Introduction

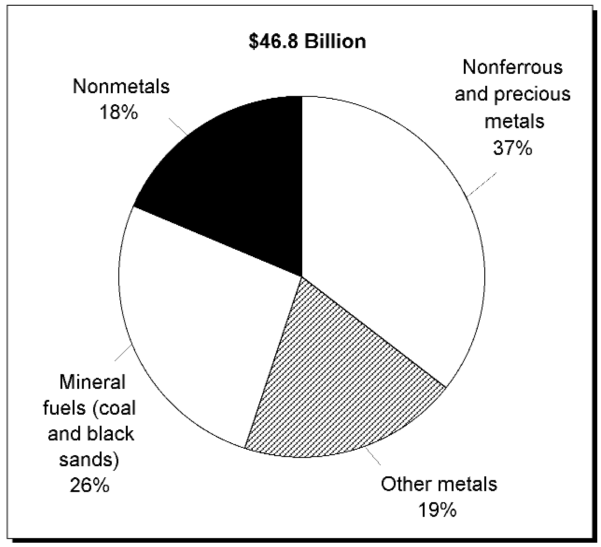
Brian Smith
Director, Metal Materials Division
Telephone: (613) 992-3784
Facsimile: (613) 943-8450
E-mail: brian.smith@nrcan.gc.ca

This outlook for the major nonferrous metals was prepared by staff of the Metal Materials Division in November 2005 and reflects the market conditions and expectations at that time.

Canada was the only Group of Seven (G7) country to report a total government surplus in 2004 and is projected to be the only G7 country to be in surplus again in 2005 and 2006. In terms of growth in the Canadian economy, the Canadian economy (real Gross Domestic Product [GDP]) grew by 3.6% annualized in the third quarter of 2005 following increases of 3.4% in the second quarter and 2.0% in the first quarter. Domestic demand continues to be rooted in favourable fundamentals: low but rising interest rates, record employment levels and high commodity prices, strong demand for our exports, and high personal incomes and corporate profits. Higher interest rates, when they come, will likely slow consumer spending and dampen residential construction activity. Real GDP in Canada is expected to grow by 2.8% in 2005, 2.9% in 2006 and 3.1% in 2007.

The total value of all mineral commodities produced in Canada, including metals, nonmetals and mineral fuels, (including oil sands mining), rose from $46.8 billion in 2003 to an estimated $56.6 billion in 2004 (Figure 1). Exports of crude minerals (excluding petroleum and natural gas), coal, smelted and refined outputs, and mineral products contributed $57.0 billion to the value of Canada's domestic exports in 2004, a 20% increase compared with 2003. This represented 15.5% of Canada's total domestic exports of $411.8 billion. Metallic mineral and mineral product domestic exports accounted for 75.6% ($43.1 billion) of the total non-fuel (including coal and coke) value, nonmetal domestic exports (including structural materials) accounted for 19.5% ($11.1 billion), and coal accounted for 3.3% ($1.9 billion). The United States remains Canada's principal trading partner with domestic exports of non-fuel minerals and mineral products, including coal,

Figure 1
Value of Canadian Minerals and Metals Production, 2004



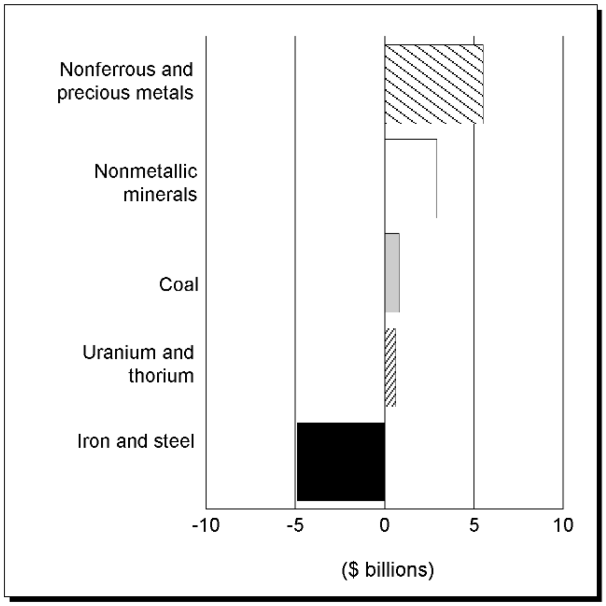
Source: Natural Resources Canada.

to that country valued at $40.3 billion. Exports to the European Union totaled $7.2 billion, to Japan, $1.8 billion, and to Mexico, $0.4 billion. Canadian imports of non-fuel minerals and mineral products, including coal, increased by 11% to $52.1 billion, resulting in an overall net balance of merchandise trade (total mineral exports minus total mineral imports) in 2003.

In 2004, nonferrous metals generated a net trade surplus equivalent to about 13% of that of mineral fuels (excluding coal and coke). Canada's overall merchandise export surplus was due in large part to the net surplus generated by the Canadian mining and metals industry. Non-coal fuel minerals generated a net surplus of $42.5 billion. The major nonferrous and precious metals (including scrap), with exports of $29.3 billion and imports of $23.8 billion, generated a net Canadian trade surplus of $5.5 billion. Other mineral products generated a combined net trade deficit of $0.6 billion (Figures 2 and 3).

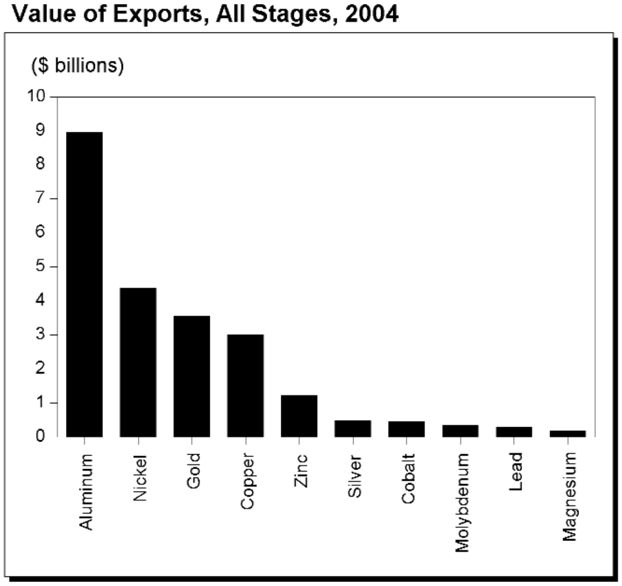
Reviews and forecasts for aluminum, copper, gold, nickel and zinc are included in the following pages. Trade tables

Figure 2
Net Export Earnings, 2004
Mineral Commodities Net = $4.9 Billion



Source: Natural Resources Canada.

Figure 3
Value of Exports, All Stages, 2004



Source: Natural Resources Canada.

covering the value of mineral products for 2003, 2004 and the first nine months of 2005 follow these commodity reviews.

We would appreciate your feedback and encourage you to contact the specialists directly with your comments or questions by telephone, facsimile or electronic mail.

Note: Information in this article was current as of November 15, 2005.

Note to Readers

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