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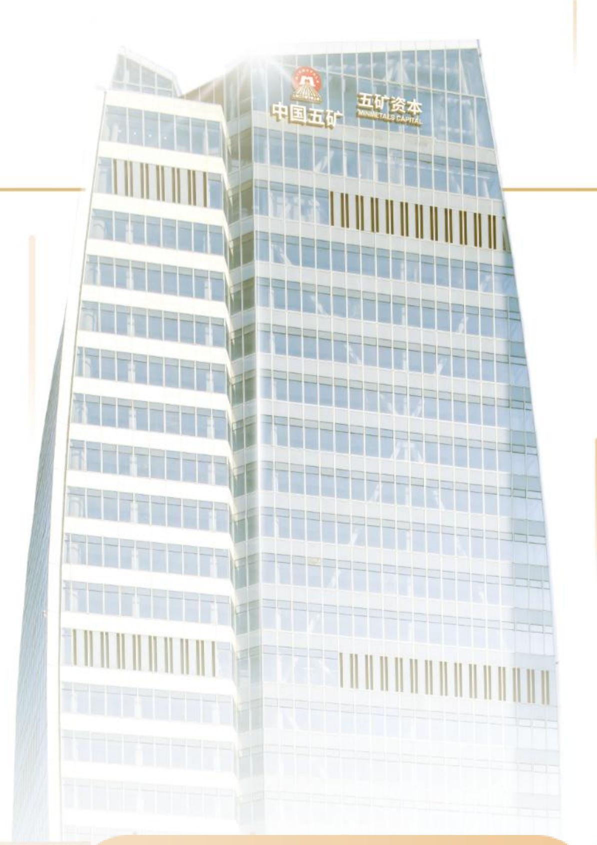

Shifting U.S. Tariff Expectations Shake the Market

Copper Monthly Report

August 7, 2026

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Monthly Review

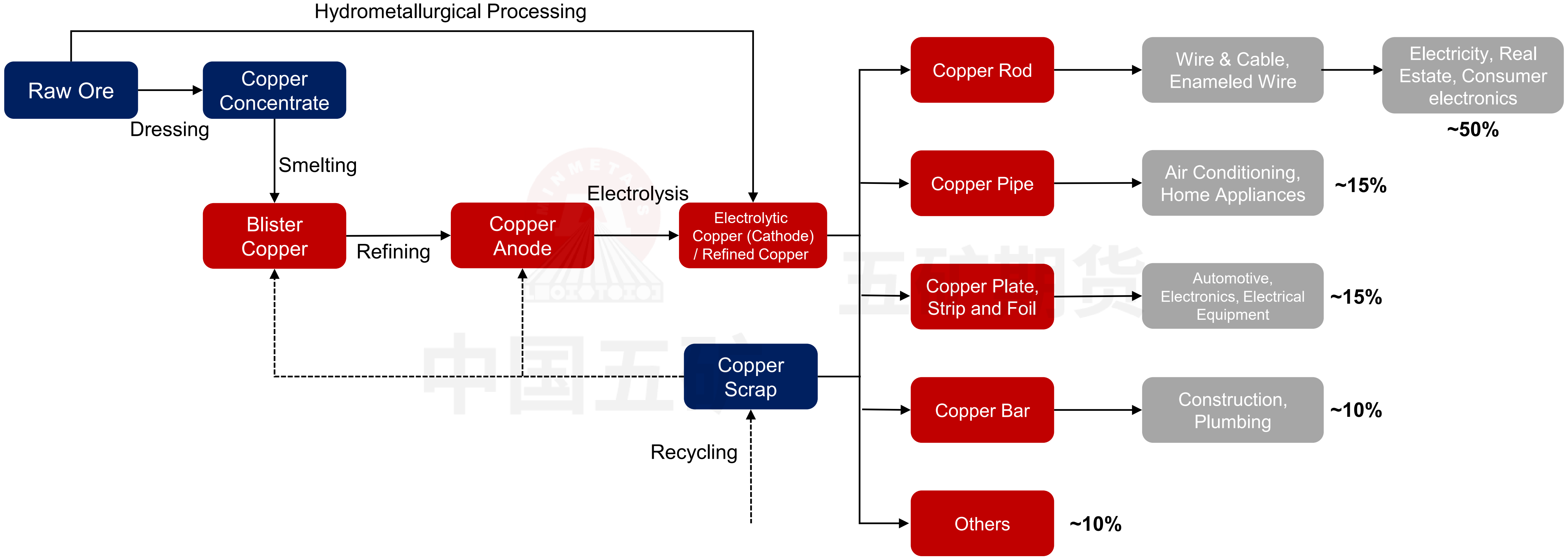
Monthly Assessment and Strategy Recommendation

- **Supply**: Copper concentrate supply remained tight, with the copper-concentrate smelting charge (TC) index hitting fresh lows. Blister copper supply tightened at the margin, and processing fees drifted lower. China's refined copper output in July 2026 fell more than expected; August output is projected to rise slightly MoM.
- **Demand**: China's refined copper apparent consumption in July 2026 is estimated to have kept growing, but with downstream still in a relatively slack season and copper prices elevated, August consumption is projected to ease at the margin. Overseas manufacturing sentiment is diverging, and demand expectations are relatively neutral.
- **Import/Export**: In July 2026, SHFE copper spot import losses widened, and the processing-trade export window opened. The US–LME copper spread widened as US tariff expectations intensified marginally, though uncertainty remains high.
- **Inventory**: In July 2026, the three exchanges' inventories diverged — SHFE and LME stocks kept falling while COMEX stocks rose. Bonded-zone inventories declined. Total inventories fell MoM. China's inventories are projected to recover in August, while overseas inventory flows face uncertainty.
- **Outlook**: Entering August, China's refined copper output is projected to rise while demand is expected to ease marginally, leaving supply in a slight surplus. Overseas demand expectations are relatively neutral, and the supply–demand balance still hinges on changes in US refined-copper tariffs. On the macro side, the Middle East conflict remains uncertain, though de-escalation is currently the base case; US inflation pressure may ease, and the probability of the Fed tightening policy is also low. On the industry side, copper raw-material supply remains tight and low domestic inventories leave room for valuation upside. In the near term, watch shifts in US tariff expectations: if they persist, copper prices could push higher; if they fade, the downside risk for copper prices is also significant. SHFE copper main contract trading range referenced at CNY103,000–112,000/t; LME 3M trading range referenced at USD13,500–14,600/t.

China Refined Copper Supply-Demand Balance (10,000 t)

2025	Production	Import	Export	Net Import	SHFE Inventory	Change	Outside SHFE	Change	Bond Inventory	Change	Apparent Demand	yoy	Cumulative Apparent Deamnd	yoy
Jan	101.3	29.7	1.7	28.0	10.9	3.5	5.7	2.7	1.3	(0.1)	123.2	-5.3%	123.2	-5.3%
Feb	105.8	30.5	3.2	27.3	26.8	15.9	10.9	5.2	4.4	3.1	108.9	9.9%	232.1	1.3%
Mar	112.2	35.4	6.8	28.6	23.5	(3.3)	10.4	(0.5)	11.1	6.7	137.9	17.4%	370.0	6.8%
Apr	112.6	30.0	7.8	22.2	8.9	(14.6)	4.4	(6.0)	9.4	(1.7)	157.1	26.7%	527.1	12.0%
May	113.8	29.3	3.4	25.9	10.5	1.6	3.4	(1.0)	5.3	(4.1)	143.2	16.4%	670.3	12.9%
Jun	113.5	33.7	7.9	25.8	8.2	(2.3)	5.0	1.6	6.3	1.0	139.0	16.3%	809.3	13.5%
Jul	117.5	33.6	11.8	21.8	7.3	(0.9)	4.8	(0.2)	7.5	1.2	139.2	5.5%	948.5	12.3%
Aug	117.2	30.7	3.7	27.0	8.0	0.7	4.8	0.0	8.4	0.9	142.6	6.1%	1091.1	11.4%
Sep	112.0	37.4	2.6	34.8	9.5	1.5	6.2	1.4	8.1	(0.4)	144.3	-1.3%	1235.4	9.8%
Oct	109.2	32.3	6.6	25.7	11.6	2.1	7.6	1.4	10.7	2.7	128.8	-2.2%	1364.1	8.5%
Nov	108.8	30.5	14.3	16.2	9.8	(1.8)	7.4	(0.2)	10.6	(0.1)	127.1	-13.5%	1491.2	6.2%
Dec	112.0	30.0	10.0	20.0	11.2	1.4	9.0	1.6	9.7	(1.0)	130.0	-17.8%	1621.2	3.8%
2026	Production	Import	Export	Net Import	SHFE Inventory	Change	Outside SHFE	Change	Bond Inventory	Change	Apparent Demand	yoy	Cumulative Apparent Deamnd	yoy
Jan	117.9	25.1	9.3	15.8	23.3	12.1	10.3	1.3	9.9	0.2	120.1	-2.5%	120.1	5.5%
Feb	114.4	20.7	7.8	12.9	39.2	15.9	14.5	4.2	8.9	(1.0)	108.3	-0.6%	228.4	-1.6%
Mar	120.0	27.9	5.8	22.1	35.9	(3.3)	5.4	(9.1)	6.4	(2.5)	156.9	13.8%	385.2	4.1%
Apr	117.9	31.6	2.6	29.0	19.2	(16.7)	5.1	(0.3)	2.7	(3.7)	167.6	6.7%	552.8	4.9%
May	116.9	31.6	2.0	29.6	17.6	(1.6)	8.2	3.1	3.7	1.0	144.0	0.6%	696.8	4.0%
Jun	114.5	33.3	4.9	28.4	12.3	(5.3)	8.0	(0.2)	4.7	1.0	147.4	6.0%	844.2	4.3%
Jul	112.8			24.0	6.9	(5.4)	5.6	(2.4)	2.9	(1.8)	146.4	5.2%	990.6	4.4%
Aug	113.9			25.0										

