The Aluminium Report
EUROPEAN ALUMINIUM ASSOCIATION

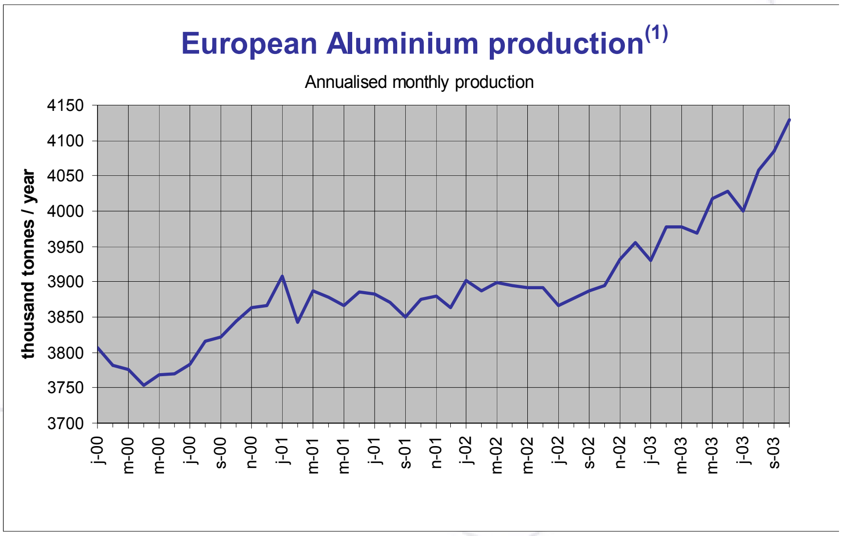
November 2003

Summary

European primary aluminium production reached a peak in October this year. Stocks are on a slight decrease, as are Semis production, in Q3. New extrusion orders continue to improve in October, while rolled order intakes are slowing down.

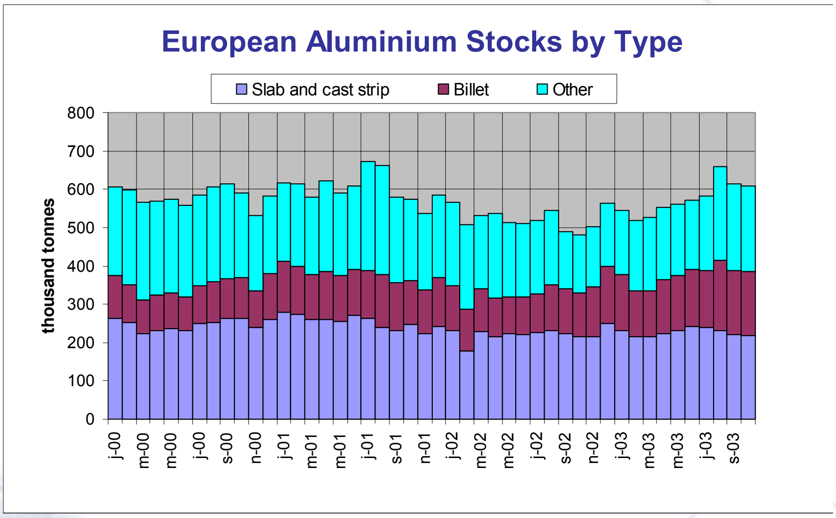
Primary production — October production up 6.0% y-o-y

The total primary aluminium production in Western Europe increased 6.0% to 350 758 tonnes in October compared to the same month last year. This is equivalent to an annualised production rate of 4.13 million tonnes, a new production record for Western Europe. Year-to-date production is up 3.3% compared to 2002, which is well above long-term trend growth rate.



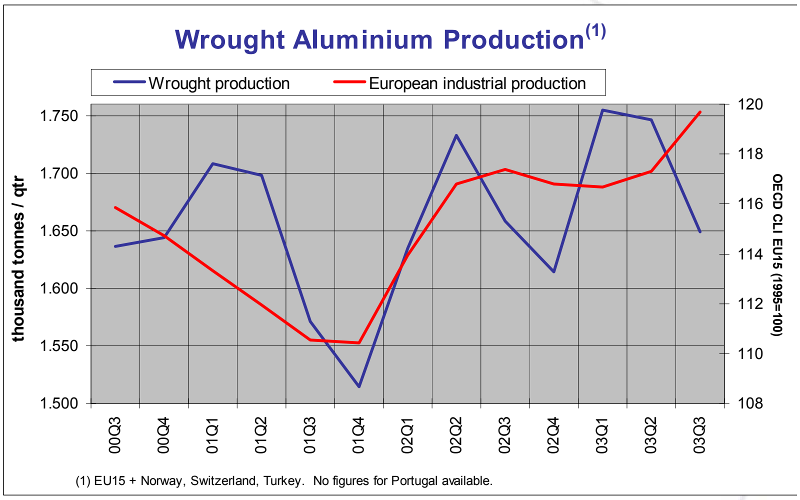
Stocks — 3.1 thousand tonne decline in October

Primary aluminium stocks held by European smelters and integrated fabricating plants decreased 50.8 thousand tonnes in October since its peak in August 2003.
In October, total stocks stand at 609 thousand tonnes, which represents an increase of almost 129 thousand tonnes compared to October 2002 – please note the stock level in October 2002 was one of the lowest ever.
By location, 57% of these stocks are at smelters and 36% of stocks are slab and cast strip, 28% are billets.



