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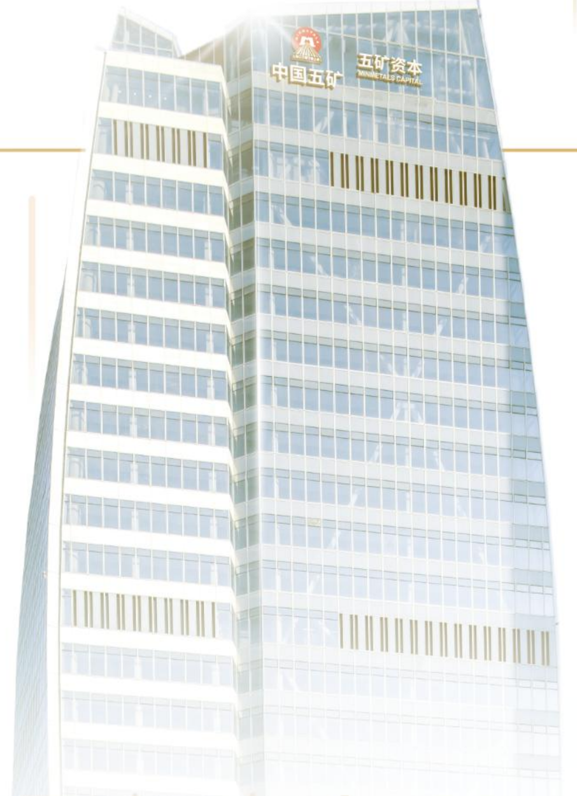

Structural inventory imbalances underpin copper prices.

Copper Monthly Report

September 4, 2026

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Monthly Review

Monthly Assessment and Strategy Recommendation

- Supply: Copper concentrate supply remained tight, with the copper concentrate treatment charge (TC) index hitting fresh lows. Blister copper supply stayed relatively steady, while refining charges (RC) rebounded slightly within a narrow range. China's refined copper output rose MoM in August 2026, and output in September is projected to edge lower.

- Demand: China's refined copper apparent consumption in August 2026 is estimated to have retreated; as downstream enters its traditional peak season in September, copper demand is expected to improve at the margin. Overseas manufacturing conditions continued to diverge, leaving demand expectations relatively neutral.

- Trade: In August 2026, the import loss on SHFE copper spot narrowed, and the current domestic–overseas price relationship is relatively favorable to imports. The COMEX–LME copper price spread retreated amid volatility; whether the US will impose tariffs on refined copper remains uncertain.

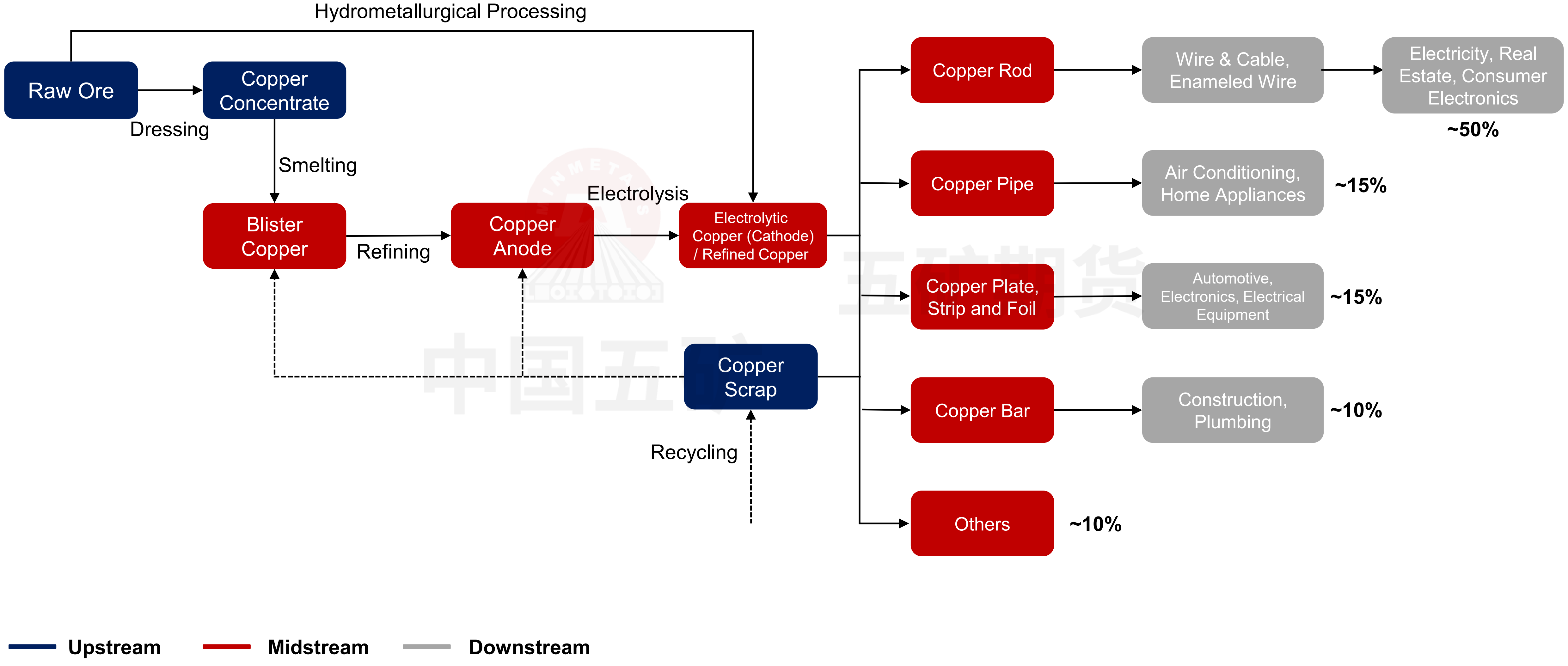
- Inventory: In August 2026, inventories at the three major exchanges diverged — SHFE and COMEX inventories rose while LME inventories fell. Bonded-zone inventories rebounded, and total inventories increased MoM. Chinese inventories are projected to decline in September, while the path for overseas inventories remains uncertain.

- Summary: Into September, China's refined copper output is projected to decline and demand to improve seasonally, with supply expected to turn into a deficit. Overseas demand expectations are relatively neutral, and the supply–demand balance still hinges on how US tariff expectations on refined copper evolve. On the macro front, the trajectory of the Middle East conflict remains unresolved and the Fed faces a policy dilemma, with rates most likely left unchanged; sentiment is likely to tilt neutral-to-mildly constructive. On the fundamentals, copper raw-material supply remains tight, and the structural imbalance of low readily available inventories in China and at the LME persists. Copper prices are skewed to the upside this month and are expected to trade firm within a range. Whether US tariffs are ultimately implemented bears close watching — persistent tariff expectations would argue for firmer copper prices. Reference range for the SHFE copper main contract: CNY106,000–115,000/t; for LME 3M: USD13,800–15,000/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	28.0	3.5	24.5	6.9	(5.4)	5.6	(2.4)	2.9	(1.8)	146.9	5.5%	991.1	4.5%
Aug	114.7			22.0	7.2	0.3	3.8	(1.8)	3.3	0.4	137.8	-3.4%	1128.9	3.5%
Sep	113.9			22.0							138.0	-4.3%		

Industrial Chain

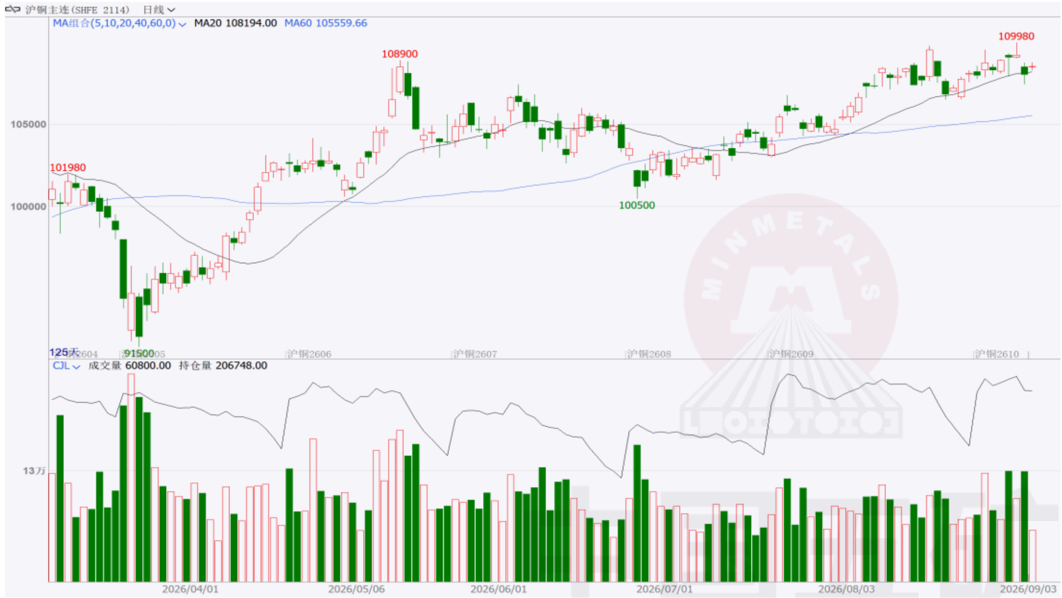


02

Spot Market & Futures Market

Market Review

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



Sources: Wenhua, Minmetals Futures

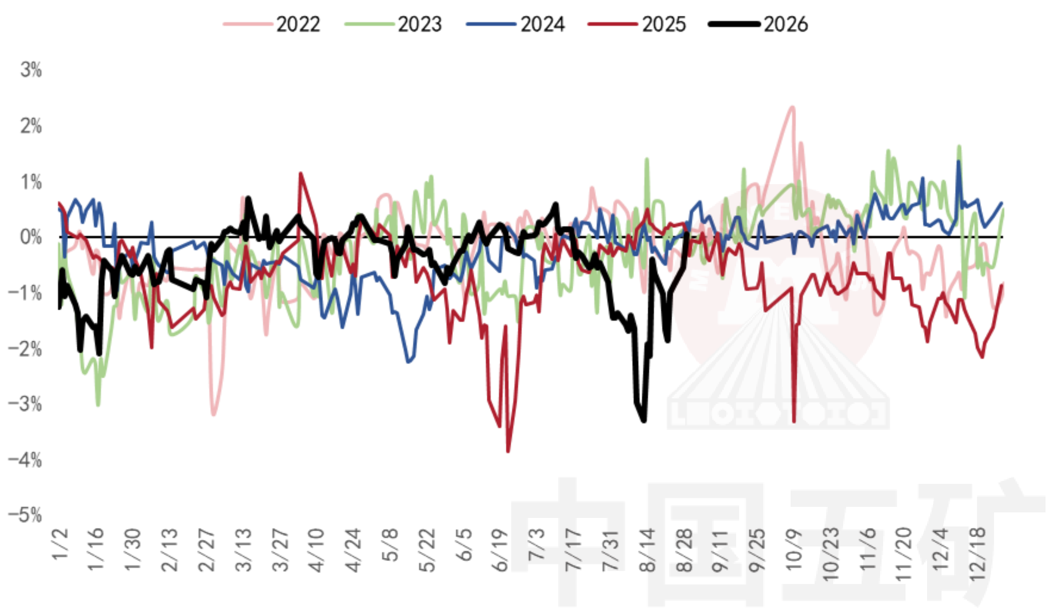
Figure 2: LME 3M Copper Price Trend (USD/t)

