



Copper: Preliminary Data for January 2006

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

According to the preliminary ICSG data, the refined copper market had an apparent production surplus in January 2006 of around 48,000 metric tonnes (t), increasing to around 60,000 t after making seasonal adjustments for world usage. This compares with a production deficit of 38,000 t (seasonally adjusted 25,000 t)

for the same month of 2005.

World refined usage recovered in January 2006 from the seasonally low level in December 2005 but remained 2.5% lower than January 2005 usage. Usage was lower in most major copper markets: Usage decreased by 10% in China, 2.4% in the European Union, 9% in Japan, 20% in Taiwan, and 5% in the United States. Usage in India, however, grew by 20%.

On the supply side, owing in part to a sharp decline in Chilean mine production (-4%), world mine production in January fell by more than 12% from that in December and was at the lowest level since September 2005. The capacity utilization rate decreased to 86% from an average of 90% in 2005. Despite the drop, production remained 3.3% above January 2005 production: production in January 2005 had been reduced by low output in Indonesia. Concentrate production was up by 3.3%, and SX-EW was up by 3.2%.

Total world refined production fell by almost 5% in January compared with that in December and was at the lowest production level since October 2005. Compared with production in January 2005, however, refinery output increased by 3.8%: Primary production was up by 3% and secondary production (from scrap) was up by 7%. The main contributors to this year-on-year increase were China, India, Japan and Zambia which achieved growths of 16%, 25%, 6% and 14%, respectively. The refinery capacity utilization rate in January 2006 was 80.4%.

As of end of March 2006, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 184,782 t, a decrease of 14,244 t from stocks at the end of February and 28,531 t from those held at the end of December 2005. Stocks were up at Comex and LME warehouses and down at SHFE warehouses. The average LME cash price for March 2006 was US\$5,102.85 per tonne, as compared with the February average of US\$4,982.40 per tonne. The 2006 LME average cash price through March was US\$4,944.29 per tonne. 2006 high and low copper prices through end of March were US\$5,527.5 and US\$4,537.0 per tonne, respectively.

World Refined Copper Usage and Supply Trends, 2000-2006

Thousand metric tonnes, copper

	2000	2001	2002	2003	2004	2005	2005		2005			2006
							Jan	2006	Oct	Nov	Dec	Jan
World Mine Production	13,211	13,637	13,581	13,680	14,508	14,910	1,203	1,243	1,280	1,311	1,413	1,243
World Mine Capacity	14,213	14,458	15,091	15,228	15,779	16,578	1,380	1,444	1,428	1,387	1,439	1,444
Mine Capacity Utilization (%)	92.9	94.3	90.0	89.8	91.9	89.9	87.2	86.1	89.6	94.5	98.2	86.1
Primary Refined Production	12,632	13,713	13,419	13,443	13,783	14,320	1,184	1,223	1,218	1,240	1,278	1,223
Secondary Refined Production	2,125	1,862	1,846	1,774	2,016	2,105	170	182	180	180	197	182
Refined Production (Secondary+Primary)	14,757	15,575	15,265	15,217	15,798	16,425	1,354	1,405	1,398	1,420	1,475	1,405
World Refinery Capacity	17,046	17,719	18,305	18,822	19,308	20,202	1,684	1,749	1,735	1,683	1,744	1,749
Refineries Capacity Utilization (%)	86.6	87.9	83.4	80.8	81.8	81.3	80.4	80.4	80.6	84.4	84.5	80.4
World Refined Usage 1/	15,130	14,896	15,160	15,642	16,691	16,465	1,392	1,358	1,378	1,384	1,325	1,358
Four Weeks of World Refined Usage 3/	1,164	1,146	1,166	1,203	1,284	1,267	1,267	1,236	1,244	1,280	1,321	1,236
Refined Stocks End of Period	1,291	1,992	2,048	1,780	919	852	897	944	780	796	852	944
Period Stock Change	-344	702	55	-267	-861	-67	-22	92	16	16	56	92
Refined Balance 2/	-373	679	105	-426	-892	-40	-38	48	20	36	150	48
Refined Balance Seasonally adjusted 2/	-373	679	105	-426	-892	-40	-25	60	45	50	38	60

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.