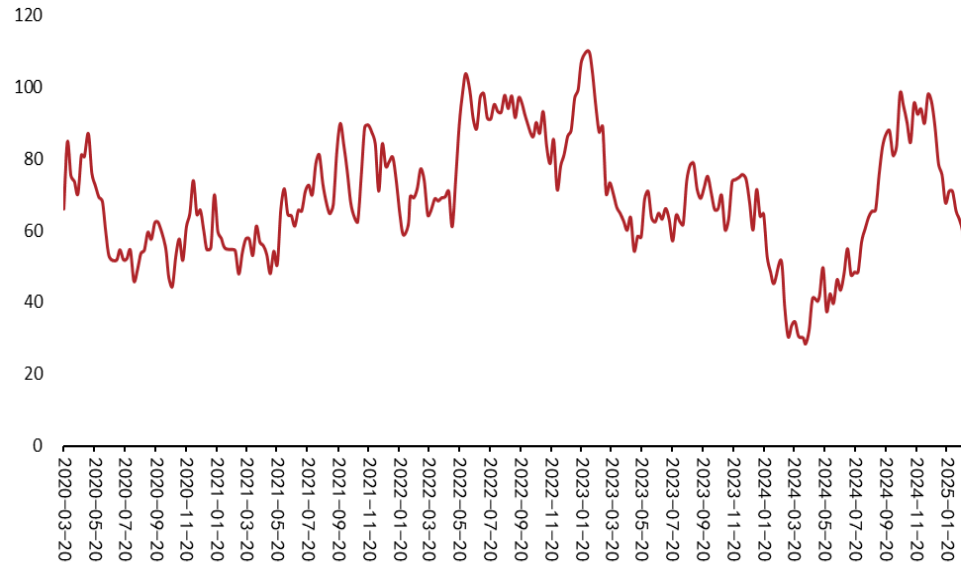
Figure 10: Peru Copper Output (10k tons)



Sources: MINEM, Minmetals Futures

- Chile's copper output fell 5.4% YoY (MoM -2.1%) in February due to late-Feb blackouts, ore grade declines, and aging infrastructure. Peru's output rose 6.9% YoY in January on higher output at Las Bambas, Toromocho, and Quellaveco, etc. Global supply risks persist, including regional risks such as M23 conflict in DRC, policy shifts in major producers such as Indonesia and community risks such as Antapaccay blockades in Peru.

Figure 11: Copper Concentrate Inventories at Major Chinese Ports (10k tons)



Sources: IFIND, Minmetals Futures

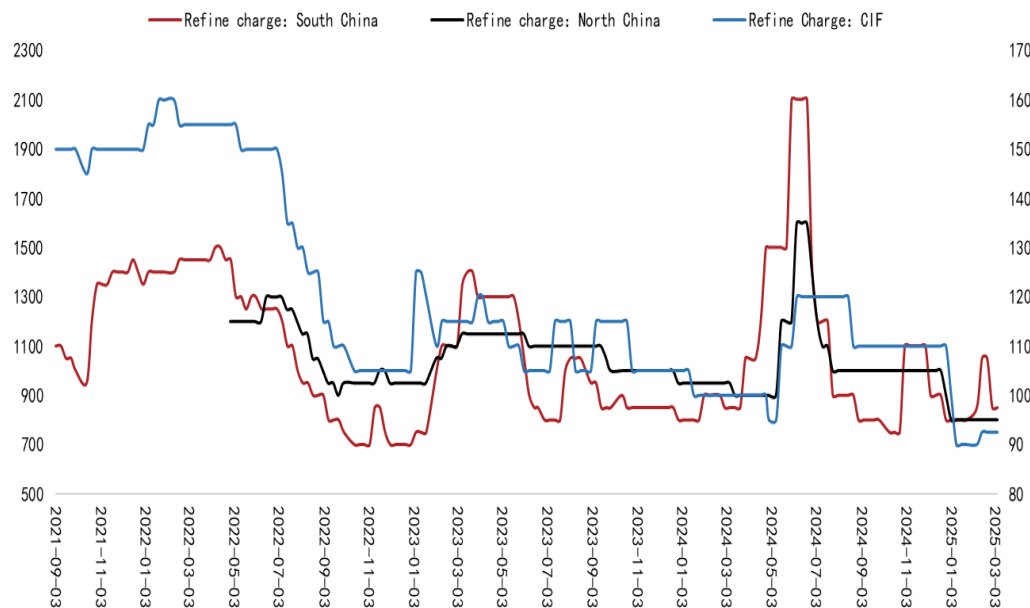
Figure 12: Imported Copper Concentrate Treatment Charges (TC) (US\$/ton)