Sources: Wenhua, Minmetals Futures

- In August 2026, copper prices drifted higher within a range, supported by tight LME spot supply, low Chinese inventories and rising expectations of US tariffs.
- Over the month, the SHFE copper main contract rose 3.45% and the LME 3M contract gained 3.49%. Copper prices have carried that firm tone into early September.

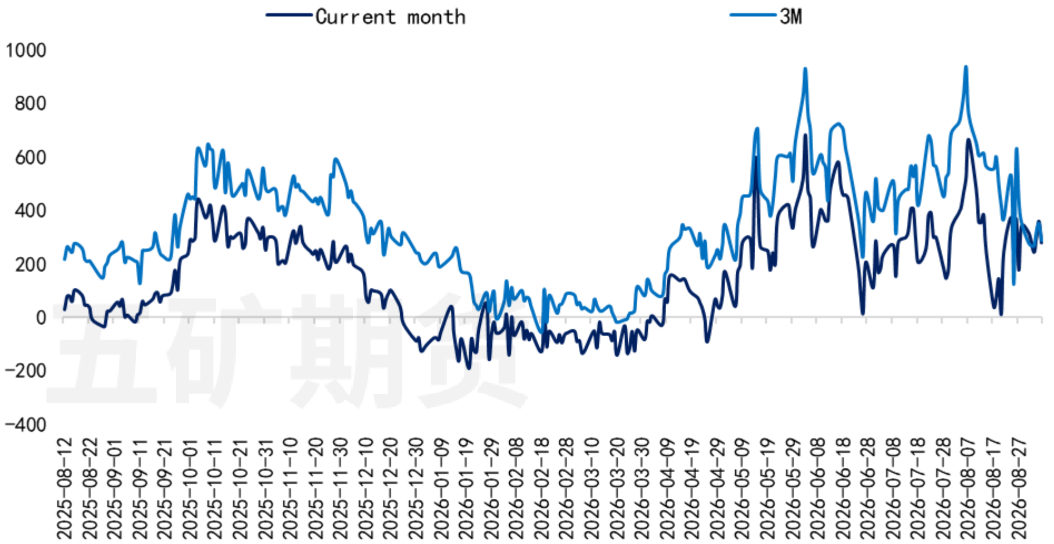
Inter-Market Price Spread

Figure 3: China Electrolytic Copper Import Profit/Loss Ratio



Sources: WIND, SMM, Minmetals Futures

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

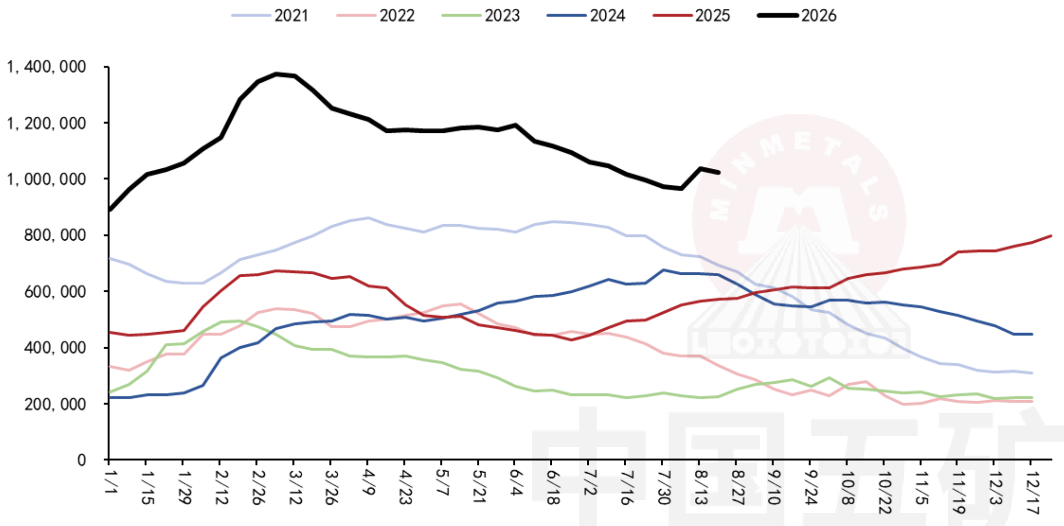


Sources: SMM, Minmetals Futures

- In August 2026, the import loss on SHFE copper spot narrowed markedly, and imports were near breakeven in early September. The COMEX–LME copper price spread rallied then retreated in August; the market still prices in some probability of US copper tariffs, but uncertainty is high, and LME outperformance narrowed the spread.

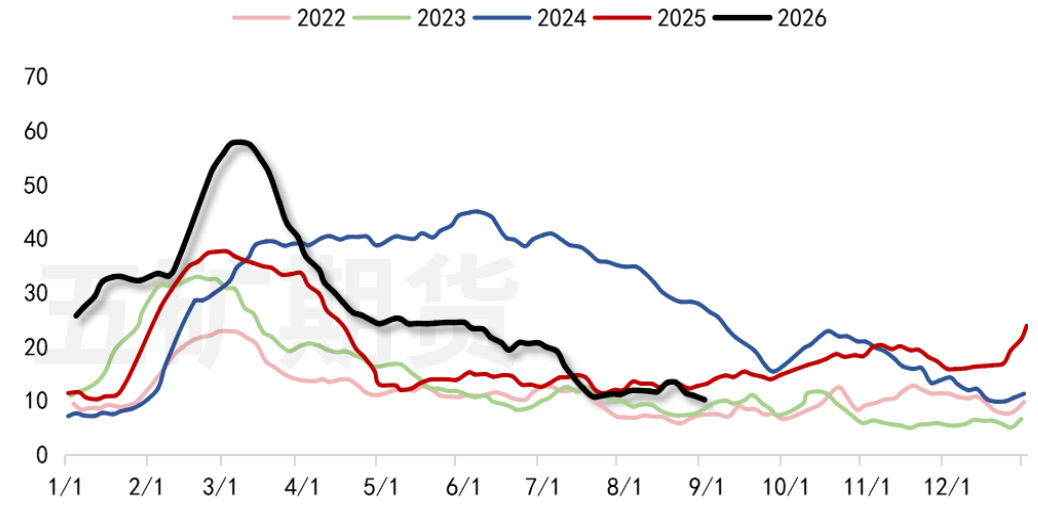
Inventory & Basis

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)

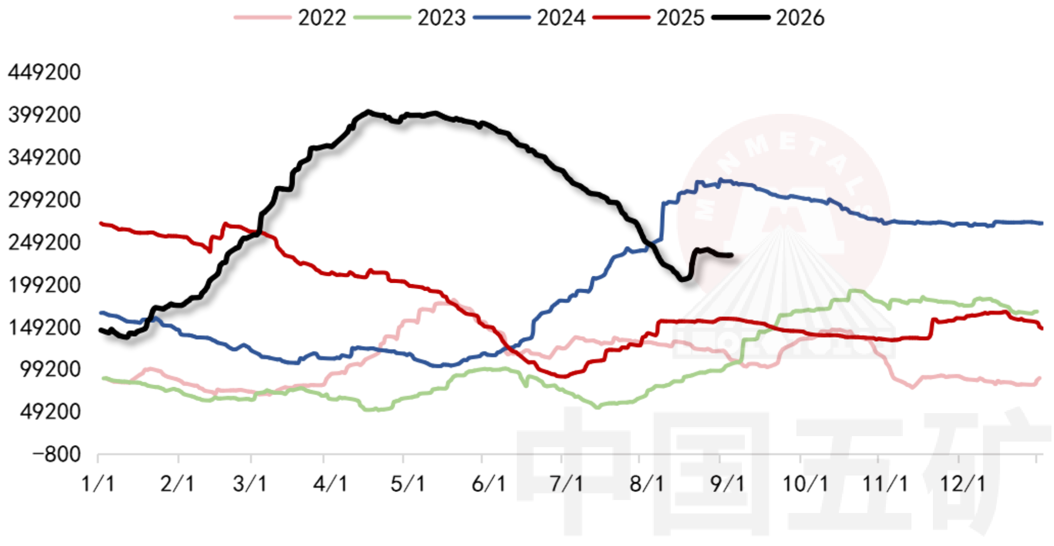


Sources: SMM, Minmetals Futures

- As of end-August, inventories at the three exchanges plus the Shanghai bonded zone stood at about 1.024 million t, up 29,000 t from early August, with the structural imbalance still evident (COMEX accounted for an outsized share, about 67%).
- China’s copper inventories trended lower amid volatility during the month; exchange inventories stood at about 72,000 t at end-August, up about 3,000 t from end-July, while off-exchange inventories were about 38,000 t, down 18,000 t from end-July. Bonded-zone inventories rebounded, reaching about 33,000 t at end-August, up 4,000 t from end-July.