Industrial Chain



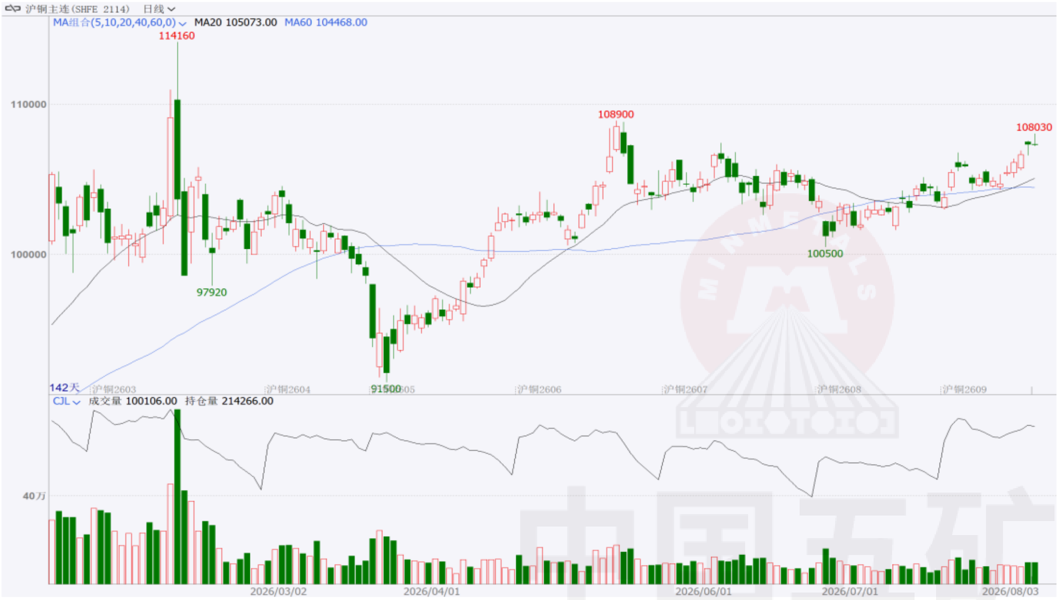
Upstream **Midstream** **Downstream**

02

Spot Market & Futures Market

Market Review

Figure 1: SHFE Copper Main Continuous Contract Trend (CNY/t)



Sources: Wenhua, Minmetals Futures

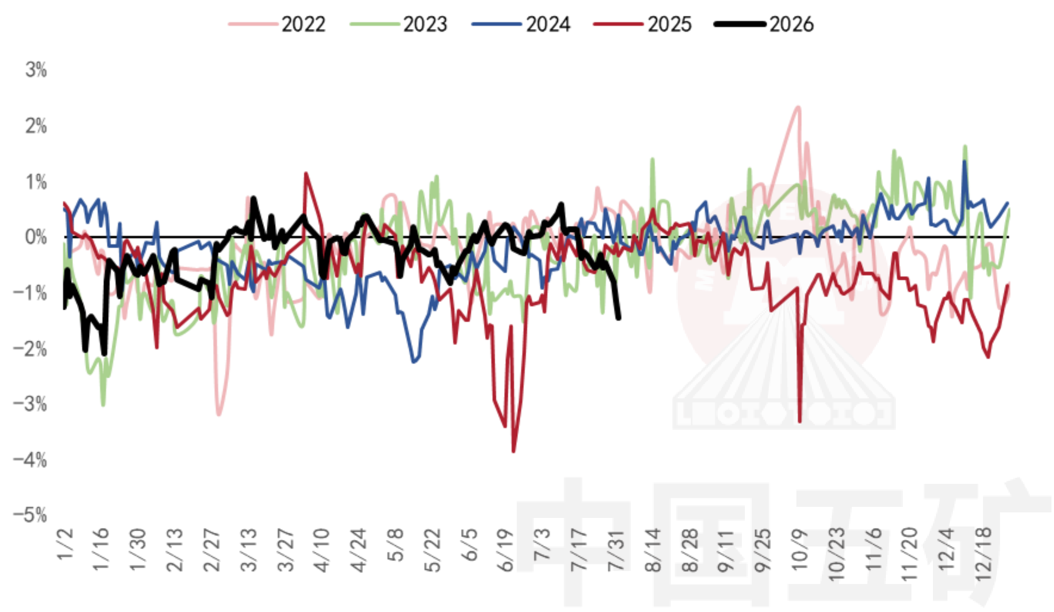
Figure 2: LME 3M Copper Price Trend (USD/t)

Sources: Wenhua, Minmetals Futures

- Copper prices rose in a volatile trend in July 2026, driven mainly by fading Fed rate-hike expectations, strengthening US tariff expectations, and China's inventories drawing down to low levels.
- Over the month, the SHFE copper main contract rose 2.1% and the LME 3M contract gained 3.16%. Copper prices extended their firm tone in early August.

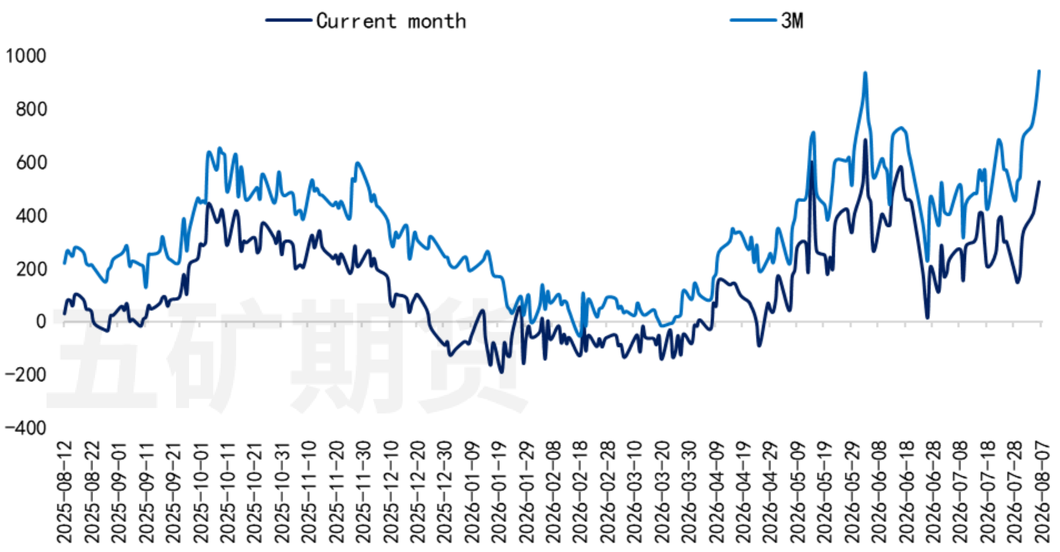
Inter-Market Price Spread

Figure 3: China Electrolytic Copper Import Profit/Loss (CNY/t)



Sources: SMM, Minmetals Futures

Figure 4: COMEX Copper vs LME Copper Price Spread (USD/t)

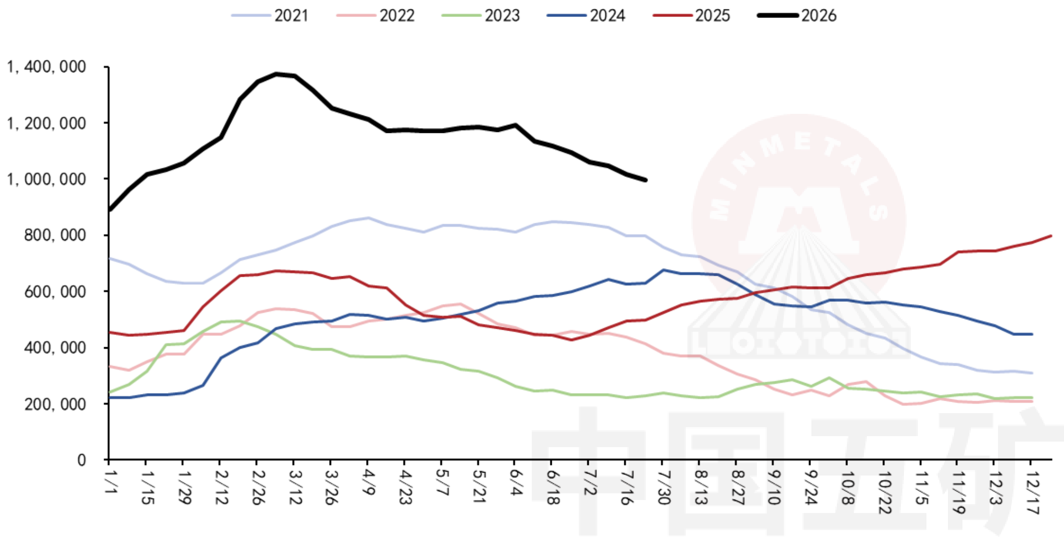


Sources: WIND, Minmetals Futures

- In July 2026, SHFE copper spot import losses widened in a volatile range, and the import loss widened further in early August. The COMEX–LME cross-market spread widened in July as market expectations of a US copper tariff intensified marginally, though it remains uncertain whether the US will actually levy a tariff on refined copper.

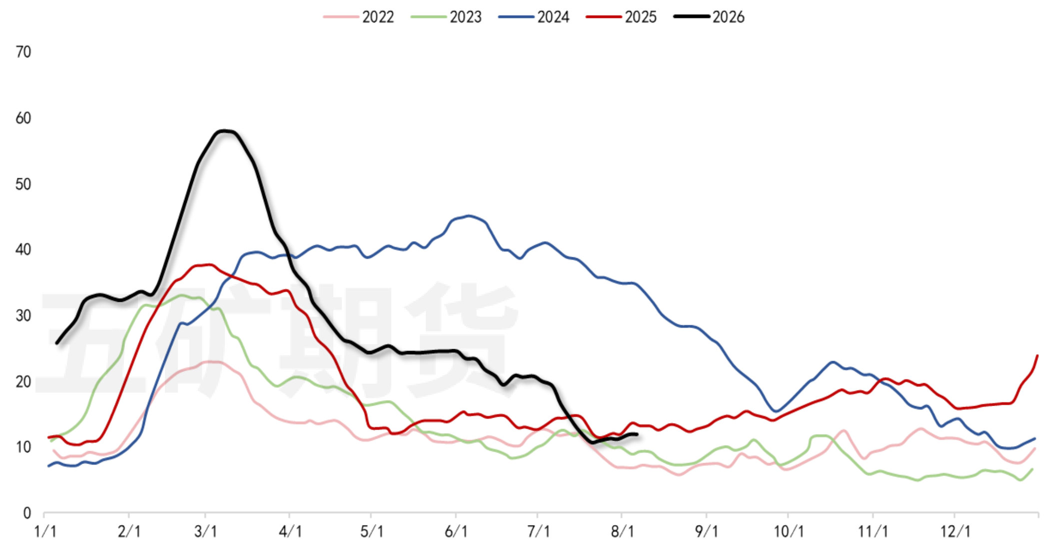
Inventory & Basis

Figure 5: Copper Inventory at Three Major Exchanges Plus Shanghai Bonded Zone (t)



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

Figure 6: China Electrolytic Copper Social Inventory (10,000 t)



Sources: SMM, Minmetals Futures

- As of end-July, inventories across the three exchanges plus the Shanghai bonded zone stood at about 995,000 t, down 100,000 t from early July, with structural distortions still evident (COMEX accounted for a high share, about 65%).
- China's copper inventories fell during the month; exchange inventories stood at about 69,000 t at end-July, down about 54,000 t from early July, while off-exchange inventories were about 56,000 t, up 14,000 t from early July. Bonded-zone inventories declined MoM, with an end-July absolute level of about 29,000 t, down 14,000 t from early July.