Sources: SMM, Minmetals Futures

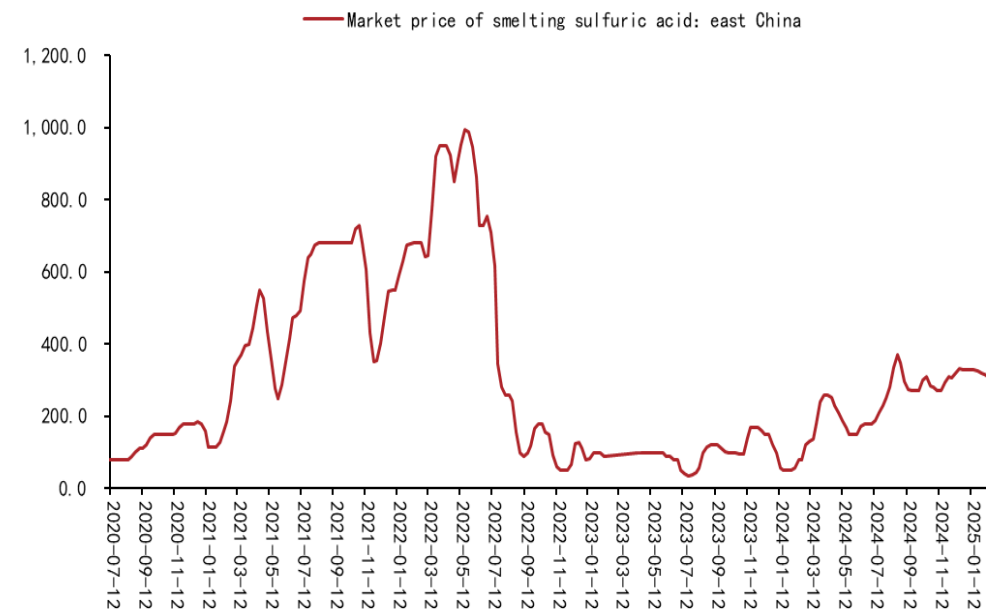
- Chinese port concentrate stocks bottomed in March with marginal supply easing. Spot TCs slid to -\$26.4/tons by early April but may stabilize as mine supply recovers and smelter maintenance rises.

Figure 13: Blister Copper Processing Fees (CNY/ton, US\$/ton)



Sources: SMM, Minmetals Futures

Figure 14: Market Price of Smelting Sulfuric Acid in Major Areas in China (CNY/ton)



Sources: WIND, Minmetals Futures

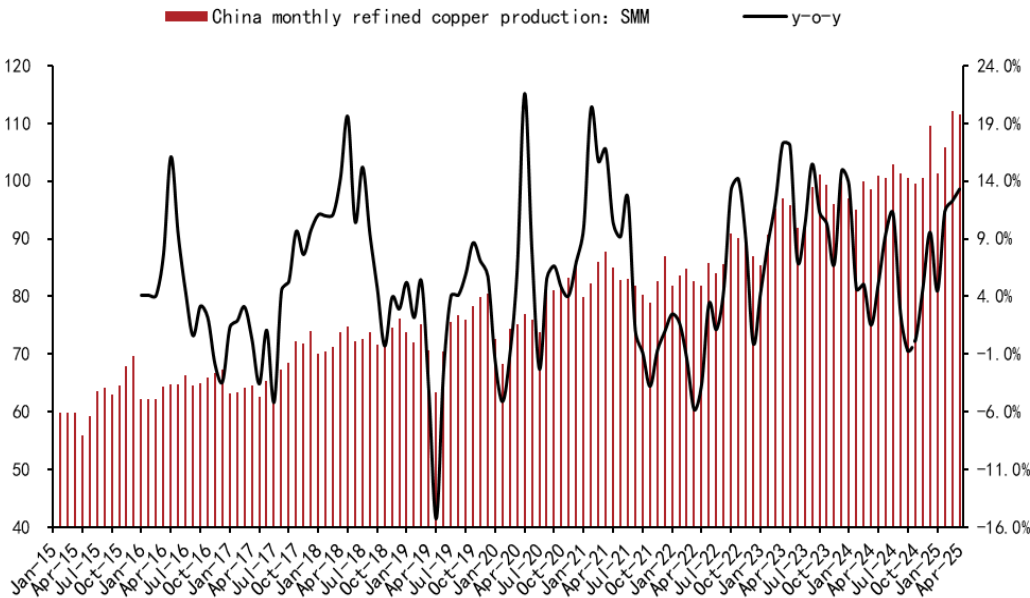
- TCs for both domestic and imported blister rose in March amid improved scrap availability. Sulfuric acid prices surged, boosting smelter byproduct revenues.

Figure 15: Domestic Copper Smelter Maintenance (10k tons)

Company	Province	Smelter Capacity	Refinery Capacity	Start Time	End Time
Company 1	Anhui	50	70	Mar-25	Mar-25
Company 2	Hubei	40	55	Mar-25	Mar-25
Company 3	Henan	12	15	Mar-25	Apr-25
Company 4	Shanxi	20	20	Apr-25	Apr-25
Company 5	Qinghai	15	15	Apr-25	Apr-25
Company 6	Shandong	20	20	May-25	May-25
Company 7	Shandong	40	55	May-25	May-25
Company 8	Heilongjiang	15	15	May-25	May-25

