
Copper market developments in October 2009

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Reuters reported that copper prices are likely to remain in their current trading range in the next few months with sluggish demand offset by a slew of actual and potential supply problems.

Mr Calyon analyst Robin Bhar said that "The market is in no man's land and by default is holding steady. Demand is ok and is being counter balanced by concerns over supply."

He expected prices to hold above USD 6,000 per tonne but even if that level gave way he expected consumer buying to emerge to limit declines.

Mr Angus MacMillan independent consultant said that "The market has its eye on labor contract talks in Latin America. As long as that's in the equation the downside for prices is limited."

Mr David Wilson director of research at Societe Generale expected prices to trade sideways, albeit in volatile conditions. He said that if there is more strike action it would clearly be supportive."

Below are some of the more significant recent developments in production, stocks and prices that may influence the direction of the market in the rest of 2009 and into 2010.

October 31 - Striking workers at Chile's Spence copper mine said that they will resume government mediated talks with owner BHP Billiton raising hopes of a possible resolution. Production at Spence, which 2008 produced 165,000 tonnes of copper cathodes has been cut to a minimum since miners laid down their tools 19 days ago.

October 29 - Chile's Escondida said that its January to September copper output fell 21% from a year earlier to 788,126 tonnes. The company attributed lower concentrates production to the low quality mineral being processed and a failure at its SAG mill where major repairs were undertaken in July, requiring a 32 day stoppage.

October 29 - Peru's government said that it has asked Southern Copper to provide details about the expected impact of its Tia Maria copper project on area water supplies. Tia Maria, which is forecast to produce 120,000 tonnes of copper per year, is slated to start production in the Q2 of 2011. But the project has come under criticism from communities that are worried the development will put local water supplies and agriculture, at risk.

October 29 - Chile's state owned Codelco said that its copper production rose 16% in the January to September period compared with a year earlier. Codelco's copper output in the nine-month period totalled 1.21 million tonnes. Including the company's 49% stake in El Abra mine, production totalled 1.27 million tonnes.

October 29 - Chile saw September copper output rise 8.5% from the same month of 2008. The country produced 464,560 tonnes of copper in the month compared with 428,280 tonnes in September of 2008. In the first 9 months of the year, copper production was down 1.1% from a year earlier to 3.94 million tonnes.

October 29 - Zambia's Lumwana Mining Company had upgraded facilities to mine for copper during the rainy season after heavy rains cut the company's 2009 output forecast.

October 28 - Canada's Ivanhoe Mines said that Rio Tinto has raised its stake in Ivanhoe to 19.7% from 9.9% as part of a deal struck in 2006 when the companies agreed to partner on the Oyu Tolgoi project in Mongolia. Earlier in October, the government of Mongolia wrapped up a long awaited deal with Ivanhoe and Rio Tinto to develop Oyu Tolgoi. Full capacity not expected until 2018.

October 23 - Southern Copper Corporation said that it plans to lift its 2010 capital budget to USD 600 million. The company, one of the world's largest copper producers had cut its capital and exploration budget this year to around USD 450 million.

October 22 - Doe Run Peru operations at its La Oroya smelter, stopped since June because of financial and environmental troubles, might not restart until 2010. The company said in September that work at its La Oroya smelter would likely resume within a few weeks. Doe Run, which halted work after banks cut its credit said that it could regain access to loans and restart production at the world's most diversified smelter if the deadline were extended. The Peruvian Congress voted last month to

give Doe Run Peru a 30 month extension on its environmental cleanup program, which previously it was required to finish by October.

October 22 - Figures from the National Bureau of Statistics showed that China produced 3,103,100 tonnes of refined copper in the first 9 months of 2009 up 8.2% from the same period of 2008. Mined copper output rose by 6.0% over the period to reach 740,400 tonnes.

October 21 - Workers at Chile's Andina copper mine demanded 5% wage hike to owner Codelco.

October 21 - Freeport McMoRan Copper & Gold Inc has decided to move forward on 3 deferred copper mining projects.

October 21 - Freeport McMoRan said that it is producing metal from its vast Tenke Fungurume mine in Democratic Congo, even as it is talking with the Kinshasa government over a contract review that has threatened to cancel some mining permits in the central African nation.

October 21 - The national association of mining unions said that Peruvian mine workers returned to work after a 48 hour mining strike intended to pressure Congress to pass 2 bills that would improve labor benefits.

(Sourced from Reuters)

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