



Copper: Preliminary Data for October 2005

The International Copper Study Group (ICSG) released preliminary data for October 2005 for world copper supply and demand in its January 2006 Copper Bulletin.

According to the preliminary ICSG data, the refined copper market presented a small apparent production deficit in October of around 6,000 metric tonnes (t), increasing to around 20,000t after making seasonal adjustments for world usage. The apparent refined copper balance for the January-October 2005 period, including revisions to data previously presented, indicates a cumulative production deficit of about 203,000 t and, when seasonally adjusted, a deficit of 86,000 t. This compares with a production deficit of 855,000t (seasonally adjusted 740,000 t) for the same period in 2004.

World refined usage decreased in October mainly due to a drop in Chinese apparent usage resulting from a significant decline in their refined copper imports. Use in Japan and the United States continued to strengthen while the European Union use maintained the same level as in September. For January-October 2005, global usage fell by 1.2% compared with that of the equivalent period of 2004. On a country by country basis, China, India and Russian Federation achieved year-to-date growths of 10.5%, 13.9% and 13%, respectively, while the European Union, Japan and the United States fell by 8.7%, 6% and by 6%, respectively.

On the supply side, world mine production increased by 2.5% in the first 10 months of the year when compared with that in the same period of 2004: Concentrate production was up by 3.4%, and SX-EW was down by 1.6%. Mine capacity utilization averaged 87.7% during the first 10 months of 2005, below the average (90.2%) for the same period of 2004. Chile, which produces around 35% of total world copper mine output, continued to be the main factor behind the slow growth in world mine production. Total mine production, excluding Chile, increased by 5.9% in the first 10 months of 2005. Chile's mine production decreased by 3.3% over the same period. Total world refined production increased by 3.7% in the January-October 2005 period compared with that of the same period of 2004: Primary production was up by 3.9% and secondary production (from scrap) was up by 1.7%. Refinery capacity utilization averaged 80.4% during the first 10 months of 2005.

As of end of December 2005, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 156,251t, an increase of 5,048t from stocks at the end of November. Stocks were up at Comex and LME warehouses and down at SHFE warehouses. Compared with the yearend 2004 level, total exchange stocks were up by 31,962t. The average LME cash price for December 2005 was US\$4,576.78 per tonne, as compared with the November average of US\$4,269.34 per tonne. The 2005 LME average cash price was US\$3,683.64 per tonne, a 28% increase compared with the 2004 average of US\$2,868.34 per tonne. 2005 high and low copper prices were respectively US\$4,650 and US\$3,072 per tonne.

World Refined Copper Usage and Supply Trends, 1999-2005

Thousand metric tonnes, copper

	1999	2000	2001	2002	2003	2004	2004	2005	2005			
							Jan-Oct	Jul	Aug	Sep	Oct	
World Mine Production	12,787	13,211	13,626	13,579	13,675	14,509	11,887	12,181	1,211	1,270	1,245	1,274
World Mine Capacity	13,760	14,201	14,443	15,097	15,227	15,821	13,181	13,884	1,426	1,428	1,384	1,433
Mine Capacity Utilization (%)	92.9	93.0	94.3	89.9	89.8	91.7	90.2	87.7	84.9	88.9	89.9	88.9
Primary Refined Production	12,443	12,635	13,718	13,422	13,456	13,816	11,410	11,860	1,205	1,210	1,206	1,219
Secondary Refined Production	2,103	2,125	1,862	1,846	1,774	2,016	1,692	1,721	174	174	177	177
Refined Production (Secondary+Primary)	14,545	14,760	15,580	15,268	15,230	15,832	13,102	13,581	1,379	1,384	1,383	1,396
World Refinery Capacity	16,946	17,046	17,719	18,325	18,841	19,337	16,122	16,885	1,732	1,739	1,690	1,753
Refineries Capacity Utilization (%)	85.8	86.6	87.9	83.3	80.8	81.9	81.3	80.4	79.6	79.6	81.8	79.6
World Refined Usage 1/	14,278	15,130	14,896	15,160	15,642	16,687	13,957	13,784	1,394	1,308	1,448	1,402
Four Weeks of World Refined Usage 3/	1,098	1,164	1,146	1,166	1,203	1,284	1,290	1,274	1,311	1,277	1,344	1,266
Refined Stocks End of Period	1,634	1,291	1,992	2,048	1,780	919	881	841	803	844	821	841
Period Stock Change	126	-344	702	55	-267	-861	-899	-78	-39	41	-22	20
Refined Balance 2/	267	-370	684	108	-413	-855	-855	-203	-14	77	-65	-6
Refined Balance Seasonally adjusted 2/ 3/	267	-370	684	108	-413	-855	-740	-86	-47	-5	-54	20

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