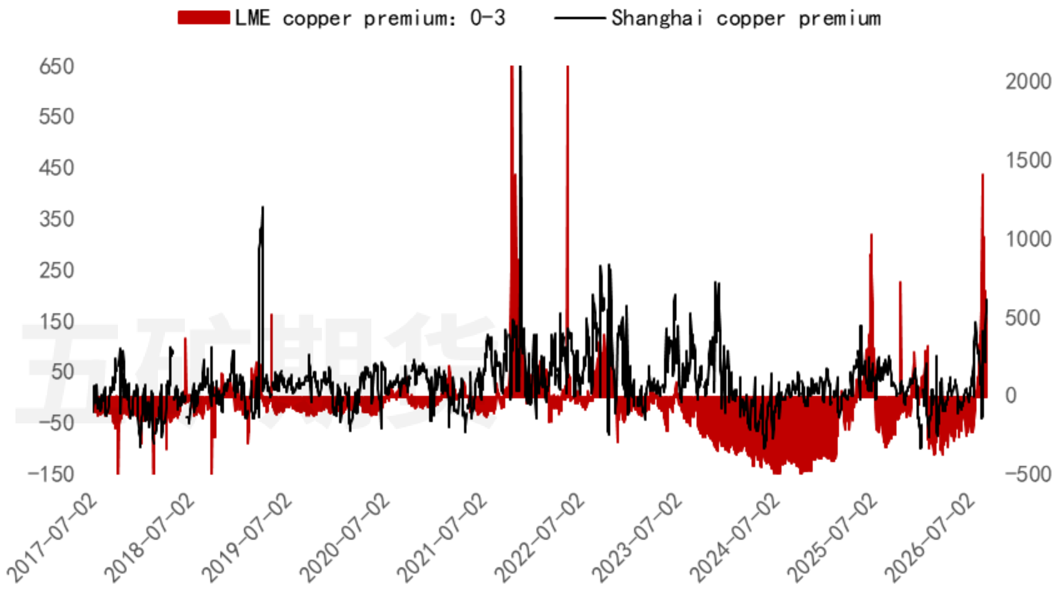
Inventory & Basis

Figure 7: LME Copper Inventory (t)



Sources: WIND, Minmetals Futures

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

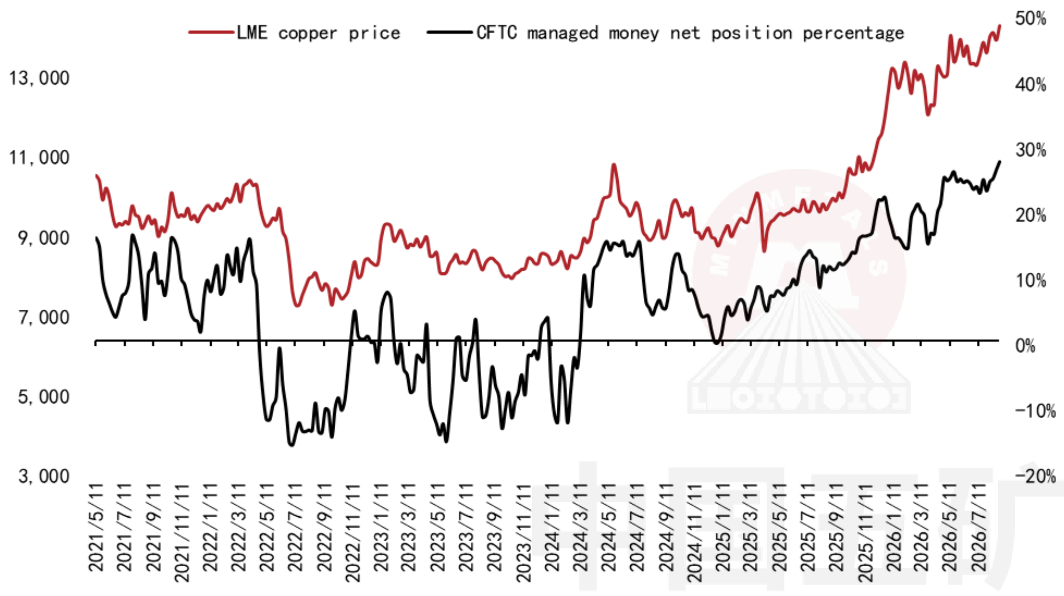


Sources: LME, WIND, Minmetals Futures

- LME copper inventories fell before rising in August, ending the month at about 234,000 t, down 16,000 t from end-July; Asian and European inventories declined while North American inventories rose, with LME North American inventories currently at about 104,000 t. COMEX copper inventories increased, reaching about 681,000 t at end-August, up 69,000 t from end-July.
- On the basis side, the LME Cash/3M premium/discount rallied then retreated in August 2026; the domestic basis firmed, and spot in East China traded at a premium of about CNY265/t to futures in early September.

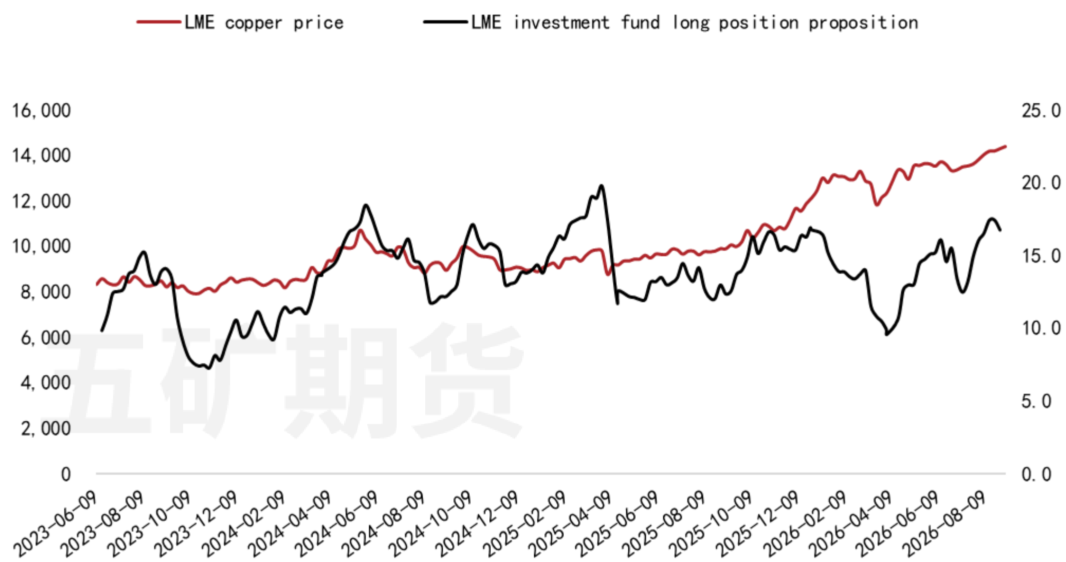
Fund Sentiment

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

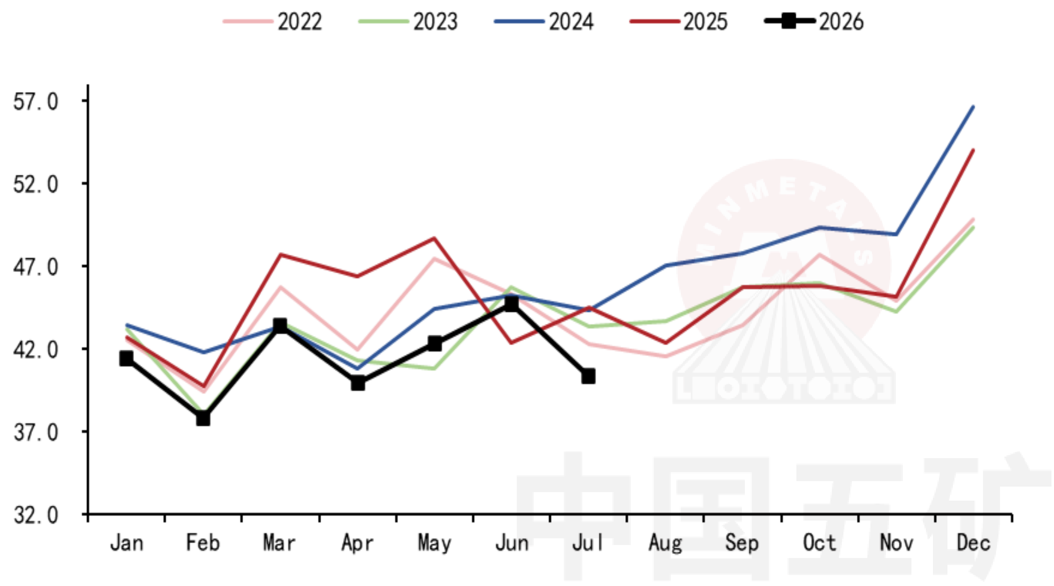
- As of end-August 2026, CFTC fund positions stayed net long with the net-long ratio rising; the LME investment fund long-position share increased, and speculative sentiment was bullish.
- Looking into September, market sentiment will be driven mainly by the Fed's rate-setting meeting, US tariffs, supply-side disruptions and inventory moves.

