Copper: Preliminary Data for 2005

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

According to the preliminary ICSG data, the refined copper market for the full year 2005 was essentially balanced. This compares with a production deficit of 887,000 metric tonnes (t) for 2004. Yearend 2005 data contrast sharply to data through November 2005, which had shown a cumulative deficit of about 183,000 t. The return to a balanced market resulted from a large apparent production surplus in December of around 185,000t. The high December surplus was principally attributed to weaker copper use in the United States and the European Union during the traditional holiday period, contraction in Japanese usage, and a continued upward trend in refined copper output. Chinese apparent usage increased in December but remained below the 2005 monthly average. For the full year 2005, global usage fell by 1.53% compared with that of 2004. On a country by country basis, China, India and Russian Federation achieved year–on-year growths of 9%, 13%, and 9%, respectively, while the European Union, Japan, South Korea and the United States fell by 9.5%, 4.5%, 9.5%, and 6%, respectively.

On the supply side, world mine production increased by 2.8% in 2005 compared with that in 2004: Concentrate production was up by 3.6%, and SX-EW was down by 0.6%. Mine capacity utilization averaged 90% in 2005, below the 92% rate seen in 2004. Although there was a 15% increase in Chilean mine production in December, total 2005 mine production in Chile was down by 1.7% owing to production problems during the first part of the year. On a regional basis, the main contributors to the annual mine production growth were Africa (Congo and Zambia), where production grew by 7.3%; Asia (China, Indonesia and Laos), 11.7%; and Oceania (Australia and Papua New Guinea), 10%. Combined production in North and South America remained essentially unchanged as production increases in Argentina, Brazil and Canada were balanced by lower production in Chile and the United States (-1.4%). European mine production was also unchanged. Total world refined production increased by 4% in 2005 compared to production in 2004: Primary production was up by 3.9 % and secondary production (from scrap) was up by 4.4%. The main contributors to this increase were China, India and Indonesia, which achieved year-on-year growths of 19%, 20% and 25%, respectively. On a regional basis, refined production was flat in Africa and the Americas, decreased by 3.9% in Oceania, and increased in Asia and Europe by 11.7% and 1.5%, respectively. Refinery capacity utilization averaged 81.3% in 2005.

In a slight contrast to the reported balanced market, global inventories for 2005 declined by about 40,000 t: Exchange inventories rose by 32,000 t and estimated non-exchange inventories declined by about 72,000 t. The relatively small discrepancy could easily be accounted for by releases of unreported stocks excluded from ICSG data and from small variances to ICSG estimates for certain countries. As of end of February 2006, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 199,026 t, an increase of 41,112 t from stocks at the end of January and 42,755 t from those held at the end of December 2005. Stocks were up at all Exchanges warehouses. The average LME cash price for February 2006 was US$4,982.40 per tonne, as compared with the January average of US$4,734.33 per tonne. The 2006 LME average cash price through February was US$4,855.34 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-Dec		Sep	Oct	Nov	Dec
World Mine Production	12,787	13,211	13,637	13,581	13,680	14,508	14,508	14,916	1,243	1,281	1,304	1,412
World Mine Capacity	13,778	14,213	14,458	15,091	15,228	15,779	15,779	16,578	1,377	1,428	1,387	1,439
Mine Capacity Utilization (%)	92.8	92.9	94.3	90.0	89.8	91.9	91.9	90.0	90.3	89.7	94.0	98.1
Primary Refined Production	12,443	12,632	13,713	13,419	13,443	13,783	13,783	14,328	1,195	1,219	1,241	1,280
Secondary Refined Production	2,103	2,125	1,862	1,846	1,774	2,016	2,016	2,105	178	180	180	197
Refined Production (Secondary+Primary)	14,545	14,757	15,575	15,265	15,217	15,798	15,798	16,433	1,373	1,399	1,422	1,477
World Refinery Capacity	16,946	17,046	17,719	18,305	18,822	19,308	19,308	20,202	1,674	1,735	1,683	1,744
Refineries Capacity Utilization (%)	85.8	86.6	87.9	83.4	80.8	81.8	81.8	81.3	82.0	80.6	84.5	84.7
World Refined Usage 1/	14,278	15,130	14,896	15,160	15,642	16,685	16,685	16,431	1,447	1,379	1,381	1,293
Four Weeks of World Refined Usage 3/	1,098	1,164	1,146	1,166	1,203	1,283	1,283	1,264	1,343	1,246	1,280	1,296
Refined Stocks End of Period	1,634	1,291	1,992	2,048	1,780	919	919	879	764	780	796	879
Period Stock Change	126	-344	702	55	-267	-861	-861	-40	-32	16	16	83
Refined Balance 2/	267	-373	679	105	-426	-887	-887	2	-74	20	41	185
Refined Balance Seasonally adjusted 2/ 3/	267	-373	679	105	-426	-887	-887	2	-65	44	52	67

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