Sources: MYSTEEL, SMM, Minmetals Futures

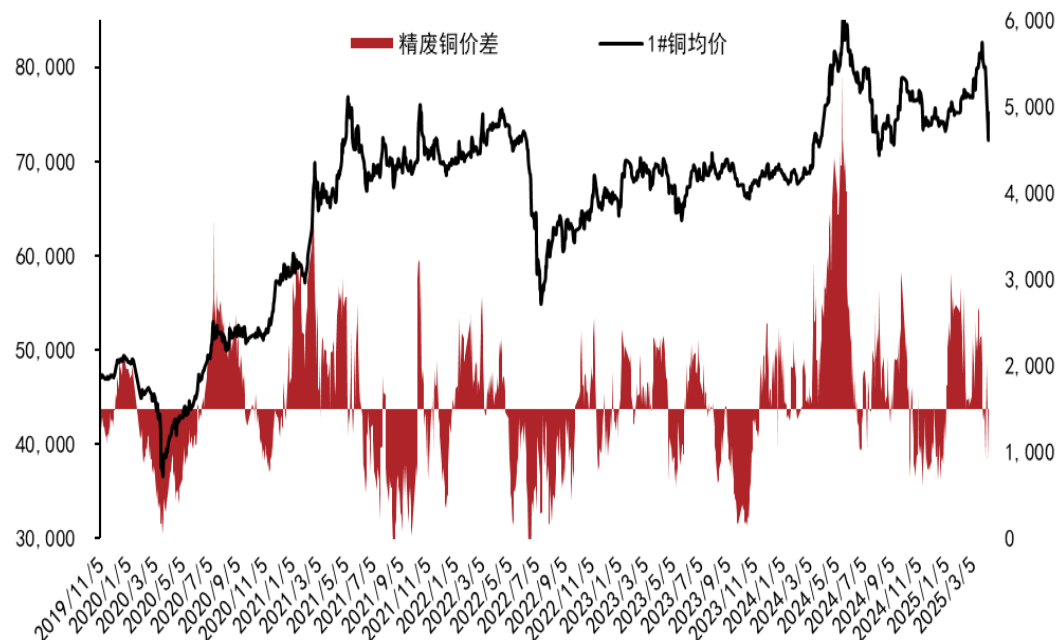
Figure 16: Monthly Output of Refined Copper in China (10k tons)



Sources: SMM, Minmetals Futures

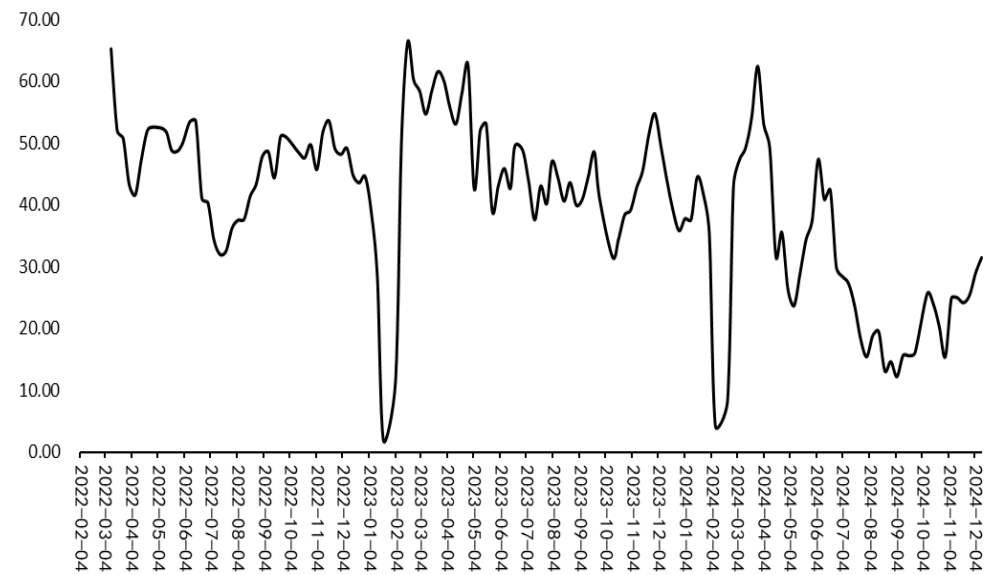
- China’s March refined output remained high (+64,000 tons MoM per SMM) with minimal maintenance disruptions and more cold charge supply. April expects more maintenance but the output may dip slightly as losses are offset by new capacity.

Figure 17: Electrolytic Copper-Grade 1 Bright Copper Price Spread (CNY/ton)



Sources: SMM, WIND, Minmetals Futures

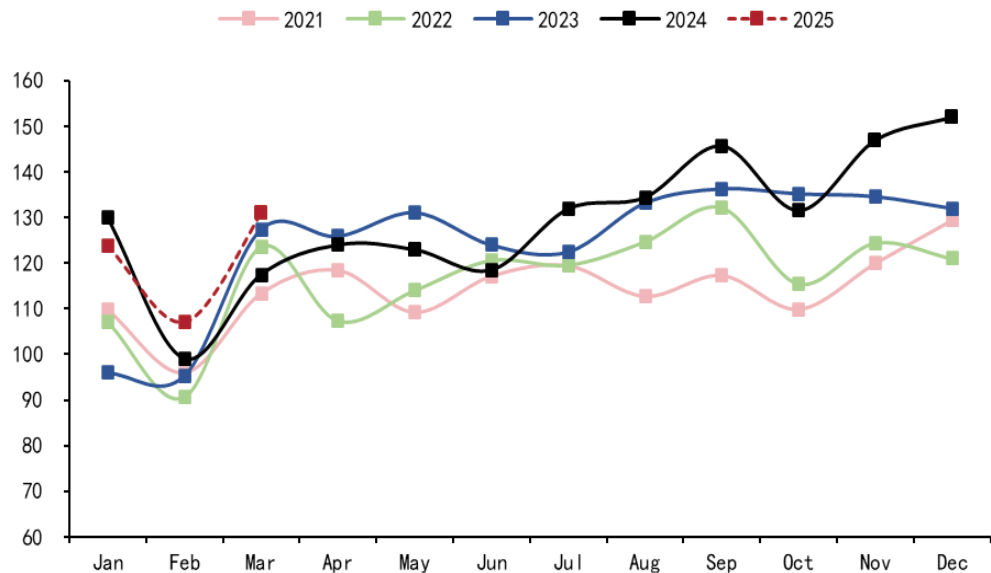
Figure 18: China Recycled Rod Operating Rate



