



## Copper: Preliminary Data for September 2005

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

According to the preliminary ICSG data, the refined copper market returned to deficit in September after a surplus in August originated by a weaker usage during the traditional summer holiday period. The apparent deficit for September was around 54,000 metric tonnes (t) decreasing to around 6,000t after making seasonal adjustments for world usage. The apparent refined copper balance for the January-September 2005 period, including revisions to data previously presented, indicates a cumulative production deficit of about 190,000 t and, when seasonally adjusted, a deficit of 54,000 t. This compares with a production deficit of 862,000t (seasonally adjusted 772,000 t) for the same period in 2004.

World refined usage recovered in September mainly due to an increase in the EU usage after the summer period and to a recovery in Chinese and Japanese usage after a weak July level. US usage maintained the same level as in July. For the period January-September 2005, global usage fell by 1.8% compared with that of the equivalent period of 2004. Asia continues to be the only region with positive growth (2.8%), with China and India growth (11% and 15% respectively) more than offsetting declines in Japan (-6%), South Korea (-9%), and Taiwan (-9%). Year-to-date use in North America and the EU fell respectively by 7.6% and by 9.6%. On a quarterly basis, world usage grew by 1.7% in the 3<sup>rd</sup> Quarter 2005 compared to 3<sup>rd</sup> Quarter 2004.

On the supply side, world mine production increased by 2.9% in the first 9 months of the year when compared with that in the same period of 2004: Concentrate production was up by 4.0%, and SX-EW was down by 1.6%. Mine capacity utilization averaged 87.6% during the first 9 months of 2005, below the average (89.7%) for the same period of 2004. On a quarterly basis, world mine production growth remained flat (0.7%) in the 3<sup>rd</sup> Quarter 2005 compared to 3<sup>rd</sup> Quarter 2004. Decreases in Chile (-5%) and the USA (-7%) were off set by increases in China (6%), Indonesia (25%), Mexico (13%) and Australia (4%). Total world refined production increased by 3.9% in the January-September 2005 period compared with that of the same period of 2004: Primary production was up by 4.2% and secondary production (from scrap) was up by 1.4%. On a quarterly basis, world refined production grew by 2.7% in the 3<sup>rd</sup> Quarter 2005 compared to 3<sup>rd</sup> Quarter 2004. Refinery capacity utilization averaged 80.5% during the first 9 months of 2005.

As of end of November 2005, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 151,203t, an increase of 35,480t from stocks at the end of October. Major increases were at SHFE warehouses with a small increase at LME warehouses. Compared with the yearend 2004 level, total exchange stocks were up by 26,914t. The average LME cash price for November 2005 was US\$4,269.34 per tonne, as compared with the October average of US\$4,059.76 per tonne. The 2005 year-to-date LME average cash price through November was US\$3,606.65 per tonne, a 27% increase compared with US\$2,843.36 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-Sep	Jun	Jul	Aug	Sep	
World Mine Production	12,787	13,211	13,626	13,579	13,675	14,509	10,594	10,906	1,186	1,211	1,270	1,243
World Mine Capacity	13,760	14,201	14,443	15,097	15,227	15,821	11,811	12,451	1,377	1,426	1,428	1,384
Mine Capacity Utilization (%)	92.9	93.0	94.3	89.9	89.8	91.7	89.7	87.6	86.2	84.9	88.9	89.8
Primary Refined Production	12,443	12,635	13,718	13,422	13,456	13,805	10,202	10,633	1,168	1,204	1,209	1,201
Secondary Refined Production	2,103	2,125	1,862	1,846	1,774	2,016	1,523	1,545	182	175	174	177
Refined Production (Secondary+Primary)	14,545	14,760	15,580	15,268	15,230	15,820	11,725	12,178	1,350	1,379	1,384	1,378
World Refinery Capacity	16,946	17,046	17,719	18,325	18,841	19,337	14,452	15,131	1,669	1,732	1,739	1,690
Refineries Capacity Utilization (%)	85.8	86.6	87.9	83.3	80.8	81.8	81.1	80.5	80.9	79.6	79.6	81.6
World Refined Usage 1/	14,278	15,130	14,896	15,160	15,642	16,687	12,587	12,367	1,412	1,393	1,309	1,432
Four Weeks of World Refined Usage 3/	1,098	1,164	1,146	1,166	1,203	1,284	1,296	1,266	1,261	1,282	1,311	1,278
Refined Stocks End of Period	1,634	1,291	1,992	2,048	1,780	919	936	821	842	803	844	821
Period Stock Change	126	-344	702	55	-267	-861	-844	-98	-54	-39	41	-22
Refined Balance 2/	267	-370	684	108	-413	-867	-862	-190	-62	-14	75	-54
Refined Balance Seasonally adjusted 2/ 3/	267	-370	684	108	-413	-867	-772	-54	1	-21	-46	-6

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