03

Supply and Demand Analysis

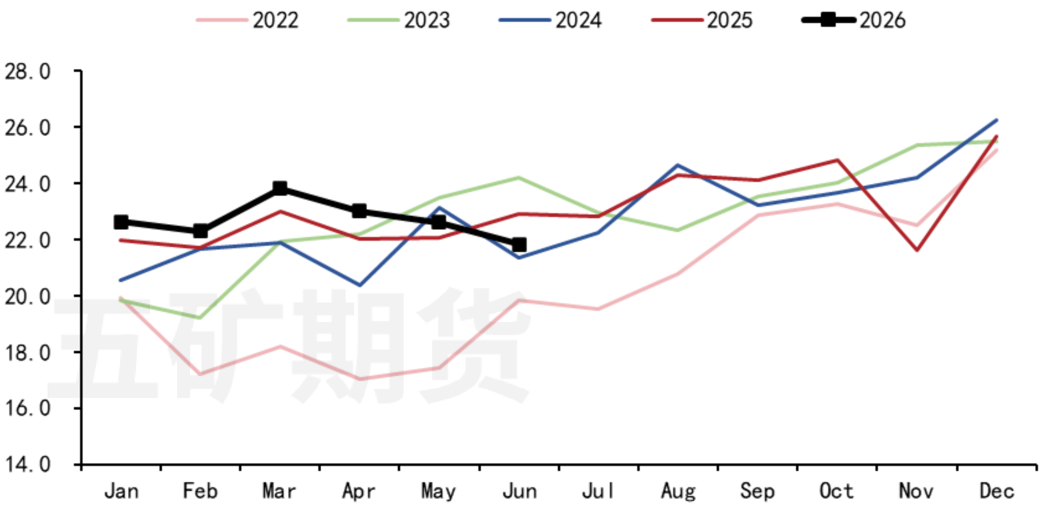
Supply – Copper Mines

Figure 11: Chile Copper Output (10,000 t)



Sources: Chilean statistics bureau, Minmetals Futures

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

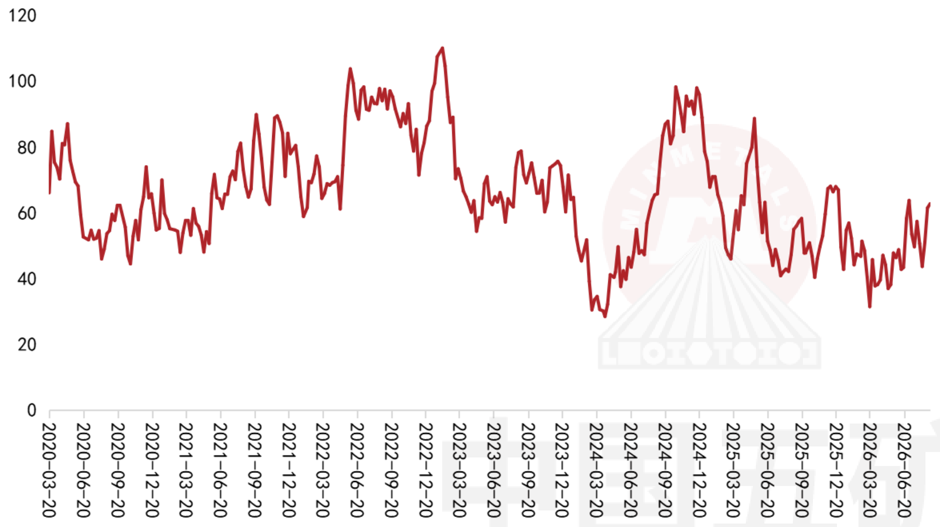


Sources: Peruvian Mining Ministry, Minmetals Futures

- Chilean copper output fell notably in July, down about 9.4% YoY — an absolute drop of about 42,000 t — mainly because a severe storm hit mining areas; Codelco's Andina mine, Lundin Mining's Caserones mine, Antofagasta's Los Pelambres mine and Teck Resources' copper mines all suspended operations temporarily amid the severe weather.
- Peru's copper mine output swung to a YoY decline in June. In early September, Peru declared a 60-day nationwide state of emergency in response to extreme rainfall that El Niño may trigger; disruptions to South American copper mine output may persist under such El Niño-driven extreme weather.

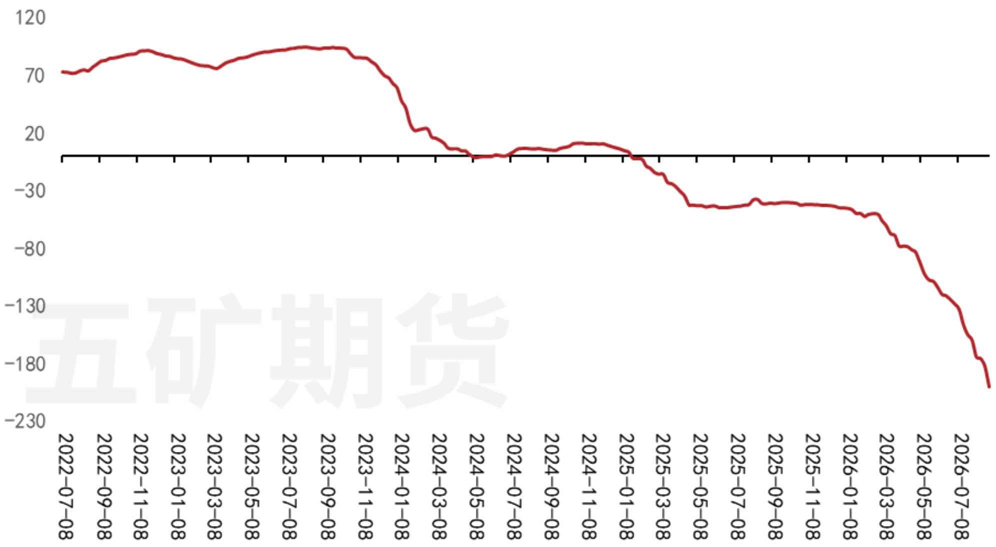
Supply – Copper Mines

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



Sources: IFIND, Minmetals Futures

Figure 14: Imported Copper Concentrate TC Index

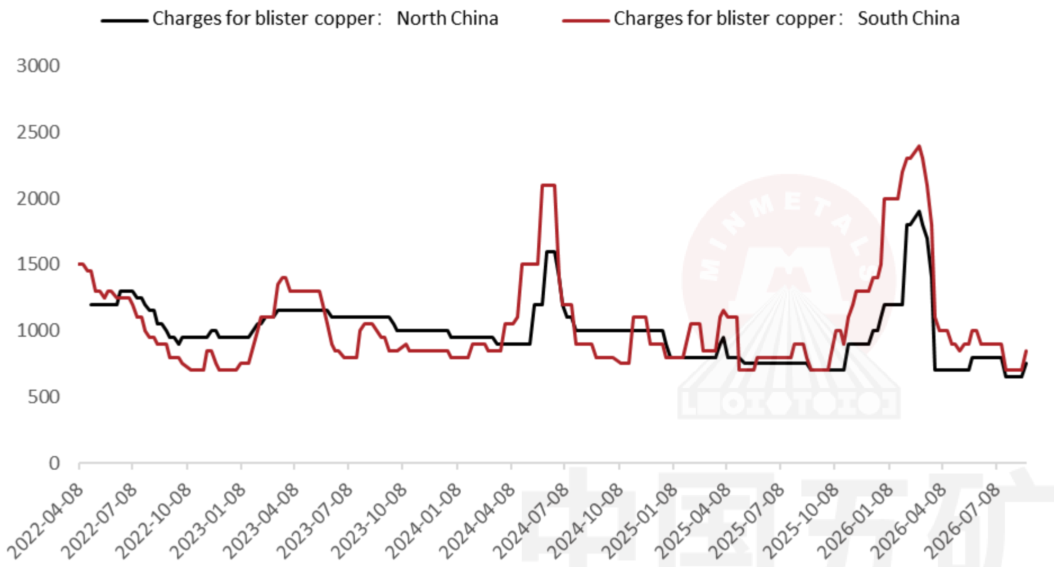


Sources: SMM, Minmetals Futures

- Copper concentrate inventories at China’s major ports rebounded amid volatility in August, with port spot supply easing modestly. On treatment charges, the imported copper-concentrate spot TC index kept falling in August 2026, ending the month at −199.8 — the lowest on record.

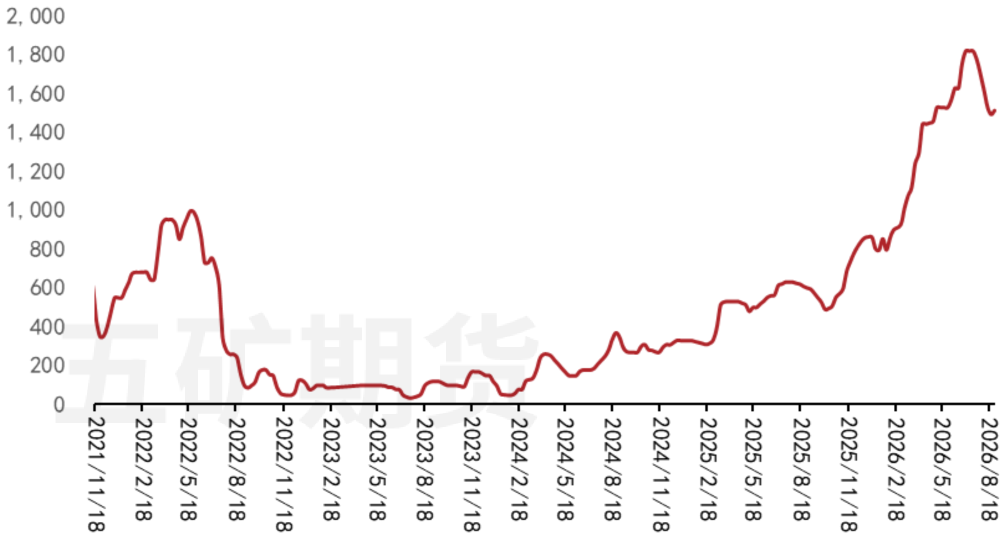
Supply – Refined Copper

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

- In August 2026, domestic blister copper refining charges (RC) rebounded within a range but stayed low, with scrap and secondary feed supply marginally looser. Prices of sulphuric acid — the smelting by-product — in mainstream domestic regions retreated, a positive contributor to smelting revenue.