Sources: SMM, Minmetals Futures

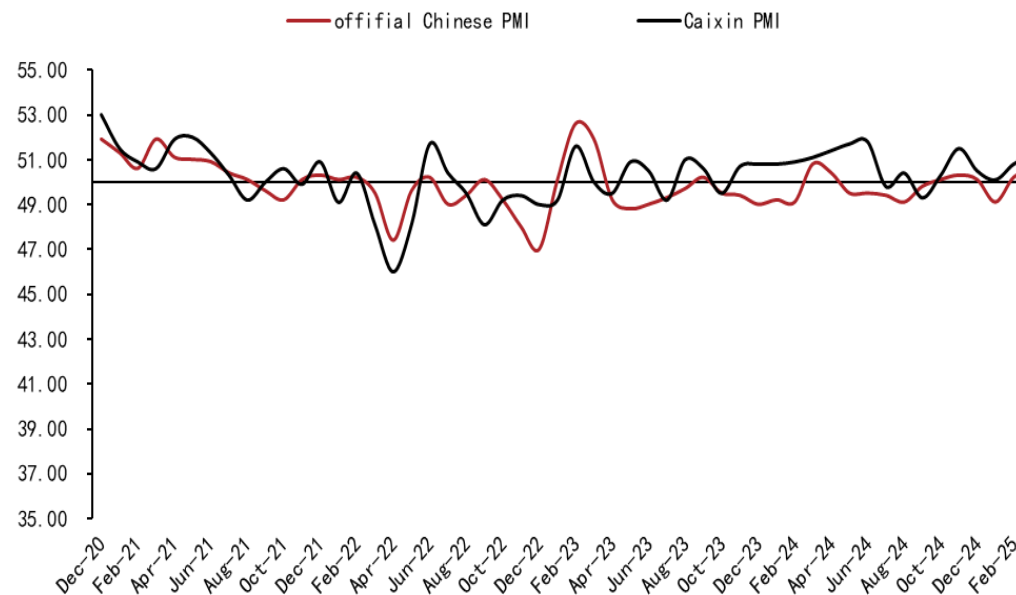
- The average refined-scrap spread narrowed to 2,100 yuan/tons in March, sustaining substitution. Scrap rod operating rate rose, contributing to more substitution. In April, copper price retreat may narrow the refined-scrap spread, marginally tighten scrap supply and reduce substitution.

Figure 19: Monthly Apparent Consumption of Refined Copper (10k tons)



