

## Metals and Mining - China

# Copper expert: Demand from new energy to slow down; tight concentrate supply

Industry Overview

### Price to drop before rebound; average at USD8k/t in '24

We hosted Mr. Xiaohui He from Antaite to discuss 2024 China copper market outlook. Overall, Mr. He forecast average copper price of USD8k/t in '24, expecting it to rise in Mar-Apr after Chinese New Year, then trend down to the low point of the year at USD7-7.5k/t before rebounding again in 2H, though he thinks the peak price in '24 will not be as high as '23's. He sees supply deficit of 100-200kt for copper concentrate vs. 400kt surplus in refined supply in '24.

### New energy demand to slow down; property still downturn

Copper demand will likely still be driven by China market in short to mid-term. New markets, such as India and Mid East, are still small but they are promising in long-term. Refined copper demand in China increased +5%yoy to 14,540kt in '23. Among downstream, power sector +7% yoy or 460kt thanks to booming of solar PV and wind power in '23, followed by transportation sector +9% yoy or 130kt contributed by EV vehicles. On the other hand, demand from construction decreased slightly by 10kt, -1% yoy, due to declining China property market. Looking forward, Mr. He estimates China copper demand to increase to 14,900-14,950 kt in '24, around 3% yoy. Though EV will continue growing at 20-30%, demand growth from solar PV will slow down given that 210-220GW estimated new PV installation in '24 vs. 196 GW in '23. Demand from construction will keep declining since property market still in downturn and may also pull China copper demand down to 14,700-14,800kt if things get worse.

### Refined copper supply limited by concentrate shortage

Mr. He forecast 400kt surplus in refined supply in '24, driven by the capacity increase of 530kt in China and 430kt at overseas. Meanwhile, he expects copper concentrate shortage from 2H24 until at least '27. While there will be copper concentrate volume increment from China, Peru and DRC, the frequent supply disruption may push down the full year volume. The contrast between the refined copper surplus and tight concentrate has caused the spot TC/RC to the current low level of <USD40/t. Mr. He believes there would not be immediate suspension of the smelters, given that the decent cash flow last year may help smelters to sustain for a longer time. Yet, if TC is below the cash cost of USD50/t for longer time, it is possible to see smelters lowering their utilization rate.

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**Matty Zhao >>**  
Research Analyst  
Merrill Lynch (Hong Kong)  
+852 3508 4001  
[matty.zhao@bofa.com](mailto:matty.zhao@bofa.com)

**Miriam Chan, CFA >>**  
Research Analyst  
Merrill Lynch (Hong Kong)  
+852 3508 7478  
[miriam.chan@bofa.com](mailto:miriam.chan@bofa.com)

**Edward Leung, CFA >>**  
Research Analyst  
Merrill Lynch (Hong Kong)  
+852 3508 3282  
[edward.leung@bofa.com](mailto:edward.leung@bofa.com)

**Yibing Xia >>**  
Research Analyst  
Merrill Lynch (Hong Kong)  
+852 3508 8045  
[yibing.xia@bofa.com](mailto:yibing.xia@bofa.com)

Mnt: million tonnes

TC/RC: treatment and refining charges

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