



Copper: Preliminary Data for July 2005

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

According to the preliminary ICSG data, the refined market balance for July 2005 showed an apparent deficit of about 15,000 metric tonnes (t). After making seasonal adjustments for world usage, the calculated deficit for July increases to about 45,000 t.

The apparent refined copper balance for the January-July 2005 period, including revisions to data previously presented, indicated a production deficit of about 235,000 t and, when seasonally adjusted, a deficit of 60,000 t. This compares with a production deficit of 784,000 t (seasonally adjusted 615,000 t) for the same period in 2004.

World refined usage fell in July to the lowest level since April mainly due to a decrease in Chinese apparent usage. For the period January-July 2005, global usage fell by 1.2% compared with that of the equivalent period of 2004. All regions showed negative growth in consumption during this period with the exception of Asia (+4%), where growth in China (+15%) and India (+10.5%) was only partially offset by decreases in Japan (-7%), South Korea (-10%), and Taiwan (-11%). Despite signs of recovery in the USA, North America experienced a negative growth of 8.5% during this period. Usage in the EU remained depressed, with a year-on-year decrease of 9%.

On the supply side, world mine production increased by 3.4% in the first 7 months of the year when compared with that in the same period of 2004: Concentrate production was up by 4.7%, and SX-EW was down by 1.7%. Mine capacity utilization in July decreased to 84.5%, which compares with an average of 87.3% during the first 7 months of 2005 and 89.0% for the same period of 2004. Production disruptions resulted in output levels below those anticipated at the beginning of the year. A 3% decline in Chile, which was the main cause of lower than expected production, was offset by strong growth in Australia (+11%), Brazil (+86%), Indonesia (+39%), PNG(+8%) and the United States (+8%).

Total world refined production increased by 4.8% in the January-July 2005 period compared with that of the same period of 2004: Primary production was up by 5.4% and secondary production (from scrap) was up by 1.3%. Refinery capacity utilization averaged 80.5% over the period. China and India continued to be the main contributors to the growth in refined production with increases of 22% and 15%, respectively. Production was flat in Chile and Japan and, with the exception of Russia (+6.5%) and Spain (+26%), decreased in most European countries (Belgium, -3%, Germany, -1.6%, Italy, 5.6%, Poland, -2.2%, Scandinavia, -5%). Production in both the United States and Zambia decreased by 2%.

As of end of September 2005, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 115,935 t, a decrease of 3,338 t from stocks at the end of August. Stocks were down at Comex and SHFE warehouses, and up at LME warehouses. Compared with the yearend 2004 level, total exchange stocks decreased by 8,354 t. The average LME cash price for September 2005 was US\$3,857.84 per tonne, as compared with the August average of US\$3,797.75 per tonne. The 2005 year-to-date LME average cash price through September was US\$3,479.17 per ton.

World Refined Copper Usage and Supply Trends, 1999-2005

Thousand metric tonnes, copper

	1999	2000	2001	2002	2003	2004	2004	2005	2005			
							Jan-Jul	Apr	May	Jun	Jul	
World Mine Production	12,787	13,211	13,626	13,579	13,676	14,533	8,132	8,411	1,198	1,263	1,191	1,205
World Mine Capacity	13,760	14,201	14,443	15,097	15,227	15,821	9,135	9,638	1,364	1,416	1,377	1,426
Mine Capacity Utilization (%)	92.9	93.0	94.3	89.9	89.8	91.9	89.0	87.3	87.8	89.2	86.5	84.5
Primary Refined Production	12,443	12,635	13,718	13,422	13,460	13,802	7,806	8,224	1,165	1,193	1,170	1,200
Secondary Refined Production	2,103	2,125	1,862	1,846	1,774	1,967	1,181	1,196	166	184	186	176
Refined Production (Secondary+Primary)	14,545	14,760	15,580	15,268	15,234	15,769	8,987	9,420	1,331	1,376	1,356	1,377
World Refinery Capacity	16,946	17,046	17,719	18,325	18,841	19,337	11,187	11,702	1,656	1,718	1,669	1,732
Refineries Capacity Utilization (%)	85.8	86.6	87.9	83.3	80.9	81.5	80.3	80.5	80.4	80.1	81.3	79.5
World Refined Usage 1/	14,278	15,130	14,896	15,160	15,642	16,529	9,770	9,655	1,361	1,417	1,426	1,392
Four Weeks of World Refined Usage 3/	1,098	1,164	1,146	1,166	1,203	1,271	1,282	1,268	1,236	1,273	1,295	1,309
Refined Stocks End of Period	1,634	1,291	1,992	2,048	1,780	919	970	789	899	892	832	789
Period Stock Change	126	-344	702	55	-267	-861	-810	-130	11	-7	-60	-43
Refined Balance 2/	267	-370	684	108	-408	-760	-784	-235	-30	-41	-70	-15
Refined Balance Seasonally adjusted 2/ 3/	267	-370	684	108	-408	-760	-615	-60	12	-6	-27	-45

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