



Copper: Preliminary Data for April 2006

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

According to the preliminary ICSG data, the refined copper market had an apparent production surplus in April of about 16,000 metric tonnes (t), increasing to about 50,000 t after making seasonal adjustments for world usage. The apparent refined copper balance for the first 4 months of 2006, including revisions to data previously presented, indicates a production surplus of about 77,000 t and, when seasonally adjusted, a surplus of 187,000 t. This compares with a production deficit of 126,000 t (seasonally adjusted 15,000 t) for the same period in 2005. Note that in its calculation of the refined copper balance, the ICSG does not take into account changes in China's SRB stocks, which are unreported and which might affect calculation of China's apparent consumption (market reports suggest, however, that there may have been significant SRB stock releases during the first part of the year).

During the first 4 months of 2006, world refined usage increased by about 2% compared with usage in the first 4 months of 2005. On a regional basis, European usage increased by 6% in the period January-April 2006 as compared with that in January-April 2005 and was the main contributor to the growth. Usage in Asia was essentially flat (+0.6%), with growth in Japan (+8%) and India (+12%) being mostly offset by a decrease of 5% in China's apparent usage. Usage in the Americas declined by 1.2% owing to a decrease of 2.4% in the United States.

On the supply side, while Chilean mine production was up by 1.7% in the first 4 months of the year compared with that in the same period of 2005, world mines continued to under perform and production was down by 0.4% over the same comparative periods: Concentrate production was down by 1%, and SX-EW production was up by 2%. Decreases in Indonesia (-33%), Mexico (-16%), the United States (-4%), and Australia (-2%) more than offset increases in other countries. In Indonesia, production at the Grasberg Mine fell far short of company expectations owing to abnormally high clay content in the ore, and at the Batu Hijau Mine, production declined owing to pit instability and the milling of harder ore. Global 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 5.9% in the first 4 months of 2006 compared with that of the same period of 2005: Primary production was up by 5% and secondary production (from scrap) was up by 8%. Refined capacity utilization averaged 83%, up from 81% in the same period of 2005. With the exception of Chile (-4%), all major producing countries increased their production [China (+20%), Japan (+8%), United States (+3%), Russia (+2%) and India (45%)].

As of end of June 2006, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 161,378 t, a decrease of 3,700t from stocks at the end of May and 5,127 t from those held at the end of December 2005. Stocks were down at Comex and LME and up at SHFE. The average LME cash price for June 2006 was US\$7,197.61 per tonne, as compared with the May average of US\$8,045.86 per tonne. The 2006 LME average cash price through June was US\$6,069.80 per tonne. 2006 high and low copper prices through end of June 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	2006			
							Jan-Apr	Jan	Feb	Mar	Apr	
World Mine Production	13,211	13,637	13,581	13,678	14,507	14,875	4,724	4,705	1,190	1,087	1,226	1,202
World Mine Capacity	14,213	14,458	15,091	15,228	15,732	16,601	5,374	5,524	1,424	1,288	1,428	1,384
Mine Capacity Utilization (%)	92.9	94.3	90.0	89.8	92.2	89.6	87.9	85.2	83.6	84.4	85.8	86.9
Primary Refined Production	12,633	13,721	13,422	13,459	13,805	14,343	4,636	4,891	1,224	1,164	1,259	1,244
Secondary Refined Production	2,125	1,862	1,847	1,775	2,018	2,103	674	730	179	166	190	196
Refined Production (Secondary+Primary)	14,758	15,583	15,269	15,234	15,823	16,446	5,310	5,621	1,404	1,330	1,449	1,440
World Refinery Capacity	17,051	17,689	18,275	18,792	19,273	20,268	6,568	6,767	1,743	1,577	1,750	1,696
Refineries Capacity Utilization (%)	86.6	88.1	83.6	81.1	82.1	81.1	80.8	83.1	80.5	84.3	82.8	84.9
World Refined Usage 1/	15,132	14,902	15,166	15,661	16,725	16,510	5,436	5,544	1,374	1,310	1,437	1,423
Four Weeks of World Refined Usage	1,164	1,146	1,167	1,205	1,287	1,270	1,254	1,279	1,252	1,285	1,281	1,297
Refined Stocks End of Period	1,291	1,992	2,048	1,780	919	851	865	826	938	931	825	826
Period Stock Change	-344	702	55	-267	-861	-69	-54	-25	87	-7	-106	1
Refined Balance 2/	-373	682	104	-427	-902	-65	-126	77	29	20	11	16
Refined Balance Seasonally adjusted 2/	-373	682	104	-427	-902	-65	-15	187	40	45	53	50

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.