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# MONTHLY COPPER BULLETIN

**JULY-2010**

04<sup>th</sup> August 2010

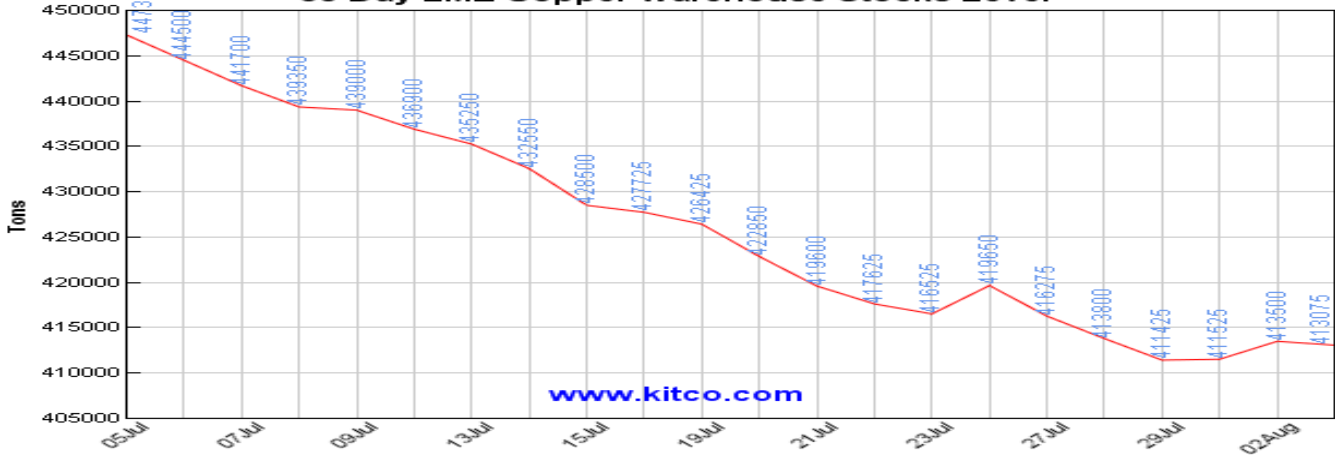
## LME CASH SETTLEMENT – CASH SELLER AND SETTLEMENT, JULY 2010



## 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
01.07.2010	6.354,00	5.151,61	4.240,81	6.554,60	-3,06%	-13,50%	449425	522,83	531,61
02.07.2010	6.430,50	5.130,04	4.231,43	6.554,60	-1,89%	-12,46%	447300	521,67	530,33
05.07.2010	6.440,00	5.141,72	4.257,01	6.536,90	-1,48%	-12,33%	444500	521,77	530,41
06.07.2010	6.523,00	5.186,86	4.299,65	6.536,90	-0,21%	-11,20%	441700	526,22	534,83
07.07.2010	6.545,00	5.201,46	4.328,42	6.536,90	0,12%	-10,90%	439000	527,43	536,02
08.07.2010	6.641,00	5.246,90	4.386,10	6.536,90	1,59%	-9,60%	439000	532,61	541,17
09.07.2010	6.680,50	5.277,69	4.411,90	6.536,90	2,20%	-9,06%	436900	535,10	543,65
12.07.2010	6.630,50	5.270,25	4.408,58	6.565,90	0,98%	-9,74%	435250	535,30	543,91
13.07.2010	6.596,00	5.244,91	4.367,34	6.565,90	0,46%	-10,21%	432550	532,21	540,82
14.07.2010	6.694,50	5.269,60	4.394,16	6.565,90	1,96%	-8,87%	428500	534,01	542,53
15.07.2010	6.656,00	5.193,91	4.337,00	6.565,90	1,37%	-9,39%	427725	526,91	535,36
16.07.2010	6.650,00	5.117,35	4.325,20	6.565,90	1,28%	-9,47%	426425	520,70	529,05
19.07.2010	6.514,00	5.023,91	4.261,69	6.645,40	-1,98%	-11,33%	422850	510,33	518,69
20.07.2010	6.526,00	5.072,68	4.302,48	6.645,40	-1,80%	-11,16%	419600	513,37	521,76
21.07.2010	6.771,00	5.284,06	4.437,09	6.645,40	1,89%	-7,83%	417625	536,66	545,12
22.07.2010	6.920,50	5.382,67	4.535,06	6.645,40	4,14%	-5,79%	416525	545,55	553,97
23.07.2010	6.995,00	5.418,28	4.538,67	6.645,40	5,26%	-4,78%	419650	548,11	556,48
26.07.2010	6.995,50	5.407,78	4.510,32	6.745,30	3,71%	-4,77%	416275	549,51	557,90
27.07.2010	7.091,50	5.439,10	4.562,50	6.745,30	5,13%	-3,46%	413800	552,97	561,30
28.07.2010	7.120,00	5.475,24	4.567,03	6.745,30	5,55%	-3,08%	411425	555,56	563,89
29.07.2010	7.206,00	5.512,97	4.615,98	6.745,30	6,83%	-1,91%	411525	558,19	566,46
30.07.2010	7.195,00	5.520,60	4.610,70	6.745,30	6,67%	-2,06%	413500	560,91	569,24
<b>MONTHLY AVERAGES</b>	<b>6.735,25</b>	<b>5.271,35</b>	<b>4.405,87</b>					<b>534,91</b>	<b>543,39</b>



