

## Tight supply and demand of refined copper to ease in China

According to statistic data, apparent consumption of refined copper in China was 752 thousand tons in September, down by 0.15% MOM but up by 16.45% YOY. Output of refined copper declined by 7.5% MOM but increased by 17.7% YOY to 479 thousand tons this month. However, both import and export of refined copper increased with a month-on-month comparisons. The import hit a 16-month high of 275,499 tons in September with an increase by 16.98% MOM and 13.89% YOY.

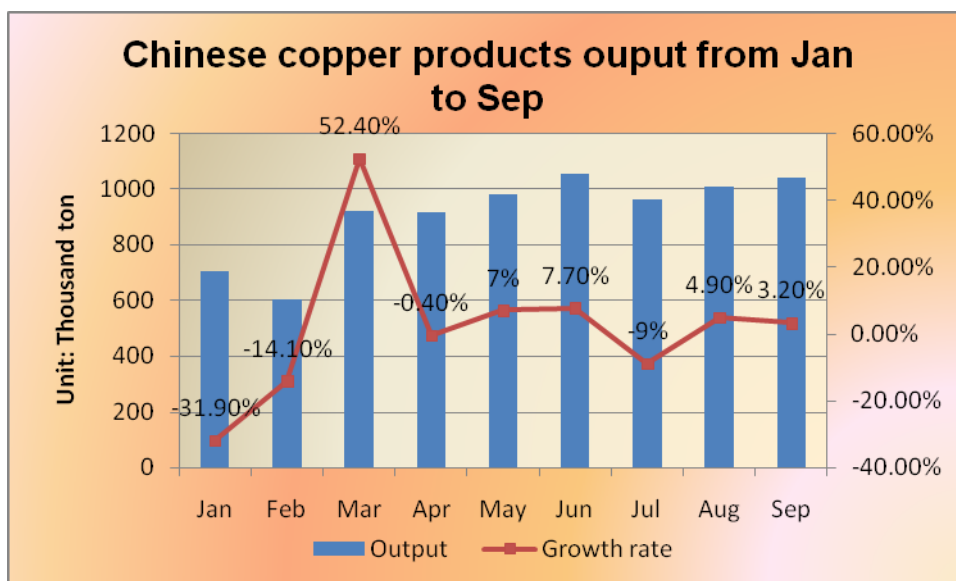
**Chinese refined copper supply and demand situation (thousand ton)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Output	339	386	470	454	439	477	478	518	479
Import	246	158	192	160	149	179	194	136	275
Export	24	19	37	45	20	3	4	0.5	3
Consumption	387	408	421	607	594	653	668	753	752
Supply/Gap	174	117	204	-38	-26	0	0	-99.5	-1

In view of supply and demand situation for refined copper in the first nine months, surplus of refined copper was relative high in the first quarter which reached 204 thousand tons in March as many downstream consumers were in a semi-shutdown state due to the Spring Festival. With an increase of refined copper consumption after April, domestic demand surpassed the supply. The gap between supply and demand in August reached 95.5 thousand tons and it was only one thousand tons in September as vast import of refined copper filled in the supply lack despite the output decreased. Of course, more and more domestic smelters were forced to cut or stop production during the period because copper price dropped constantly to unprofitable depressed by European debt crisis, for instance, Jiangxi Copper Co., Chifeng Jinjian Copper Co. etc. had been cutting production. In this case, domestic growth rate of refined copper slowed down resulting in the tight supply.



Output of copper product increased continuously after July which reached 1,038 thousand tons in September, up by 3.2% MOM and 28.5% YOY. The increase of copper product output indicated that the growth rate of refined copper demand did not slow due to the output decrease in China.



Currently, copper demand still maintains an optimistic increase trend, but refined copper consumers are becoming cautiously day by day to buy spot goods due to tight credit loan and unstable copper price. On the contrary, manufacturing enterprises may increase sales in order to avoid credit crisis. Therefore, the supply shortage may ease in the future.