



International Copper Study Group

Forecast 2006-2007

The International Copper Study Group (ICSG) held its 28th Regular Meeting on 29th September 2006 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 15.17 million tonnes (Mt) in 2006, an increase of about 290,000 tonnes (t) (+1.9%) compared with that in 2005, and to 16.20 Mt in 2007, an additional increase of about one million tonnes (+6.8%).

World production of refined copper (both primary and secondary) is projected to increase to 17.40 Mt in 2006, an increase of about 880,000 t (+5.4%) compared with that of 2005. Refined production in 2007 is projected to increase to 18.06 Mt, an increase of about 660,000 t (+3.8%) compared with that of 2006. Concentrates production in 2007 is expected to restrain the growth of refined production, with inventories of copper concentrates having been largely drawn down during 2006.

World refined copper usage decreased by 0.7% in 2005 to 16.61 Mt. In 2006, usage is projected to increase by about 550,000 t (3.3%) to 17.16 Mt. Growth is anticipated in all major consuming regions, with the European Union-15 leading the way with a growth of around 9% and Asia indicating a low growth rate of about 1.5%, due to an expected decrease in Chinese usage of 1.8%. Note that in its calculation of the refined copper balance, the ICSG does not take into account changes in China's State Reserve Bureau (SRB) stocks, which are unreported and which might affect calculation of China's apparent consumption (market reports suggest, however, that there may have been significant SRB stock releases during the first part of the year). World copper use in 2007 is projected to grow by 4.2%, or about 725,000 t, to 17.88 Mt.

After ending 2005 with a deficit of 100,000 t, the copper market is expected to have a modest surplus in 2006 of about 240,000 t, about 1.4% of annual usage. In 2007, the surplus is expected to fall to around 180,000 t. Preliminary projections indicate the potential for a larger surplus in 2008 due to expected new production coming on stream.

FORECAST TO 2007												
REGIONS (^{'000T})	MINE PRODUCTION				REFINED PRODUCTION				COPPER USAGE			
	2004	2005	2006	2007	2004	2005	2006	2007	2004	2005	2006	2007
Africa	627	676	830	1,003	508	513	614	746	166	200	200	204
N.America	2,142	2,181	2,233	2,473	2,188	2,168	2,238	2,382	3,097	2,956	2,999	3,097
Latin America	6,725	6,651	6,793	7,225	3,576	3,559	3,568	4,227	538	537	565	580
Asean-10	892	1,148	906	888	438	514	539	603	720	761	794	822
Asia ex Asean/CIS	994	1,049	1,135	1,193	4,644	5,225	5,853	6,204	6,933	7,136	7,175	7,881
Asia-CIS	572	510	545	569	549	534	538	565	93	60	107	114
EU-25	727	711	713	716	2,318	2,329	2,330	2,386	4,071	3,732	4,016	3,845
Europe Others	801	831	872	902	1,124	1,198	1,278	1,298	953	1,075	1,160	1,191
Oceania	1,028	1,120	1,140	1,235	490	471	483	550	168	158	144	150
TOTAL	14,508	14,877	15,166	16,204	15,836	16,512	17,441	18,961	16,739	16,614	17,160	17,884
Adjustment for Primary Feed Shortage 1/							0	-818				
Allowance for Disruptions 2/							-43	-84				
World	14,508	14,877	15,166	16,204	15,836	16,512	17,398	18,059	16,739	16,614	17,160	17,884
% change		2.5%	1.9%	6.8%		4.3%	5.4%	3.8%		-0.7%	3.3%	4.2%
Refined Production - Usage Balance									-903	-102	239	176

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