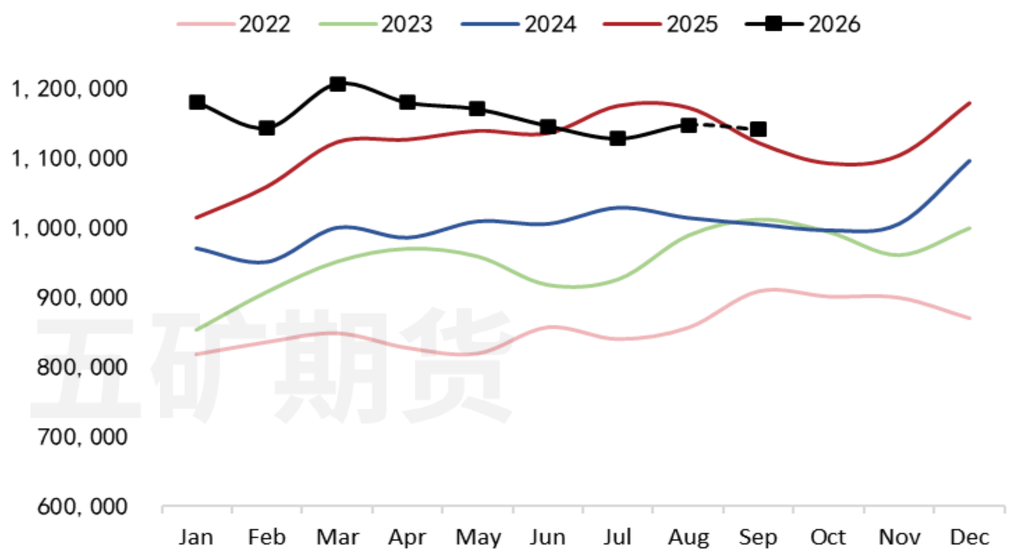
Supply – Refined Copper

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

Company	SmelterCapacity	Refinry Capacaty	StartTime	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
18	24	24	Oct	Oct
19	40	50	Oct	Oct
20	50	50	Oct	Oct

Sources: MYSTEEL, SMM, Baiinfo, Minmetals Futures

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

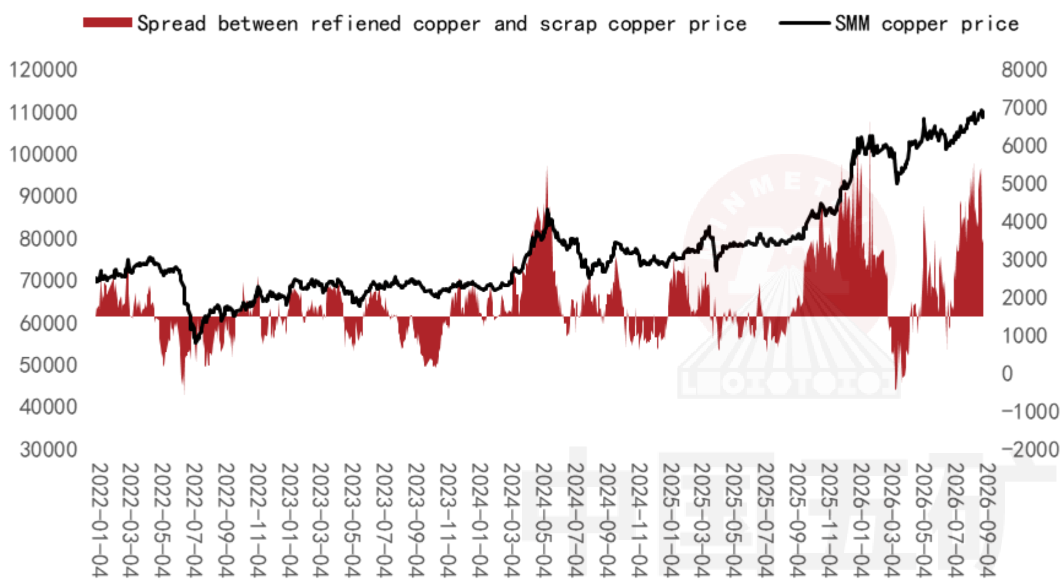


Sources: SMM, Minmetals Futures

- The impact of maintenance at Chinese copper smelters eased slightly in August, with refined copper output rising slightly MoM and YoY growth still negative.
- Looking into September, smelter maintenance continues to weigh; scrap and secondary feed supply is marginally looser but only to a limited extent, and refined copper output is projected to remain low for the rest of the year, though up slightly YoY.

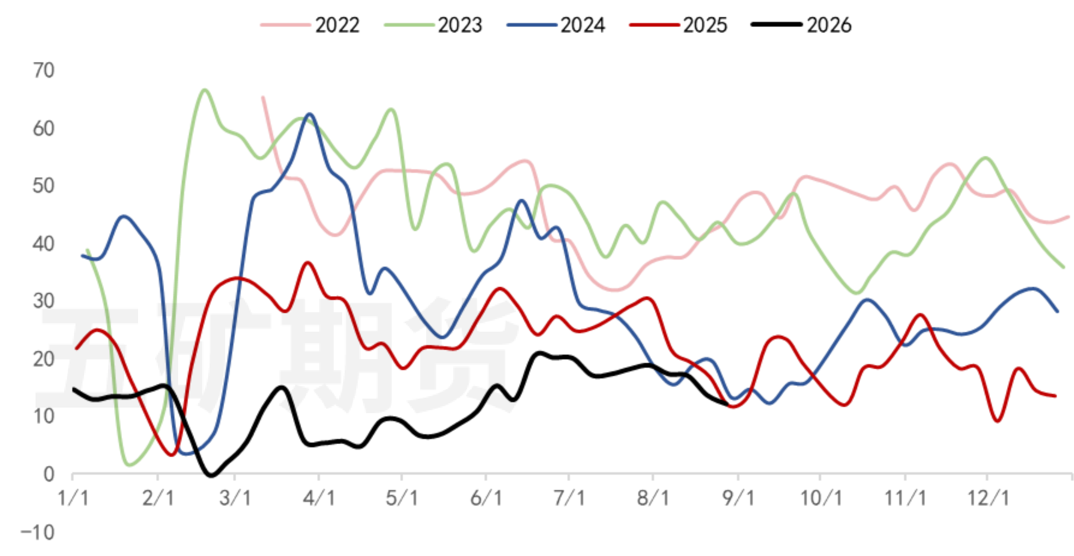
Supply – Recycled Copper

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

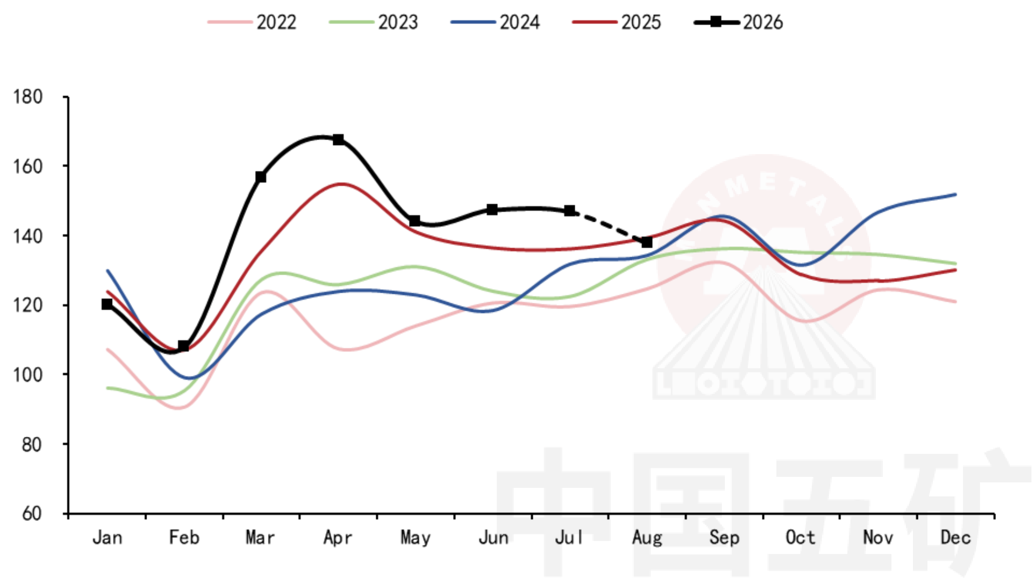


Sources: SMM, Minmetals Futures

- In August 2026, the average domestic refined–scrap copper spread was about CNY4,520/t, widening MoM as higher copper prices pushed the spread out.
- Recycled-copper rod producers' operating rate drifted lower amid volatility in August, with direct scrap substitution still below the year-ago level.

