



# International Copper Study Group

## Forecast 2005-2006

The International Copper Study Group (ICSG) held its 26th Regular Meeting on 15 November 2005 in Lisbon, Portugal. Government delegates and industry advisors from most of the world's leading copper producing and using countries met to discuss key issues affecting the global copper community. In its meeting of the Statistical Committee, a consensus view of the world balance of refined copper production and use was developed.

According to ICSG projections, world copper mine production is expected to rise to 14.98 million tonnes (Mt) in 2005, an increase of about 460,000 tonnes (t) (+3.1%) compared with that in 2004, and to 15.74 Mt in 2006, an additional increase of 760,000 t (+5.1%). Unanticipated supply disruptions, principally in Chile and the United States, resulted in substantially lower production in 2005 than had been previously projected by the ICSG.

World production of refined copper (both primary and secondary) is projected to increase to 16.3 Mt in 2005, an increase of about 480,000 t (+3.1%), compared with that of 2004. Refined production in 2006 is projected to increase to 17.65 Mt, an increase of about 1.32 Mt (+8%) compared with that of 2005. Inventories of copper concentrate developed in previous years are expected to be sufficient to account for the disparity in growth between concentrate production and refined copper production in 2006.

World refined copper use in 2005 is projected to decrease by about 237,000 t (1.4%) to 16.45 Mt. Strong growth in China and India was more than offset by declines in use in North America and the European Union. Use in 2006 is forecast to grow by 5.5%, or about 900,000 t, to 17.36 Mt, with an increase anticipated in all major consuming regions.

Despite the decline in world use of copper in 2005, refined production was insufficient to meet demand and the production deficit that developed in the preceding years continued into 2005. According to ICSG estimates, the production deficit fell to about 120,000 t in 2005 from about 840,000 t in 2004. In 2006, production growth is anticipated to exceed the growth in demand and a modest surplus of about 300,000 t of refined copper is anticipated. Preliminary projections indicate a more modest surplus to continue into 2007. It was noted however, that following 3 years of production deficits, current world commodity exchange inventories of refined copper are at their lowest level in more than 30 years.

FORECAST TO 2006												
REGIONS ('000T)	MINE PRODUCTION				REFINED PRODUCTION				COPPER USAGE			
	2003	2004	2005	2006	2003	2004	2005	2006	2003	2004	2005	2006
Africa	556	627	711	895	454	497	513	692	168	189	189	193
N.America	2,045	2,143	2,172	2,310	2,071	2,183	2,140	2,190	2,903	3,090	2,890	3,002
Latin America	5,975	6,725	6,701	6,901	3,618	3,576	3,571	3,913	493	538	541	571
Asean-10	1,053	892	1,180	1,153	422	438	578	678	591	672	707	741
Asia ex Asean/CIS	930	994	1,055	1,155	4,372	4,696	5,072	5,680	6,459	6,941	7,100	7,639
Asia-CIS	595	572	506	560	511	530	509	560	99	93	65	70
EU-25	673	726	711	711	2,297	2,318	2,343	2,373	3,962	4,066	3,767	3,900
Europe Others	824	821	849	885	1,003	1,115	1,159	1,216	784	931	1,037	1,069
Oceania	1,026	1,028	1,099	1,172	484	490	458	513	183	168	156	170
<b>TOTAL</b>	<b>13,676</b>	<b>14,527</b>	<b>14,983</b>	<b>15,743</b>	<b>15,234</b>	<b>15,844</b>	<b>16,344</b>	<b>17,814</b>	<b>15,642</b>	<b>16,687</b>	<b>16,450</b>	<b>17,355</b>
Adjustment for Primary Feed Shortage 1/							0	0				
Allowance for Disruptions 2/							-16	-164				
<b>World</b>	<b>13,676</b>	<b>14,527</b>	<b>14,983</b>	<b>15,743</b>	<b>15,234</b>	<b>15,844</b>	<b>16,328</b>	<b>17,650</b>	<b>15,642</b>	<b>16,687</b>	<b>16,450</b>	<b>17,355</b>
% change		6.2%	3.1%	5.1%		4.0%	3.1%	8.1%		6.7%	-1.4%	5.5%
<b>Refined Production - Usage Balance</b>									<b>-408</b>	<b>-843</b>	<b>-122</b>	<b>295</b>

1/ Based on a formula for the difference between the projected copper availability in concentrates and the projected use in primary refined production;

2/ Based on capacity utilization of mines and refineries