



Copper: Preliminary Data for November 2006

The International Copper Study Group (ICSG) released preliminary data for November 2006 for world copper supply and demand in its February 2007 Copper Bulletin.

According to the preliminary ICSG data, the refined copper market had an apparent production surplus in November of about 14,000 metric tonnes (t), increasing to about 30,000 t after making seasonal adjustments for world usage. The apparent refined copper balance for the first 11 months of 2006, including revisions to data previously presented, indicates a production surplus of about 108,000 t and, when seasonally adjusted, a surplus of 207,000 t. This compares with a production deficit of 263,000 t (seasonally adjusted 149,000 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.

In November, global usage of refined copper increased by about 2% compared with that in October, yet remained slightly below that for September. Apparent usage in China reached its highest monthly level of the year, although year-to-date usage through November remained 3% below usage in the same period of 2005. In the European Union-15 (EU-15) countries, usage rose for the fourth consecutive month, and Japanese usage in November reached the highest level of the year. November usage in the United States, however, decreased to the lowest level of the year and was 21% below that for the corresponding month of 2005. ICSG data for the first 11 months of 2006 indicate that world refined usage increased by about 2.6% compared with usage in the same period of 2005: European usage increased by 11.2% (13% in the EU-15 countries); Asian usage increased by 0.7%; North American Usage declined by 5.4%; South American usage increased by 1.9%; Oceanian usage decreased by 8%; and African usage increased by 1.5%.

Global mine output continued to rise in November and was up by 3% when compared to production for the same month of 2005. However, owing to production disruptions in the first part of the year, production for the first 11 months of 2006 was essentially unchanged (+0.1%) compared to that in the same period of 2005: Concentrate production was down by 1.3%, while SX-EW production was up by 6.5%. On a regional basis, African mine production increased by 17% owing to the startup of new projects and expansions in the Congo and Zambia; North American mine production declined by 1% due to strikes in Mexico; South American mine production was up by 1.9%; and Asian mine production decreased by 7% owing to the production problems in Indonesia. Global mine capacity utilization decreased to an average of 87% from an average of 90% for the same period of 2005.

Total world refined production increased by 5.1% in the first 11 months of 2006 compared with that of the same period of 2005: Primary production was up by 4.6% and secondary production (from scrap) was up by 8.8%. Refined capacity utilization averaged 83%, up from 81% in the same period of 2005. With the exception of Chile (-0.8%), production rose in all the major producing countries: China (16%); Japan (10%); the United States (0.2%); Russia (2.8%); Germany (2.7%); and India (26%).

As of end January 2007, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 272,802 t, an increase of 20,012 t from stocks held at the end of December 2006. Stocks were up at Comex and LME warehouses and down at SHFE warehouses. The average LME cash price for January 2007 declined to US\$5,669.66 per tonne from the December 2006 average of US\$6,675.11 per tonne. The 2007 high and low copper prices through end of January were US\$6,201.00 and US\$5,450.00 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-Nov	Aug	Sep	Oct	Nov	
World Mine Production	13,209	13,629	13,579	13,676	14,642	14,977	13,556	13,569	1,212	1,186	1,353	1,359
World Mine Capacity	14,213	14,458	15,110	15,249	15,759	16,639	15,116	15,550	1,450	1,408	1,461	1,438
Mine Capacity Utilization (%)	92.9	94.3	89.9	89.7	92.9	90.0	89.7	87.3	83.6	84.2	92.6	94.5
Primary Refined Production	12,622	13,701	13,392	13,422	13,714	14,275	13,015	13,616	1,230	1,239	1,265	1,268
Secondary Refined Production	2,150	1,892	1,877	1,802	2,148	2,262	2,056	2,228	208	205	217	203
Refined Production (Secondary+Primary)	14,772	15,594	15,269	15,224	15,863	16,536	15,071	15,844	1,438	1,444	1,482	1,471
World Refinery Capacity	17,051	17,689	18,275	18,794	19,300	20,305	18,519	19,012	1,773	1,723	1,787	1,737
Refineries Capacity Utilization (%)	86.6	88.2	83.5	81.0	82.2	81.4	81.4	83.3	81.1	83.8	82.9	84.7
World Refined Usage 1/	15,133	14,903	15,157	15,664	16,770	16,641	15,333	15,736	1,357	1,471	1,426	1,457
Four Weeks of World Refined Usage	1,164	1,146	1,166	1,205	1,290	1,280	1,289	1,323	1,335	1,361	1,288	1,345
Refined Stocks End of Period	1,291	1,992	2,048	1,780	919	851	784	955	864	833	890	955
Period Stock Change	-344	702	55	-267	-861	-69	-135	104	57	-31	57	65
Refined Balance 2/	-360	691	112	-440	-907	-105	-263	108	81	-27	56	14
Refined Balance Seasonally adjusted 2/	-360	691	112	-440	-907	-105	-149	207	-16	-14	79	30

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.