

### COPPER MARKET

November has lived up to its reputation as a month of grief on the copper market. While the copper market observers were outbidding each other during the LME Week in October with their positive market assessments, it seemed in November as if a dark cloud had just moved in front of the sun. Increased emphasis was placed on possible risks in the reporting. Pressure came, above all, from the still not calculable repercussions of the mortgage and financial crisis in the U.S.A. and, in this connection, the possibility of the U.S. economy sliding into recession. Also a question mark was suddenly placed beside the sustainability of the dynamics in China's copper demand. That the copper stocks in the warehouses of the LME increased further in November and, after stockpiling to the extent of 22,000 t, reached the height of 189,000 t also contributed to the change of mood. The copper price dropped 15 % within a few days from US\$ 7,661/t to a low of US\$ 6,492/t. Contango resulted for the three-month contracts that peaked at over US\$ 60/t.

The biggest problem is currently that pessimism is very pronounced worldwide, although the actual situation is better than the mood. A return to real economic facts is needed. Contrary to the pessimists of the moment, realistic observers see the trend of increasing metal demand continuing for decades. China will lead the way in this. Almost 40 % of global economic growth will come from China (27 %) and India (12 %) in the next 15 years according to the „Economist“ business magazine. Although Chinese copper imports are declining at present, this is not an indication of long-term weaker demand. It is more probable that the stocks accumulated earlier in the year apart from the metal exchanges are currently being used. In any case they have almost been halved at the SHFE in November from about 60,000 t to 34,000 t. The reverse trend in the LME warehouses could have something to do with the release of previously concealed copper stocks. In view of the increasing difficulties in borrowing funds, quantities might possibly have been brought to the exchange warehouses to create liquidity and have thus become visible.

In the U.S.A., the productivity statistics that have just been published for the third quarter at plus 6.3 % are surprisingly strong. The economy in Euroland reduced its expansion tempo in November, but not to the extent that was expected. For 2008 the European economic trend has also been classed by economists as being much more robust than is currently reported in daily commentaries. This indicates that copper demand should remain stable there. Little notice was taken of the trend in mining production in November. Only the earthquake in North Chile and the intended merger of the mining enterprises BHP and Rio Tinto aroused interest. The resultant impacts on the copper market will, however, remain insignificant.

The uncertainties in market occurrences will continue until the end of the year, supported by end-of-year factors. However, a bottom seems to have formed at about US\$ 6,500/t with the potential that prices will rise again in the New Year.

### COPPER RAW MATERIALS AND PRODUCTS

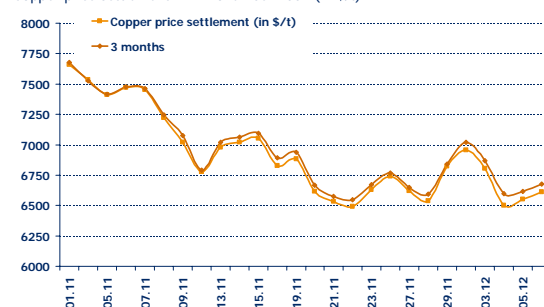
There was a series of settlements on the spot market for copper concentrates in November. The conditions have improved significantly and have risen from under US\$ 30/t and 3 cents/lb to in some instances over US\$ 50/t and 5 cents/lb. The loss of backwardation generally had to be compensated by the mining side. The Chinese and Indian buyers were to a great extent quite restrained. The market for copper scrap initially reacted to the decline in the copper price with a reduced supply. Considerations at year-end could, however, play a role in this.

Demand for copper wire and cables has remained high in Europe. However, on the European markets for copper semis, demand has declined somewhat. In particular, demand is weaker from the construction sector.

#### Copper price gains ground again after decline



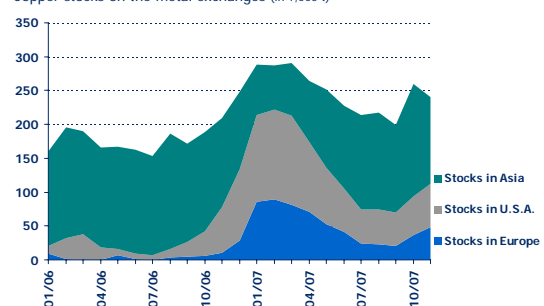
Copper price settlement LME November 2007 (in \$/t)



#### LME copper stocks continue to increase



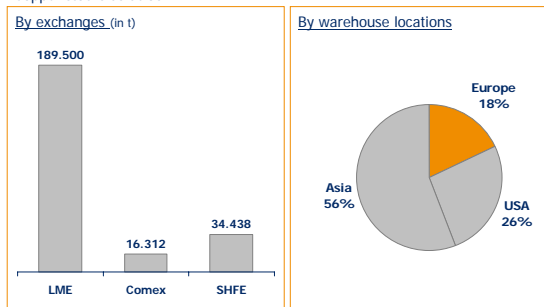
Copper stocks on the metal exchanges (in 1,000 t)



#### Stocks still mainly located in Asia



Copper stocks as at 30.11



### GLOSSARY:

- Backwardation: amount by which spot price is higher than 3 month price
- Comex: New York Commodity Exchange
- ICSG: International Copper Study Group
- IMF: International Monetary Fund
- LME: London Metal Exchange
- Settlement : cash selling rate
- SHFE: Shanghai Futures Exchange
- SRB: Strategic Reserve Bureau
- TC/RC: Treatment and refining charges for concentrates

This information contains forward-looking statements based on current assumptions and forecasts. Various known and unknown risks, uncertainties and other factors could have the impact that the actual future results, financial situation or developments differ from the estimates given here.

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