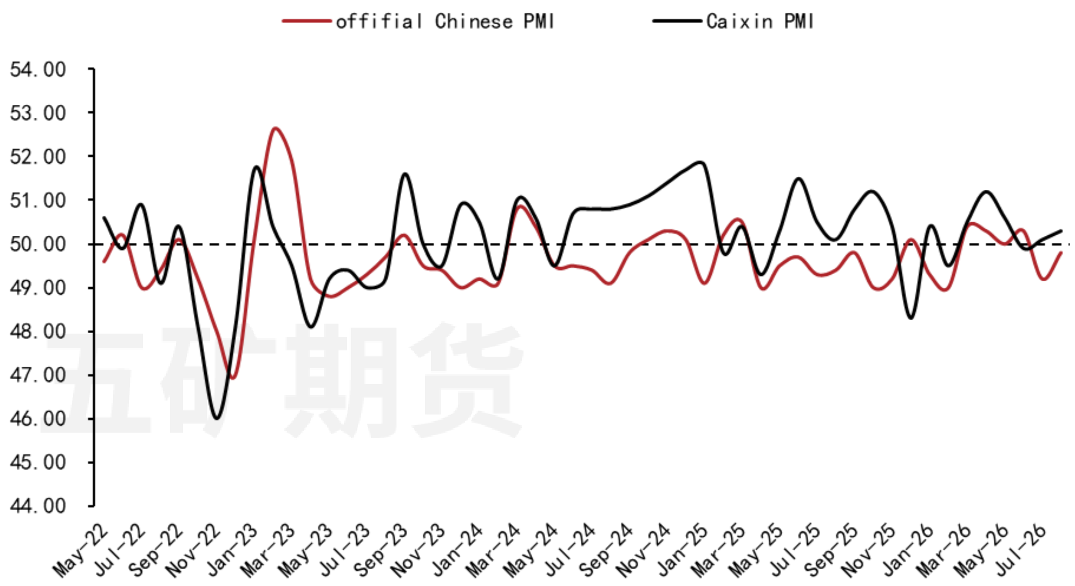
Demand – China

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



Sources: Customs, SMM, MYMETAL, Minmetals Futures

Figure 22: China Manufacturing PMI

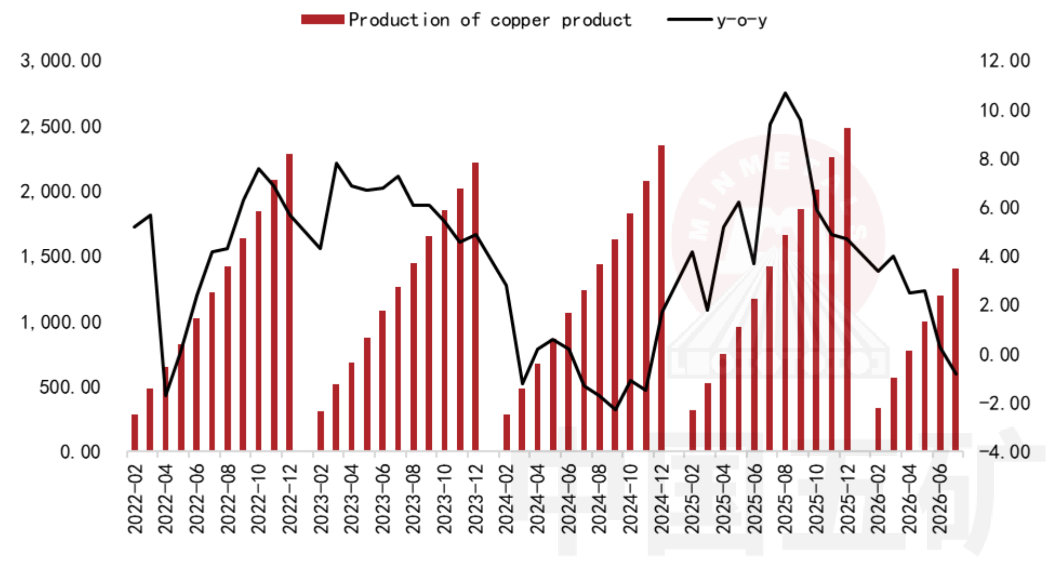


Sources: WIND, Minmetals Futures

- Assuming net imports declined MoM, China’s refined copper apparent consumption in August is estimated at 1.378 million t, down about 3.4% YoY; cumulative apparent consumption over January–August 2026 reached about 11.286 million t, up 3.4% YoY.
- On leading indicators, China’s official manufacturing PMI and the RatingDog manufacturing PMI both rebounded in August 2026, pointing to a marginal improvement in manufacturing conditions.

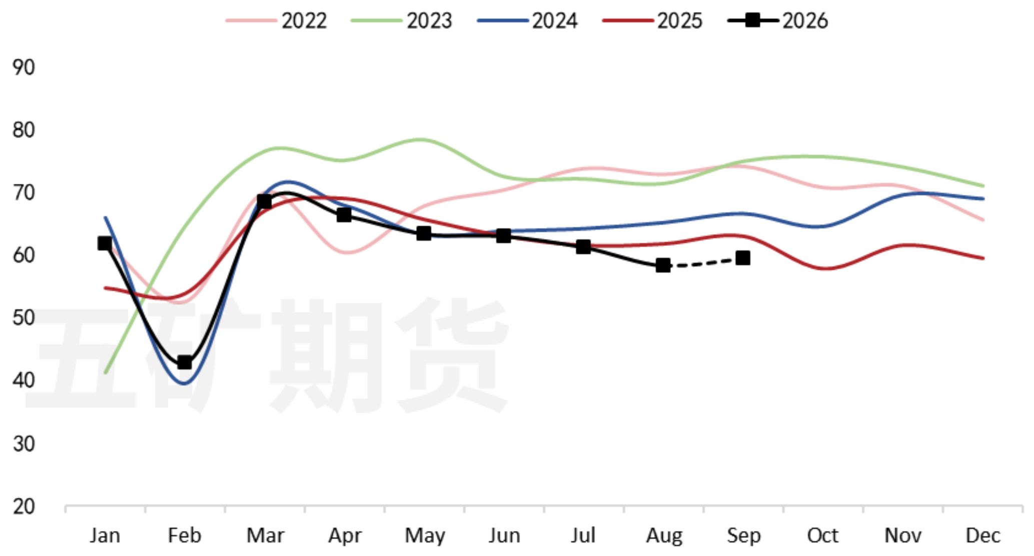
Demand – China

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 (%)

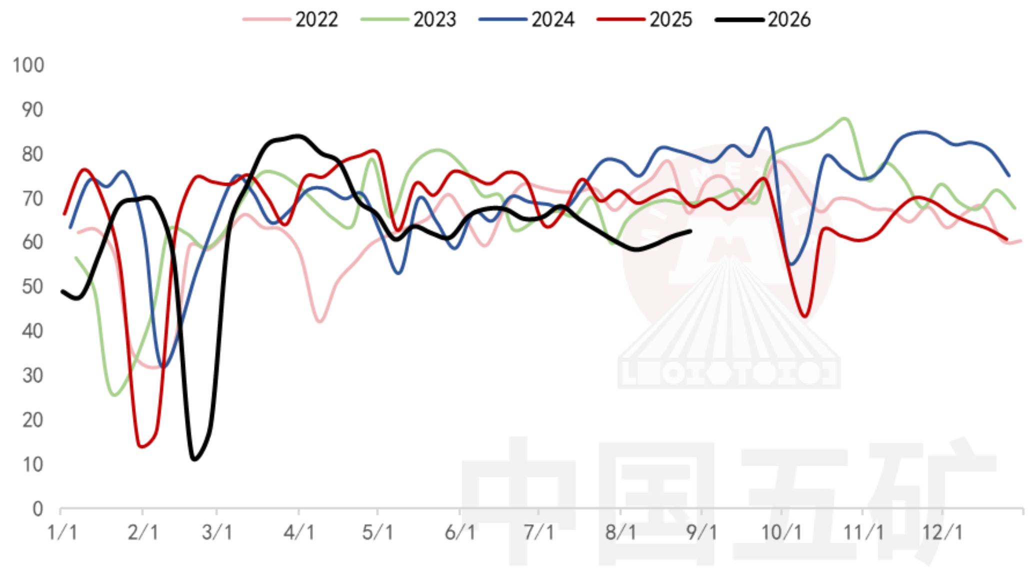


Sources: SMM, Minmetals Futures

- China's copper product output fell about 0.8% YoY on a cumulative basis over January–July 2026, with the growth rate decelerating from the January–June pace. Per SMM, the average copper product operating rate weakened in August 2026, and the September rate is projected to recover.

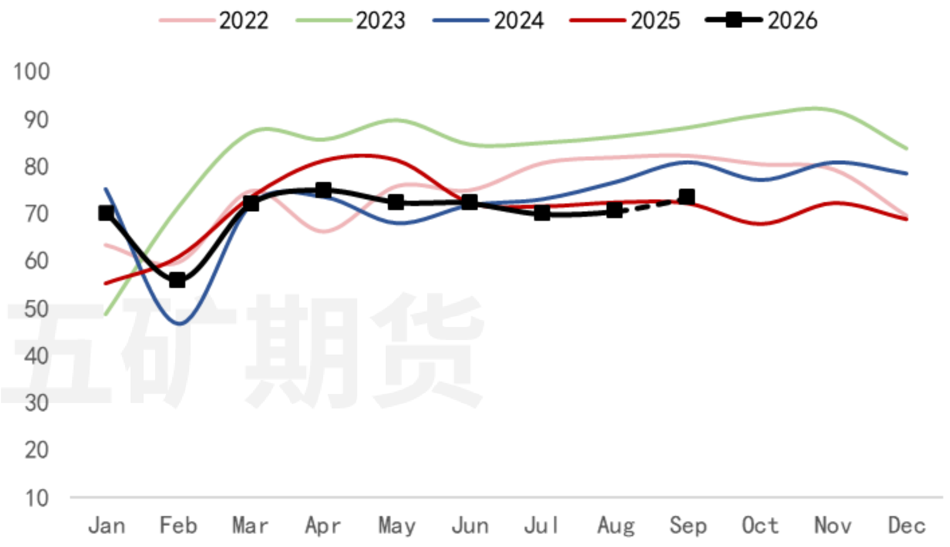
Demand – China

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



Sources: SMM, Minmetals Futures

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

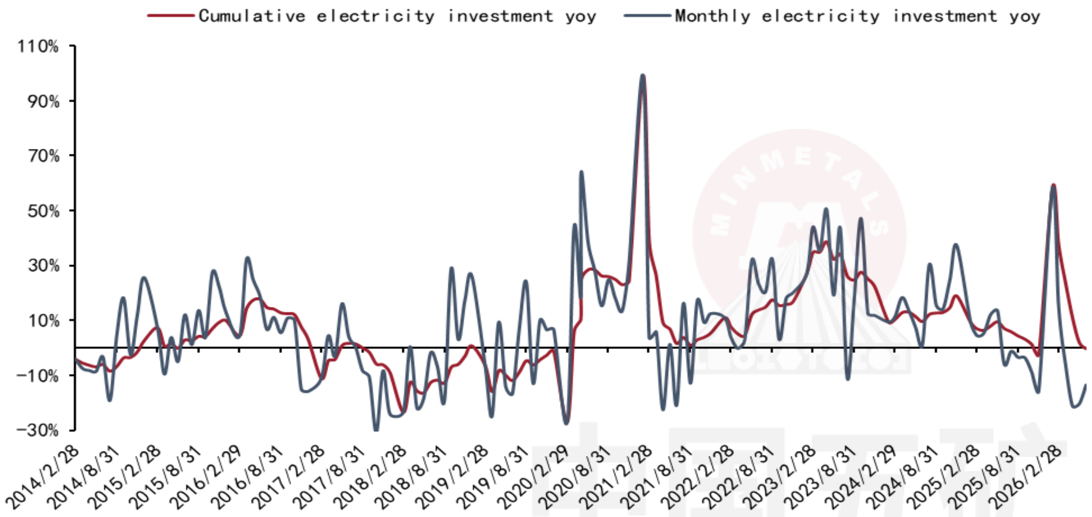


Sources: SMM, Minmetals Futures

- China's refined-copper rod producers' operating rate moved lower in August 2026, with the average rate below the year-ago level. Domestic wire and cable producers' operating rate rose during the month, beating expectations; the September rate is projected to recover seasonally.

