



# ICSG PRESS RELEASE

## Copper: Preliminary Data for December 2004 and the Year 2004

The International Copper Study Group (ICSG) released preliminary December 2004 data for world copper production and usage in its March 2005 Copper Bulletin.

According to the preliminary ICSG data, including revisions to data for prior months of the year, the apparent refined copper balance for the year 2004 showed a production deficit of 706,000 tonnes (t). This compares with a production deficit of 386,000 t for the same period last year. The drawdown of all reported stocks of refined copper for January to December 2004 was 862,000 t. The refined market balance for December 2004 showed a surplus of 107,000 t. After making seasonal adjustments for world usage, however, the calculated balance for December turns to a small deficit of 5,000 t.

World refined usage for the year 2004 increased by 5.6% compared with that in 2003. The growth rates for the major consumers have been: United States, +5.5%; EU-15, +2.1%, China, +3.6%; and Japan, +6.4%. The European Union had a rather strong finish with a year on year December gain of 25.7%. Usage growth in China looks low relative to its economic dynamism and is most likely due to the below mentioned distortion from unreported stock changes.

On the supply side, mine production growth accelerated in December and resulted in a full-year production increase of 6.2% compared with that of 2003. Total refined production increased by 3.6% in 2004 compared with 2003—primary refined production rose by 2.6% and secondary refined (from scrap) by 11.4%.

At the end of February 2004, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 139,245 t, an increase of 31,868 t from those of the previous month. Stock levels increased at the warehouses of all three metal exchanges. Exchange stocks were up by 14,956 t compared with those held at yearend 2004. The average LME cash price for February 2005 was US\$ 3,253.7 per tonne, as compared with the January 2004 average of US\$ 3170 per tonne.

Special note on treatment of stock changes: Stock changes are not directly used in calculating the ICSG balance between production and usage (consumption). They are used, however, in calculating the apparent consumption for countries or regions (EU-15) where correctly reported usage is unavailable. In theory, if all production, consumption, trade, and stock movements were accurately and comprehensively reported, reported stock changes would be equivalent to the calculated balance. Unfortunately, owing to reporting deficiencies, it rarely does. Since, as noted, stock changes are an element of apparent consumption, movement of copper in and out of “unreported stocks” can distort both apparent consumption calculations and the transparent stock changes reported here.

### World Refined Copper Usage and Supply Trends, 1998-2004

Thousand metric tonnes, copper

	1998	1999	2000	2001	2002	2003	2003	2004	2004			
							Jan-Dec	Sep	Oct	Nov	Dec	
<b>World Mine Production</b>	12,250	12,788	13,211	13,626	13,581	13,674	13,674	14,527	1,228	1,293	1,282	1,347
<b>World Mine Capacity</b>	13,059	13,760	14,201	14,462	15,121	15,273	15,273	15,766	1,318	1,369	1,333	1,385
<b>Mine Capacity Utilization (%)</b>	93.8	92.9	93.0	94.2	89.8	89.5	89.5	92.1	93.1	94.5	96.2	97.2
<b>Primary Refined Production</b>	12,012	12,443	12,634	13,718	13,422	13,461	13,461	13,805	1,185	1,191	1,202	1,228
<b>Secondary Refined Production</b>	2,055	2,103	2,125	1,862	1,846	1,773	1,773	1,976	158	165	161	155
<b>Refined Production (Secondary+Primary)</b>	14,067	14,545	14,759	15,580	15,268	15,234	15,234	15,781	1,342	1,356	1,364	1,383
<b>World Refinery Capacity</b>	16,123	16,946	17,046	17,741	18,327	18,806	18,806	19,303	1,608	1,669	1,622	1,683
<b>Refineries Capacity Utilization (%)</b>	87.3	85.8	86.6	87.8	83.3	81.0	81.0	81.8	83.5	81.2	84.1	82.2
<b>World Refined Usage 1/</b>	13,461	14,271	15,122	14,885	15,140	15,620	15,620	16,486	1,410	1,345	1,430	1,276
<b>Four Weeks of World Refined Usage 3/</b>	1,035	1,098	1,163	1,145	1,165	1,202	1,202	1,268	1,311	1,212	1,325	1,276
<b>Refined Stocks End of Period</b>	1,509	1,634	1,291	1,992	2,048	1,780	1,780	919	936	881	905	919
<b>Period Stock Change</b>	319	126	-344	702	55	-267	-267	-862	-31	-55	25	13
<b>Refined Balance 2/</b>	606	274	-363	695	128	-386	-386	-706	-67	10	-67	107
<b>Refined Balance Seasonally adjusted 2/ 3/</b>	606	274	-363	695	128	-386	-386	-706	-60	37	-54	-5

Due to the nature of statistical reporting, the published data should be considered as preliminary since some figures are currently based on estimates and could change.

1/ Based on EU apparent usage

2/ Surplus or deficit is calculated using total refined production minus refined usage

3/ Seasonally adjusted for the months