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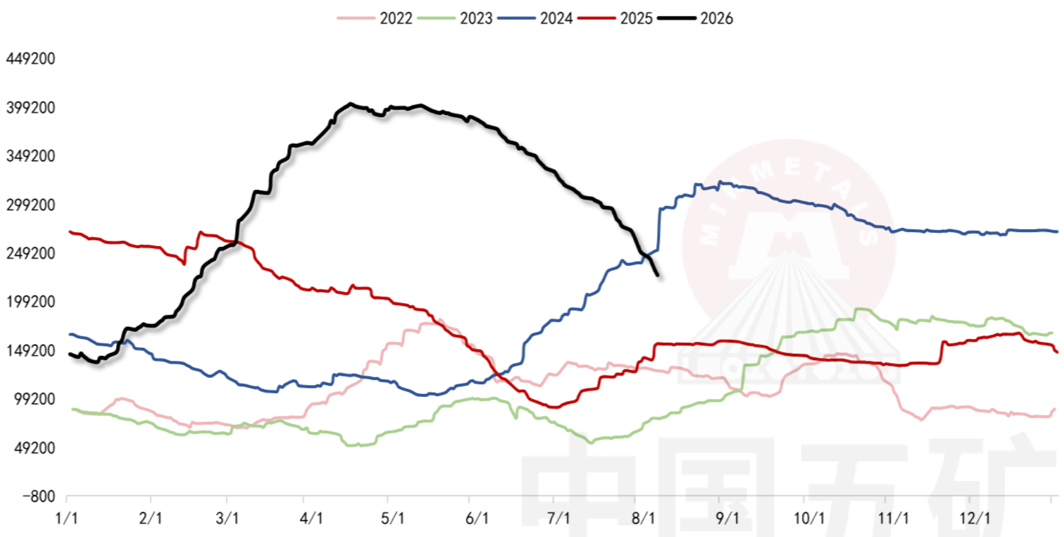
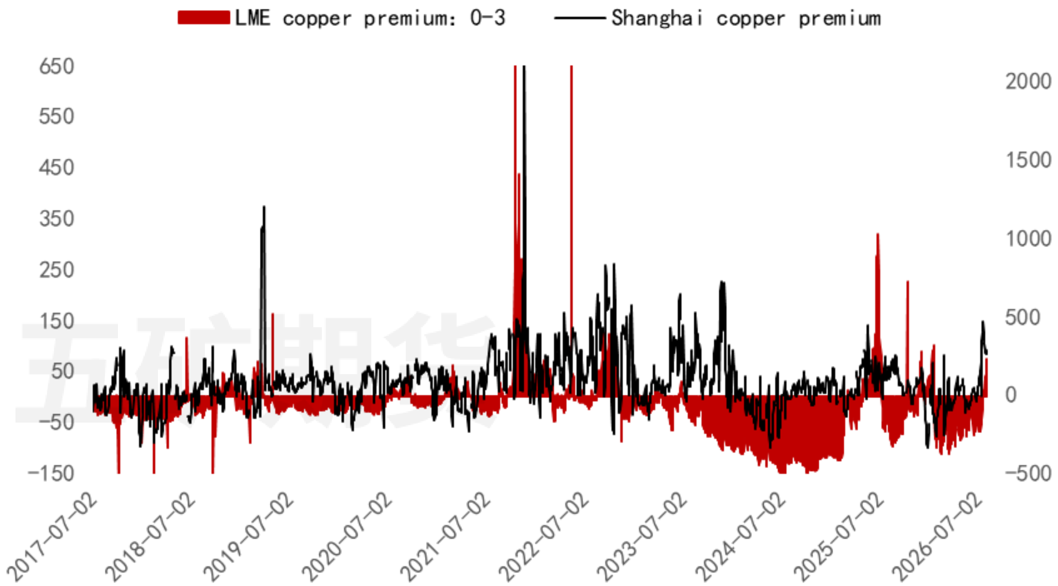
Inventory & Basis

Figure 7: COMEX Copper Inventory (t)



Sources: WIND, Minmetals Futures

Figure 8: Domestic and Overseas Copper Basis (USD/t, CNY/t)

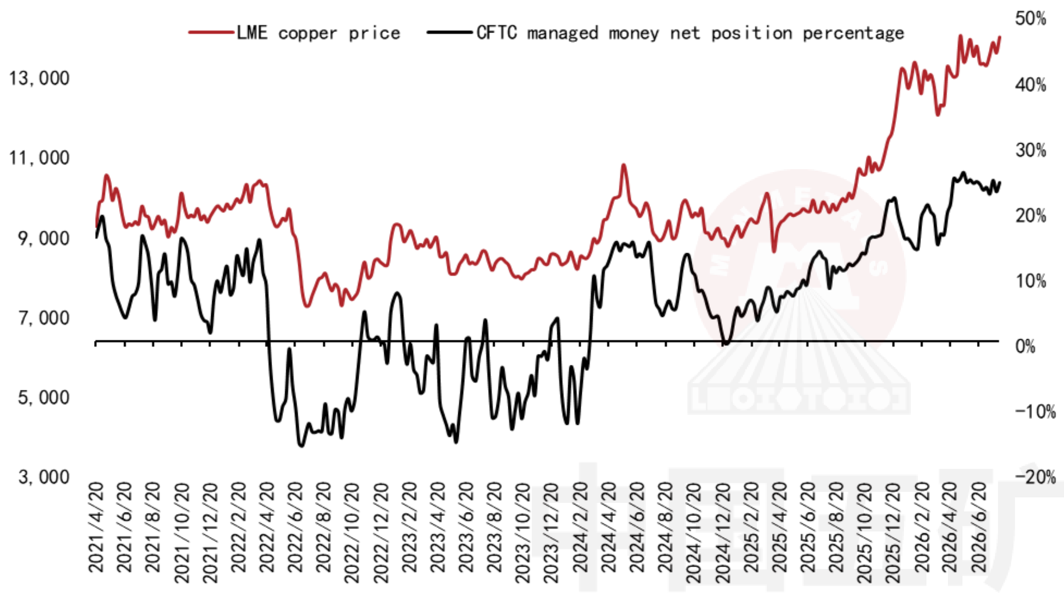


Sources: LME, WIND, Minmetals Futures

- LME copper inventories fell in July, to about 250,000 t at end-July, down 50,000 t from early July, with stocks at Asian, European and American warehouses all declining — LME Asian stocks alone fell 50,000 t. COMEX copper inventories rose, reaching about 612,000 t in early July, up 31,000 t from end-May.
- On the basis side, the LME Cash/3M spread firmed in July; the domestic basis rose then retreated, and in early August spot in East China traded at a premium of about CNY80/t to futures.

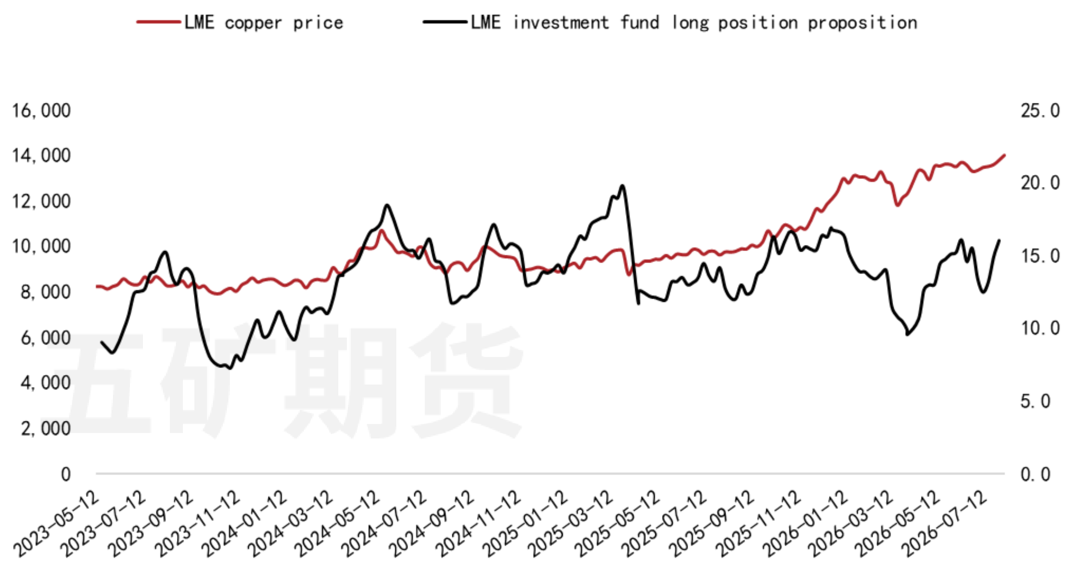
Fund Sentiment

Figure 9: COMEX Copper Fund Net Position Ratio and Copper Price Trend (USD/t)



Sources: WIND, Minmetals Futures

Figure 10: LME Investment Fund Long Position Ratio



Sources: WIND, Minmetals Futures

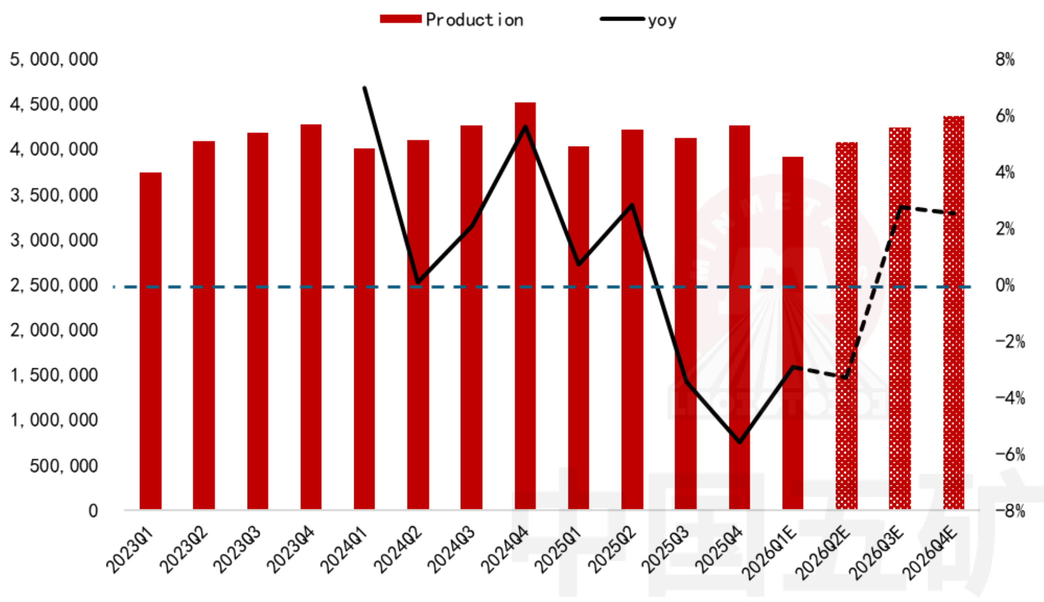
- As of end-July 2026, CFTC fund positions stayed net long, with the net-long ratio oscillating at a high level; the LME investment fund long position share rose, and speculative sentiment was bullish.
- Entering August, the impact of market sentiment will come mainly from US tariffs, supply-side disruptions and inventory changes.

