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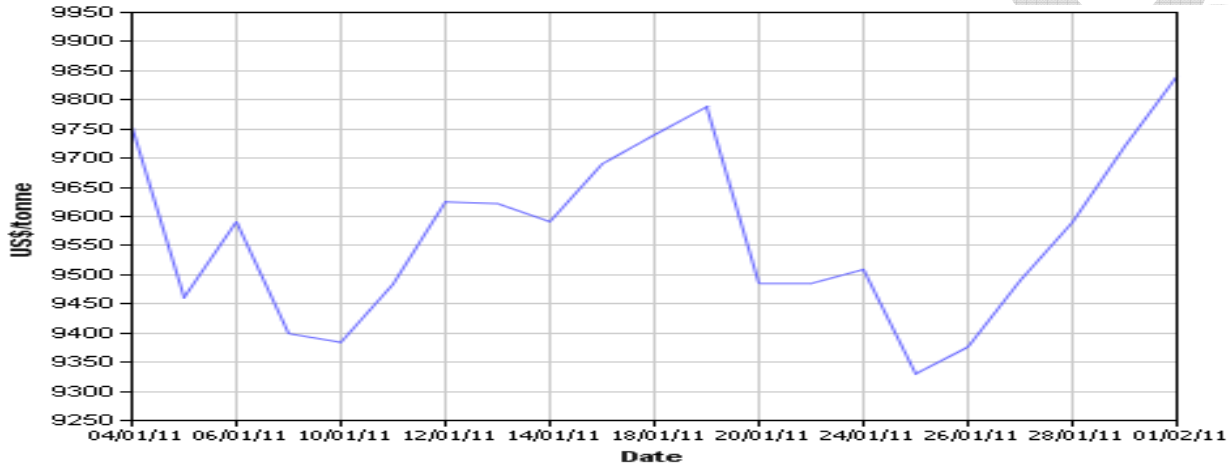
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MONTHLY COPPER BULLETIN

