
China copper processing charges in H1 slump by 70 pct

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Chinamining reported that the copper processing charge rate for China's refining enterprises has plunged nearly 70% on the spot market since this year's beginning, mainly due to the strong demand for copper concentrate.

A large company manager told the reporter that copper processing charges have dropped from USD 90 per tonne at the beginning of this year to USD 25 per tonne now. If refining companies buy spot copper concentrate from abroad for production, they will definitely be unable to make breakeven.

The copper processing charges are what mining enterprises pay to smelters for refining copper concentrate into refined copper. Copper processing charges rallied at the beginning of this year due to faltering demand for raw materials. Some Chinese copper enterprises locked the long-term contractual processing charges to USD 75 per tonne with the international mining giants at that time.

However, as the government's stimulus measures start playing positive effects, copper prices have rebounded quickly and maintains at around CNY 40,000 per tonne.

Analysts said that the sharp decline of processing charges may put lots of Chinese copper enterprises into a hard situation because more than two thirds of the imported copper concentrate is traded on the spot market.

China 20 key copper smelters gained profits of CNY 841 million in May, and their profits in January to May period reached CNY 2.06 billion boasting the best profitability in the domestic nonferrous metals industry.

Customs data show that the country's copper concentrate imports in the first four months rose three percent year on year to 1.9 million tonnes.

(Sourced from Chinamining)

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