Sources: Customs, SMM, MYMETAL, Minmetals Futures

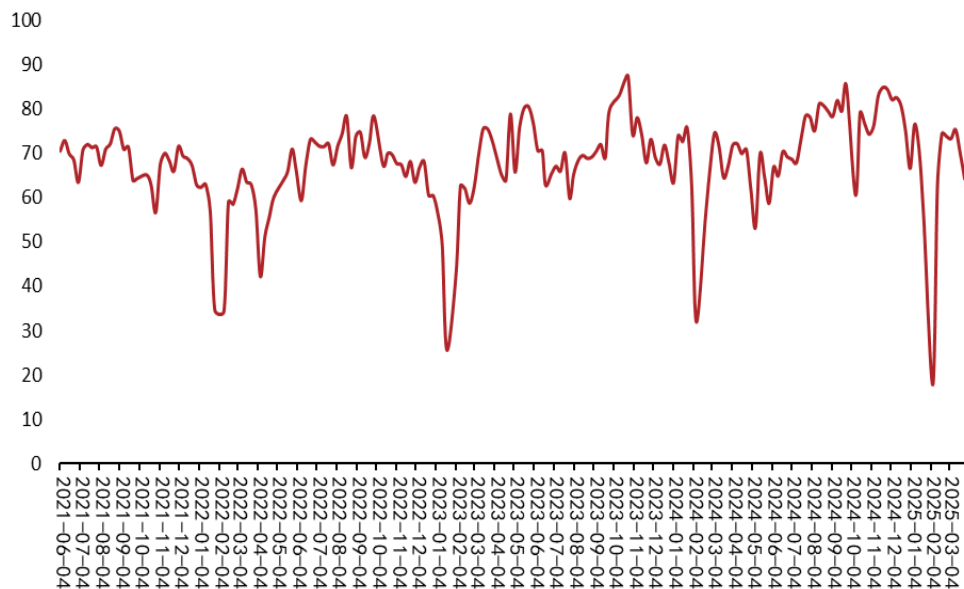
Figure 20: China Manufacturing PMI



Sources: WIND, Minmetals Futures

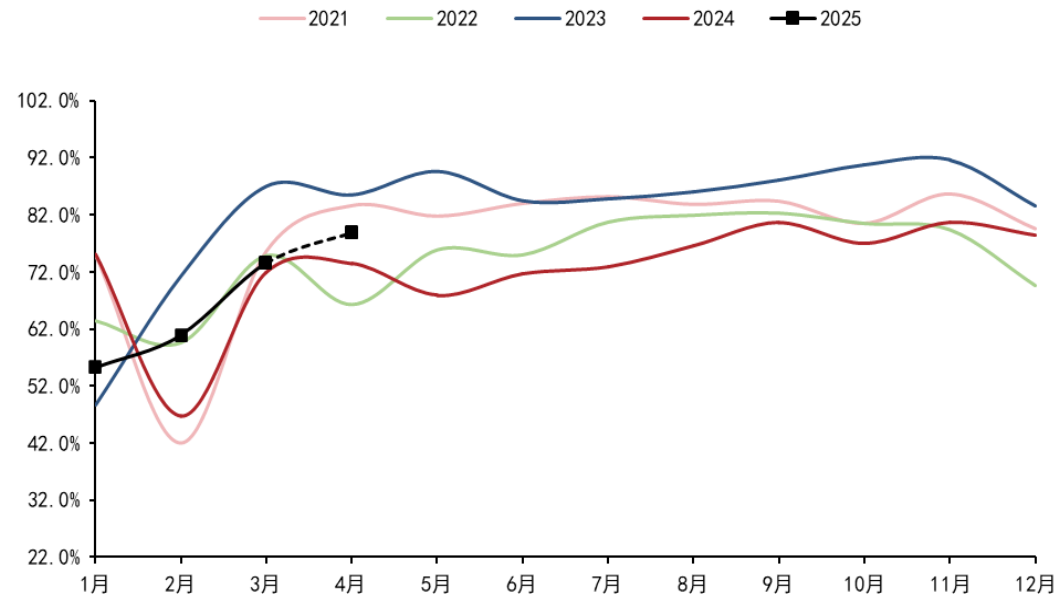
- The apparent consumption of refined copper in March hit 1.311 million tons (+11.6% YoY), with Q1 cumulative demand at 3.621 million tons (+4.5% YoY). Official and Caixin manufacturing PMIs rebounded above 50, signaling seasonal recovery.

Figure 21: Weekly Operating Rate of Electrolytic Copper Rod Producers (%)



Sources: SMM, Minmetals Futures

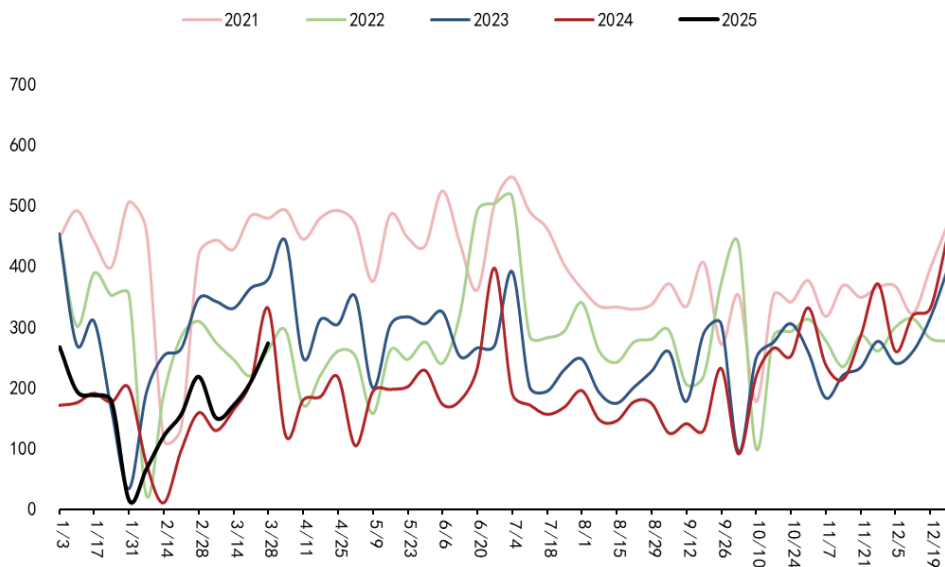
Figure 22: Operating Rate of Wire & Cable Producers



