

## PRESS RELEASE

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**India's refined copper consumption to grow by 11% in FY2024, despite global headwinds: ICRA**

- ***Government's extensive infrastructure development plans bode well for the domestic copper demand***

In a recent note on the Indian primary copper industry, ICRA has estimated the domestic refined copper demand growth to remain healthy at ~11% in FY2024 and FY2025, outpacing the rate of global growth in copper demand, given the Government's thrust on infrastructure development and a gradual transition to renewable energy. ICRA projects copper prices to remain range-bound at current levels of ~8200-8300/tonne in the near term. ICRA foresees a stable outlook for the domestic copper industry.

In the domestic market, around ~40% of the copper is consumed in the infrastructure and construction sector and ~11-13% each in the automobile and consumer durable sectors. ICRA notes that a healthy allocation of ~Rs 10 trillion for capital spending in the last Union Budget, coupled with ambitious targets set under the National Infrastructure Pipeline (NIP) is expected to drive the copper consumption in the medium term. In addition, in the real estate sector, a significant incremental supply growth of ~30% in top six Indian office space markets and ~10% growth in retail mall space (top six cities) is expected in FY2024, which is likely to spur copper wire demand.

Elaborating further on the domestic copper demand outlook, **Mr. Jayanta Roy, Senior Vice-President and Group Head, Corporate Sector Ratings, ICRA**, said: *"Significant emphasis by Government of India (GoI) towards the smart city programme, the Defence sector as well as the expected higher penetration of electric vehicles and its associated infrastructure bode well for the domestic copper demand outlook. In addition, the GoI's ambitious target to achieve 500 GW of renewable energy capacity by 2032 would entail significant capacity addition in the transmission network including for substations and electrical machineries in the coming decade, translating into a healthy domestic copper demand"*.

The automotive and transport sectors also play a pivotal role in the overall consumption of copper in India. After a stellar performance in FY2023, automotive demand is expected to grow at a moderate pace of ~6-9% in passenger vehicles segment and ~2-4% in commercial vehicles segment in FY2024. Furthermore, the increased focus on replacement of old vehicles and on green mobility augurs well for the copper demand. Additionally, investment in the metro rail network and railway electrification would aid domestic copper consumption in coming years.

While domestic demand remains healthy, lower production of refined copper in India has seen a deficit in the domestic market, which is being met through increasing imports of refined copper or through direct imports of finished copper products. The imports of refined copper had increased by ~30% in FY2023 and by ~180% in H1 FY2024, and the trend is likely to continue in the near term as well. ICRA, however, notes that a new copper smelter of 0.5 million MT (mmt) by the Adani group is expected to start from FY2025 onwards which, once stabilised, is likely to reduce the deficit situation to an extent.

On the global front, the copper consumption is likely to remain muted in the current calendar year. *“Contrary to healthy domestic demand, moderate growth in China and significant weakness in Europe and North America, amid heightened fears of an economic slowdown, is estimated to result in a flattish global copper demand of ~2% in CY2023. In addition, the global copper supply shows signs of improvement, primarily in China, which is likely to result in a surplus copper balance in the current calendar year. Consequently, copper prices remained under pressure and corrected by almost ~9% in the current fiscal till date. The prices are expected to remain range-bound at current levels of ~8200-8300/tonne in the near term,”* **Mr. Roy** added.

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