03

Supply and Demand Analysis

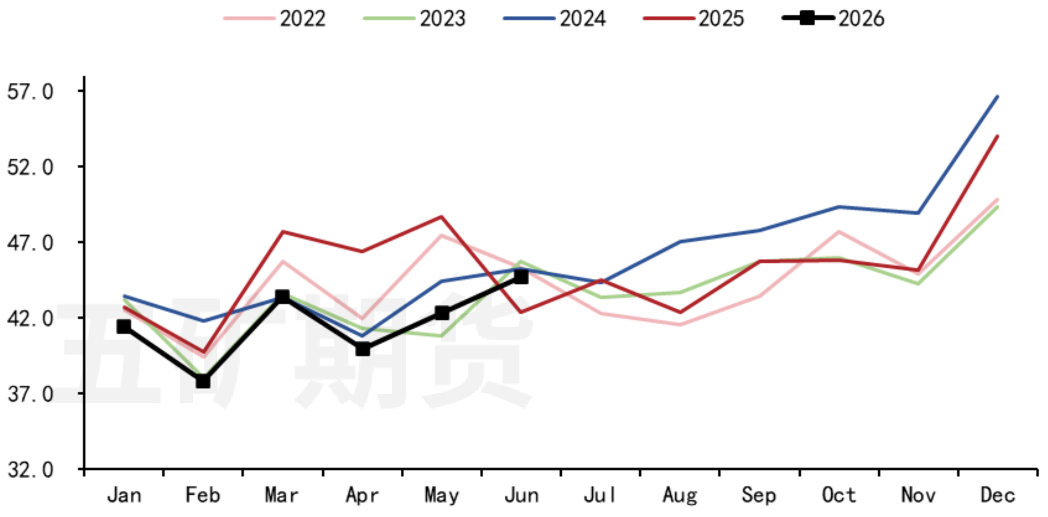
Supply – Copper Mines

Figure 11: Large/Mid-sized Copper Miners' Quarterly Output (t) & YoY Growth



Sources: Company Filings, Minmetals Futures

Figure 12: Chile Copper Output (10,000 t)

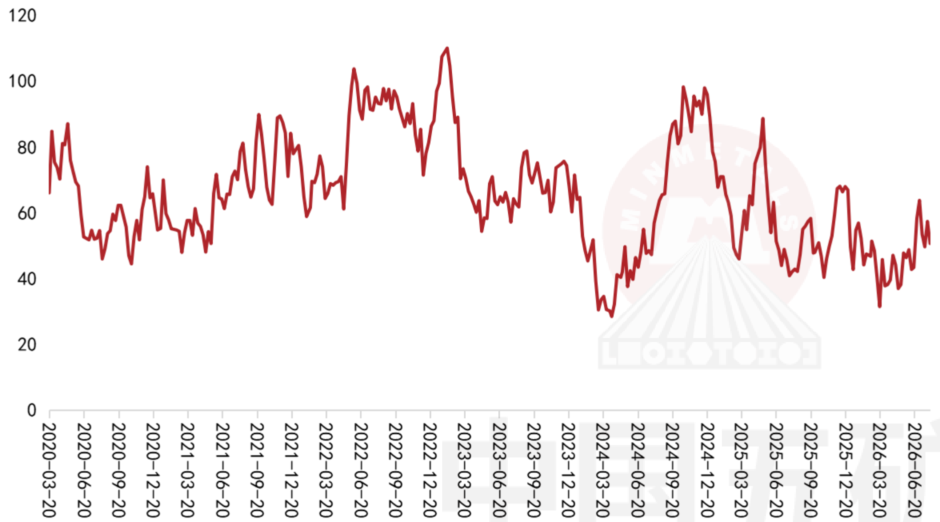


Sources: Chilean statistics bureau, Minmetals Futures

- In Q2 2026, aggregate output of large/mid-sized copper miners fell about 3.3% YoY but rose QoQ, with mine output continuing to undershoot expectations. Most miners kept their full-year guidance unchanged, implying Q3–Q4 output will likely rise QoQ and turn positive YoY. Extreme weather disruptions, however, warrant caution.
- Chilean copper output in June came in at 447,000 t, up both YoY and MoM — reflecting a low year-ago base as well as a relatively fast production recovery.

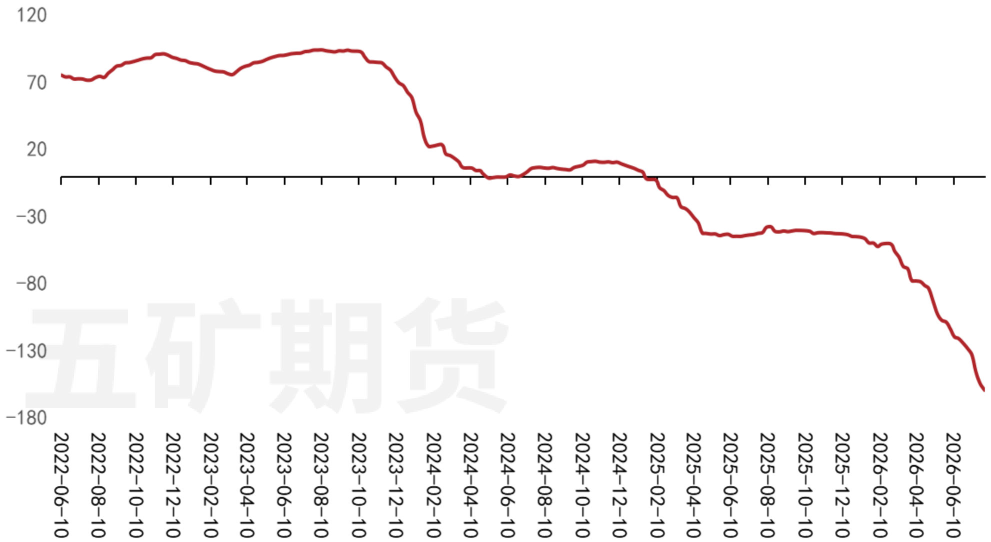
Supply – Copper Mines

Figure 13: Copper Concentrate Inventories at Major Chinese Ports (10,000 t)



Sources: IFIND, Minmetals Futures

Figure 14: Imported Copper Concentrate TC Index

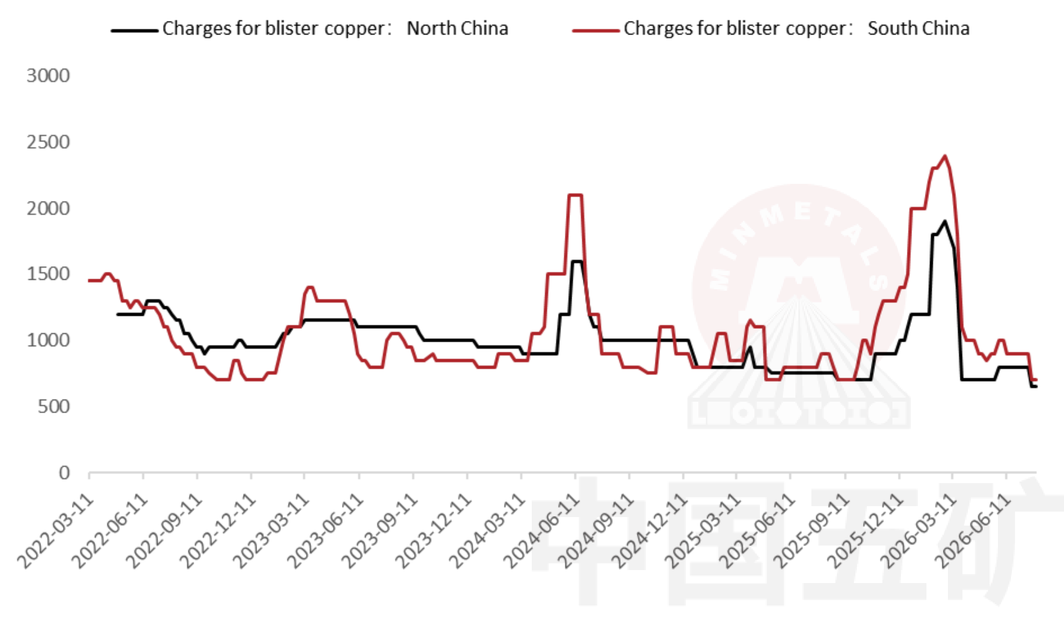


Sources: SMM, Minmetals Futures

- China's major-port copper concentrate inventories declined in a volatile range in July, with spot port supply tight at the margin.
- On treatment charges, the imported copper-concentrate spot TC index kept falling in July 2026, ending the month at −159.4 USD/t — a historic low.

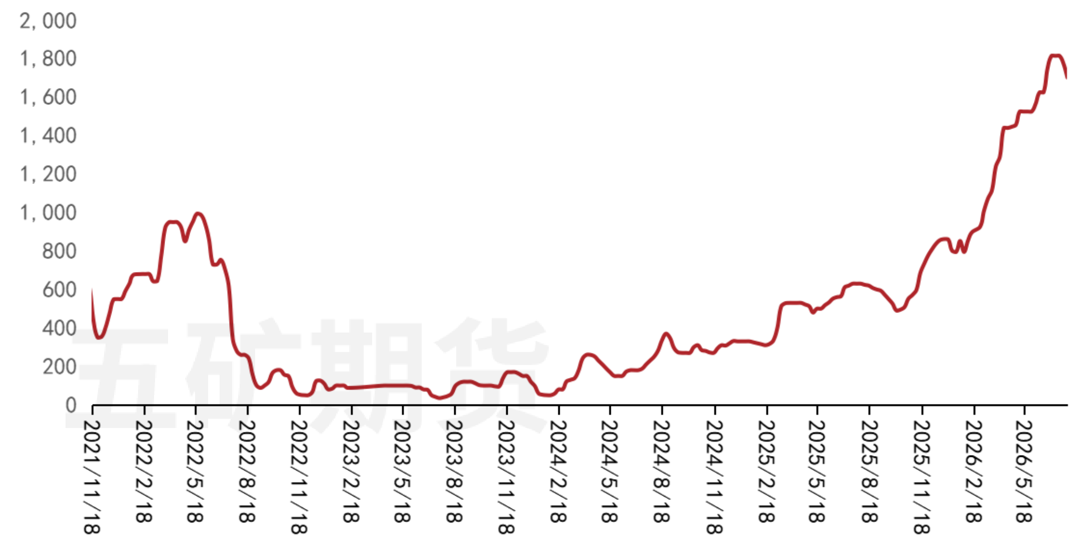
Supply – Refined Copper

Figure 15: Blister Copper Processing Fee (CNY/t, USD/t)



Sources: SMM, Minmetals Futures

Figure 16: China Mainstream Region Smelting Acid Price (CNY/t)



Sources: WIND, Minmetals Futures

- Domestic blister copper processing fees weakened in a volatile range in July 2026, with scrap and secondary feed supply tightening at the margin. Smelter by-product sulphuric acid prices in major regions rose then fell back, contributing positively to smelting revenue.