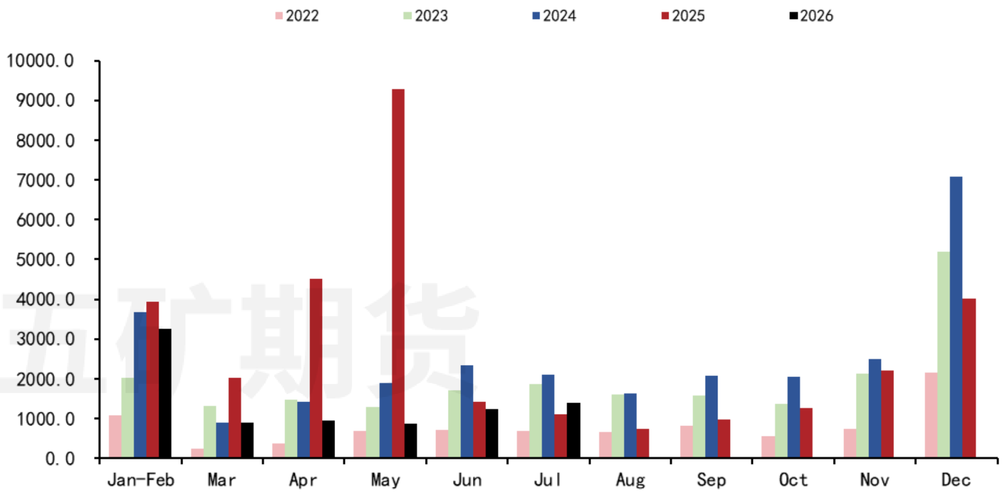
Demand – China

Figure 27: Domestic Power + Grid Investment YoY Growth Rate



Sources: NEA, Minmetals Futures

Figure 28: Photovoltaic New Installed Capacity (10 MW)

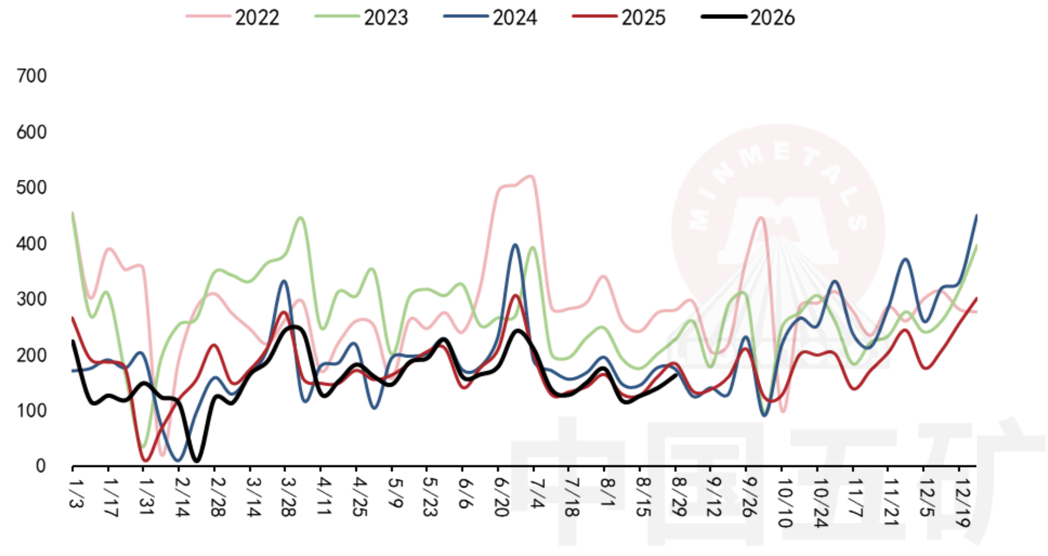


Sources: NEA, Minmetals Futures

- On the downstream side, power investment (generation + grid) in July 2026 continued to fall YoY, with the decline narrowing at the margin and the pace of investment staying slow; new PV installations kept rising MoM and swung into YoY growth, while new wind installations grew strongly YoY. August installations are likely to extend that YoY growth.

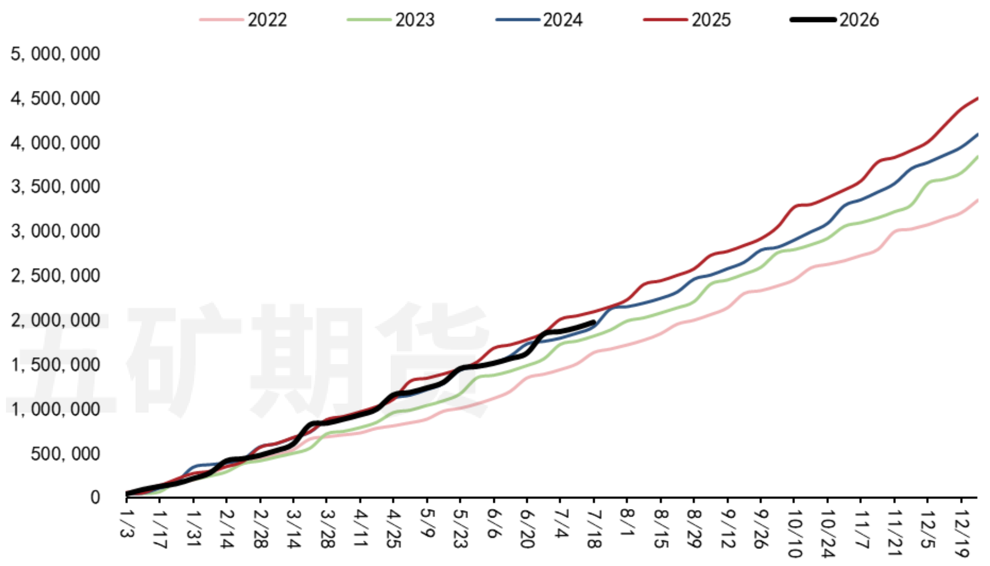
Demand – China

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)

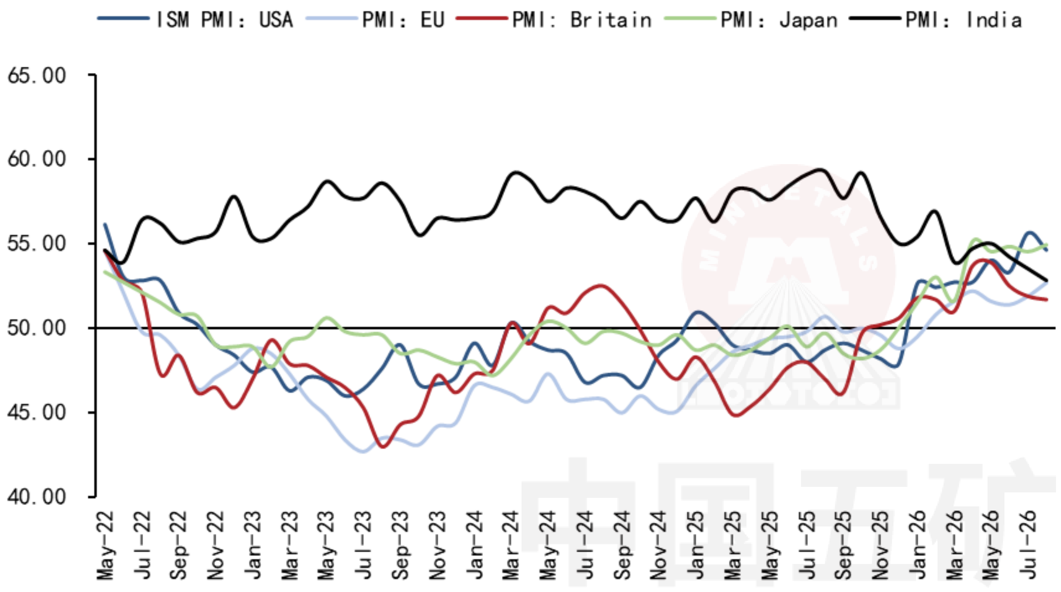


Sources: WIND, Minmetals Futures

- High-frequency data show China's property transaction figures in August 2026 remained weaker than a year earlier. In late August, multiple authorities rolled out new real-estate policies focused on optimizing supply (promoting sales of completed homes plus tightening presale thresholds), boosting demand (extending mortgage maturities) and guarding against risks (strengthening fund supervision); their actual effects remain to be seen.
- August auto-sales high-frequency data remained soft both sequentially and YoY.

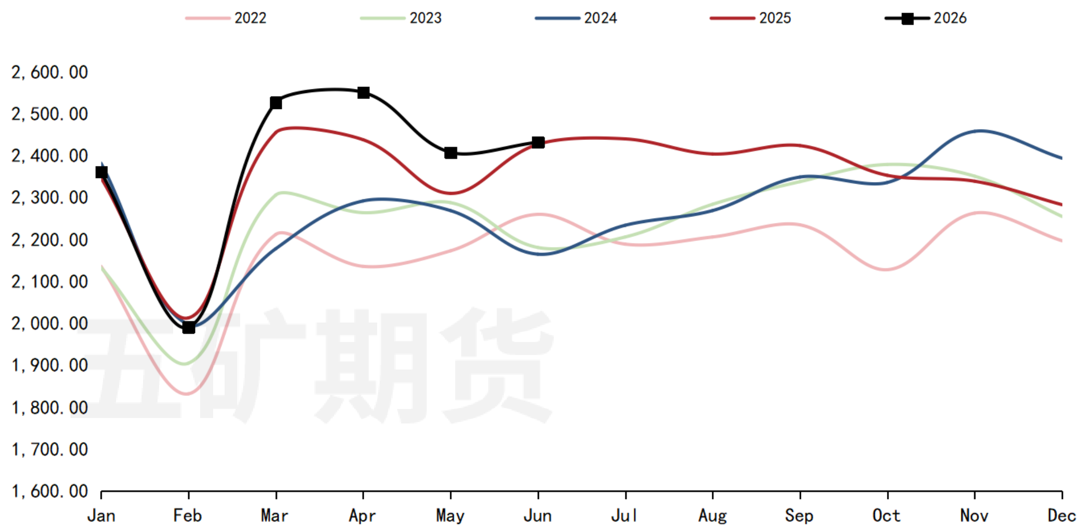
Demand – Overseas

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 August 2026, manufacturing conditions across major overseas economies diverged, with improvements in the eurozone and Japan, while those in the US, the UK and India weakened.
- Per ICSG, global refined copper consumption edged up 0.2% YoY in June 2026, with January–June consumption up about 2.0%.

