



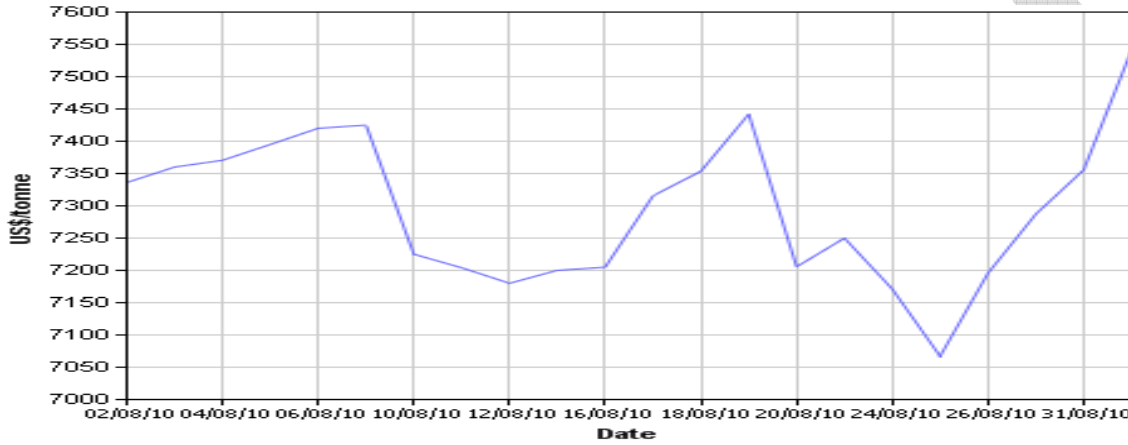
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MONTHLY COPPER BULLETIN

AUGUST-2010

02nd September 2010

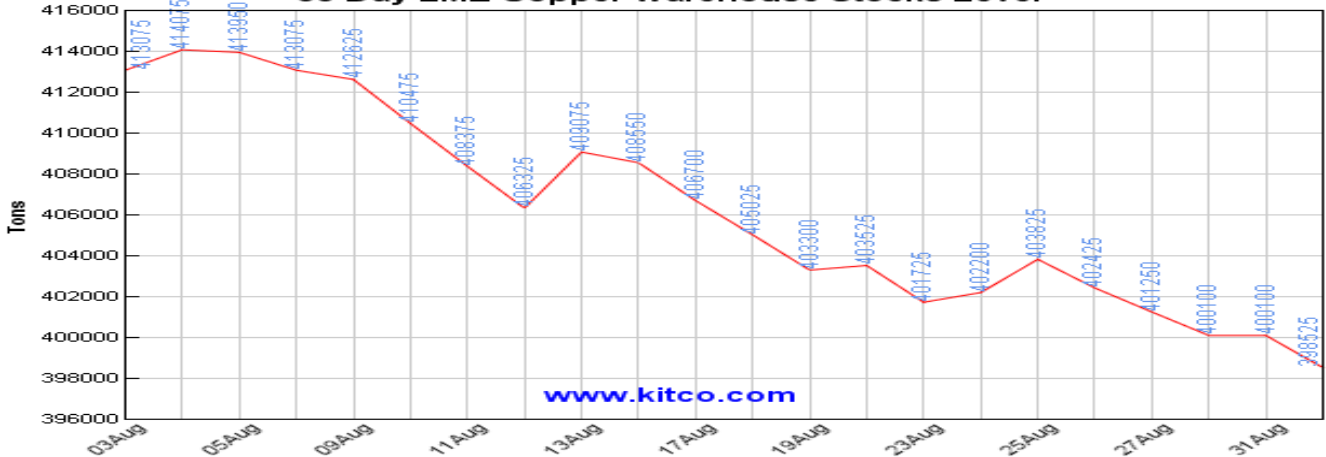
LME CASH SETTLEMENT – CASH SELLER AND SETTLEMENT, AUGUST 2010



LME CASH SETTLEMENT – CASH SELLER AND SETTLEMENT, LAST 3 MONTHS



30 Day LME Copper Warehouse Stocks Level



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OFFICIAL MARKET DATA & PRICE INDICATORS