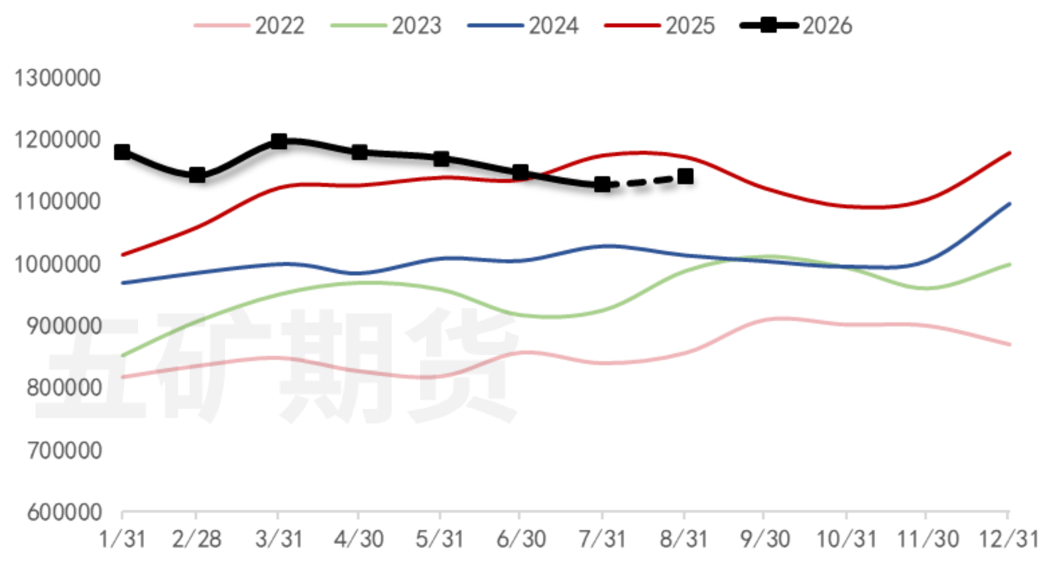
Supply – Refined Copper

Figure 17: China Copper Smelter Maintenance Schedule (10,000 t)

Company	Smelter Capacity	Refinry Capacaty	Start Time	End Time
1	15	40	Mar	Mar
2	40	40	Mar	Mar
3	30	60	Mar	Apr
4	0	30	Mar	Apr
5	10	20	Apr	Apr
6	40	50	Apr	May
7	35	40	Apr	Apr
8	48	40	Apr	Jun
9	20	20	May	May
10	40	50	May	Jun
11	40	55	Jun	Jun
12	40	70	Jun	Jul
13	40	70	Jun	Jul
14	40	40	Jun	Aug
15	20	20	Jul	Jul
16	15	15	Aug	Aug
17	40	40	Sep	Nov

Sources: MYSTEEL, SMM, Baiinfo, Minmetals Futures

Figure 18: China Refined Copper Monthly Output (10,000 t)

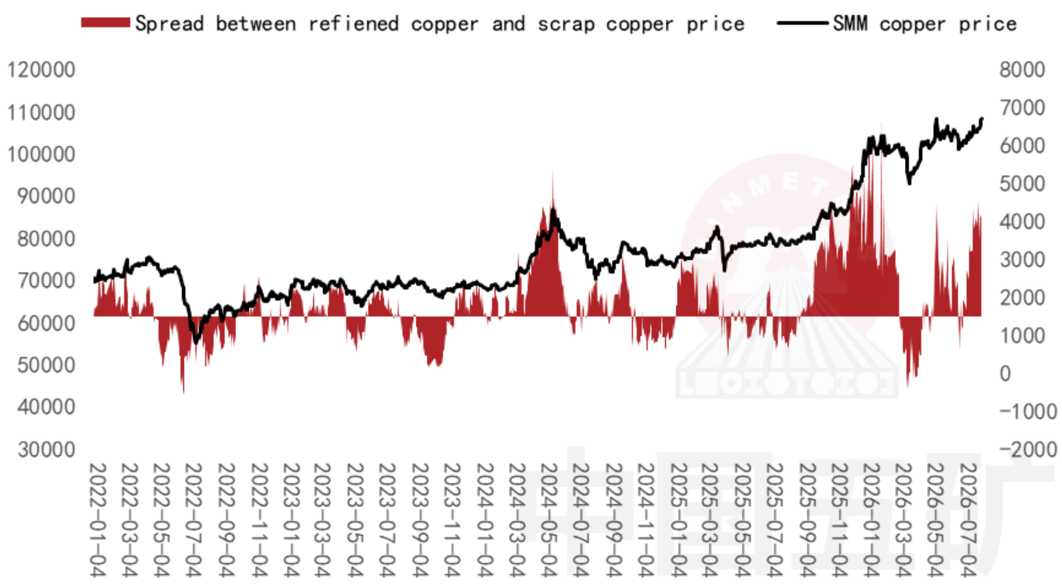


Sources: SMM, Minmetals Futures

- Heavy maintenance activity at Chinese copper smelters in July pulled refined copper output well below expectations, swinging YoY growth to negative.
- Into August, tight scrap/secondary feed and ongoing maintenance will keep refined copper output at a low level for the year, with a slight MoM rebound projected.

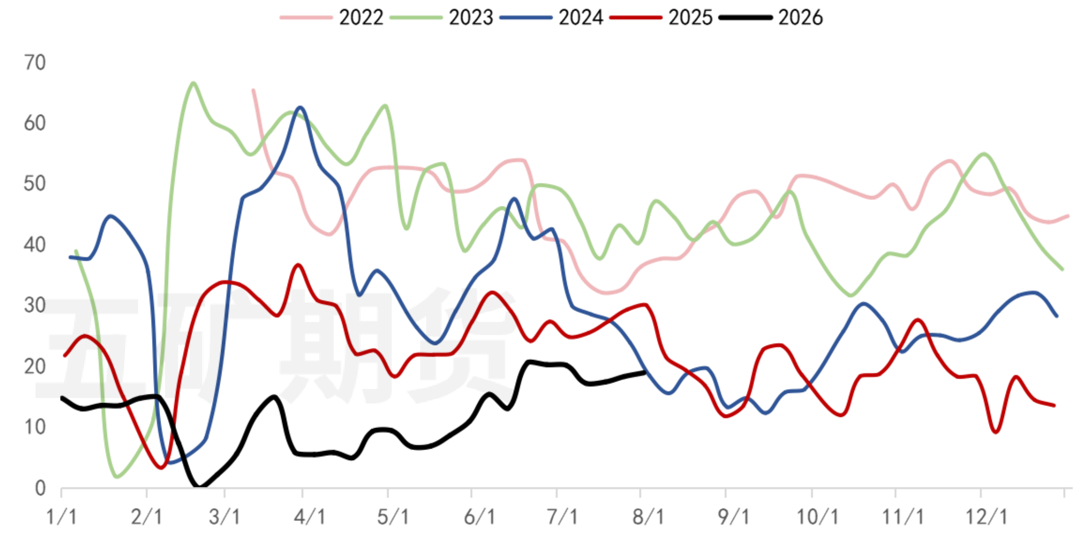
Supply – Recycled Copper

Figure 19: China Electrolytic Copper vs. #1 Bright Copper Price Spread (CNY/t)



Sources: SMM, WIND, Minmetals Futures

Figure 20: China Recycled Copper Rod Enterprise Weekly Operating Rate

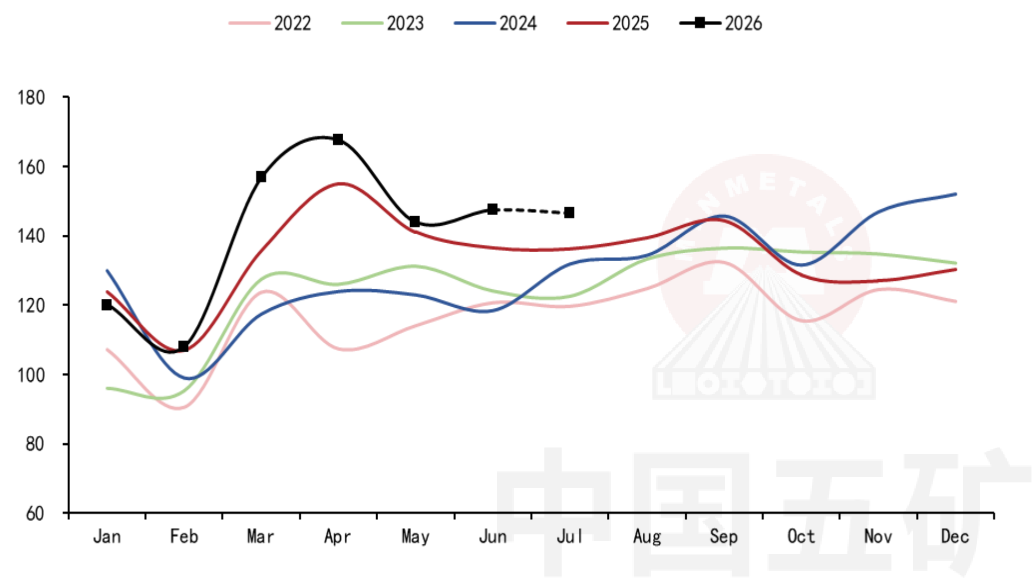


Sources: SMM, Minmetals Futures

- In July 2026, the average refined–scrap copper spread was about CNY3,030/t, widening MoM, as stronger copper prices pushed the gap wider.
- Recycled-copper rod producers' operating rate moved sideways in July, with direct scrap substitution still well below the year-ago level.

