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Copper: Preliminary Data for August 2005

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

According to the preliminary ICSG data, the refined copper market in August showed surplus production of about 85,000 metric tonnes (t). This was the first monthly production surplus of 2005 and was principally attributed to weaker copper use during the traditional summer holiday period. Hence, the estimated apparent surplus in August decreases to only 8,000 t after making seasonal adjustments for world usage. The apparent refined copper balance for the January-August 2005 period, including revisions to data previously presented, indicates a cumulative production deficit of about 114,000 t and, when seasonally adjusted, a deficit of 31,000 t. This compares with a production deficit of 765,000t (seasonally adjusted 686,000 t) for the same period in 2004.

World refined usage fell in August to the lowest level of the year due to a contraction in usage in Europe (including Russia) and Japan during the August holidays. As in July, Chinese apparent usage in August remained sluggish (4% decrease compared with the average for the 1st half 2005). The United States was a bright spot, with usage continuing its 3-month upward trend. For the period January-August 2005, global usage fell by 2% compared with that of the equivalent period of 2004. With the exception of Asia (+2.8%), year-to-date usage in all regions declined. In Asia, declines in Japan (-5%), South Korea (-10%), and Taiwan (-11%) were more than offset by growth in China (11%) and India (15%). Usage in the EU remained depressed, with a year-on-year decrease of 10%. Despite the signs of recovery in the Unite States, year-to-date use in North America fell by 9%.

On the supply side, world mine production increased by 3.2% in the first 8 months of the year when compared with that in the same period of 2004: Concentrate production was up by 4.3%, and SX-EW was down by 1.6%. Mine capacity utilization in August increased to 89% compared with an average of 87.4% during the first 8 months of 2005, but remained below the average (89.4%) for the same period of 2004. Chilean production, which had been plagued by production disruptions, rose 12% from July to August and accounted for most of the increase. Year-to-date production in Chile, however, remained 2.7% below that for the previous year. Total world refined production increased by 4% in the January-August 2005 period compared with that of the same period of 2004: Primary production was up by 4.5% and secondary production (from scrap) was up by 0.3%. Refinery capacity utilization averaged 80.4% over the period.

As of end of October 2005, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 115,723 t, practically unchanged from the stocks level at the end of September. Stocks were down at Comex and LME warehouses and up at SHFE warehouses. Compared with the yearend 2004 level, total exchange stocks were down by 8,566 t. The average LME cash price for October 2005 was US$4,059.76 per tonne, as compared with the September average of US$3,857.84 per tonne. The 2005 year-to-date LME average cash price through October was US$3,562.34 per tonne, a 27% increase compared with US$2,814.23 per tonne for the same period of 2004.

World Refined Copper Usage and Supply Trends, 1999-2005

Thousand metric tonnes, copper

	1999	2000	2001	2002	2003	2004	2004	2005	2005			
							Jan-Aug		May	Jun	Jul	Aug
World Mine Production	12,787	13,211	13,626	13,579	13,675	14,527	9,378	9,676	1,259	1,188	1,213	1,271
World Mine Capacity	13,760	14,201	14,443	15,097	15,227	15,821	10,492	11,066	1,416	1,377	1,426	1,428
Mine Capacity Utilization (%)	92.9	93.0	94.3	89.9	89.8	91.8	89.4	87.4	88.9	86.3	85.0	89.0
Primary Refined Production	12,443	12,635	13,718	13,422	13,456	13,819	9,031	9,439	1,201	1,173	1,203	1,206
Secondary Refined Production	2,103	2,125	1,862	1,846	1,774	2,025	1,366	1,370	176	182	175	175
Refined Production (Secondary+Primary)	14,545	14,760	15,580	15,268	15,230	15,843	10,397	10,809	1,376	1,355	1,378	1,381
World Refinery Capacity	16,946	17,046	17,719	18,325	18,841	19,337	12,843	13,441	1,718	1,669	1,732	1,739
Refineries Capacity Utilization (%)	85.8	86.6	87.9	83.3	80.8	81.9	81.0	80.4	80.1	81.2	79.6	79.4
World Refined Usage 1/	14,278	15,130	14,896	15,160	15,642	16,687	11,162	10,923	1,414	1,422	1,384	1,293
Four Weeks of World Refined Usage 3/	1,098	1,164	1,146	1,166	1,203	1,284	1,292	1,264	1,270	1,290	1,302	1,262
Refined Stocks End of Period	1,634	1,291	1,992	2,048	1,780	919	967	844	896	842	801	844
Period Stock Change	126	-344	702	55	-267	-861	-813	-75	-4	-54	-40	43
Refined Balance 2/	267	-370	684	108	-413	-844	-765	-114	-37	-66	-5	88
Refined Balance Seasonally adjusted 2/ 3/	267	-370	684	108	-413	-844	-684	-31	-4	-25	-37	8

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