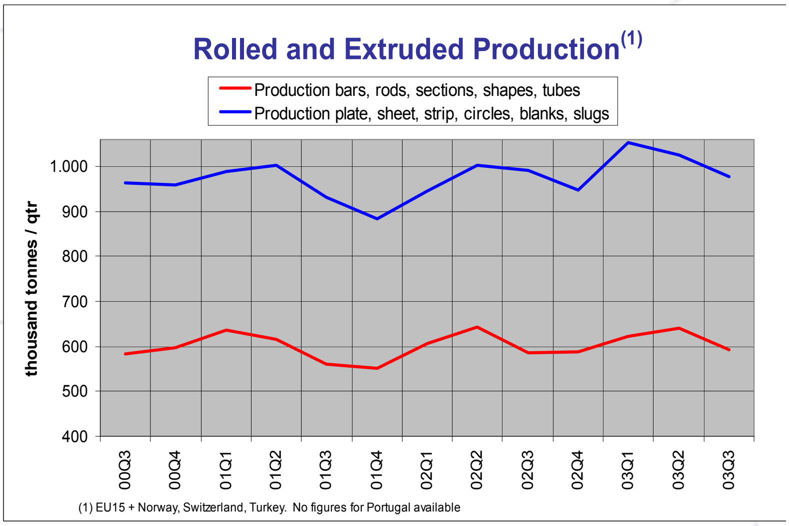
Semis production Q3 slowdown

The very high production level of wrought aluminium in the first semester of this year can mainly be explained by higher aluminium intensity in transport, good performance in packaging, higher exports and some restocking effects (mainly in Q1). After this very good first half of 2003, the production of wrought aluminium slowed in Q3 of 2003 as production declined 0.6% year-on-year, to reach 1.649 million tonnes. The OECD leading indicator for EU15 changed little in almost a year, but increased significantly in the third quarter of this year. This hopefully forecasts a positive production growth rate for the last quarter of this year – although would be starting on a better level than in 2002.



Rolled product production decreased slightly to 0.997 million tonnes in the third quarter of 2003, a decrease of 1.3% compared to the third quarter last year. Production in the first 3 quarters is 3.9% higher y-o-y.

Extrusions production increased 1.3% y-o-y in Q3 of this year, when production reached 0.592 million tonnes.
Year to date extrusions production has risen 1.1%.



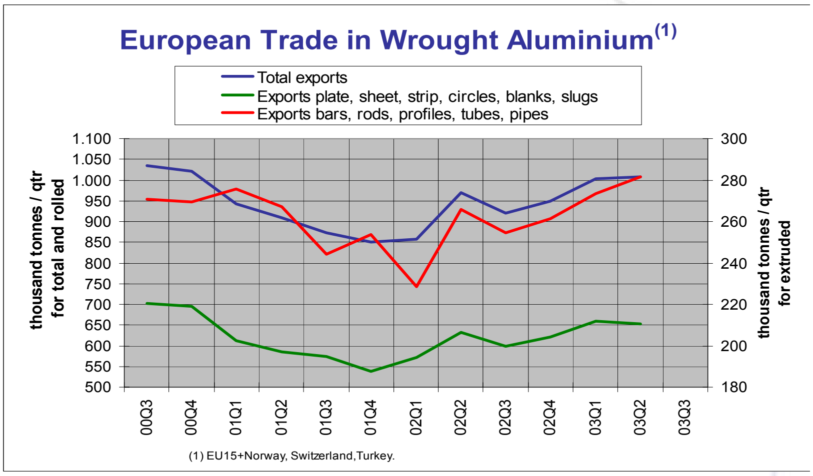
Order intakes October: decrease for rolling, rise for extrusions

After a rise of 8.8% in September, Western-European order intakes for rolled products decreased in October 3.0% year-on-year.
Western-European order intakes for extrusions increased both in September and October (4.1% y-o-y and 3.8% respectively).

Trade

Higher extrusion activity in Q2, flat for rolled

Q2 data shows European trade in wrought products (including intra-EU exports) to have continued its recovery in extruded products and stabilized in rolled products.
Preliminary and partial trade figures for Q3 confirm the stagnation of rolled export figures.