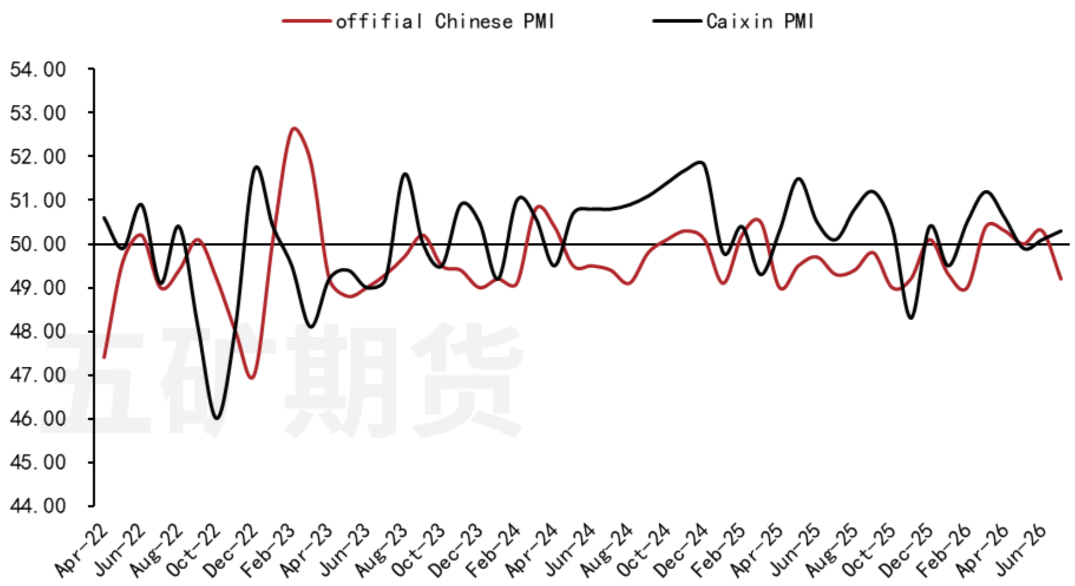
Demand – China

Figure 21: China Refined Copper Monthly Apparent Consumption (10,000 t)



Sources: Customs, SMM, MYMETAL, Minmetals Futures

Figure 22: China Manufacturing PMI

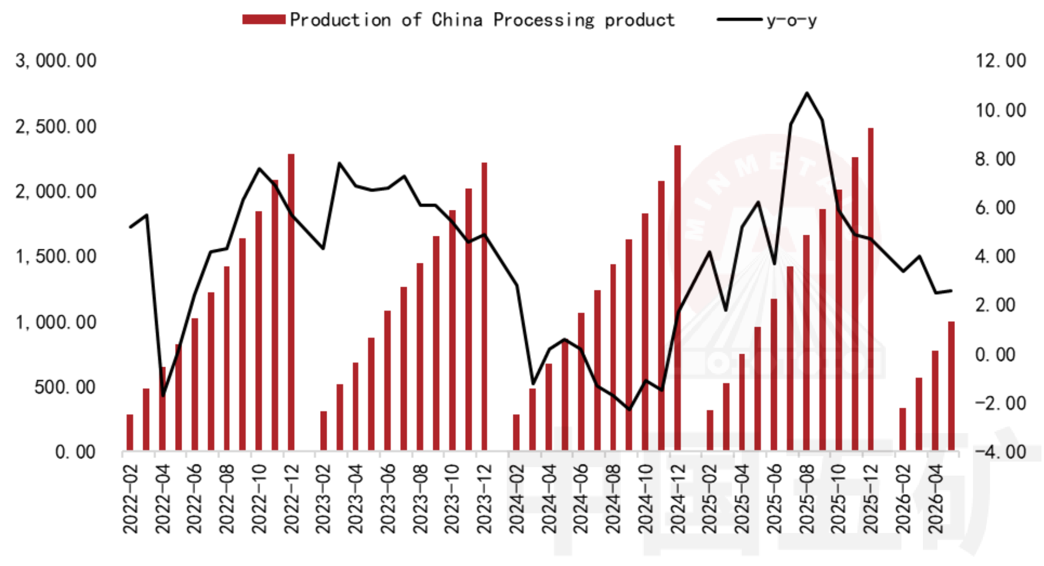


Sources: WIND, Minmetals Futures

- Assuming a MoM decline in net imports, China's refined copper apparent consumption in July is estimated at 1.464 Mt, up about 5.2% YoY; cumulative apparent consumption over January–July 2026 reached 9.903 Mt, up 4.4% YoY.
- On leading indicators, China's official manufacturing PMI weakened in July 2026 while the RatingDog manufacturing PMI picked up, pointing to a marginal softening in manufacturing sentiment.

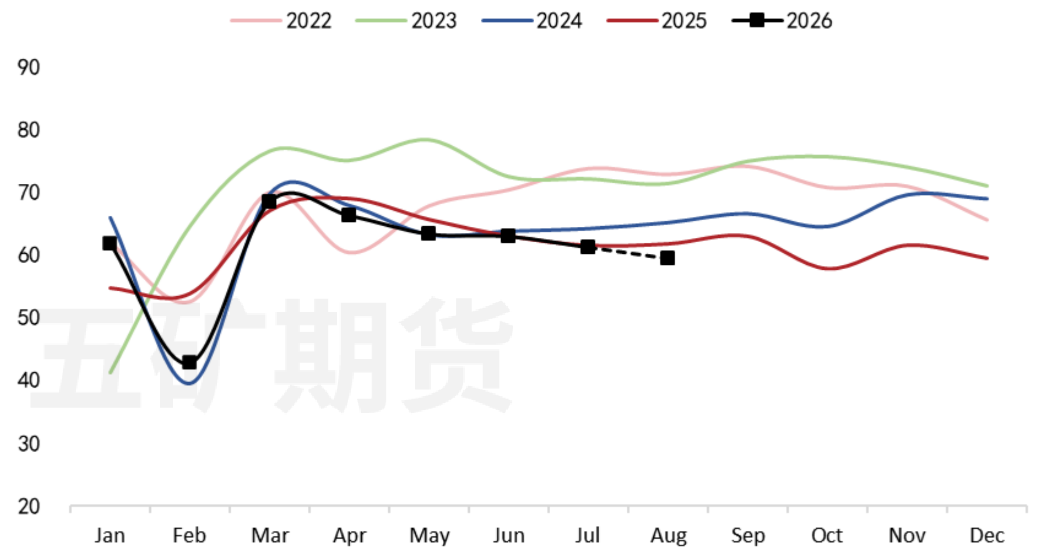
Demand – China

Figure 23: China Copper Products Cumulative Output & YoY Growth Rate (10,000 t, %)



Sources: WIND, Minmetals Futures

Figure 24: China Copper Material Enterprise Average Operating Rate (%)

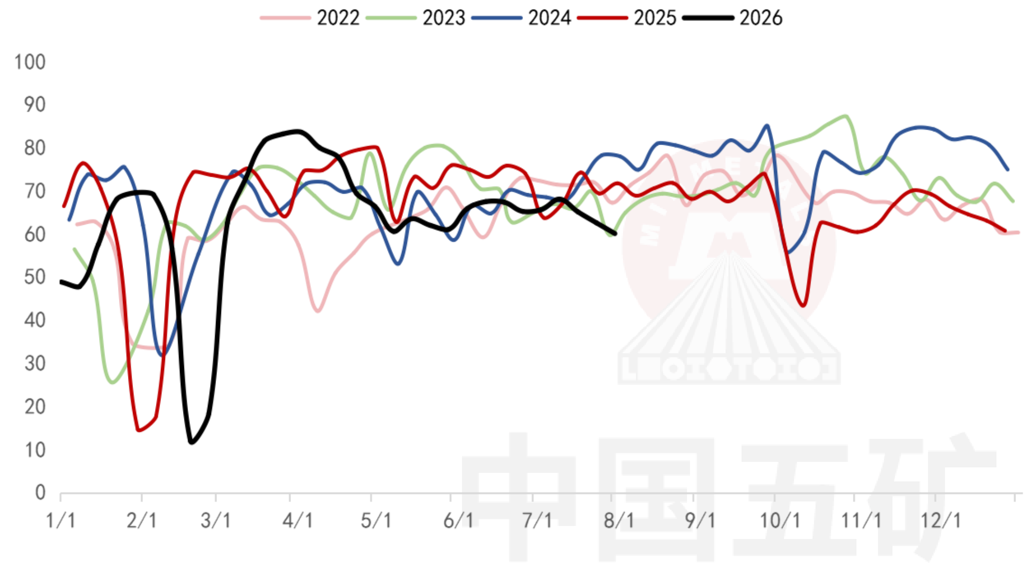


Sources: SMM, Minmetals Futures

- China's copper product output rose about 0.3% YoY on a cumulative basis over January–June 2026, with the growth rate slower than in the first five months.
- Per SMM, the average copper product operating rate fell MoM in July 2026, slightly beating expectations; the August operating rate is projected to weaken.

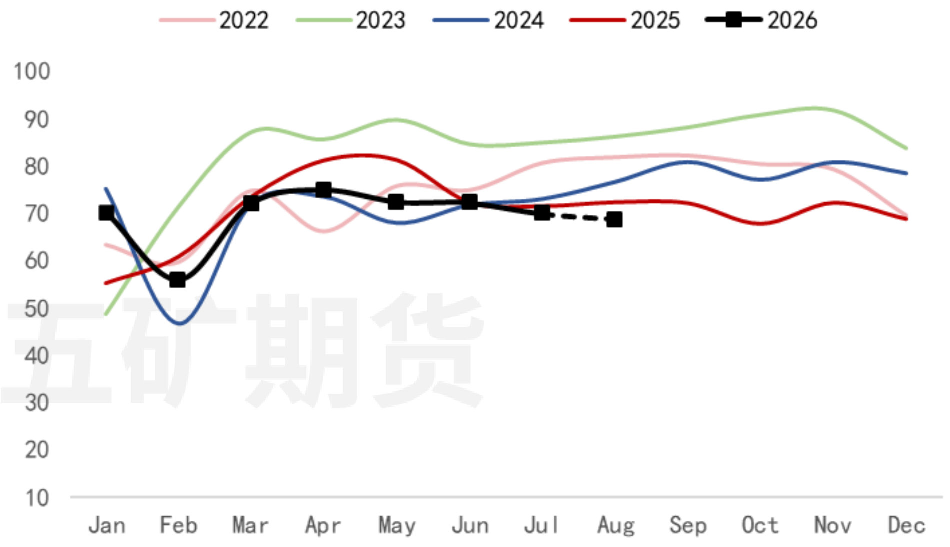
Demand – China

Figure 25: China Electrolytic Copper Rod Producer Weekly Operating Rate (%)



Sources: SMM, Minmetals Futures

Figure 26: China Wire & Cable Producer Operating Rate (%)

