



Copper: Preliminary Data for January 2008

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

According to the preliminary ICSG data, the refined copper market was essentially balanced in January 2008, with a small apparent production surplus of 6,000 metric tonnes (t), increasing to about 18,000 t after making seasonal adjustments for world refined usage and production. This compares with a production surplus of around the same amount in January 2007 as year-on-year usage and production both declined by about 1.4%.

The decrease in copper usage was mainly driven by a decrease in apparent usage in the EU-15 countries and China of 9% and 1.3%, respectively. *Note that China's apparent copper usage is based only 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.* In the other two major markets, the United States and Japan, refined copper usage increased by 3% and decreased by 0.8%, respectively. Usage in the rest of the world increased by almost 2%.

World mine production decreased by 3.4% in January 2008 compared with production in the same month of 2007: Concentrate production was down by 4.5% and SX-EW production was up by 1.1%. World production was affected mainly by lower year-on-year output in Indonesia and Mexico. However, when compared with production in December 2007, world mine production in January 2008 was down by 10%, mainly owing to declines in Chile, Peru and China, where either operational problems or adverse weather led to a production decrease of 150,000 t. As a result, the average global mine capacity utilization rate fell to about 81% in January 2008 as compared with 91% in December 2007 and 87% in January 2007.

The 1.4% year-on-year decline in world refined production was the result of a 1% decline in primary production (increase of 1% in SX-EW output was more than offset by a reduction of 1.5% in electrolytic production) and a 3.6% decline in secondary production (from scrap). Decreases occurred in several countries, but mainly in Chile and China, where production was affected by operational problems and adverse weather conditions. On a regional basis, refined production was down in the Americas (4%), Asia (1.5%) and Europe (1.8%), but up in Africa and Oceania where production increased by 24% and 5%, respectively. The refined capacity utilization rate declined to around 80% from around 85% in January 2007.

The average LME cash price for March 2008 increased to a record-high US\$8,439.29 per tonne from the January average of US\$7,887.69 per tonne. The 2008 high and low copper prices through end of March were US\$8,881.00 and US\$6,666.00 per tonne, respectively, and the average was US\$7,763.40 per tonne. As of the end March 2008, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 177,898 t, a decrease of 60,440 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, 2002-2008

Thousand metric tonnes, copper

	2002	2003	2004	2005	2006	2007	2007	2008	2007			2008
							p/	Jan	Oct	Nov	Dec	Jan
World Mine Production	13,578	13,758	14,595	14,925	14,988	15,442	1,286	1,242	1,326	1,292	1,383	1,242
World Mine Capacity	15,102	15,284	15,859	16,638	16,971	17,648	1,475	1,529	1,516	1,471	1,524	1,529
Mine Capacity Utilization (%)	89.9	90.0	92.0	89.7	88.3	87.5	87.2	81.3	87.5	87.9	90.8	81.3
Primary Refined Production	13,456	13,487	13,858	14,432	14,701	15,307	1,303	1,289	1,304	1,288	1,312	1,289
Secondary Refined Production	1,898	1,788	2,076	2,149	2,622	2,775	236	227	249	253	232	227
World Refined Production (Secondary+Primary)	15,354	15,275	15,935	16,581	17,323	18,082	1,538	1,516	1,553	1,541	1,544	1,516
World Refinery Capacity	18,240	18,741	19,120	20,164	20,630	21,886	1,814	1,901	1,883	1,828	1,895	1,901
Refineries Capacity Utilization (%)	84.2	81.5	83.3	82.2	84.0	82.6	84.8	79.8	82.5	84.3	81.5	79.8
World Refined Usage 1/	15,231	15,716	16,833	16,720	17,028	18,120	1,531	1,510	1,523	1,527	1,425	1,510
Refined Stocks End of Period	2,048	1,780	928	855	1,093	993	1,069	945	907	893	993	945
Period Stock Change	55	-267	-852	-73	238	-100	-24	-48	-6	-14	100	-48
Refined Balance 2/	123	-441	-899	-139	295	-38	7	6	30	14	119	6
Seasonally Adjusted Refined Balance 3/							18	18	-4	10	-26	18

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.