



Copper: Preliminary Data for First Half 2007

The International Copper Study Group (ICSG) released preliminary data for 1st Half 2007 for world copper supply and demand in its September 2007 Copper Bulletin. The Bulletin is available for sale upon request.

According to the preliminary ICSG data, refined copper usage continued to exceed refined copper production, resulting in a production deficit of around 50,000 metric tonnes (t) in June 2007. After making seasonal adjustments for world refined usage and production, however, the market showed a surplus of about 10,000 t.

The apparent refined copper balance for the first half of 2007, including revisions to data previously presented, indicates a production deficit of about 340,000 t (a seasonally adjusted deficit of 130,000 t), due primarily to strong Chinese apparent usage (see note below). This compares with a production deficit of 3,000 t (but a seasonally adjusted surplus of about 210,000 t) for the same period in 2006. In the first half of 2007, world refined copper usage is estimated to have increased by 8.4% compared with usage in the same period in 2006. Chinese apparent usage grew by 37% during the first 6 months of 2007 compared with that in the first 6 months of 2006 as net imports of refined copper rose by 245% to about 853,000 t. Note that China's copper usage is based on its apparent consumption using reported data (production + net trade +/- SHFE stock changes) and does not take into account changes in unreported stocks [State Reserve Bureau (SRB), producer, consumer, and merchant], which may be significant during periods of stocking or de-stocking.

World usage outside of China grew by less than 1% and was supported by increases in Indian and Russian usage of 15% and 4%, respectively. Year-on-year apparent usage in the EU-15 countries, which had grown by more than 10% for full-year 2006, decreased by 3.8% in the first half of 2007, and usage in Japan and the United States decreased by 1.9% and 2.7%, respectively.

On the supply side, world mine production increased by almost 5% in the first half of 2007 compared with that in the same period of 2006, when production was reduced by technical problems and strikes: concentrate production was up by 4% and SX-EW production was up by 10%. Year-on-year mine production for the first 6 months of 2007 was up by 15% in Asia, 7% in Latin America and 1% in Africa, but decreased by 2% in North America, 2% in Europe and 4% in Oceania. Global mine capacity utilization increased to an average of 88% from an average of 87% in the same period of 2006.

Total world refined production increased by 4.3% in the first 6 months of 2007 compared with refined production in the same period in 2006: primary production was up by 3.9% (with the biggest share of the growth attributed to SX-EW production) and secondary production (from scrap) was up by 6.6%. With the exception of the United States, where production fell by 2.3%, most major producing countries increased their production: Chile (10%), China (7%), Japan (4%), India (21%) and Russia (8%). Refined capacity utilization rates decreased slightly to 83.3%.

The average LME cash price for August 2007 decreased to US\$7,513.50 per tonne from the July 2007 average of US\$7,973.91 per tonne. The 2007 high and low copper prices through the end of August were US\$8,225.00 and US\$5,225.50 per tonne, respectively, and the average was US\$7,015.55 per tonne. As of the end August 2007, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 224,676 t, a decrease of 28,114 t from stocks held at the end of December 2006. As compared with stock levels in the preceding month, stocks held at the end of August 2007 were up at the LME but down at COMEX and SHFE.

World Refined Copper Usage and Supply Trends, 2001-2007

Thousand metric tonnes, copper

	2001	2002	2003	2004	2005	2006	2006		2007			
							2006	2007	Jan-Jun	Mar	Apr	May
World Mine Production	13,634	13,576	13,763	14,601	14,921	15,057	7,254	7,609	1,352	1,254	1,300	1,266
World Mine Capacity	14,418	15,068	15,245	15,827	16,606	16,958	8,373	8,685	1,485	1,442	1,495	1,451
Mine Capacity Utilization (%)	94.6	90.1	90.3	92.3	89.9	88.8	86.6	87.6	91.1	87.0	87.0	87.2
Primary Refined Production	13,746	13,436	13,464	13,839	14,414	14,719	7,359	7,648	1,284	1,284	1,307	1,274
Secondary Refined Production	1,872	1,868	1,762	2,046	2,138	2,557	1,202	1,281	215	212	224	218
World Refined Production (Secondary+Primary)	15,618	15,304	15,226	15,885	16,552	17,277	8,561	8,929	1,499	1,496	1,530	1,493
World Refinery Capacity	17,659	18,245	18,749	19,096	20,194	20,641	10,190	10,714	1,831	1,780	1,848	1,797
Refineries Capacity Utilization (%)	88.4	83.9	81.2	83.2	82.0	83.7	84.0	83.3	81.9	84.1	82.8	83.1
World Refined Usage 1/	14,935	15,208	15,691	16,822	16,696	17,004	8,558	9,272	1,594	1,592	1,547	1,544
Refined Stocks End of Period	1,992	2,048	1,780	928	855	1,093	786	917	1,081	1,028	913	917
Period Stock Change	702	55	-267	-852	-73	238	-70	-176	10	-54	-115	4
Refined Balance 2/	683	96	-466	-937	-144	273	3	-343	-95	-96	-16	-51
Seasonally Adjusted Refined Balance 3/							208	-131	-42	-46	25	-11

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. 3/ Surplus/deficit is calculated using seasonally adjusted refined production minus seasonally adjusted refined usage.