DATE	CASH (USD/t)	CASH (EUR/t)	CASH (GBP/t)	WEEKLY AVERAGE (USD/t)	WEEKLY CHANGE %	YEARLY CHANGE %	LME STOCKS (Tonnes)	DEL NOTICE (€/100Kg)	DEL NOTICE HIGH
02.08.2010	7.336,00	5.612,85	4.635,41	7.121,60	3,01%	-0,14%	413075	568,80	577,08
03.08.2010	7.360,00	5.562,27	4.617,03	7.121,60	3,35%	0,19%	414075	562,95	571,13
04.08.2010	7.370,50	5.570,21	4.620,13	7.121,60	3,50%	0,33%	413950	564,95	573,13
05.08.2010	7.395,00	5.604,40	4.654,16	7.121,60	3,84%	0,67%	413075	566,85	575,04
06.08.2010	7.420,00	5.632,31	4.671,66	7.121,60	4,19%	1,01%	412625	571,04	579,26
09.08.2010	7.425,00	5.606,31	4.654,59	7.376,30	0,66%	1,08%	410475	567,36	575,52
10.08.2010	7.225,00	5.494,71	4.591,38	7.376,30	-2,05%	-1,65%	408375	556,49	564,71
11.08.2010	7.204,00	5.536,43	4.580,95	7.376,30	-2,34%	-1,93%	406325	561,56	569,89
12.08.2010	7.180,00	5.606,75	4.609,36	7.376,30	-2,66%	-2,26%	409075	567,63	576,08
13.08.2010	7.200,00	5.623,68	4.618,64	7.376,30	-2,39%	-1,99%	408550	570,22	578,68
16.08.2010	7.205,00	5.621,00	4.617,11	7.246,80	-0,58%	-1,92%	406700	570,39	578,84
17.08.2010	7.315,50	5.689,01	4.680,12	7.246,80	0,95%	-0,42%	405025	576,20	584,61
18.08.2010	7.353,50	5.711,46	4.703,23	7.246,80	1,47%	0,10%	403300	578,57	586,98
19.08.2010	7.442,00	5.795,95	4.759,22	7.246,80	2,69%	1,31%	403525	587,43	595,86
20.08.2010	7.205,50	5.669,60	4.640,92	7.246,80	-0,57%	-1,91%	401725	575,34	583,87
23.08.2010	7.250,00	5.698,34	4.659,98	7.304,30	-0,74%	-1,31%	402200	578,26	586,78
24.08.2010	7.171,00	5.685,85	4.658,91	7.304,30	-1,82%	-2,38%	403825	576,39	584,98
25.08.2010	7.067,00	5.596,74	4.581,23	7.304,30	-3,25%	-3,80%	402425	566,55	575,11
26.08.2010	7.195,50	5.672,45	4.635,98	7.304,30	-1,49%	-2,05%	401250	574,00	582,52
27.08.2010	7.287,00	5.731,03	4.698,87	7.304,30	-0,24%	-0,80%	400100	580,67	589,19
31.08.2010	7.355,50	5.797,21	4.782,20	7.194,10	2,24%	0,13%	398525	587,51	596,04
MONTHLY AVERAGES	7.283,95	5.643,74	4.651,00	7.259,00				571,86	580,25



MARKET COMMENTARY

Last Thursday, LME copper pared losses rising back to \$7150 before the SHFE started trading. SH metal prices opened up strong, supported by the rebound in equity market and weak dollar. We saw substantial arbitrage buying interest from the Chinese. On Friday SHFE and LME markets were subdued. Prices moved within a narrow range in the morning. Midday, US Q2 GDP figures were better than expected raising the mood in the market, however keeping prices in their established ranges. Bernanke's speech prompted some choppy trading after investors digested his comments. The metals complex retreated only to sky rocket towards the end of the trading day, as shorts were covering their positions ahead on the UK bank holiday. Copper traded at \$7448. Euro picked up to around 1.2760 and Dow Jones recovered to above 10000.

This week, LME metals rose, driven by the news of China Purchasing Managers' Index (PMI) rising in August to a three-month high of 51.7 from 51.2 in July. This indicates an improvement, even though moderate in the manufacturing sector. Copper made a significant break through \$7500. Midday, US August ISM manufacturing figures came out better than expected, lifting the Dow Jones index to the high of 10264. The metals complex grew on the back of the spike in optimism. Copper traded at \$7619 and touched a fresh four-month peak.

