



Copper: Preliminary Data for 1st Half 2005

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

According to the preliminary ICSG data, the refined market balance for June 2005 showed an apparent deficit of about 65,000 metric tonnes (t). After making seasonal adjustments for world usage, the calculated deficit for June falls to about 22,000 t.

The apparent refined copper balance for the 1st semester of 2005, including revisions to data previously presented, indicated a production deficit of about 219,000 t and, when seasonally adjusted, a deficit of only 13,000 t. This compares with a production deficit of 790,000 t (seasonally adjusted, 588,000 t) for the same period in 2004.

World refined usage fell by 2.1% in the first half of 2005 compared with that of the equivalent period of 2004. In June 2005, use in the United States and Japan showed signs of recovery, but for the first 6 months of the year, remained down by 9.7% and 7.5%, respectively, compared with the same period of 2004. The EU use remained depressed, with a year-on-year decrease of 10%. China, India and Russia had year-on-year growth in the first semester of 2005 of 12.7%, 12% and 16%, respectively.

World mine production increased by 4.5% when comparing the first halves of 2005 and 2004, but, as noted in a prior press release, this growth reflects the very weak 1st half of 2004 resulting from production disruptions. When comparing the 1st half 2005 to the 2nd half 2004, total mine production decreased by 5.5% (concentrate production was down by 6% and SX-EW down by 3.4%). This is reflected in the capacity utilization rates, which fell from 94% in the 2nd half of 2004 to 87.9% in the 1st half of 2005. Lower head grades, an earthquake and technical problems reduced Chilean mine production in the 1st half of 2005 by 1.6% when compared to 1st half 2004, but if compared to the 2nd half 2004, Chilean production decreased by 12.4%. On a world basis for 1st half 2005 (compared to the weak 1st half 2004) lower output in Chile, Peru (-4.4%) and Kazakhstan (-20%), was more than offset by strong growth in Australia (+11%), Brazil (+106%), Indonesia (+47%), PNG(+10%) and the United States (+11%).

Total world refined production increased by 5.1% in the first semester of 2005 compared to the same period of 2004: primary production was up by 5.7% and secondary production (from scrap) was up by 1.2%. Capacity utilization averaged 80.7% over the period. Compared with that in the 2nd half 2004, total refined production fell by 0.8% (primary -1.7%, secondary +5.6%). Secondary production's share of total refined production grew from 12.4% in January to 13.7% in June 2005. A geographical breakdown of refined production for the first half of 2005, compared with production in the same period of 2004, shows negative growth for Africa (-1.8%), Australia (-1.6%) and North America (-1.1%), flat production for the EU and Latin America, and an increase for Asia (13.2%).

As of end of August 2005, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 119,273t, an increase of 43,389 t from stocks at the end of July. Stocks were down at Comex, up slightly at SHFE, and doubled at the LME. Compared with the yearend 2004 level, total exchange stocks decreased by 5,016 t. The average LME cash price for August 2005 was US\$3,797.75 per tonne, as compared with the July average of US\$3,614.21 per tonne. The 2005 year to date LME average cash price was US\$3,429.28 (Jan-Aug).

World Refined Copper Usage and Supply Trends, 1999-2005

Thousand metric tonnes, copper

	1999	2000	2001	2002	2003	2004	2004	2005	2005			
							Jan-Jun	Mar	Apr	May	Jun	
World Mine Production	12,787	13,211	13,626	13,579	13,676	14,529	6,898	7,212	1,257	1,199	1,264	1,194
World Mine Capacity	13,760	14,201	14,443	15,097	15,227	15,821	7,784	8,212	1,403	1,364	1,416	1,377
Mine Capacity Utilization (%)	92.9	93.0	94.3	89.9	89.8	91.8	88.6	87.8	89.6	87.9	89.3	86.7
Primary Refined Production	12,443	12,635	13,718	13,422	13,460	13,802	6,651	7,030	1,206	1,167	1,196	1,171
Secondary Refined Production	2,103	2,125	1,862	1,846	1,774	1,967	1,004	1,016	162	165	184	186
Refined Production (Secondary+Primary)	14,545	14,760	15,580	15,268	15,234	15,769	7,655	8,047	1,369	1,332	1,380	1,358
World Refinery Capacity	16,946	17,046	17,719	18,325	18,841	19,337	9,538	9,970	1,704	1,656	1,718	1,669
Refineries Capacity Utilization (%)	85.8	86.6	87.9	83.3	80.9	81.5	80.3	80.7	80.3	80.4	80.3	81.4
World Refined Usage 1/	14,278	15,130	14,896	15,160	15,642	16,529	8,445	8,266	1,397	1,365	1,421	1,423
Four Weeks of World Refined Usage 3/	1,098	1,164	1,146	1,166	1,203	1,271	1,288	1,261	1,242	1,239	1,277	1,292
Refined Stocks End of Period	1,634	1,291	1,992	2,048	1,780	923	993	832	891	902	896	832
Period Stock Change	126	-344	702	55	-267	-857	-787	-90	-81	11	-6	-64
Refined Balance 2/	267	-370	684	108	-408	-760	-790	-219	-29	-32	-42	-65
Refined Balance Seasonally adjusted 2/ 3/	267	-370	684	108	-408	-760	-588	-13	20	9	-7	-22

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/deficit is calculated using refined production minus refined usage. 3/ Seasonally adjusted for the months