January-2011

3rd February 2011

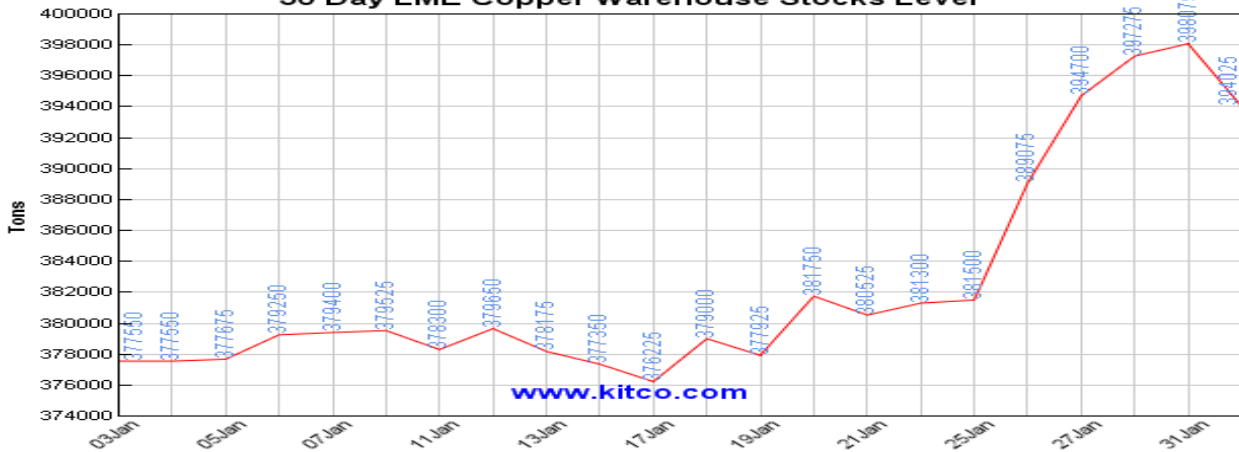
LME CASH SETTLEMENT – CASH SELLER AND SETTLEMENT, JANUARY 2011



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
04.01.2011	9.754	7.282,4	6.246,6	9.594,8	1,66%	0,15%	277.675	730,82	738,99
05.01.2011	9.461	7.161,5	6.075,3	9.594,8	-1,40%	-2,86%	379.250	724,06	726,63
06.01.2011	9.591	7.325,3	6.190,9	9.594,8	-0,04%	-1,52%	379.400	741,09	743,69
07.01.2011	9.399	7.250,1	6.082,3	9.594,8	-2,04%	-3,50%	379.525	733,98	736,61
10.01.2011	9.384	7.277,8	6.049,1	9.551,3	-1,75%	-3,65%	378.300	736,24	738,88
11.01.2011	9.484	7.315,6	6.093,2	9.551,3	-0,70%	-2,62%	379.650	741,12	743,75
12.01.2011	9.625	7.415,3	6.164,3	9.551,3	0,77%	-1,18%	378.175	751,39	754,02
13.01.2011	9.622	7.290,5	6.097,2	9.551,3	0,74%	-1,21%	377.350	740,97	743,56
14.01.2011	9.591	7.185,9	6.048,8	9.551,3	0,42%	-1,52%	376.225	726,86	729,41
17.01.2011	9.690	7.272,6	6.081,7	9.541,2	1,56%	-0,51%	379.000	736,66	739,22
18.01.2011	9.740	7.266,5	6.084,8	9.541,2	2,08%	0,01%	377.925	735,94	738,48
19.01.2011	9.788	7.241,3	6.106,8	9.541,2	2,59%	0,50%	381.750	736,17	738,70
20.01.2011	9.485	7.039,5	5.940	9.541,2	-0,59%	-2,61%	380.525	711,80	714,33
21.01.2011	9.485	7.008,8	5.945,2	9.541,2	-0,59%	-2,61%	381.300	710,69	713,22
24.01.2011	9.509	7.005,8	5.964,8	9.637,6	-1,33%	-2,37%	381.500	710,58	713,09
25.01.2011	9.330	6.864,8	5.920,4	9.637,6	-3,19%	-4,20%	389.075	692,98	695,48
26.01.2011	9.376	6.847,8	5.911,4	9.637,6	-2,72%	-3,73%	394.700	693,41	695,89
27.01.2011	9.490	6.917,4	5.946,5	9.637,6	-1,53%	-2,56%	397.275	699,6	702,08
28.01.2011	9.590	6.992,9	6.023,9	9.637,6	-0,49%	-1,53%	398.075	707,67	710,15
31.01.2011	9.720	7.093,9	6.105,5	9.459	2,76%	-0,20%	394.025	719,85	722,34
MONTHLY AVERAGES	9.555,7	7.152,8	6.053,9					724,09	726,93



MARKET COMMENTARY

The copper price went from strength to strength in 2010, closing the year at \$9,600. Supply disruptions in Latin America and the commencement of physically-backed copper ETFs were the main driving factors of the price gains as the year closed, though profit-taking has predominated in the first week or so of trading in 2011. After reached the record prices for all metals, a sudden drop in commodity prices prompted investors to take profits on Asian stocks while the U.S. dollar held firm ahead of job data due later in the first week of 2011, though the bull market in raw materials was seen as far from over.

When we came to the second week of January, copper opened the week on the downside the rebounded to level off at 9,620 \$/ton. Key factors driving prices included European Debts Crisis and Chinese demand. All investors, traders, and analysts were focused on debt auction in Spain, Italy, and Portugal. Chinese foreign trade figures for December showed that copper import shrank 0, 8 percent in 2010.

London copper futures rallied to a record at \$10,000 a tonne on 3rd of February, buoyed by bullish chart patterns and positive fundamentals stemming from optimism about China and the United States, which will push demand well above supply.

"Copper is very reluctant to test the waters above \$10,000. Every time we get near, we recoil. We need something to kick us up a gear. That for now looks like it may have to come from the dollar, or U.S. data," a trader in Sydney said. On the other hand, the dollar rose versus the euro at \$1.3798, trading short of a 2-1/2 month high.

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Unrest in Egypt, after pro-government supporters clashed with protesters with deadly results, could help lift the greenback's safe-haven appeal, and cap the upside for many commodities. Trade was thin with many Asian markets closed for holidays some 560 lots of copper done, a quarter of the usual for the time of day, while winter weather in the United States may deplete the ranks of traders later in the day.

Underlying fundamentals for copper are positive, with analysts looking at a supply deficit of 800,000 tonnes, twice the amount of copper currently held in LME warehouses. But investors are concerned that copper's rally up 66 percent since June last year, has run ahead of itself. "Copper will be in short supply later this year and into 2012. The big deficits analysts expect will put pressure on stockpiles, but right now the market is pretty easy. Spreads are not particularly tight and copper is available at pretty low premiums," the trader said.