Aluminium foil

Shipments ahead of 2002 despite slower Q3

As anticipated, deliveries of aluminium foil recorded for the third quarter of 2003 by the European Aluminium Foil Association (EAFA) have 'cooled' compared with the same period last year. Although showing a drop, this year's Q3 results were second only to the record 2002 Q3 figures. Total sales for the third quarter were 4.5% lower at 202 000 tons.

Despite this slight slowing, the year-to-date figures show that deliveries have been sustained at a level 2% above last year's all-time high.

EAFA President, Livio Frigerio *"Aluminium foil has continued to sustain an excellent level of demand so far this year despite the dull economic environment affecting most of Europe and our major export markets. It is always impossible to predict market activity, but most economic forecasts are expressing optimism for next year. Such a scenario should help to lift alufoil demand yet further."*

Downgauging still masking real growth
Continually improving technology and equipment are facilitating the constant call for 'downgauging' - less and less aluminium used without loss of performance. It is clear therefore that the real growth in customer demand, although impossible to measure, will always be greater than the simple tonnages can show. This puts into enhanced context the long-term tonnage growth rate of around 4% witnessed over the past years.

For further information on foil please contact Stefan Glimm, EAFA Secretary General on Stefan.Glimm@aluinfo.de

Monthly data on European Aluminium(1)

	Primary production	Primary aluminium stocks					
		Total	Location		Type		
			Smelters	Fabricating plants	Slab and cast strip	Billet	Other
	000t	000t	000t	000t	000t	000t	000t
j-01	332	618	311	307	280	133	204
f-01	295	614	301	313	275	124	215
m-01	330	578	269	309	261	117	200
a-01	319	622	306	316	260	125	237
m-01	328	591	283	308	254	121	216
j-01	319	608	300	307	272	118	217
j-01	330	673	319	353	262	126	285
a-01	329	661	332	329	240	138	283
s-01	316	579	302	277	231	126	223
o-01	329	573	297	277	247	116	211
n-01	319	537	267	270	223	115	199
d-01	328	585	327	258	243	126	216
j-02	331	565	291	274	231	117	217
f-02	298	506	278	228	178	108	220
m-02	331	531	268	263	230	110	191
a-02	320	537	273	264	214	103	220
m-02	331	512	240	272	223	96	193
j-02	320	511	245	266	220	99	192
j-02	328	517	248	269	225	101	191
a-02	329	545	276	269	232	119	195
s-02	320	490	237	253	224	116	149
o-02	331	480	221	259	214	116	149
n-02	323	503	237	266	214	132	157
d-02	336	564	318	246	251	149	165
j-03	334	546	298	248	231	145	170
f-03	305	518	241	277	214	119	185
m-03	338	527	248	279	215	120	191
a-03	326	552	268	284	223	142	186
m-03	341	560	271	289	230	143	186
j-03	331	572	286	286	242	147	182
j-03	340	583	302	281	240	149	195
a-03	345	660	372	287	232	184	244
s-03	336	614	354	259	222	167	225
o-03	351	609	346	263	218	167	224

1. All Western Europe smelters except Nordural.

Quarterly data on European Aluminium(1)

Countries(1)	Total wrought production(2)	Rolled production	Extruded production(2)	Other production(2)	Wrought total exports(3)
	000t	000t	000t	000t	000t
1999Q1	1.564	898	572	94	818
1999Q2	1.628	925	595	107	876
1999Q3	1.580	917	563	100	840
1999Q4	1.617	934	588	95	835
2000Q1	1.695	969	629	96	978
2000Q2	1.707	982	630	95	1.061
2000Q3	1.637	965	583	88	1.034
2000Q4	1.644	960	598	86	1.022
2001Q1	1.708	990	636	83	943
2001Q2	1.698	1.002	614	82	909
2001Q3	1.571	933	560	78	873
2001Q4	1.514	885	550	79	851
2002Q1	1.634	946	606	82	857
2002Q2	1.733	1.003	642	87	970
2002Q3	1.658	991	585	83	920
2002Q4	1.614	948	587	78	949
2003Q1	1.755	1.053	621	81	1.004
2003Q2	1.746	1.026	640	80	1.008
2003Q3	1.649	977	592	79	

1. EC15 + Norway, Switzerland, Turkey
2. No figures for Portugal available. Spanish extrusion figures are included.
3. Including intra-European trade.

Disclaimer: This report contains information reported to the Association by the producers, which is aggregated by the Association and expanded to represent the total Western European industry. While the Association believes that its statistical procedures and methods are reliable, it does not warrant the accuracy or completeness of the data. All data contained herein are subject to revision. For further statistical information please mail Bob Lambrechts, EAA Statistical Officer, on lambrechts@eaa.be.

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