



International Copper Study Group

Forecast 2007-2008

The International Copper Study Group (ICSG) held the 30th Regular Meeting of its Statistical Committee on 1st October 2007 in Lisbon, Portugal. Government delegates and industry advisors from most of the world's leading copper-producing and -using countries met to discuss key issues affecting the global copper market. In its meeting of the Statistical Committee, the ICSG view of the world balance of refined copper production and use was presented.

According to ICSG data, the copper market had a production surplus of 230,000 tonnes (t). Projections for 2007 indicate a small surplus of around 110,000 t (0.6% of usage), and projections for 2008 indicate a larger surplus of around 250,000 t. (1.3% of usage). Note that in calculating global usage, China's copper usage is based on its apparent consumption using 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], which may be significant during periods of stocking or de-stocking

World copper mine production in 2007 is projected to rise by 5.1% to 15.79 million tonnes (Mt), an increase of about 770,000 t compared with that in 2006. Production in 2006 was essentially unchanged from that in 2005 owing to production problems in Chile, Indonesia, and Mexico. Mine Production in 2008 is expected to increase by 1.2 Mt (+7.6%) to 17.0 Mt, owing to new mine developments and increased capacity utilization. For both years, higher growth rates are expected for SX-EW production than for concentrate production.

World production of refined copper (adjusted for both feed shortages and production disruptions) is projected to reach 18.12 Mt in 2007, an increase of about 765,000 t (+4.4%) compared with that of 2006. Refined production in 2008 is projected to increase by 4.6% to 18.95 Mt, an increase of about 830,000 t compared with that of 2007. Electrolytic refinery production increases in China, India and Japan, and SX-EW production growth in Chile, Africa and the United States are expected to account for most of the growth. Concentrates production in 2008 is expected to restrain the growth of refined production, with surplus inventories of copper concentrates having been largely depleted during 2006/2007.

World refined copper usage increased by only 2.3 % in 2006 to 17.12 Mt, constrained by a decline in U.S. and Chinese usage of around 6% and 1%, respectively. The main contributors to 2006 growth were the European Union (EU), Japan, India and the Russian Federation. In 2007, refined copper usage is projected at 18.0 Mt, an increase of about 890,000 t (5.2%) compared with that of 2006. Strong growth in apparent refined usage in China is expected along with continued growth in India and Russia, while usage is expected to decrease in the EU, Japan, and the United States. World copper use in 2008 is projected to grow by 3.8%, or about 690,000 t, to 18.70 Mt.

For 2009, the expected growth in production is expected surpass the growth in usage and a larger market surplus is anticipated.

FORECAST TO 2008												
REGIONS (^{'000T})	MINE PRODUCTION				REFINED PRODUCTION				COPPER USAGE			
	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008
Africa	670	740	845	1,133	509	529	618	801	229	236	252	304
N.America	2,182	2,166	2,224	2,433	2,186	2,096	2,152	2,338	2,984	2,761	2,696	2,808
Latin America	6,650	6,735	7,310	7,598	3,559	3,565	3,778	4,141	530	548	556	583
Asean-10	1,147	919	894	954	514	504	542	585	761	794	821	851
Asia ex Asean/CIS	1,127	1,300	1,344	1,418	5,251	5,979	6,533	6,978	7,171	7,204	8,169	8,521
Asia-CIS	510	544	569	622	534	543	548	565	60	116	121	124
EU-27	821	809	758	792	2,446	2,505	2,474	2,629	3,835	4,223	4,112	4,180
Europe Others	707	748	766	798	1,120	1,204	1,232	1,217	1,006	1,098	1,141	1,185
Oceania	1,109	1,053	1,074	1,243	469	429	510	593	155	143	140	145
TOTAL	14,923	15,015	15,786	16,991	16,588	17,353	18,387	19,846	16,731	17,123	18,009	18,701
Adjustment for Primary Feed Shortage 1/							0	-472				
Allowance for Disruptions 2/							-268	-423				
World	14,923	15,015	15,786	16,991	16,588	17,353	18,119	18,951	16,731	17,123	18,009	18,701
% change		0.6%	5.1%	7.6%		4.6%	4.4%	4.6%		2.3%	5.2%	3.8%
Refined Production - Usage Balance									-143	230	111	249

1/ Based on a formula for the difference between the projected copper availability in concentrates and the projected use in primary refined production;

2/ Based on capacity utilization of mines and refineries