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In August LME copper increased almost 8.1 percent at \$ 7,285.93 when compared to LME average of July 2010. Today, 3M copper is traded in the range \$7600-\$7675. Following the overnight strength in LME, SHFE copper opened high at 60110 and the price rose to 60370 in the early AM session, but the upside was capped because market investors show some worries about the US employment data released on Friday.

The current level of resistance is \$7700 and support is \$7400.

Today we are on the lookout out for jobless claims, pending home sales and factory orders & durable goods data from the US.



MONTHLY REVIEW & INDUSTRY NEWS

- According to the WBMS's latest report, the copper market recorded a deficit of 80kmt in January to June 2010 which compares with a surplus of 259kmt in the whole of 2009 and a deficit of 160kmt in the first six months of 2009. World mine production in January to June was 7.76mmt which was fractionally higher than in the same months of 2009. In the first six months of 2010, refined production rose to 9.50mmt up 5.1% compared to the same months last year. Global consumption for the first half of 2010 was 9.58mmt and the 2009 calendar year total was 18.26mmt. In June 2010, refined copper production was 1620.4kmt and consumption was 1652.3kmt.
- The world refined copper market balance for May 2010 indicated a production deficit of 93kmt, the International Copper Study Group reported. When making seasonal adjustments for world refined production and usage, the ICSG said, May showed a deficit of about 37kmt. The apparent refined copper balance for the first five months of 2010 indicates a production deficit of 190kmt (a seasonally adjusted surplus of 46kmt). World refined copper usage in May 2010 grew by 7.4% compared with that in May, ICSG said. During the first five months of 2010, world apparent usage grew by 8.4% (620kmt) compared with that in the first five months of 2009.
- Chile produced 2.62mmt of copper fines in the first half this year, up 1.6% from the 2.57mmt recorded in the corresponding period of 2009, according to data from the country's copper commission, Cochilco. Copper exports in the first half fell by 1.3% to 2.64mmt, despite the rise in total output. Output at Codelco, the largest producer, reached 798,500mt, a 2% lift, while BHP Billiton and Rio Tinto's Minera Escondida came next with 526,000mt, up by 1%.
- Copper production at Escondida will fall as much as 10% by the middle of next year because of lower grades BHP Billiton Ltd said. Output will slide at least 5% in the current fiscal year through June 2011.
- China's copper demand is expected to grow at 8% this year from last year, and at a similar pace next year, a senior executive of Chile's Codelco said.
- China's July 2010 copper imports were up 4.5% month on month to 342,901mt.
- Codelco said demand in China for copper will slow in this half because of government measures to tighten lending and curb inflation. Steel and copper demand in China has slipped as the government tightened real estate lending and cracked down on speculation since mid-April.

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- ✚ Peru's copper production increased 2.2% to 108,533mt in June 2010.
- ✚ Antofagasta reports that copper production was 135,200mt in Q2, compared with 117,700mt in Q1. The increase in Q2 was mainly due to increased production at Los Pelambres, reflecting higher throughput as a result of the plant expansion which reached design capacity of 175,000mt per day of ore throughput at the end of Q1. Production in the first half of 2010 was 252,900mt, in line with expectations and 15.9% above the comparable period of 2009.
- ✚ Serbia's mining complex RTB Bor plans to produce 30,000mt of copper in concentrate and expects to more than double output within three years. The company is building a new copper smelting unit. The smelter is designed to process 400,000mt of copper in concentrate a year.
- ✚ Kazakh miner Kazakhmys PLC its copper output should rise 67% in the next five years due to the development of new projects, to take total annual output over 500kmt. The company currently forecasts 2010 full year copper cathode output of 300kmt.
- ✚ KME said its output of semi-finished copper, copper-alloy and special products rose to 264,000mt in the first half of 2010 from 218,000mt in the same period of 2009. Demand for its rolled products from carmakers, mechanical industry and manufacturers of domestic appliances, especially in Germany, has grown, KME said. Demand for pipes used in refrigeration and air conditioning and for components used to generate renewable energy was also robust. Demand from the construction sector, which accounts for 33% of total sales, remained weak because of the impact of high copper prices and bad weather in Europe and North America early this year.
- ✚ Japan's copper wire and cable shipments climbed 2.9% in July from a year earlier, gaining for the seventh straight month, as the country's export led economy grew. Shipments, including exports and domestic business, increased to 59,700mt last month, from 58,032mt a year earlier, the Japanese Electric Wire and Cable Makers Association said. Shipments totaled 56,668mt in June.

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