



Copper: Preliminary Data for February 2008

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

According to the preliminary ICSG data, the copper market presented an apparent production deficit in February of around 60,000 metric tonnes (t). After making seasonal adjustments for world refined usage and production, however, February showed a smaller deficit of about 30,000 t. The apparent refined copper balance for the first 2 months of 2008, including revisions to data previously presented, indicates a production deficit of about

60,000 t (a seasonally adjusted deficit of 15,000 t) and was essentially unchanged from that during the first 2 months of 2007.

World refined copper usage levels in the first 2 months of 2008 remained unchanged when compared with usage in the same period of 2007. A decrease of 8% in apparent usage in the EU-15 countries and flat usage in China were offset by a combined increase of 3% in the United States and Japan, and a 4% increase in the rest of the world. *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.*

World mine production decreased by 3.8% in first 2 months of 2008 compared with production in the same month of 2007: Concentrate production was down by 4.5% and SX-EW production decreased by 1%. World production was affected mainly by lower year-on-year output in China, Indonesia and Mexico. However, when comparing the average daily mine production in the first 2 months of 2008 with the average of the last quarter of 2007, world mine production decreased by 9.5%, mainly owing to declines in Chile, China and Peru, where either operational problems, labour issues or adverse weather led to a drop in production. As a result, the average global mine capacity utilization rate fell to about 81% in the first two months of 2008 as compared with 87% in the same period of 2007.

World refined production in the first 2 months of 2008 remained practically unchanged as compared to the same period of 2007 (increased by 14,000 t only). A growth of 2% in electrolytic production was offset by a decline in electrowinning (SX-EW) and secondary (from scrap) production of 1% and 4%, respectively. However, when compared to the average daily production levels of the 4th quarter of 2007 refined production fell by 3%: decreases occurred in several countries, but mainly in Chile (-2%) and China (-13%), where production was affected by operational problems and adverse weather conditions. On a year-on-year basis, refined production was down in Europe (1.3%) and Oceania (1.1%), but up in Africa (3%), the Americas (0.5%) and Asia (2.8%). The average global refined capacity utilization rate declined to about 81% in the first two months of 2008 as compared with 84.5% in the same period of 2007.

The average LME cash price for April 2008 increased to a record-high of US\$8,684.93 per tonne from the March average of US\$8,439.29 per tonne. The 2008 high and low copper prices through end of April were US\$8,884.50 and US\$6,666.00 per tonne, respectively, and the average was US\$8,004.75 per tonne. As of the end April 2008, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 166,370 t, a decrease of 71,968 t from stocks held at the end of 2007. Stocks were down at all the three exchanges.

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-Feb		Nov	Dec	Jan	Feb
World Mine Production	13,578	13,758	14,595	14,925	14,988	15,443	2,456	2,362	1,292	1,384	1,206	1,156	
World Mine Capacity	15,102	15,284	15,859	16,638	16,971	17,648	2,811	2,913	1,471	1,524	1,529	1,385	
Mine Capacity Utilization (%)	89.9	90.0	92.0	89.7	88.3	87.5	87.4	81.1	87.9	90.8	78.9	83.5	
Primary Refined Production	13,456	13,487	13,858	14,432	14,701	15,308	2,479	2,512	1,288	1,313	1,283	1,229	
Secondary Refined Production	1,898	1,788	2,076	2,149	2,622	2,775	450	431	253	232	225	206	
World Refined Production (Secondary+Primary)	15,354	15,275	15,935	16,581	17,323	18,083	2,929	2,943	1,541	1,544	1,508	1,435	
World Refinery Capacity	18,240	18,741	19,120	20,164	20,630	21,886	3,461	3,624	1,828	1,895	1,901	1,723	
Refineries Capacity Utilization (%)	84.2	81.5	83.3	82.2	84.0	82.6	84.6	81.2	84.3	81.5	79.3	83.3	
World Refined Usage 1/	15,231	15,716	16,833	16,720	17,028	18,127	2,998	3,003	1,527	1,426	1,508	1,495	
Refined Stocks End of Period	2,048	1,780	928	855	1,093	993	1,074	880	893	993	946	880	
Period Stock Change	55	-267	-852	-73	238	-100	-20	-113	-14	100	-47	-66	
Refined Balance 2/	123	-441	-899	-139	295	-44	-69	-60	14	119	1	-60	
Seasonally Adjusted Refined Balance 3/							-27	-15	7	-32	18	-33	

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.