



Copper: Preliminary Data for July 2006

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

According to the preliminary ICSG data, the refined copper market had an apparent production surplus in July of about 26,000 metric tonnes (t), decreasing to about 2,000 t after making seasonal adjustments for world usage. The apparent refined copper balance for the first 7 months of 2006, including revisions to data previously presented, indicates a production surplus of about 10,000 t and, when seasonally adjusted, a surplus of 157,000 t. This compares with a production deficit of 296,000 t (seasonally adjusted 154,000 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 7 months of 2006, ICSG data indicate that world refined usage increased by about 2.9% compared with usage in the first 7 months of 2005. On a regional basis, total European usage increased by 12% in January-July 2006 compared with that in January-July 2005, with the EU-15 being the main driver with an apparent usage increase of 16%. Usage in Asia was down by 1.8%, with growth in Japan (6%) and India (4%) being more than offset by a decrease of 7.8% in China. Usage in the Americas increased by 1.6%, with an increase of 1.4% in the United States.

On the supply side, world mine production in the first 7 months of the year was up by 1.1% compared with that in the same period of 2005: Concentrate production was virtually unchanged (+0.2%), and SX-EW production was up by 5.4%. On a regional basis, African mine production increased by 17% in the period January-July 2006 compared with that in January-July 2005; North American mine production was down by 5% owing to worker strikes in Mexico; Latin American mine production was up by 4%; and Asian mine production decreased by 5% due to production problems in Indonesia. Global mine capacity utilization decreased to an average of 86.5% from an average of 87.6% in the same period of 2005.

Total world refined production increased by 6.2% in the first 7 months of 2006 compared with that of the same period of 2005: Primary production was up by 5.3% and secondary production (from scrap) was up by 12%. Refined capacity utilization averaged 83.3%, up from 80.5% in the same period of 2005. With the exception of Chile (-2%), all major producing countries increased their production [China (+20%), Japan (+12%), United States (+5%), Russia (+2%) and India (+32%)].

As of end September 2006, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 168,894 t, an increase of 15,393 t from stocks held at the end of August and 12,643 from those held at the end of December 2005. Stocks were down at SHFE and LME warehouses and up at Comex warehouses. The average LME cash price for September 2006 declined slightly to US\$7,602.98 per tonne from the August average of US\$7,695.66 per tonne. The 2006 high and low copper prices through end of September were US\$8,788.00 and US\$4,537.00 per tonne, respectively and the average was US\$6,606.61 per tonne.

World Refined Copper Usage and Supply Trends, 2000-2006

Thousand metric tonnes, copper

	2000	2001	2002	2003	2004	2005	2005	2006	2006			
							Jan-Jul		Apr	May	Jun	Jul
World Mine Production	13,211	13,637	13,582	13,675	14,643	14,877	8,371	8,467	1,197	1,256	1,236	1,260
World Mine Capacity	14,213	14,458	15,091	15,228	15,732	16,601	9,555	9,783	1,384	1,432	1,388	1,440
Mine Capacity Utilization (%)	92.9	94.3	90.0	89.8	93.1	89.6	87.6	86.5	86.5	87.7	89.1	87.5
Primary Refined Production	12,633	13,721	13,422	13,453	13,847	14,388	8,206	8,644	1,232	1,249	1,243	1,248
Secondary Refined Production	2,125	1,862	1,847	1,772	2,018	2,124	1,193	1,341	191	197	199	207
Refined Production (Secondary+Primary)	14,758	15,583	15,269	15,225	15,864	16,512	9,399	9,984	1,423	1,446	1,443	1,455
World Refinery Capacity	17,051	17,689	18,275	18,792	19,273	20,268	11,673	11,990	1,696	1,756	1,702	1,765
Refineries Capacity Utilization (%)	86.6	88.1	83.6	81.0	82.3	81.5	80.5	83.3	83.9	82.4	84.8	82.4
World Refined Usage 1/	15,132	14,902	15,156	15,663	16,768	16,614	9,695	9,974	1,439	1,487	1,435	1,429
Four Weeks of World Refined Usage	1,164	1,146	1,166	1,205	1,290	1,278	1,275	1,310	1,311	1,350	1,301	1,334
Refined Stocks End of Period	1,291	1,992	2,048	1,780	919	851	751	807	821	820	778	807
Period Stock Change	-344	702	55	-267	-861	-69	-169	-44	-2	-1	-42	29
Refined Balance 2/	-373	682	114	-438	-904	-102	-296	10	-16	-41	7	26
Refined Balance Seasonally adjusted 2/	-373	682	114	-438	-904	-102	-154	157	18	-24	48	2

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.