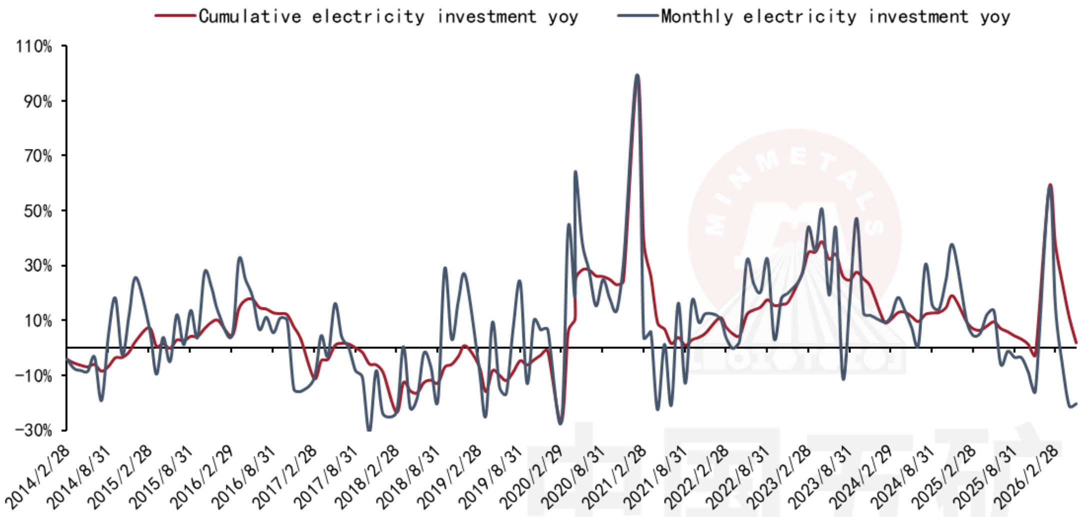


Sources: SMM, Minmetals Futures

- China's refined-copper rod producers' operating rate weakened in July 2026, with the average rate below the year-ago level. Wire and cable producers' operating rate fell during the month, undershooting prior expectations; the August rate is projected to keep falling and stay below the year-ago level.

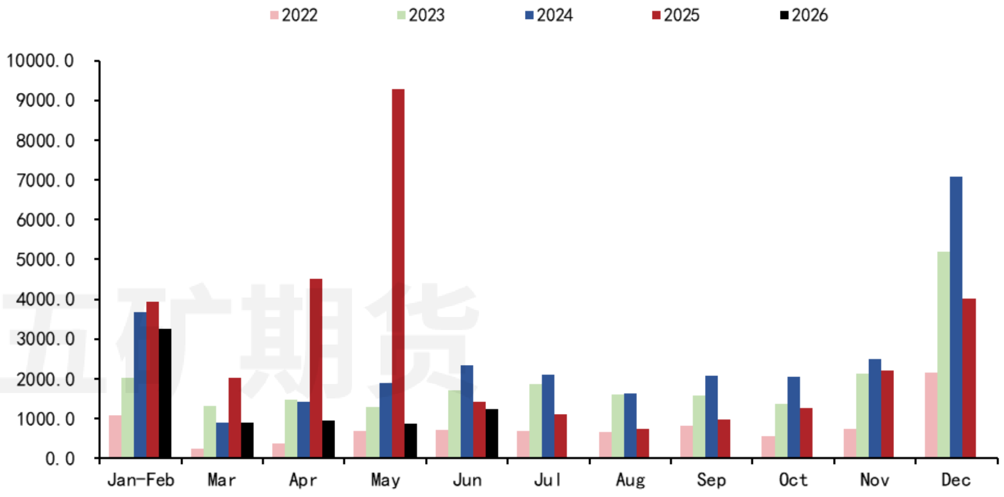
Demand – China

Figure 27: Domestic Power + Grid Investment YoY Growth Rate



Sources: NEA, Minmetals Futures

Figure 28: Photovoltaic New Installed Capacity (10 MW)

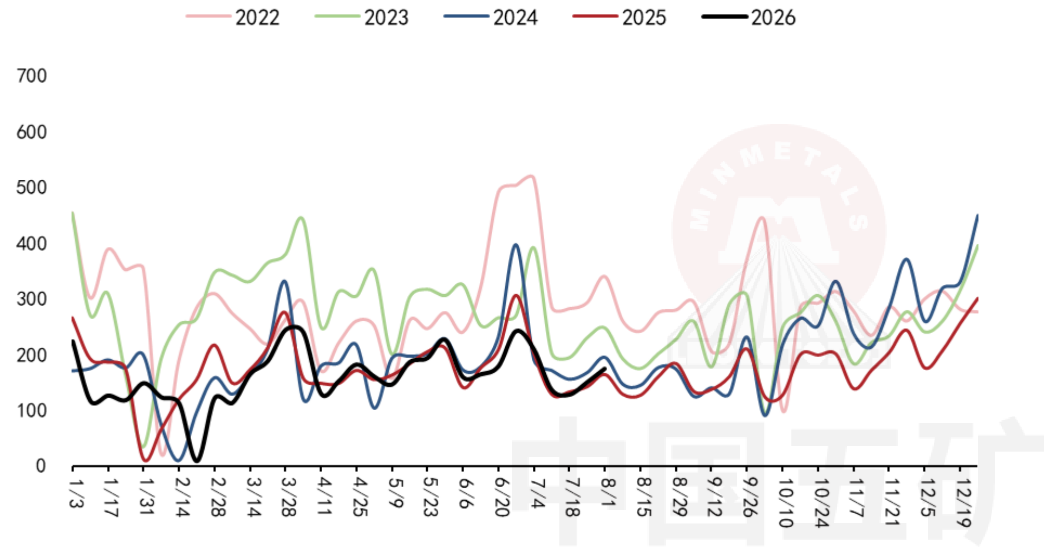


Sources: NEA, Minmetals Futures

- On the downstream side, the YoY decline in June 2026 power investment (generation + grid) remained large, with the high year-ago base still the main drag on investment value; the YoY decline in new PV installations narrowed and rose MoM, while new wind installations grew YoY. As the base falls in July, YoY growth in new installations is expected to keep improving.

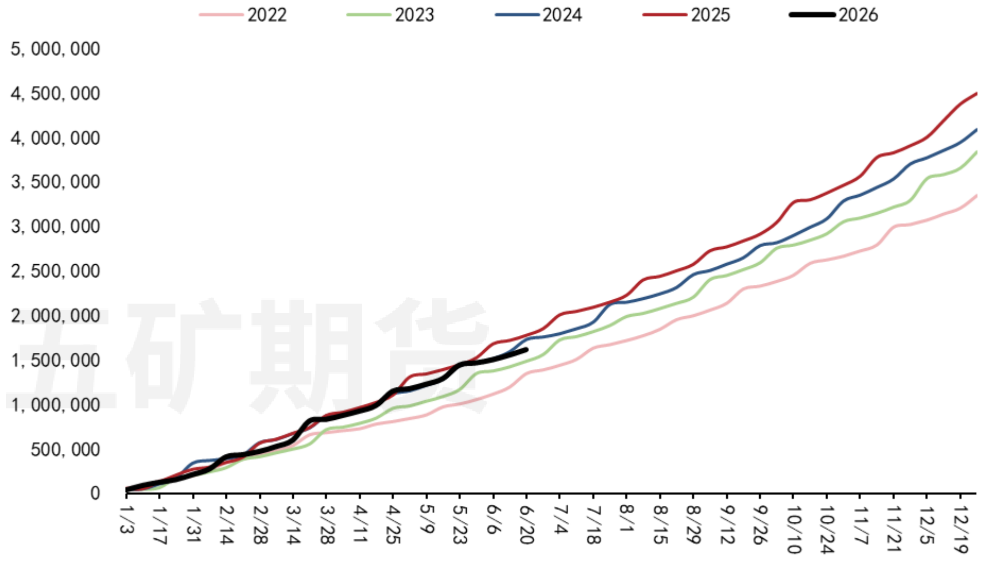
Demand – China

Figure 29: 30 Major Cities Commercial Housing Transaction Area (10,000 sqm)



Sources: WIND, Minmetals Futures

Figure 30: Passenger Vehicle Weekly Sales: Manufacturer Wholesale: Cumulative (units)

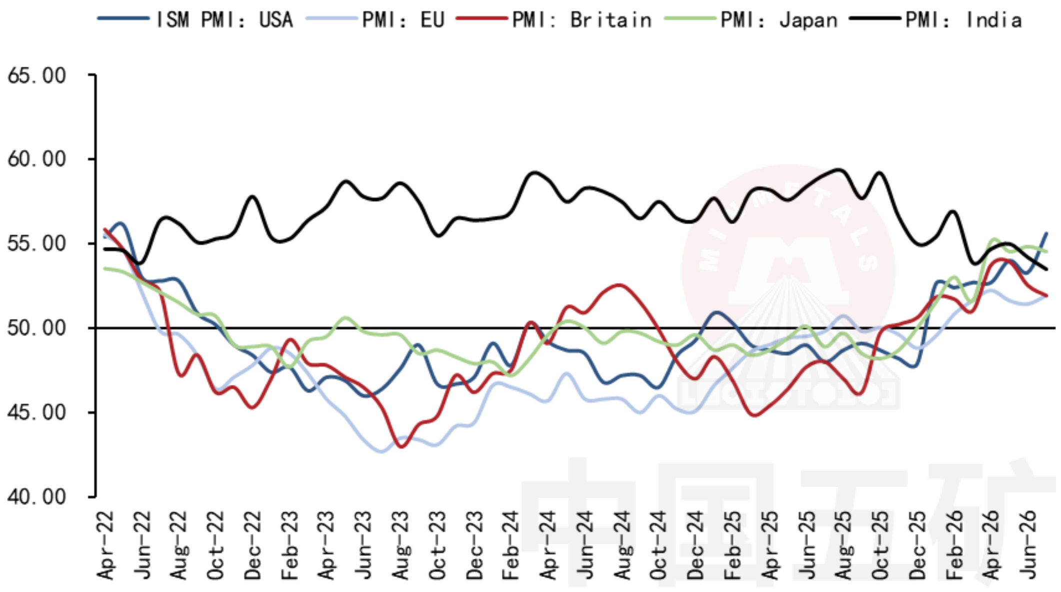


Sources: WIND, Minmetals Futures

- High-frequency data show China's property transaction figures in July 2026 were close to the year-ago level, with the market entering a relatively stable phase; July auto sales high-frequency data were soft both MoM and YoY.