Sources: SMM, Minmetals Futures

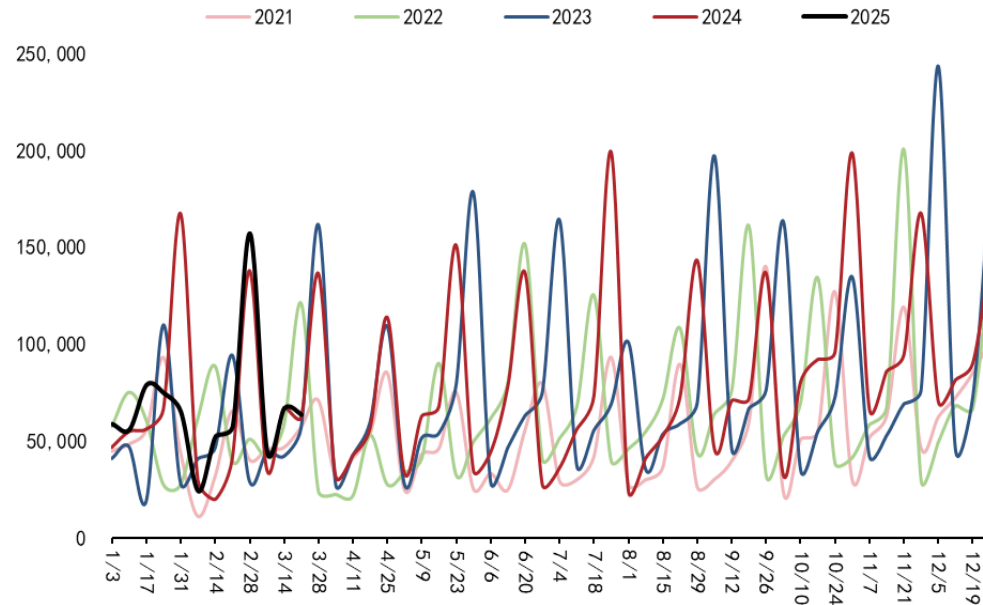
- Copper rod operating rates rose then fell in March amid price volatility. A bumpy recovery is expected in April as price declines. Cable producer operated at a growing rate and may outperform YoY levels in April if such trend extends.

Figure 23: Commercial Housing Transaction Area in 30 Mid- and Large-Cities (10k m²)



Sources: SMM, Minmetals Futures

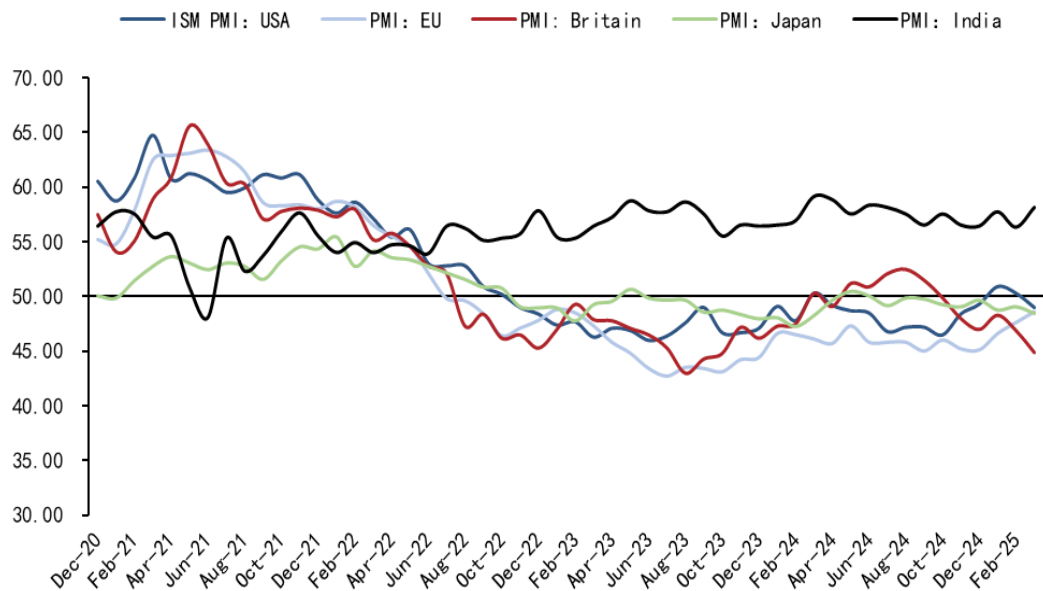
Figure 24: Weekly Average Daily Sales: Passenger Vehicles: Wholesale (Units)



Sources: SMM, Minmetals Futures

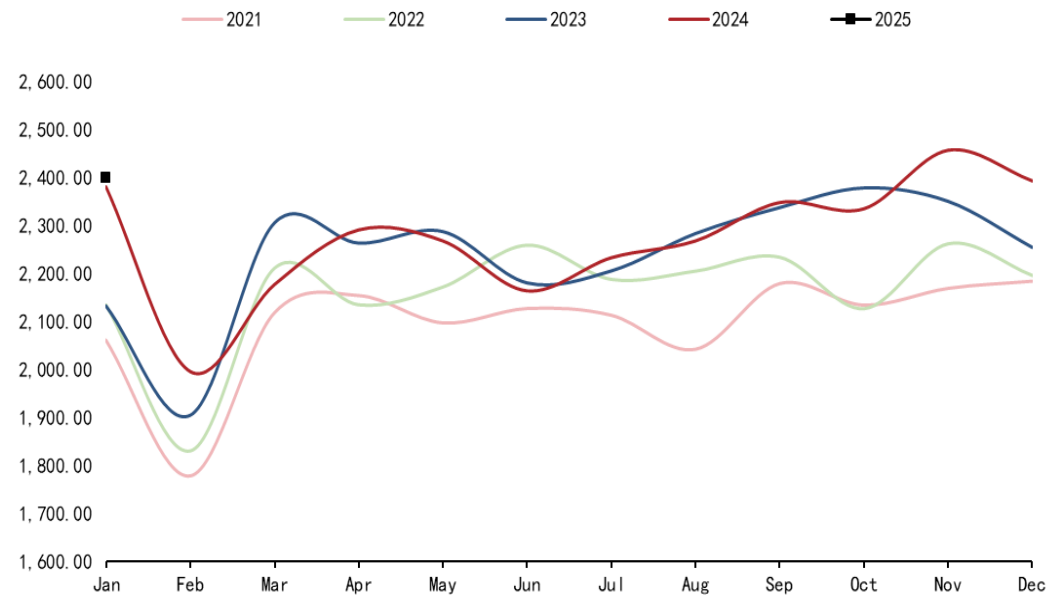
- High-frequency data shows a modest property sales recovery (still below YoY) in March while auto sales softened.

