



Copper: Preliminary Data for March 2007

The International Copper Study Group (ICSG) released preliminary data for the first quarter 2007 for world copper supply and demand in its June 2007 Copper Bulletin.

According to the preliminary ICSG data, the refined copper market had an apparent production deficit in March 2007 of about 100,000 metric tonnes (t), decreasing to about 50,000 t after making seasonal adjustments for world refined usage and production. Owing primarily to a significant increase in Chinese usage, the apparent refined copper balance for the first quarter of 2007, including revisions to data previously presented, indicates a

production deficit of about 140,000 t and, when seasonally adjusted, a deficit of 70,000 t. This compares with a production surplus of about 60,000 t (seasonally adjusted 140,000 t) for the same period in 2006.

In the first quarter of 2007, world refined copper usage is estimated to have increased by 9% when compared with that of the same period in 2006. This growth is mainly attributed to a 36% increase in Chinese apparent usage during the first three months of the year: China's net imports of refined copper increased by about 350,000 t (270%) in the first quarter of 2007. This follows an assumed de-stocking (no official data is available) of SRB inventories in 2006. March 2007 apparent usage for the EU-15 countries decreased by 3.7% compared with usage in March 2006, reducing year-on-year growth in the first quarter of 2007 to 2.8%. Although U.S. usage showed a significant recovery from low levels in the fourth quarter of 2006, usage in the first quarter remained 9% below that for the first quarter of 2006.

On the supply side, world mine production increased by 7.3% in the first quarter of 2007 compared with that in the same period of 2006 (Concentrate production was up by 6.5%, and SX-EW production was up by 10.4%), though remained 7.5% lower than production in the fourth quarter of 2006: Mine output in the first quarter of 2006 was reduced by technical problems and strikes. Compared with mine production during the first quarter of 2006, mine production was up by 23% in Asia, 5% in Africa, 2% in Oceania, 6.9% in Latin America and 1% in North America. Mine production was down in Europe by 1.5%. Global mine capacity utilization increased to an average of 88.3% from an average of 85.7% in the same period of 2006.

Total world refined production increased by 4.3% in the first quarter of 2007 compared with that of the same quarter of 2006: Primary production was up by 4% (with the biggest share of the growth attributed to SX-EW production) and secondary production (from scrap) was up by 6.7%. With the exception of the United States (-5.5%) all major producing countries increased their production: Chile (+10%), China (+4%), Japan (+5%), India (+20%), Russia (+5%). Refined capacity utilization, however, declined nominally to 83.5% from 83.8% in the same period of 2006.

The average LME cash price for May 2007 decreased to US\$7,682.17 per tonne from the April 2007 average of US\$7,766.47 per tonne. The 2007 high and low copper prices through the end of May were US\$8,100.00 and US\$5,225.50 per tonne, respectively, and the average was US\$6,626.00 per tonne. As of the end May 2007, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 247,652 t, an increase of 5,138 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-Mar	Dec	Jan	Feb	Mar	
World Mine Production	13,636	13,578	13,785	14,607	14,921	15,008	3,536	3,792	1,408	1,276	1,167	1,349
World Mine Capacity	14,418	15,068	15,245	15,827	16,606	16,958	4,152	4,297	1,470	1,475	1,337	1,485
Mine Capacity Utilization (%)	94.6	90.1	90.4	92.3	89.9	88.5	85.2	88.2	95.8	86.5	87.3	90.8
Primary Refined Production	13,773	13,442	13,467	13,843	14,413	14,865	3,663	3,806	1,298	1,311	1,212	1,284
Secondary Refined Production	1,846	1,862	1,759	2,037	2,130	2,466	573	611	223	209	191	211
World Refined Production (Secondary+Primary)	15,618	15,304	15,226	15,880	16,543	17,331	4,235	4,418	1,521	1,521	1,403	1,494
Seasonally Adjusted Refined Production - monthly 1/	1,301	1,275	1,269	1,323	1,378	1,444	1,428	1,490	1,472	1,504	1,493	1,472
World Refinery Capacity	17,659	18,245	18,749	19,096	20,194	20,641	5,053	5,290	1,805	1,813	1,646	1,831
Refineries Capacity Utilization (%)	88.4	83.9	81.2	83.2	81.9	84.0	83.8	83.5	84.3	83.9	85.2	81.6
World Refined Usage 1/	14,927	15,192	15,668	16,786	16,664	16,994	4,178	4,560	1,335	1,509	1,453	1,598
Seasonally Adjusted World Refined Usage - monthly	1,244	1,266	1,306	1,399	1,389	1,416	1,382	1,513	1,439	1,484	1,530	1,524
Refined Stocks End of Period	1,992	2,048	1,780	928	855	1,099	828	1,083	1,099	1,070	1,069	1,083
Period Stock Change	702	55	-267	-852	-73	243	-28	-16	129	-29	-0	13
Refined Balance 2/	691	112	-443	-906	-121	337	57	-143	186	11	-50	-104
Seasonally Adjusted Refined Balance 3/							139	-69	33	20	-37	-52

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.