



Copper: Preliminary Data for May 2005

The International Copper Study Group (ICSG) released preliminary data for May for world copper supply and demand in its August 2005 Copper Bulletin.

According to the preliminary ICSG data, the refined market balance for May 2005 showed an apparent deficit of about 35,000 metric tonnes (t). After making seasonal adjustments for world usage, the calculated deficit for May falls to about 2,000 t.

The apparent refined copper balance for the January to May 2005 period, including revisions to data mostly based on company 2nd quarter reports, indicated a production deficit of about 165,000 t and, when seasonally adjusted, a deficit of only about 5,000 t. This compares with a production deficit of 677,000 t (seasonally adjusted, 520,000 t) for the same period in 2004.

World refined usage for January-May 2005 fell by 2.9% compared with that of the same period of 2004. The year-on-year changes for January-May 2005 were: China, +8.8%, the EU-15, -7.9%; India, +12.1%; Japan, -10.0%; Russian Federation, +17.1%; South Korea, -8.6%; Taiwan, -12.6%; and the United States, -11.7%.

On the supply side, mine production increased by 5.8% in January to May 2005 compared with the same period of 2004. In the Americas, production rose by only 3%: Chilean, Mexican, and Peruvian mine production changed only marginally, while U.S. production rose by 12.7%. Asia, Africa, and Australia grew by 15.4%, 10.4%, and 10.9%, respectively. The real growth from new capacity was located in Africa and Australia, as the Asian increases mostly reflected the return to normal production levels at operations affected by disruptions last year. Mine capacity utilization, which averaged 88% in the first 5 months of the year, showed a continued improvement over the period and reached almost 90% in May.

Comparing January-May 2005 with the equivalent period of 2004, primary refined production rose by 5.8% and secondary refined production (from scrap) decreased by 1.3%, resulting in an increase in total refined copper production of 4.8%. The secondary share of total refined production increased in May, rising to 13.3% from an average of 12.4% for the January-May period. Refined production growth was flat or negative in almost all regions of the world, with the exception of Asia where refined production grew by 13.1% (China 21.6% and India 10.5%). Capacity utilization rates for refineries, however, remained low at about 80.4%.

As of end of July 2005, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 75,884 t, an increase of 3,395 t from stocks at the end of June. Stocks were down at Comex, but up on the LME and SHFE. Compared to the year-end 2004 level, total exchange stocks decreased by 48,405 t. The average LME cash price for July 2005 was US\$3,614.21 per tonne, as compared with the June average of US\$3,524.07 per tonne. The 2005 year to date LME cash price average was US\$3,369.31 (Jan-Jul).

World Refined Copper Usage and Supply Trends, 1999-2005

Thousand metric tonnes, copper

	1999	2000	2001	2002	2003	2004	2004	2005	2005			
							Jan-May	Feb	Mar	Apr	May	
World Mine Production	12,787	13,211	13,626	13,579	13,676	14,529	5,685	6,013	1,090	1,246	1,203	1,270
World Mine Capacity	13,760	14,201	14,443	15,097	15,227	15,821	6,484	6,835	1,261	1,403	1,364	1,416
Mine Capacity Utilization (%)	92.9	93.0	94.3	89.9	89.8	91.8	87.7	88.0	86.4	88.8	88.2	89.7
Primary Refined Production	12,443	12,635	13,718	13,422	13,460	13,802	5,530	5,848	1,090	1,203	1,164	1,196
Secondary Refined Production	2,103	2,125	1,862	1,846	1,774	1,967	841	830	150	162	165	183
Refined Production (Secondary+Primary)	14,545	14,760	15,580	15,268	15,234	15,769	6,371	6,677	1,240	1,366	1,329	1,379
World Refinery Capacity	16,946	17,046	17,719	18,325	18,841	19,337	7,949	8,301	1,533	1,704	1,656	1,718
Refineries Capacity Utilization (%)	85.8	86.6	87.9	83.3	80.9	81.5	80.1	80.4	80.9	80.1	80.3	80.3
World Refined Usage 1/	14,278	15,130	14,896	15,160	15,644	16,529	7,048	6,843	1,252	1,395	1,377	1,416
Four Weeks of World Refined Usage 3/	1,098	1,164	1,146	1,166	1,203	1,271	1,293	1,255	1,228	1,240	1,251	1,272
Refined Stocks End of Period	1,634	1,291	1,992	2,048	1,780	923	1,068	895	974	892	902	895
Period Stock Change	126	-344	702	55	-267	-857	-712	-28	77	-82	10	-7
Refined Balance 2/	267	-370	684	108	-409	-760	-677	-165	-12	-29	-48	-37
Refined Balance Seasonally adjusted 2/ 3/	267	-370	684	108	-409	-760	-520	-4	17	19	-7	-2

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