Figure 25: Manufacturing PMI in Overseas Major Countries



Sources: WIND, Minmetals Futures

Figure 26: Seasonal Global Refined Copper Consumption (k tons)



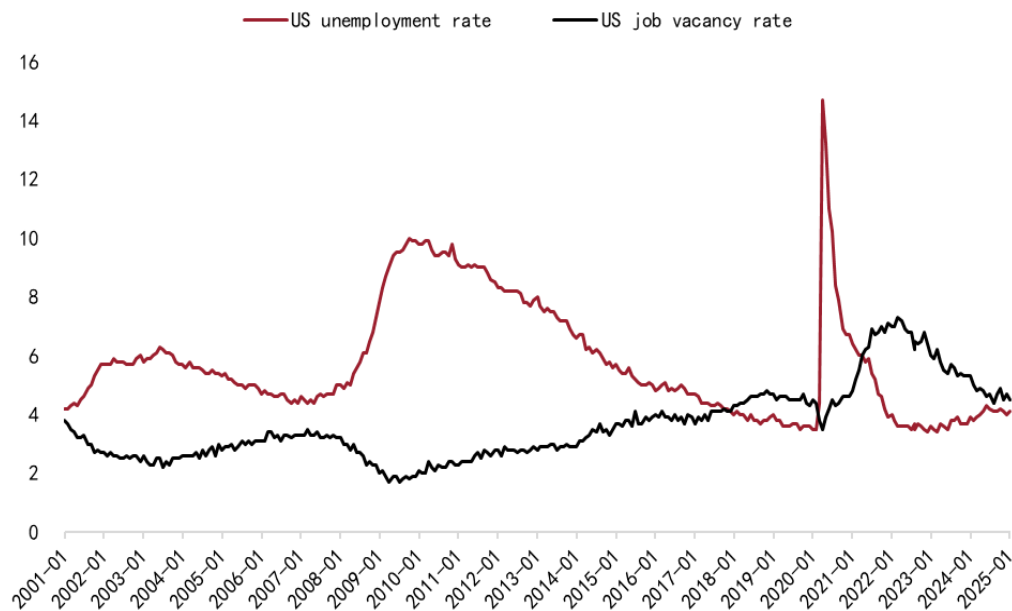
Sources: WIND, ICSG, Minmetals Futures

- Global ex-China manufacturing weakened in March (Eurozone improved; U.S., UK, Japan deteriorated). ICSG data shows an increase of 0.8% YoY in global refined copper demand this January.

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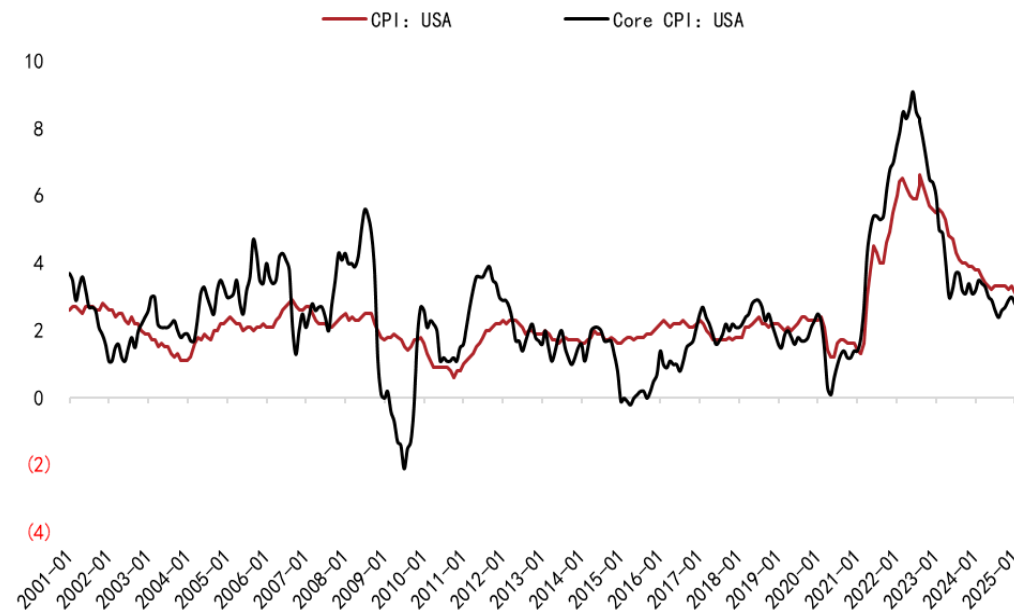
Macro Analysis

