



Copper: Preliminary Data for 1st Quarter 2008

The International Copper Study Group (ICSG) released preliminary data for 1st quarter 2008 for world copper supply and demand in its June 2008 Copper Bulletin. The Bulletin is available for sale upon request.

According to the preliminary ICSG data, the copper market had an apparent production deficit in March of around 20,000 metric tonnes (t). After making seasonal adjustments for world refined usage and production, however, March showed a surplus of 17,000 t. The apparent refined copper balance for the first quarter of 2008, including revisions to data previously presented, indicates a production deficit of about 65,000 t (a seasonally adjusted surplus of 19,000 t). This compares with a production deficit of around 165,000 t (a seasonally adjusted deficit of about 80,000 t) for the same period in 2007.

The first quarter deficit was mainly driven by weak supply, as copper usage in the first quarter of 2008 decreased slightly (0.8%) compared with usage in the 1st quarter of 2007. A decrease in apparent usage in the EU-15 countries and China of 8% and 2.1%, respectively, more than offset an increase of 3% in Japan and 4% in the rest of the world. Usage in the United States was unchanged. *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 4.6% in first quarter of 2008 compared with production in the same quarter of 2007: Concentrate production was down by 5.6% and SX-EW production remained stable. World production was affected mainly by lower year-on-year output in Chile, Indonesia and Mexico, where operational problems, labour issues, and/or adverse weather led to an aggregated drop in production of 12%. The average daily global mine production in the first quarter of 2008 decreased by 8% compared with that in the fourth quarter of 2007. As a result, the average global mine capacity utilization rate fell to about 82% in the first quarter of 2008 from 89% in the same period of 2007.

World refined production in the first quarter of 2008 increased by 1.5% compared with production in the same period of 2007. A growth of 2.6% in electrolytic production offset a decline in electrowinning (SX-EW) and secondary (from scrap) production of 0.3% and 1.8%, respectively. However, when compared with 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 (3%) and China (9.5%), where production was affected by operational problems and adverse weather conditions. On a year-on-year basis, refined production was flat in Europe, decreased by 15% in Oceania but was up in Africa (6%), the Americas (0.8%), and Asia (3%). The average global refined capacity utilization rate declined to about 81% in the first quarter of 2008 compared with 83.5% in the same period of 2007.

The average LME cash price for May 2008 was US\$8,382.75 per tonne, down from the April average of US\$8,684.93 per tonne. The 2008 high and low copper prices through end of May were US\$8,884.50 and US\$6,666.00 per tonne, respectively, and the average was US\$8,077.44 per tonne. As of the end May 2008, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 178,508 t, a decrease of 59,830 t from stocks held at the end of 2007. Stocks were up at the LME and COMEX but down 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-Mar	Dec	Jan	Feb	Mar
World Mine Production	13,578	13,758	14,595	14,925	14,987	15,441	3,813	3,638	1,384	1,206	1,158	1,275
World Mine Capacity	15,102	15,284	15,859	16,638	16,971	17,648	4,296	4,451	1,524	1,529	1,385	1,537
Mine Capacity Utilization (%)	89.9	90.0	92.0	89.7	88.3	87.5	88.8	81.7	90.8	78.9	83.6	83.0
Primary Refined Production	13,456	13,487	13,858	14,432	14,701	15,308	3,749	3,824	1,313	1,278	1,224	1,322
Secondary Refined Production	1,898	1,788	2,076	2,149	2,622	2,775	677	665	232	226	208	232
World Refined Production (Secondary+Primary)	15,354	15,275	15,935	16,581	17,323	18,083	4,427	4,490	1,544	1,504	1,432	1,554
World Refinery Capacity	18,240	18,741	19,120	20,164	20,630	21,886	5,293	5,537	1,895	1,901	1,723	1,913
Refineries Capacity Utilization (%)	84.2	81.5	83.3	82.2	84.0	82.6	83.6	81.1	81.5	79.1	83.1	81.2
World Refined Usage 1/	15,231	15,716	16,828	16,730	17,051	18,137	4,594	4,556	1,425	1,515	1,467	1,575
Refined Stocks End of Period	2,048	1,780	928	855	1,093	993	1,086	823	993	941	871	823
Period Stock Change	55	-267	-852	-73	238	-100	-8	-171	100	-52	-70	-48
Refined Balance 2/	123	-441	-893	-149	272	-54	-167	-67	119	-11	-35	-21
Seasonally Adjusted Refined Balance 3/							-79	19	-26	5	-3	17

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. p/ preliminary, 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.