



Copper: Preliminary Data 2007

The International Copper Study Group (ICSG) released preliminary data for 2007 for world copper supply and demand in its March 2008 Copper Bulletin. The Bulletin is available for sale upon request.

According to the preliminary ICSG data, including revisions to data previously presented, the refined copper market balance for the full year 2007 indicated a small production deficit of about 40,000 metric tonnes (t). The deficit of about 300,000 t in the 1st half of the year was mostly offset by a surplus of around 260,000 t in the 2nd half of the year. The 2007 market deficit compares with a production surplus of around 290,000 t for 2006. In

December, weaker holiday-period usage in the United States and the European Union and weaker usage in Japan and China resulted in a large apparent monthly surplus of around 125,000 t. Global reported inventories declined by about 90,000 t, also indicating a production deficit of well below 1% of copper usage.

World refined copper usage is estimated to have increased by 6.5% in 2007 compared with usage in 2006. World usage growth was mainly driven by China, where apparent usage grew by 36% as net imports of refined copper rose by 134% to about 1.4 Mt (million tonnes). 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/trader], which may be significant during periods of stocking or de-stocking. World usage outside of China decreased by around 1.4% with usage in the other three major consuming regions (United States, EU-15 countries and Japan) decreasing by around 3.3%. Usage in the rest of the world increased by 1%. On a regional basis, usage increased in Africa, Asia (incl. China) and Oceania by 13%, 16% and 2% respectively, and decreased in the Americas (-2%) and in Europe (-2.5%).

World mine production increased by 3% in 2007 compared with the same period of 2006: concentrate production was up by 2% and SX-EW production was up by 8%. Like 2006, when significant technical disruptions to production resulted in limited production growth, production in 2007 did not keep pace with capacity growth. This was in large part owing to disruptions from labor unrest. As a result, the average global mine capacity utilization rate fell slightly to about 87.5%. On a regional basis mine production was up by 13% in Africa, 2% in Asia and 6% in Latin America, but decreased by 2% in Europe, 0.6% in North America and 2% in Oceania.

Total world refined production increased by 4.5% in 2007 compared with refined production in 2006: primary production was up by 4% (with the biggest share of the growth attributed to SX-EW production) and secondary production (from scrap) was up by 7.5%. China was the biggest contributor to growth (18%) due to the expansion of its copper refinery capacity. Other major contributors were Chile (4%), India (15%) and the United States (6%). On a regional basis, refined production grew in almost all regions - Africa (17%), Americas (1%), Asia (10%), and Oceania (3%)—but decreased in Europe (-2%). The refined capacity utilization rate declined by about 1% to 83%.

The average LME cash price for February 2008 increased to US\$7,887.69 per tonne from the January average of US\$7,061.02 per tonne. The 2008 high and low copper prices through end of February were US\$8,540.50 and US\$6,666.00 per tonne, respectively, and the average was US\$7,464.74 per tonne. As of the end February 2008, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 202,126 t, a decrease of 36,212 t from stocks held at the end of 2007. Stocks were down at the LME and COMEX but up at SHFE.

World Refined Copper Usage and Supply Trends, 2001-2007

Thousand metric tonnes, copper

	2001	2002	2003	2004	2005	2006	2006	2007	2007			
							Jan-Dec	Sep	Oct	Nov	Dec	
World Mine Production	13,634	13,578	13,758	14,595	14,924	14,992	14,992	15,465	1,276	1,329	1,300	1,389
World Mine Capacity	14,431	15,102	15,284	15,859	16,638	16,971	16,971	17,648	1,463	1,516	1,471	1,524
Mine Capacity Utilization (%)	94.5	89.9	90.0	92.0	89.7	88.3	88.3	87.6	87.2	87.7	88.4	91.2
Primary Refined Production	13,746	13,456	13,487	13,858	14,432	14,772	14,772	15,369	1,302	1,312	1,294	1,318
Secondary Refined Production	1,892	1,898	1,788	2,076	2,172	2,594	2,594	2,789	231	250	254	233
World Refined Production (Secondary+Primary)	15,638	15,354	15,275	15,935	16,604	17,367	17,367	18,157	1,533	1,561	1,548	1,551
World Refinery Capacity	17,677	18,240	18,741	19,120	20,164	20,630	20,630	21,886	1,816	1,883	1,828	1,895
Refineries Capacity Utilization (%)	88.5	84.2	81.5	83.3	82.3	84.2	84.2	83.0	84.4	82.9	84.7	81.8
World Refined Usage 1/	14,946	15,231	15,716	16,846	16,735	17,080	17,080	18,199	1,503	1,528	1,531	1,427
Refined Stocks End of Period	1,992	2,048	1,780	928	855	1,093	1,093	1,002	912	910	902	1,002
Period Stock Change	702	55	-267	-852	-73	238	238	-91	7	-2	-8	100
Refined Balance 2/	692	123	-441	-912	-131	287	287	-42	30	33	17	124
Seasonally Adjusted Refined Balance 3/									74	-1	13	-31

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.