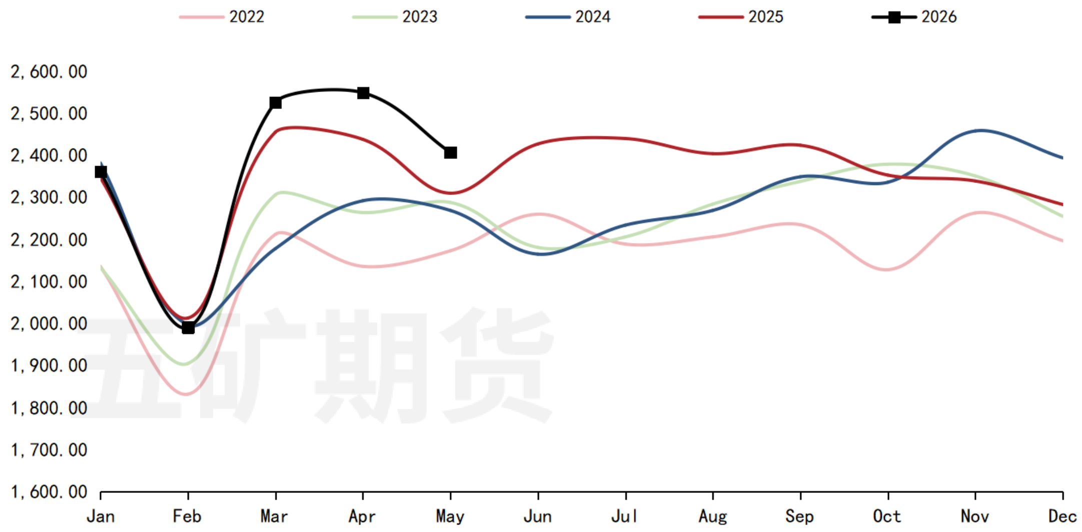
Demand – Overseas

Figure 31: Overseas Major Countries Manufacturing PMI



Sources: WIND, Minmetals Futures

Figure 32: Global Refined Copper Consumption Seasonality (1,000 t)



Sources: WIND, ICSG, Minmetals Futures

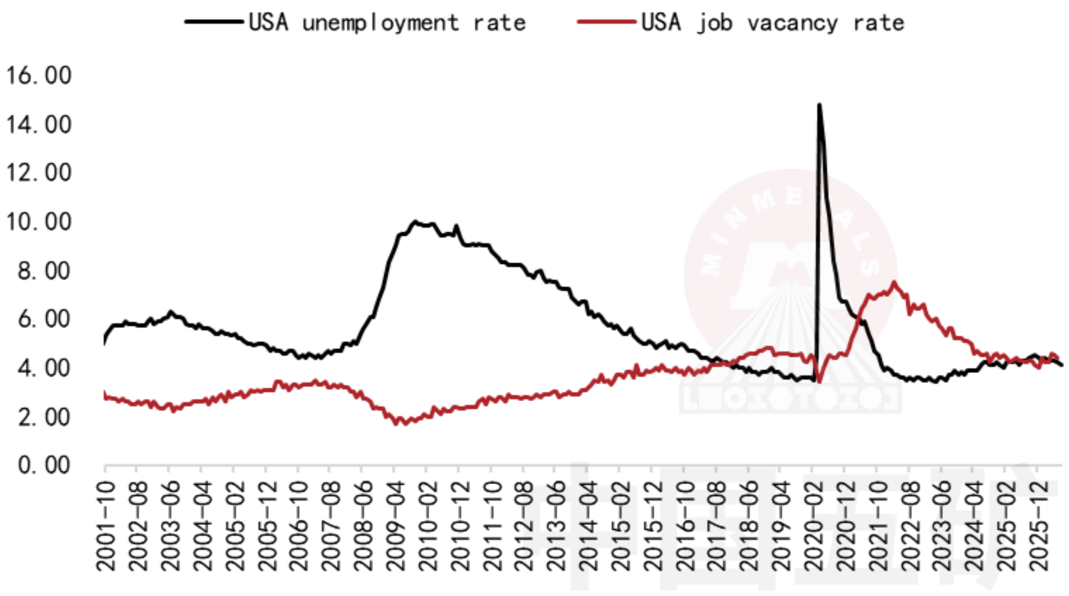
- In July 2026, manufacturing sentiment among major overseas economies diverged — the US and euro area improved while Japan, the UK and India weakened.
- Per ICSG, global refined copper consumption rose 4.2% YoY in May 2026, with January–May consumption up about 2.3%.

04

Macro Analysis

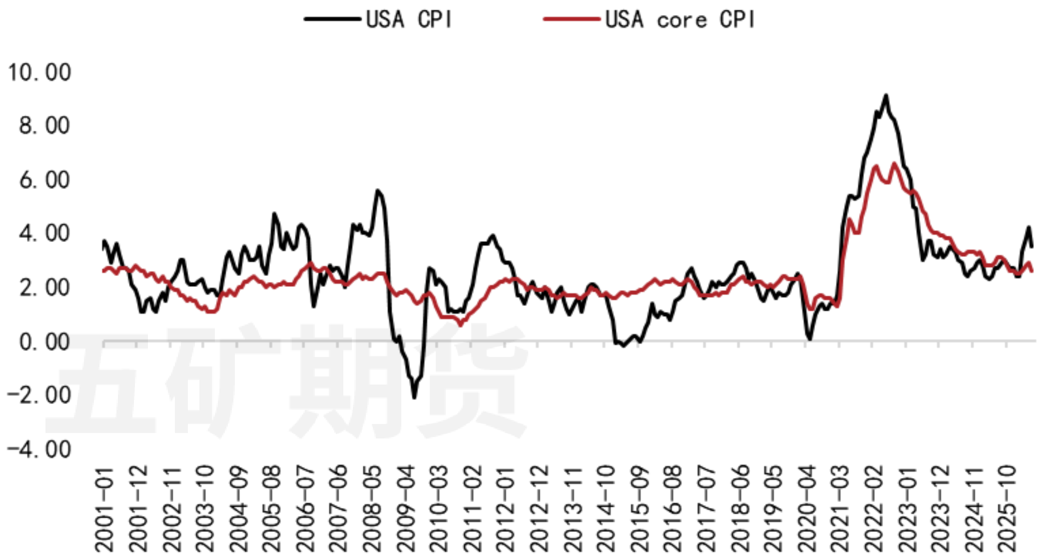
Fed Policy

Figure 33: US Unemployment Rate & Job Openings Rate (%)



Sources: WIND, Minmetals Futures

Figure 34: US Core CPI YoY & CPI YoY (%)

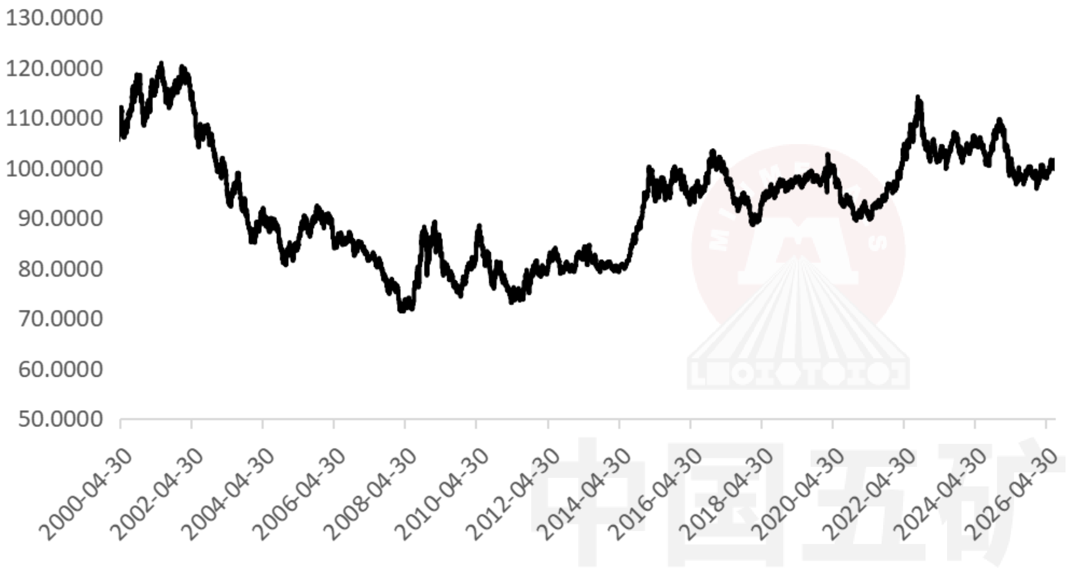


Sources: WIND, Minmetals Futures

- US employment data in June 2026 was relatively stable and inflation data cooled. Fed monetary policy remains uncertain but will likely depend heavily on inflation data; with the Middle East conflict de-escalating and oil prices retreating, the likelihood of an actual Fed rate hike is probably low.

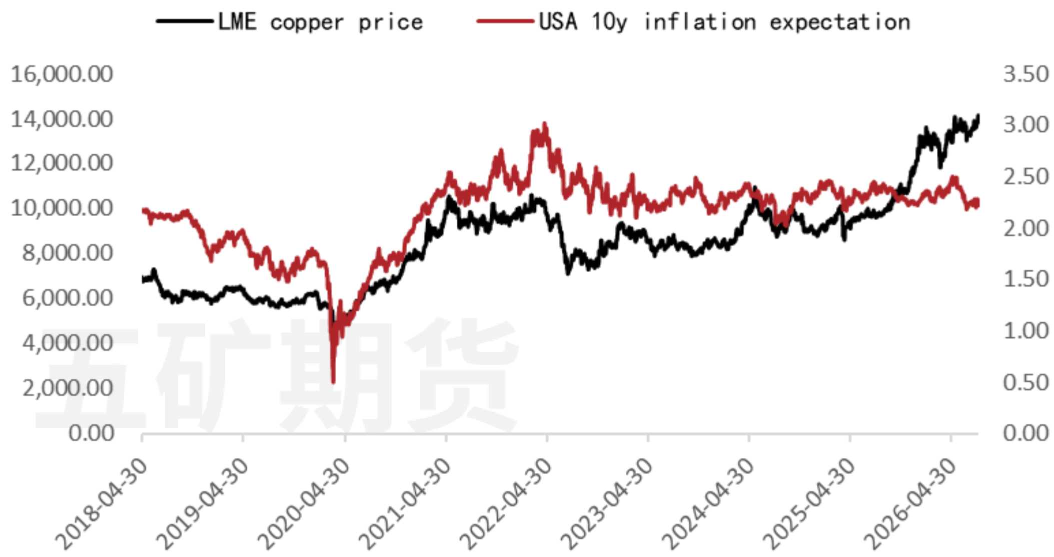
Dollar Index & U.S. Inflation Expectation

Figure 35: USD Index



Sources: WIND, Minmetals Futures

Figure 36: LME Copper Price & US 10-Year Inflation Expectation (USD/t, %)



Sources: WIND, Minmetals Futures

- The US Dollar Index rose then fell in July 2026; with joint US–Japan foreign exchange intervention to support the yen, the dollar index is likely to stay soft and range-bound. US 10-year inflation expectations were volatile, with further downside risk ahead.

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