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Copper: Preliminary Data for February 2007

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

According to the preliminary ICSG data, the refined copper market had an apparent production deficit in February 2007 of about 51,000 metric tonnes (t), decreasing to about 34,000 t after making seasonal adjustments for world refined usage and production. The apparent refined copper balance for the first 2 months of 2007, including revisions to data previously presented, indicates a production deficit of about 39,000 t and, when seasonally adjusted, a deficit of 8,000 t. This compares with a production surplus of 53,000 t (seasonally adjusted 80,000 t) for the same period in 2006. In its forecast presented last week, the ICSG anticipates a basically balanced market for 1st half of 2007 with increased surplus during the 2nd half of the year.

In the first two months of 2007, world refined copper usage is estimated to have increased by 8.6% when compared with that of the same period of 2006. This growth is mainly attributed to a strong increase in Chinese apparent usage during the first two months of the year (35%) and to growth in Europe (8%). Usage in Asian countries, excluding China, increased by 3.2%: usage in India and South Korea were up by respectively 12% and by 1% while usage growth in Japan remained flat. In North America, usage was down by 10%, with a decrease of 15% in U.S. usage more than offsetting increases in Canada and Mexico.

On the supply side, world mine production increased by 6.7% in the first two months of 2007 compared to the same period of 2006: Concentrate production was up by 5%, and SX-EW production was up by 13%. However, this compares to a weak start in 2006 when mine output was reduced due to technical problems and strikes. When compared to fourth quarter 2006 average monthly production levels, January-February 2007 monthly levels are 10% lower. On a regional basis, mine production was up by 23% in Asia, 7% in Africa, 5% in Oceania, 4% in Latin America and 1% in North America. Mine production was down in Europe by 1.3%. Global mine capacity utilization increased to an average of 87.3% from an average of 84.7% in the same period of 2006.

Total world refined production increased by 5.2% in the first two months of 2007 compared with that of the same period of 2006: Primary production was up by 5.3% (with the biggest share of the growth attributed to SX-EW production) and secondary production (from scrap) was up by 4.3%. Refined capacity utilization averaged 84.4%, up from 83.9% in the same period of 2006. All major producing countries increased their production with the exception of the United States: Chile (+10%), China (+3.7%), Japan (+7%), India (+23%), Russia (+5%) and the United States (-2.5%).

The average LME cash price for April 2007 increased to US$7,766.47 per tonne from the March 2007 average of US$6,452.48 per tonne. The 2007 high and low copper prices through end of April were US$8,100.00 and US$5,225.50 per tonne, respectively, and the average was US$6,358.78 per tonne. As of the end April 2007, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 254,442 t, an increase of 1,652 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-Feb		Nov	Dec	Jan	Feb
World Mine Production	13,636	13,578	13,785	14,607	14,922	15,026	2,303	2,456	1,360	1,411	1,283	1,173
World Mine Capacity	14,418	15,068	15,245	15,827	16,606	16,958	2,720	2,812	1,418	1,470	1,475	1,337
Mine Capacity Utilization (%)	94.6	90.1	90.4	92.3	89.9	88.6	84.7	87.3	95.9	96.0	87.0	87.7
Primary Refined Production	13,773	13,442	13,467	13,843	14,413	14,863	2,404	2,531	1,261	1,298	1,317	1,214
Secondary Refined Production	1,846	1,862	1,759	2,037	2,130	2,466	373	389	204	223	207	182
World Refined Production (Secondary+Primary)	15,618	15,304	15,226	15,880	16,543	17,329	2,776	2,920	1,466	1,521	1,524	1,396
Seasonally Adjusted Refined Production - monthly 1/	1,301	1,275	1,269	1,323	1,378	1,444	1,426	1,502	1,459	1,472	1,512	1,491
World Refinery Capacity	17,659	18,245	18,749	19,096	20,194	20,641	3,309	3,459	1,738	1,805	1,813	1,646
Refineries Capacity Utilization (%)	88.4	83.9	81.2	83.2	81.9	84.0	83.9	84.4	84.3	84.3	84.0	84.8
World Refined Usage 1/	14,927	15,192	15,668	16,786	16,664	16,994	2,724	2,958	1,450	1,335	1,511	1,447
Seasonally Adjusted World Refined Usage - monthly	1,244	1,266	1,306	1,399	1,389	1,416	1,386	1,506	1,433	1,440	1,486	1,525
Refined Stocks End of Period	1,992	2,048	1,780	928	855	1,099	936	1,073	970	1,099	1,070	1,073
Period Stock Change	702	55	-267	-852	-73	243	81	-25	70	129	-29	3
Refined Balance 2/	691	112	-443	-906	-121	335	53	-39	16	186	12	-51
Seasonally Adjusted Refined Balance 3/							80	-8	26	32	26	-34

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.