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Copper: Preliminary Data 2006

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

According to the preliminary ICSG data, the refined copper market balance for the full year 2006 indicated a production surplus of about 350,000 t. This compares with a production deficit of around 100,000 metric tonnes (t) for 2005 and a cumulative production deficit of 1.45 million metric tonnes from 2003-2005. In December, continued growth in refined copper output combined with weaker holiday-period usage in the United States and the European Union and weaker usage in Japan resulted in large apparent monthly surplus of more than 200,000 t. Note that in its calculations of refined copper balances, 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 usage and the global market balance.

While lending support to a global production surplus, reported global inventories for 2006 increased by only about 237,000 t: Exchange inventories rose by 96,539 t and estimated non-exchange inventories increased by about 140,000 t. The discrepancy between the calculated production surplus and the lower inventory increase could be accounted for by releases in unreported stocks excluded from ICSG data, small variances to ICSG estimates for certain countries, and increases in unmeasured in-transit material.

In December, world usage of refined copper decreased by about 10% when compared with that in November and remained essentially unchanged when compared with December 2005 usage. Apparent usage in China continued to increase slightly in December but the combined usage of the United States and the European Union (EU-15 countries) fell by 19% when compared with usage in December 2005 and by 23% when compared with usage in November 2006. ICSG data for the full year 2006 show that world usage rose by 2.2% compared with that of 2005. On a regional basis, year–on-year usage in the European Union (EU-15 countries), India, and Russian Federation grew between 9 and 10%, while usage in China, South Korea, and the United States fell by 1%, 5% and 6%, respectively. Japan's usage increased by almost 5%.

Although global mine output continued to recover from disruptions in the first part of the year and was up by 3.7% in December compared with that in November, it remained 1.4% below production in December 2005. 2006 mine production was essentially unchanged (-0.2%) compared with production in 2005: Concentrate production was down by almost 2%, while SX-EW production increased by around 7%. On a regional basis, African mine production increased by 17% owing to the startup of new projects and expansions in Congo and Zambia; North American mine production declined by 1% due to strikes in Mexico; South American mine production was up by 1%; and Asian mine production decreased by 6% owing to the production problems in Indonesia. Global mine capacity utilization decreased to an average of 88% from an average of 90% in 2005.

Total world refined production increased by around 3.7% in December from that in November and was up 4% from that in December 2005. Full-year 2006 production rose by 5% when compared with that in 2005: Primary production was up by 4.8% and secondary production (from scrap) was up by 7%. Refined capacity utilization averaged 84%, up from 81% in 2005. With the exception of Chile and the United States, where production went down by around 0.5%, production rose in all the major producing regions: the EU-15 (1.8%); China (15%); India (26%); Japan (10%); Russia (2.8%).

The average LME cash price for February 2007 increased to US$5,676.45 per tonne from the January 2006 average of US$5,669.66 per tonne. The 2007 high and low copper prices through end of February were US$6,201.00 and US$5,225.50 per tonne, respectively, and the average was US$5,672.89 per tonne. As of the end February 2007, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 273,401 t, an increase of 20,611 t from stocks held at the end of December 2006. Stocks were up at Comex and LME warehouses and down at SHFE warehouses.

World Refined Copper Usage and Supply Trends, 2000-2006

Thousand metric tonnes, copper

	2000	2001	2002	2003	2004	2005	2005	2006	2006			
							Jan-Dec		Sep	Oct	Nov	Dec
World Mine Production	13,209	13,632	13,583	13,686	14,648	14,984	14,984	14,948	1,184	1,343	1,352	1,402
World Mine Capacity	14,213	14,458	15,110	15,249	15,759	16,639	16,639	16,937	1,408	1,461	1,438	1,480
Mine Capacity Utilization (%)	92.9	94.3	89.9	89.7	92.9	90.1	90.1	88.3	84.1	91.9	94.0	94.8
Primary Refined Production	12,622	13,701	13,392	13,422	13,719	14,279	14,279	14,959	1,242	1,276	1,269	1,304
Secondary Refined Production	2,150	1,892	1,877	1,802	2,149	2,262	2,262	2,425	202	213	202	221
Refined Production (Secondary+Primary)	14,772	15,594	15,269	15,224	15,869	16,541	16,541	17,384	1,445	1,489	1,471	1,525
World Refinery Capacity	17,051	17,689	18,275	18,794	19,300	20,305	20,305	20,706	1,723	1,787	1,737	1,802
Refineries Capacity Utilization (%)	86.6	88.2	83.5	81.0	82.2	81.5	81.5	84.0	83.9	83.3	84.7	84.6
World Refined Usage 1/	15,133	14,903	15,157	15,667	16,785	16,648	16,648	17,022	1,470	1,423	1,459	1,310
Four Weeks of World Refined Usage	1,164	1,146	1,166	1,205	1,291	1,281	1,281	1,309	1,360	1,286	1,347	1,297
Refined Stocks End of Period	1,291	1,992	2,048	1,780	919	851	851	1,088	833	890	960	1,088
Period Stock Change	-344	702	55	-267	-861	-69	-69	237	-31	57	70	128
Refined Balance 2/	-360	691	112	-443	-916	-107	-107	361	-25	66	12	215
Refined Balance Seasonally adjusted 2/	-360	691	112	-443	-916	-107	-107	361	-12	89	28	113

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.