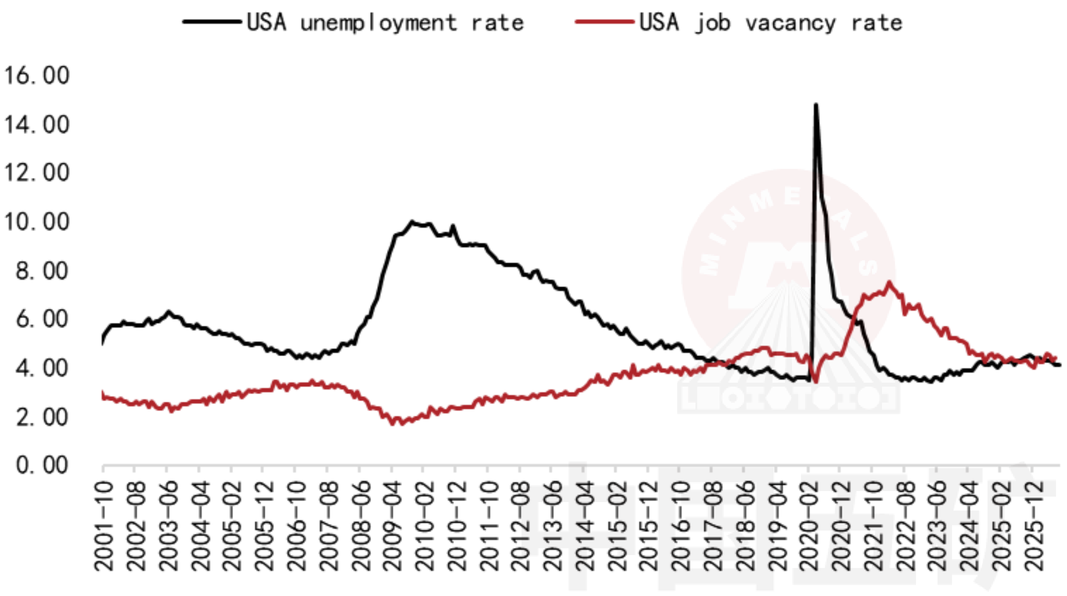
04

Macro Analysis

Fed Policy

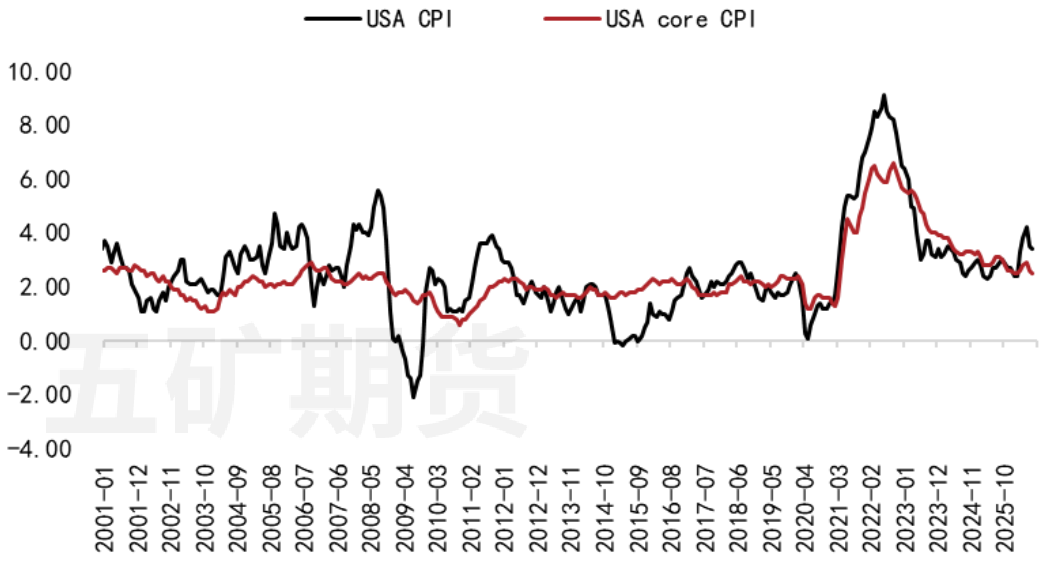
中国五矿 五矿期货有限公司

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



Sources: WIND, Minmetals Futures

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

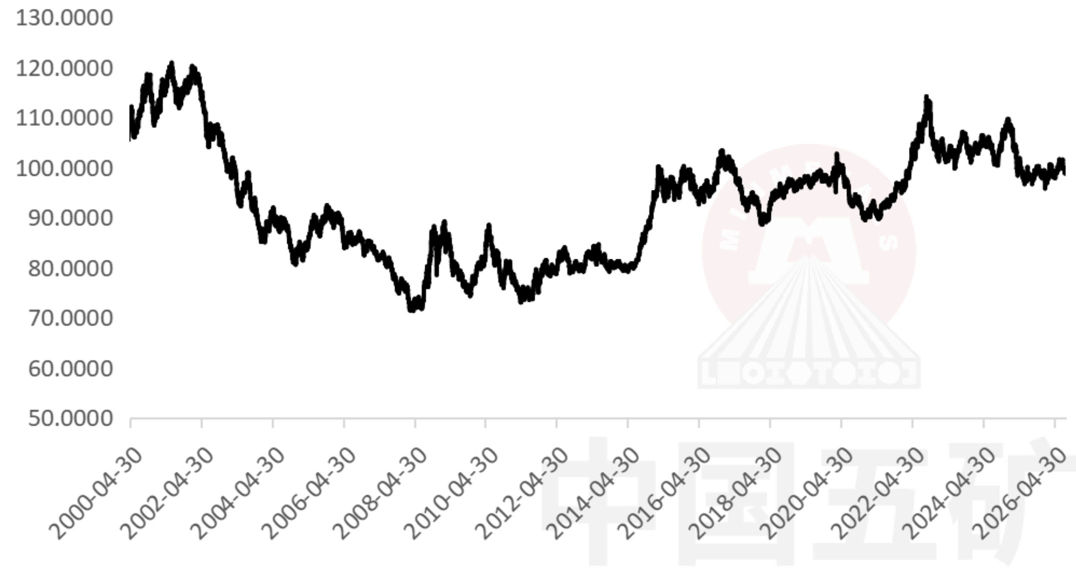


Sources: WIND, Minmetals Futures

- US nonfarm payrolls in July 2026 came in weaker than expected, while inflation data eased at the margin. Fed monetary policy remains uncertain and is expected to depend heavily on the inflation trend; based on the remarks of Fed Chair Warsh and Fed governors, this month’s rate-setting meeting is likely to leave rates unchanged.

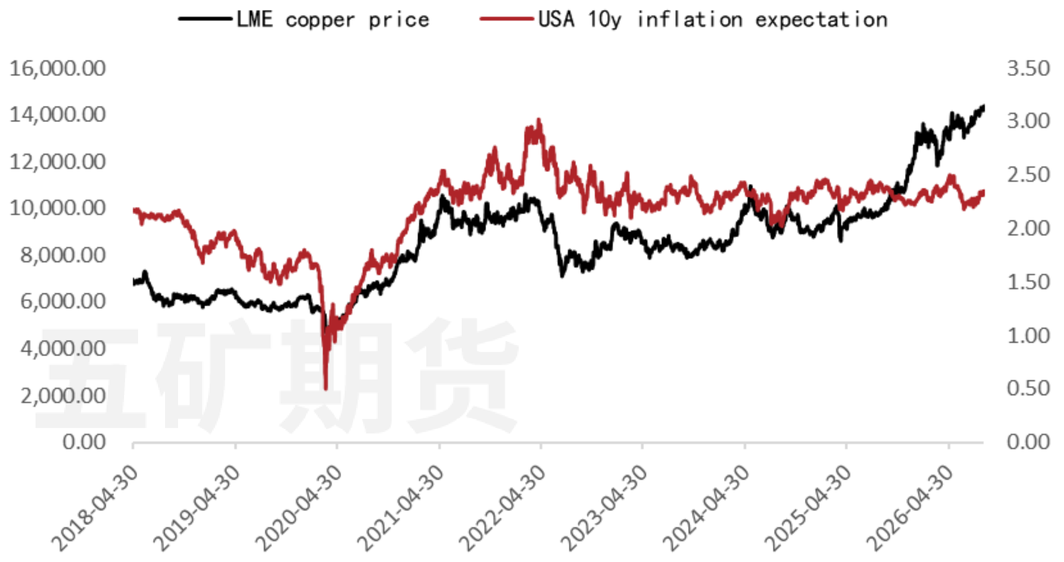
Dollar Index & U.S. Inflation Expectation

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 USD Index rebounded within a range in August 2026. With the direction of Fed monetary policy still unclear and US debt concerns mounting, the dollar index is likely to trade with a soft bias. US 10-year inflation expectations have chopped around and are set to break one way or the other; given the Fed’s firm “resolve” to bring down inflation, inflation expectations will most likely head lower. A de-escalation of the Middle East conflict that pulls oil prices — and inflation expectations — lower would be relatively supportive of copper prices; by contrast, the Fed squeezing inflation expectations lower via rate hikes would be a relative negative for copper prices.

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