Mining companies have failed to keep pace with demand because new reserves are harder to find and metal from ore is declining. Copper supplies may lag behind demand by 822,000 tons this year, more than double last year's deficit, according to Barclays Capital. With concerns about supply deficit in the market, Goldman Sachs Group Inc. predicted in October that copper would trade at \$11,000 a ton in a year, while Standard Chartered Plc forecast in August that the metal may rise to \$12,000 in the next two years.

Now, looking ahead into February, the price direction of copper will likely hinge on China's demand after the Lunar New Year. According to some researchers, traders and hedgers, copper most likely will see upside action in February. At this time, there are strong resistance at \$10,050 and support at \$9,780.



MONTHLY REVIEW & INDUSTRY NEWS

- According to latest monthly bulletin of the International Copper Study Group (ICSG), world refined copper consumption exceeded production by 404,000 tonnes between January and October 2010, against a surplus of 32,000 tonnes in the same period of 2009. The Lisbon-based ICSG said world refined copper output in January to October 2010 was 15.802 million tonnes, while consumption totalled 16.206 million tonnes.
- The National Statistics Institute (INE) of Chile announced the country's copper output fell 1.6 percent in December compared with a year earlier but remained stable for 2010 as a whole, with an annual output of 5.412 million tonnes. Chile's copper output stood at 497,546 tonnes in December following another year-on-year drop of 0.3 percent in November. Output has slid in recent months after a month-long strike at the world's No. 3 copper mine, Collahuasi.
- Trading on the London Metal Exchange rose by 7.4% in 2010 as the economic recovery generated renewed interest in commodity raw materials, according to data released by the exchange. Total trading amounted to 120.3 million lots, compared with 111.9 million in 2009. The notional value of all contracts traded increased to \$11.6 trillion from \$7.4 trillion in 2009, according to the LME.
- Maxwell Mwale, Zambia's Mines Minister, announced Zambia's 2010 copper output rose to 740,000 tonnes from 697,860 tonnes in 2009. The total was slightly below the 750,000 tonnes target for the year after a temporary shutdown of some of mines in Africa's biggest copper producer.



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- ✚ According to the General Administration of Customs of China, the country's imports of copper fell 2.0 percent to 344,558 tonnes in December, 2010 from 351,597 tonnes in the previous month.
- ✚ The world's top copper producer, Chile, forecast global copper output will reach 16.5 million tonnes in 2011, up 345,000 tonnes from the previous year. Chile, which produces a third of the world mined copper, is seen producing 5.7 million tonnes of copper in 2011, up 6.4 percent from 2010.
- ✚ The central bank of Chile announced the country's copper export revenue rose 43 percent in all of 2010 to \$39.29 billion from a year ago as copper prices soar. Copper exports totaled \$4.5 billion in December, up 39.2 percent from \$3.24 billion in the same month the previous year.
- ✚ Japan's refined copper exports fell 23.3 percent in December from a year earlier to 31,180 tonnes for a third straight month of year-on-year declines. Of the total copper exports, 39 percent went to China, followed by a 25 percent share for Taiwan. China's share of copper exports from Japan has held around 40 percent. Indonesia and Thailand are also key markets for Japan's copper. Japan's total refined copper exports for 2010 fell 16 percent from 2009, but were up 25 percent from 2008.
- ✚ Finance Minister of Zambia, Situmbeko Musokotwane, said that copper production in Zambia, will probably exceed 740,000 metric tons in 2011.
- ✚ Chile state copper giant Codelco's CEO Diego Hernandez said the company expects "relatively high" copper prices in 2011, and expects them to average around \$4 a pound (8.820 \$/tonnes). Codelco, the world's largest copper producer, plans to invest \$16.5 billion in the next five years to increase production from its aging mines in Chile.
- ✚ Kazakh miner Kazakhmys said annual copper production was in line with its target and expects 2011 output to remain at similar levels amid strong demand. The FTSE-100 miner produced 303,300 tonnes of copper cathode from its own concentrate, in line with its target of at least 300,000 tonnes, although output fell from 320,400 in 2009.
- ✚ Yunnan Copper Industry (Group), China's third-biggest producer by capacity, added 100,000 tonnes of annual refining capacity this week in Guangdong province. This boosted the total across China to 700,000 tonnes, according to a report on the company website.
- ✚ Codelco plans to increase production from its aging mines in Chile. Codelco's investment program would take production to 2.1 million metric tons by 2020. The five-year plan would raise output to about 1.9 million tons.
- ✚ According to Macquarie Group Ltd. estimates, China's refined copper consumption is expected to rise 6 percent to 7.74 million tons in 2011.

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