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Copper: Preliminary Data for May 2006

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

According to the preliminary ICSG data, the refined copper market had an apparent production deficit in May of about 22,000 metric tonnes (t), decreasing to about 5,000 t after making seasonal adjustments for world usage. Significant updates were made to ICSG accumulated data from revised country data and 2nd quarter 2006 company production reports. Note that significant upward revisions were made by the United States for copper usage during the first 4 months of the year. Accordingly, the copper market for the first 5 months of 2006 now appears to have been nearly balanced with an apparent refined production surplus of only about 13,000 t: when seasonally adjusted, however, there is an apparent surplus of 141,000 t. This compares with a production deficit of 179,000 t (seasonally adjusted 53,000 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 5 months of 2006, world refined usage increased by about 2.3% compared with usage in the first 5 months of 2005. On a regional basis, total European usage increased by 8.6% in the period January-May 2006 compared with that in January-May 2005, the EU-15 being the main driver with an apparent usage increase of 13%. Usage in Asia was down by 1.3%, with growth in Japan (+8%) and India (+8%) being mostly offset by a decrease of 7% in China's apparent usage. Usage in the Americas increased by 2.1% owing to an increase of 2.5% in the U.S. revised data.

On the supply side, world mine production growth in the first 5 months of the year was unchanged (-0.5%) compared with that in the same period of 2005, Concentrate production was down by 1.2%, and SX-EW production was up by 2.3%. On a regional basis, Africa's mine production increased by 15% in the period January-May 2006 as compared with that in January-May 2005, North America's was down by 4%, Latin America's was up by 2%, and Asia's and Oceania's decreased by 9% and 1.3%, respectively. Global mine capacity utilization decreased to an average of 85.5% from an average of 88% in the same period of 2005.

Total world refined production increased by 5.3% in the first 5 months 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 8.8%. Refined capacity utilization averaged 82%, up from 80.5% in the same period of 2005. With the exception of Chile (-4%), all major producing countries increased their production [China (+20%), Japan (+9%), United States (+3%), Russia (+3%) and India (35%)].

As of end of July 2006, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 156,257t, a decrease of 5,121t from stocks at the end of June and practically unchanged from those held at the end of December 2005. Stocks were down at Comex and SHFE and up at LME. The average LME cash price for July 2006 was US$7,712.10 per tonne, as compared with the June average of US$7,197.61 per tonne. The 2006 LME average cash price through July was US$6,306.02 per tonne. 2006 high and low copper prices through end of July 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-May		Feb	Mar	Apr	May
World Mine Production	13,211	13,637	13,581	13,678	14,507	14,875	5,980	5,947	1,089	1,227	1,196	1,249
World Mine Capacity	14,213	14,458	15,091	15,228	15,732	16,601	6,778	6,959	1,288	1,428	1,384	1,432
Mine Capacity Utilization (%)	92.9	94.3	90.0	89.8	92.2	89.6	88.2	85.5	84.5	85.9	86.4	87.2
Primary Refined Production	12,633	13,721	13,422	13,459	13,805	14,343	5,823	6,099	1,162	1,255	1,220	1,245
Secondary Refined Production	2,125	1,862	1,847	1,775	2,018	2,103	847	922	166	190	195	192
Refined Production (Secondary+Primary)	14,758	15,583	15,269	15,234	15,823	16,446	6,671	7,021	1,328	1,444	1,415	1,437
World Refinery Capacity	17,051	17,689	18,275	18,792	19,273	20,268	8,282	8,522	1,577	1,750	1,696	1,756
Refineries Capacity Utilization (%)	86.6	88.1	83.6	81.1	82.1	81.1	80.5	82.4	84.2	82.5	83.4	81.8
World Refined Usage 1/	15,132	14,902	15,166	15,662	16,730	16,512	6,850	7,008	1,306	1,436	1,419	1,459
Four Weeks of World Refined Usage	1,164	1,146	1,167	1,205	1,287	1,270	1,261	1,288	1,281	1,280	1,293	1,324
Refined Stocks End of Period	1,291	1,992	2,048	1,780	919	851	845	797	931	822	821	797
Period Stock Change	-344	702	55	-267	-861	-69	-74	-54	-7	-109	-2	-24
Refined Balance 2/	-373	682	104	-428	-908	-66	-179	13	22	8	-5	-22
Refined Balance Seasonally adjusted 2/	-373	682	104	-428	-908	-66	-53	141	47	50	29	-5

Due to the nature of statistical reporting, the published data should be considered as preliminary as 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.