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International Copper Study Group

Forecast 2007-2008

The International Copper Study Group (ICSG) held the 29th Regular Meeting of its Statistical Committee on 15th May 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 community. 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, after ending 2005 with a deficit of 120,000 tonnes (t), the copper market in 2006 turned to a calculated surplus of around 330,000 t, about 1.9% of annual usage. Projections for 2007 indicate an additional surplus around 280,000 t and projections for 2008 indicate a larger surplus of around 520,000 t. Note that ICSG does not take into account changes in China's SRB stocks, which are unreported and, particularly for 2006, might have affected calculation of China's apparent usage.

World copper mine production in 2007 is projected to rise by 6.3% to 15.97 million tonnes (Mt), an increase of about 940,000 t compared with that in 2006 owing to new mine developments and increased capacity utilization. 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 an additional 1.2 Mt (+7.3%) reaching 17.13 Mt. 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 18.07 Mt in 2007, an increase of about 740,000 t (+4.3%) compared with that of 2006. Refined production in 2008 is projected to increase by 4.9% to 18.95 Mt, an increase of about 880,000 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 2007 and 2008 is expected to restrain the growth of refined production, with inventories of copper concentrates having been largely depleted during 2006.

World refined copper usage increased by only 2 % in 2006 to 17 Mt, primarily due to a decline in U.S. usage of around 6% and flat apparent demand in China (0.1%), the two biggest refined copper using countries. The main contributors to 2006 growth were the EU, Japan, India and the Russian Federation. In 2007, refined copper usage is projected at 17.80 Mt, an increase of about 800,000 t (4.7%) compared with that of 2006. Apparent Refined usage in China is expected to increase along with continued growth in India and Russia, while demand is expected to remain essentially unchanged for the EU, Japan and the United States. World copper use in 2008 is projected to grow by 3.6%, or about 640,000 t, to 18.43 Mt.

FORECAST TO 2008

REGIONS	MINE PRODUCTION				REFINED PRODUCTION				COPPER USAGE			
('000T)	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008
Africa	668	790	949	1,203	513	567	667	836	200	204	207	209
N.America	2,182	2,165	2,336	2,451	2,186	2,069	2,294	2,414	2,981	2,734	2,850	2,940
Latin America	6,651	6,735	7,212	7,626	3,559	3,565	4,026	4,145	530	548	572	602
Asean-10	1,148	921	859	964	514	504	587	651	761	794	828	866
Asia ex Asean/CIS	1,127	1,255	1,314	1,402	5,242	6,045	6,416	6,775	7,171	7,248	7,839	8,264
Asia-CIS	510	544	600	631	534	543	560	565	60	116	121	126
EU-27	821	797	757	782	2,406	2,451	2,454	2,632	3,796	4,148	4,073	4,073
Europe Others	707	748	768	803	1,120	1,152	1,232	1,227	1,011	1,059	1,152	1,195
Oceania	1,109	1,069	1,170	1,270	469	429	540	575	155	143	147	151
TOTAL	14,922	15,026	15,965	17,130	16,543	17,324	18,776	19,818	16,664	16,994	17,790	18,426
Adjustment for Primary Feed Shortage 1/							-358	-491				
Allowance for Disruptions 2/							-346	-375				
World	14,922	15,026	15,965	17,130	16,543	17,324	18,072	18,953	16,664	16,994	17,790	18,426
% change		0.7%	6.3%	7.3%		4.7%	4.3%	4.9%		2.0%	4.7%	3.6%
Refined Production - Usage Balance									**-121**	**330**	**282**	**527**

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

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