## MARKET COMMENTARY

LME copper increased almost 3.6 percent in July 2010 at \$ 6,735.25 when compared to LME average of June 2010.

After reaching \$ 7,490 per ton points at the beginning of August, copper drifted lower as poor U.S. data in the previous session stoked concerns about the strength of the economic recovery, which prompted investors to cash in profits from a recent rally. Data also weighed on the equity markets, where European shares fell, tracking their Asian peers and following losses on Wall Street.

Firstly copper for three months delivery on the London Metal Exchange fell to \$ 7,370 a tonne from \$7,425 a tonne on Tuesday and it rose again to \$ 7,495 today after positif U.S. data. "The U.S. data's been used as an excuse to take profits," said analyst David Wilson at Societe Generale. "I don't think it was unexpected that U.S. data was going to be slow in July. It will probably be so in August as well." In Europe, economic data was not rosy either. Euro zone retail trade was flat in June after a rebound in May, depressed by declining sales of food and drinks, figures showed. The data points to soft consumer spending, which may stall the economic recovery. "We're being very much driven by news flow and data releases lately," Wilson said. The market awaits U.S. jobs data on Friday that are likely to provide more clues about the health of the economy and direction for currency and metals markets.

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"The economic data is part of the story, but you'll have to admit that demand is still there, and stocks and supply is getting tighter and tighter," said Tiger Shi, head of metals, Asia-Pacific, at Newedge Group. He expects copper to test the \$8,000 level. The copper market is seen tightening despite a slowdown in demand from China, leading to a balanced global market this year, said the head of Xstrata's copper division, the world's fourth-biggest producer of the metal.

LME copper is expected to fall to \$7,200 per tonne as a five-wave cycle has been completed at the Monday high of \$7,500, according to Wang Tao, a Reuters market analyst.



