



**Copper: Preliminary Data for January 2007**

The International Copper Study Group (ICSG) released preliminary data for January 2007 for world copper supply and demand in its April 2007 Copper Bulletin.

According to the preliminary ICSG data, the refined copper market had an apparent production surplus in January 2007 of about 40,000 metric tonnes (t), increasing to about 58,000 t after making seasonal adjustments for world refined usage and production. This compares with a production surplus of 14,000 t (seasonally adjusted 31,000 t) in January 2006. In its calculation of the refined copper balance, the ICSG does not take into

account changes in China's SRB stocks, which were unreported and, particularly for 2006, might affect calculation of China's apparent consumption.

Note: Beginning in January 2007, the ICSG introduced a more rigorous calculation of seasonal adjustment that includes both refined copper production and usage and is based on the United States Census Bureau's X-12 seasonal adjustment procedure. The table below has been revised to accommodate this change.

In January 2007, world refined copper usage is estimated to have increased by 6% when compared with that in January 2006. This growth is mainly attributed to Asia, where Chinese apparent usage increased by 27%, and Indian and Japanese usage were up by 17% and 9%, respectively. Total European usage increased by 1%, while apparent usage in the European Union-15 countries remained flat. In North America usage was down by 10%, with a decrease of 21% in U.S. usage more than offsetting increases in Canada and Mexico (Note, however, that U.S. usage in January 2006 had been exceptionally high and U.S. usage was up by 25% from December's low level). In Oceania and Africa usage declined by 3.7% and 4.6%, respectively.

On the supply side, preliminary data indicate that world mine production increased by 9% in January 2007 compared with production in January 2006: Concentrate production was up by 7%, and SX-EW production was up by 17%. The main contributors to this increase were Indonesia (Grasberg Mine lower ore grades and Batu Hijau Mine wall pit instability and milling of harder ore had reduced production at the beginning of 2006), where production was up by 40%, Chile (7.6%) and Africa (30%). Global mine capacity utilization increased to an average of 88.5% from an average of 83.8% in the same month of 2006. However, January 2007 world mine production was 4.5% below the average monthly production for the 4<sup>th</sup> quarter 2006, and 7% below December 2006 production.

Total world refined production increased by 8% in January 2007 compared with that of the same period of 2006: Primary production was up by 7% and secondary production (from scrap) was up by 12.5%. Refined capacity utilization averaged 85.4%, up from 82.5% in the same period of 2006. All major producing countries increased their production; Chile (11%), China (4.5%), Japan (9%), the United States (3.7%), Russia (6.8%) and India (14%).

The average LME cash price for March 2007 increased to US\$6,452.48 per tonne from the February 2007 average of US\$5,676.45 per tonne. The 2007 high and low copper prices through end of March were US\$6,949.00 and US\$5,225.50 per tonne, respectively, and the average was US\$5,940.88 per tonne. As of the end March 2007, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 273,495 t, an increase of 20,705 t from stocks held at the end of December 2006. Stocks were down at Comex and LME warehouses and up at SHFE warehouses.

**World Refined Copper Usage and Supply Trends, 2001-2007**

Thousand metric tonnes, copper

|   | 2001   | 2002   | 2003   | 2004   | 2005   | 2006   | 2006  | 2007  | 2006  |       |       | 2007  |
|---|--------|--------|--------|--------|--------|--------|-------|-------|-------|-------|-------|-------|
|   |        |        |        |        |        |        | Jan   |       | Oct   | Nov   | Dec   | Jan   |
| World Mine Production                               | 13,632 | 13,583 | 13,686 | 14,648 | 14,984 | 14,953 | 1,197 | 1,305 | 1,341 | 1,351 | 1,404 | 1,305 |
| World Mine Capacity                                 | 14,418 | 15,068 | 15,245 | 15,827 | 16,606 | 16,958 | 1,428 | 1,475 | 1,460 | 1,418 | 1,470 | 1,475 |
| Mine Capacity Utilization (%)                       | 94.5   | 90.1   | 89.8   | 92.5   | 90.2   | 88.2   | 83.8  | 88.5  | 91.9  | 95.3  | 95.5  | 88.5  |
| Primary Refined Production                          | 13,748 | 13,397 | 13,427 | 13,744 | 14,284 | 14,958 | 1,249 | 1,340 | 1,275 | 1,269 | 1,303 | 1,340 |
| Secondary Refined Production                        | 1,846  | 1,872  | 1,797  | 2,124  | 2,257  | 2,424  | 184   | 208   | 213   | 202   | 221   | 208   |
| World Refined Production (Secondary+Primary)        | 15,594 | 15,269 | 15,224 | 15,869 | 16,541 | 17,383 | 1,433 | 1,547 | 1,488 | 1,471 | 1,523 | 1,547 |
| Seasonally Adjusted Refined Production - monthly 1/ | 1,299  | 1,272  | 1,269  | 1,322  | 1,378  | 1,449  | 1,420 | 1,532 | 1,466 | 1,465 | 1,476 | 1,532 |
| World Refinery Capacity                             | 17,659 | 18,245 | 18,749 | 19,096 | 20,194 | 20,641 | 1,737 | 1,813 | 1,788 | 1,738 | 1,805 | 1,813 |
| Refineries Capacity Utilization (%)                 | 88.3   | 83.7   | 81.2   | 83.1   | 81.9   | 84.2   | 82.5  | 85.4  | 83.2  | 84.6  | 84.4  | 85.4  |
| World Refined Usage 1/                              | 14,903 | 15,157 | 15,667 | 16,785 | 16,648 | 17,039 | 1,420 | 1,507 | 1,423 | 1,460 | 1,319 | 1,507 |
| Seasonally Adjusted World Refined Usage - monthly   | 1,242  | 1,263  | 1,305  | 1,399  | 1,388  | 1,420  | 1,389 | 1,474 | 1,438 | 1,439 | 1,423 | 1,474 |
| Refined Stocks End of Period                        | 1,992  | 2,048  | 1,780  | 919    | 851    | 1,088  | 937   | 1,060 | 890   | 960   | 1,088 | 1,060 |
| Period Stock Change                                 | 702    | 55     | -267   | -861   | -69    | 237    | 86    | -28   | 57    | 70    | 128   | -28   |
| Refined Balance 2/                                  | 691    | 112    | -443   | -916   | -107   | 344    | 14    | 40    | 65    | 11    | 204   | 40    |
| Seasonally Adjusted Refined Balance 3/              |        |        |        |        |        |        | 31    | 58    | 28    | 26    | 53    | 58    |

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.