



## Copper: Preliminary Data for First Quarter 2006

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

According to the preliminary ICSG data, the refined copper market had an apparent production surplus in March of about 15,000 metric tonnes (t), increasing to about 59,000 t after making seasonal adjustments for world usage. The apparent refined copper balance for the first quarter of 2006, including revisions to data previously presented, indicated a cumulative production surplus of about 64,000 t and, when seasonally adjusted, a surplus of 150,000 t. This compares with a production deficit of 89,000 t (seasonally adjusted 12,000 t) for the same period in 2005.

During the first quarter of 2006, world refined usage increased marginally (about 1%) compared with usage in the first quarter of 2005. March 2006 use was up by 2% compared with use in March 2005. Year-to-date apparent usage in China was down by 6.4%: A 20% increase in refined production was more than offset by a 59% decline in net refined copper imports. Note that the ICSG does not take into account changes in China's SRB stocks, which are unreported, in its calculation of China's apparent usage. Year-to-date usage remained weak in the United States (-2.7%) and Russia (-7%). After revisions made to European trade data, EU-15 apparent usage grew 11% in the first quarter of 2006 compared with usage in the same period of 2005. Japanese usage was up by 20% in March 2006 as compared with usage in March 2005, resulting in accumulated usage for the first quarter, which had been flat in the first two months of 2006, increasing by 7% compared with that of the first quarter of 2005. India achieved year-to-date growth of 15%.

On the supply side, world mine production continued to under perform and was down by 0.75% in the first quarter of 2006 as compared with that of the first quarter of 2005: Concentrate production was down by 1.4%, and SX-EW production was up by 2%. Decreases in four of the five leading mine producers, Chile (-0.5%), the United States (-4%), Indonesia (-31%), and Australia (-2%), more than offset increases in other countries. Mine capacity utilization decreased to an average of 85% from an average of 88% in the same period of 2005.

Total world refined production increased by 4.8% in the first quarter of 2006 compared with that of the same period of 2005: Primary production was up by 4.7% and secondary production (from scrap) was up by 6%. Refined capacity utilization averaged 82.5%, up from the 81% average seen in the same period of 2005. A decline in the Americas (-2%), principally by Chile (-4%), and in Oceania (-6%) was more than offset by increases in Asia (+14%), principally by China (+20%) and India (43%), increases in Africa (+12%), and increases in Europe (+1.5%).

As of end of 2006, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 165,078 t, practically unchanged from those held at the end of April, but 8,827 t lower than those held at the end of December 2005. Stocks were down on Comex and LME and up on SHFE. The average LME cash price for May 2006 was US\$8,045.86 per tonne, as compared with the April average of US\$6,387.78 per tonne. The 2006 LME average cash price through May was US\$5,828.91 per tonne. 2006 high and low copper prices through end of May were US\$8,788.0 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		2006			
							Jan-Mar	Dec	Jan	Feb	Mar	
World Mine Production	13,211	13,637	13,581	13,678	14,507	14,875	3,529	3,503	1,407	1,190	1,087	1,226
World Mine Capacity	14,213	14,458	15,091	15,228	15,732	16,601	4,022	4,140	1,431	1,424	1,288	1,428
Mine Capacity Utilization (%)	92.9	94.3	90.0	89.8	92.2	89.6	87.7	84.6	98.3	83.6	84.4	85.8
Primary Refined Production	12,633	13,721	13,422	13,459	13,805	14,343	3,484	3,647	1,279	1,221	1,166	1,259
Secondary Refined Production	2,125	1,862	1,847	1,775	2,018	2,103	505	535	196	179	166	190
Refined Production (Secondary+Primary)	14,758	15,583	15,269	15,234	15,823	16,446	3,989	4,182	1,476	1,401	1,332	1,449
World Refinery Capacity	17,051	17,689	18,275	18,792	19,273	20,268	4,916	5,070	1,740	1,743	1,577	1,750
Refineries Capacity Utilization (%)	86.6	88.1	83.6	81.1	82.1	81.1	81.1	82.5	84.8	80.4	84.5	82.8
World Refined Usage 1/	15,132	14,902	15,166	15,661	16,725	16,510	4,078	4,118	1,316	1,374	1,310	1,434
Four Weeks of World Refined Usage	1,164	1,146	1,167	1,205	1,287	1,270	1,260	1,272	1,315	1,251	1,285	1,279
Refined Stocks End of Period	1,291	1,992	2,048	1,780	919	851	861	823	851	938	931	823
Period Stock Change	-344	702	55	-267	-861	-69	-58	-28	67	87	-7	-108
Refined Balance 2/	-373	682	104	-427	-902	-65	-89	64	160	27	22	15
Refined Balance Seasonally adjusted 2/	-373	682	104	-427	-902	-65	-12	150	45	41	50	59

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.