



Copper: Preliminary Data for August 2007

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

According to the preliminary ICSG data, the copper market had a surplus production in August of around 60,000 metric tonnes (t). After making seasonal adjustments for world refined usage and production, however, the market showed a small deficit of about 10,000 t. The August surplus was mainly attributed to weaker usage in some regions during their holiday period. The apparent refined copper balance for the first eight months of 2007, including revisions to data previously presented, indicates a production deficit of about 260,000 t (a seasonally adjusted deficit of 124,000 t). This compares with a production surplus of 38,000 t (but a seasonally adjusted surplus of about 240,000 t) for the same period in 2006.

World refined copper usage is estimated to have increased by 7.5% in the first 8 months of 2007 compared with usage in the same period in 2006. World usage growth was driven by China, where apparent usage grew by 38% as net imports of refined copper rose by 208% to about 990,000 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. Usage outside of China decreased by around 0.5%: increases in Asia (excluding China) and Africa of 4% and 7%, respectively, were offset by decreases in all the other regions (Americas, 2.4%; Europe, 2.3%; and Oceania, 9%).

World mine production increased by 4.6% in the first 8 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 3.2% and SX-EW production was up by 10.6%. On a monthly basis, mine production has been decreasing since May, and in August was 12% below peak production in December 2006, reflecting production problems in Mexico, Indonesia and Chile. Year-on-year mine production for the first 8 months of 2007 was up by 9.4% in Asia, 5.5% in Latin America, 2.6% in North America, and 14.5% in Africa, but decreased by 3.5% in Europe and 3.2% in Oceania. Though down significantly in July and August, the average global mine capacity utilization rate for the first 8 months of about 86.5% remained unchanged from that in the same period of 2006.

Total world refined production increased by 4.9% in the first 8 months of 2007 compared with refined production in the same period in 2006: primary production was up by 4.5% (with the biggest share of the growth attributed to SX-EW production) and secondary production (from scrap) was up by 6.9%. Refined production grew in almost all regions with the exception of Europe where it remained flat: Africa (15%), Americas (2%), Asia (9%) and Oceania (8%). Refined capacity utilization rates remained at the same level at around 83.3%.

The average LME cash price for October 2007 increased to US\$8,008.43 per tonne from the September 2007 average of US\$7,648.98 per tonne. On October 07, the price spiked to US\$8,301.00, the highest level since May 2006. The price was at its low point for the year of US\$5,225.50 per tonne in February, and averaged US\$7,188.65 per tonne for the year through October. As of the end October 2007, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 241,685 t, a decrease of 11,105 t from stocks held at the end of December 2006. As compared with stock levels at the end of September, stocks held at the end of October 2007 were up at the LME and SHFE but down at COMEX.

World Refined Copper Usage and Supply Trends, 2001-2007

Thousand metric tonnes, copper

	2001	2002	2003	2004	2005	2006	2006		2007			
							2006	2007	Jan-Aug		May	Jun
World Mine Production	13,634	13,578	13,758	14,595	14,923	15,015	9,720	10,170	1,314	1,275	1,265	1,241
World Mine Capacity	14,418	15,068	15,245	15,827	16,606	16,958	11,268	11,704	1,495	1,451	1,506	1,513
Mine Capacity Utilization (%)	94.6	90.1	90.2	92.2	89.9	88.5	86.3	86.9	87.9	87.9	84.0	82.0
Primary Refined Production	13,746	13,436	13,464	13,839	14,411	14,752	9,744	10,184	1,302	1,261	1,283	1,291
Secondary Refined Production	1,892	1,898	1,792	2,076	2,177	2,601	1,707	1,825	227	229	230	226
World Refined Production (Secondary+Primary)	15,638	15,334	15,256	15,915	16,588	17,353	11,451	12,009	1,529	1,490	1,513	1,518
World Refinery Capacity	17,659	18,245	18,749	19,096	20,194	20,641	13,722	14,450	1,848	1,797	1,864	1,872
Refineries Capacity Utilization (%)	88.6	84.0	81.4	83.3	82.1	84.1	83.5	83.1	82.7	82.9	81.2	81.1
World Refined Usage 1/	14,946	15,231	15,716	16,846	16,731	17,122	11,413	12,267	1,533	1,546	1,510	1,455
Refined Stocks End of Period	1,992	2,048	1,780	928	855	1,093	873	906	911	915	880	906
Period Stock Change	702	55	-267	-852	-73	238	18	-187	-122	3	-35	26
Refined Balance 2/	692	103	-461	-931	-143	231	38	-258	-5	-56	3	62
Seasonally Adjusted Refined Balance 3/							239	-124	29	-15	-1	-8

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.