## MONTHLY REVIEW & INDUSTRY NEWS

- ✚ The copper market recorded a surplus of 73kmt in January to May 2010 which compares with a surplus of 283kmt in the whole of 2009 and a deficit of 56.2 in the first five months of 2009 according to the World Bureau of Metal Statistics. World mine production in January to May was 6.38mmt which was fractionally higher than in the same months of 2009. In the first five months of 2010, refined production rose to 7.89mmt, up 4.95% compared to the same months last year. Global consumption for the first five months of 2010 was 7.81mmt and the 2009 calendar year total was 18.25mmt. In May 2010, refined copper production was 1609.8kmt and consumption was 1642.0kmt.
- ✚ CRU's data shows that in H1 global copper wirerod and wire and cable production grew by 6.6% year-on-year, with the growth rate moderating in Q2 to 5.7% after a rise of 7.6% in Q1. The main driver continues to be Asia, with Europe and North America only posting growth of around 2% in terms of wirerod consumption in H1. This leaves H1 wirerod consumption still 5.4% below H1 2008 and 3.7% below H1 2007, and it will not be until 2011 at best that the global market gets back to pre-crisis level.
- ✚ According to CRU's estimates, European copper and cable output reached 601.000 t in Q2 2010. The figure was up by 3% compared to year ago levels. It was also up sequentially by 13%. Winding wire, which was the strongest segment, rose by 22, 5% y-o-y to 118.00t in Q2 2010. Energy and communication cables were down y-o-y 409.000t and 74.000t from 414.000t and 72.000t respectively. The construction sector in Europe continues to be under pressure whilst infrastructure projects have been impacted by ailing public finances. Initial estimates show that copper wirerod production in Europe amounted to 753.000t in Q2 2010, up by 3% y-o-y and 10% sequentially. Germany remained the largest national producer with output of 186.000t in Q2, an increase of 4% y-o-y.
- ✚ World refined copper production exceeded consumption by 179,000 tonnes in 2009, the International Copper Study Group (ICSG) said as it released its statistical yearbook. World refined production was at 18.377 million tonnes last year, up from 18.222 million in 2008, while consumption rose to 18.198 million tonnes from 18.056 million a year ago, the Lisbon-based ICSG said. Over the 10-year period between 2000 and 2009, world refined copper usage increased by 20 percent, with an annual growth rate of 2.1 percent, and the growth was driven by China, the world's top copper consumer. "World usage excluding China in fact decreased by 17 percent (3.3 Mt) during the period, with particularly weak usage in 2008 and 2009 due to the world economic recession," ICSG said.
- ✚ Italy's output of copper and alloy semi-finished products rose 19.8% year on year to 289kmt in the first quarter of 2010, data from Italy's non-ferrous metals association Assomet showed.

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- ✚ Japanese copper wire and cable shipments in June 2010 rose 5% from a year earlier to an estimated 56,100mt, reflecting firming demand, industry data showed. It was up 12.9% from 49,708mt in May, data from the Japanese Electronic Wire and Cable Makers' Association showed. Demand has now recovered to around 80% of pre-crisis levels mainly due to brisk domestic demand in electronics and automobiles sectors and in China, but persistent deflationary pressure in Japan and sluggishness in the construction sector, a major consumer of the metal, keep the outlook uncertain.
- ✚ Chile's Collahuasi copper mine aims to maintain 2010 output levels similar to the previous year, despite a labour protest that halted production for several days. Collahuasi produced 535,853mt of copper in 2009.
- ✚ Antofagasta Minerals flagship Los Pelambres copper mine in Chile sees its 2011 output similar to 2011 levels, estimated at around 420kmt. Los Pelambres has said it sees its output surging 26% in 2010 from 2009 levels after it completed an expansion.
- ✚ Russian nickel and copper exports in the first five months of this year rose in volume and value as prices recovered after the crisis, though aluminium export volumes were down on the year, customs data showed. Refined copper export volumes to non-CIS countries rose 19.5% to 209,500mt and their value rose by 138% to US\$1.47 billion.
- ✚ Copper output in Zambia, Africa's leading producer of the metal increased to 393,089 tonnes in the first half of 2010 compared with the 339,372 tonnes the country produced during the same period last year, the central bank said. Zambia's copper exports during the first six months rose to 405,784 tonnes from the 310,956 tonnes the southern African country exported in the first half of last year, central bank data showed.
- ✚ Peruvian copper output rose 2.16 percent to 108,533 tonnes in June from the same month a year ago.
- ✚ Zambia, Africa's largest copper producer, has continued to attract mining investments to lift output to 750,000 tonnes this year and 1 million in 2012, central bank governor Caleb Fundanga said. The government and the Chamber of Mines of Zambia have both said investments in the mining sector, have peaked at \$5 billion in the last eight years.
- ✚ Mexican copper output fell 11.5 percent to 16,592 tonnes in May, from the same month a year earlier, the National Statistics Institute said.

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