Figure 29: U.S. Unemployment Rate & Job Openings Rate (%)



Sources: WIND, Minmetals Futures

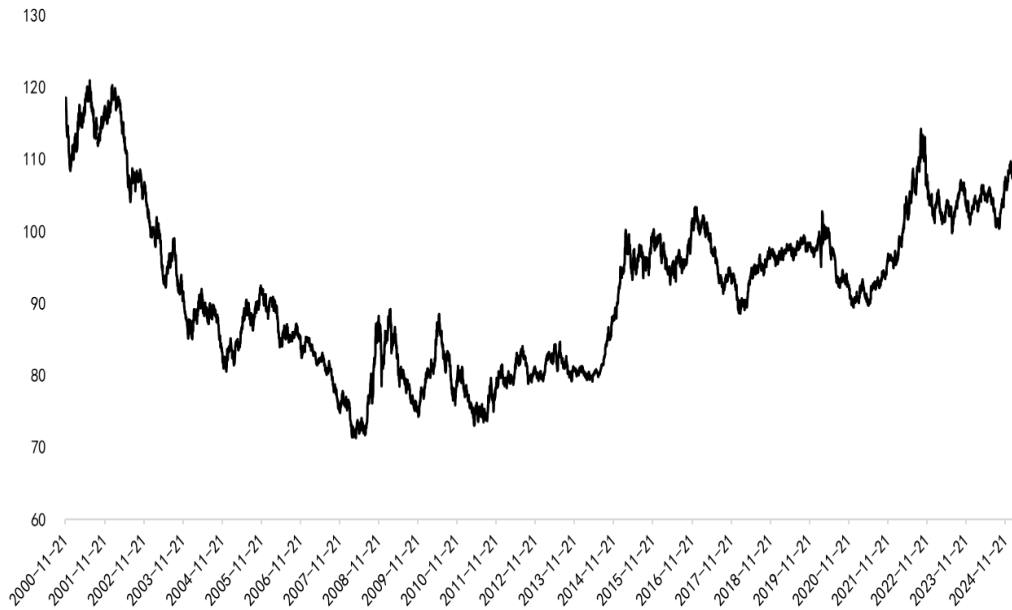
Figure 30: U.S. Core CPI YoY & CPI YoY (%)



Sources: WIND, Minmetals Futures

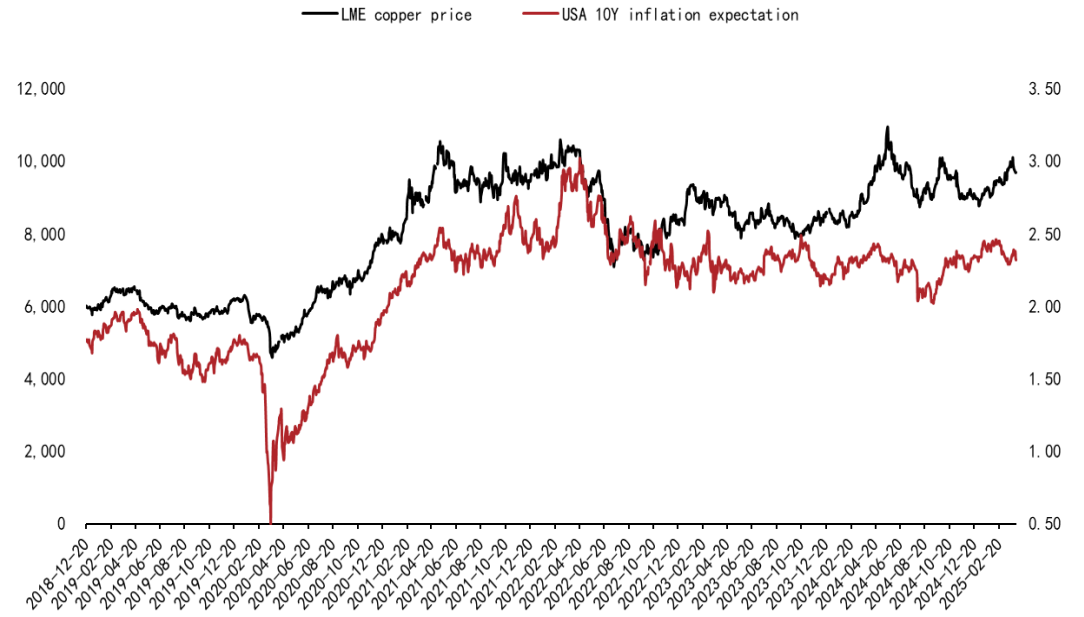
- U.S. Feb. unemployment rose and job openings fell. Cooling inflation (both headline and core) and labor slack revived Fed dovish hopes. But Trump's tariff announcement on April 2nd heightens stagflation risks, capping near-term easing.

Figure 31: U.S. Dollar Index (DXY)



Sources: WIND, Minmetals Futures

Figure 32: LME Copper Price & U.S. 10-Year Inflation Expectations (US\$/t, %)



Sources: WIND, Minmetals Futures

- The dollar index continues to weaken, approaching the technical support level with limited downside. U.S. 10-year inflation expectations remain soft, offering neutral-to-bearish copper cues.

Please refer to international@minfutures.com for any comment or suggestion.

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