



Copper: Preliminary Data for July 2007

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

According to the preliminary ICSG data, after showing a continual deficit in the first half of the year, the copper market had a surplus production in July of around 16,000 metric tonnes (t). The surplus was around the same level after making seasonal adjustments for world refined usage and production (12,000 t). The July surplus was mainly attributed to weaker apparent usage in China, the EU and the United States, which were down by

7%, 2% and 9%, respectively, compared with usage in June 2007. The apparent refined copper balance for the first seven months of 2007, including revisions to data previously presented, indicates a production deficit of about 315,000 t (a seasonally adjusted deficit of 111,000 t). This compares with a production deficit of 26,000 t (but a seasonally adjusted surplus of about 238,000 t) for the same period in 2006.

Despite weak consumption in July, world refined copper usage is estimated to have increased by 7.5% in the first 7 months of 2007 compared with usage in the same period in 2006. Chinese apparent usage grew by 37% as net imports of refined copper rose by 255% to about 925,000 t. Note that China's apparent copper usage is based on 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/traders], which may be significant during periods of stocking or de-stocking. World usage growth outside of China remained flat (0.2%) with increases in Asia (excluding China) and Africa of 4% and 6%, respectively, offset by decreases in all the other regions (Americas -3%, Europe -2% and Oceania -5%).

World mine production increased by 4.8% in the first 7 months 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 3.4% and SX-EW production was up by 10.6%. Year-on-year mine production for the first 7 months of 2007 was up by 11% in Asia, 5% in Latin America, 3% in North America and 14% in Africa, but decreased by, 3% in Europe and 3% in Oceania. Global mine capacity utilization increased to an average of 87.5% from an average of 86.7% in the same period of 2006.

Total world refined production increased by 4.6% in the first 7 months of 2007 compared with refined production in the same period in 2006: primary production was up by 5% (with the biggest share of the growth attributed to SX-EW production) and secondary production (from scrap) was up by 2%. Refined production grew in all regions: Africa (13%), Americas (2.5%), Asia (19%), Europe (0.4%) and Oceania (3%). Refined capacity utilization rates remained at the same level at around 83.5%.

The average LME cash price for September 2007 decreased to US\$7,648.98 per tonne from the August 2007 average of US\$7,513.50 per tonne. The 2007 high and low copper prices through the end of September were US\$8,225.00 and US\$5,225.50 per tonne, respectively, and the average was US\$7,084.77 per tonne. As of the end September 2007, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 196,714 t, a decrease of 56,076 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 September 2007 were down at all three exchanges.

World Refined Copper Usage and Supply Trends, 2001-2007

Thousand metric tonnes, copper

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2006 | | 2007 | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|---------|-------|-------|-------|
| | | | | | | | 2006 | 2007 | 2007 | | | |
| | | | | | | | | | Jan-Jul | Apr | May | Jun |
| World Mine Production | 13,634 | 13,578 | 13,758 | 14,595 | 14,923 | 15,015 | 8,513 | 8,921 | 1,262 | 1,310 | 1,278 | 1,265 |
| World Mine Capacity | 14,418 | 15,068 | 15,245 | 15,827 | 16,606 | 16,958 | 9,818 | 10,191 | 1,442 | 1,495 | 1,451 | 1,506 |
| Mine Capacity Utilization (%) | 94.6 | 90.1 | 90.2 | 92.2 | 89.9 | 88.5 | 86.7 | 87.5 | 87.5 | 87.6 | 88.1 | 84.0 |
| Primary Refined Production | 13,746 | 13,436 | 13,464 | 13,839 | 14,411 | 14,752 | 8,528 | 8,961 | 1,284 | 1,311 | 1,274 | 1,304 |
| Secondary Refined Production | 1,892 | 1,898 | 1,792 | 2,076 | 2,177 | 2,601 | 1,487 | 1,511 | 216 | 227 | 221 | 208 |
| World Refined Production (Secondary+Primary) | 15,638 | 15,334 | 15,256 | 15,915 | 16,588 | 17,353 | 10,015 | 10,472 | 1,500 | 1,538 | 1,496 | 1,512 |
| World Refinery Capacity | 17,659 | 18,245 | 18,749 | 19,096 | 20,194 | 20,641 | 11,951 | 12,578 | 1,780 | 1,848 | 1,797 | 1,864 |
| Refineries Capacity Utilization (%) | 88.6 | 84.0 | 81.4 | 83.3 | 82.1 | 84.1 | 83.8 | 83.3 | 84.3 | 83.2 | 83.2 | 81.1 |
| World Refined Usage 1/ | 14,946 | 15,231 | 15,716 | 16,846 | 16,731 | 17,122 | 10,041 | 10,790 | 1,602 | 1,548 | 1,553 | 1,496 |
| Refined Stocks End of Period | 1,992 | 2,048 | 1,780 | 928 | 855 | 1,093 | 815 | 880 | 1,033 | 911 | 915 | 880 |
| Period Stock Change | 702 | 55 | -267 | -852 | -73 | 238 | -40 | -213 | -52 | -122 | 3 | -35 |
| Refined Balance 2/ | 692 | 103 | -461 | -931 | -143 | 230 | -26 | -318 | -101 | -10 | -58 | 16 |
| Seasonally Adjusted Refined Balance 3/ | | | | | | | 238 | -111 | -50 | 29 | -15 | 12 |

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.