

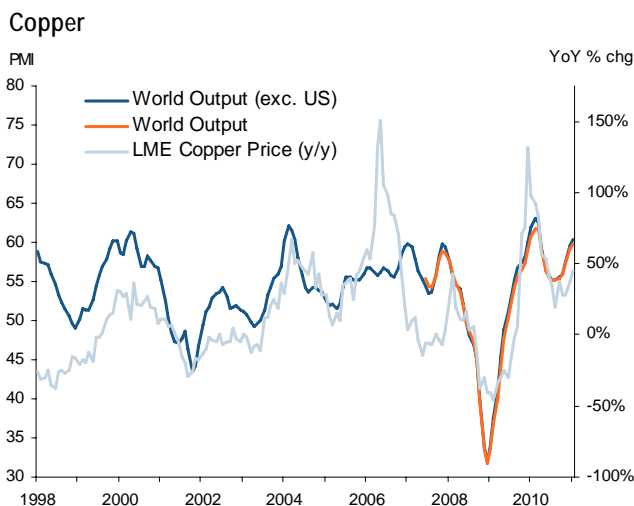
Commodities / metals

Record copper prices supported by strong demand from global manufacturing sector

- Worldwide copper-users signalled further acceleration in output growth during January.
- LME copper price breaks through \$10,000 a tonne.

Markit's commodities PMI data continued to indicate strong output growth at worldwide metal-users in January, underlining the role of industrial demand in supporting recent price rises. Notably, copper-intensive manufacturers signalled the fastest expansion of output for ten months, alongside a survey record rise in their purchasing of raw materials. The combination of robust demand and tight supply lifted the LME copper price to a record high above \$10,000 a tonne in early February.

Copper-using firms' output v. copper prices

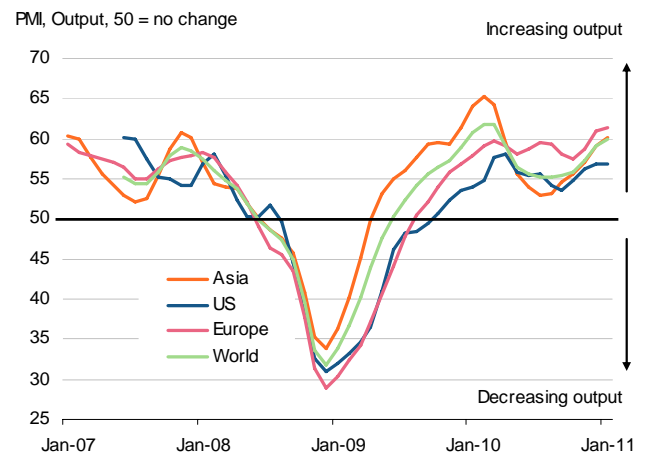


Sources: Markit, Reuters EcoWin.

PMI data indicated that growth was particularly strong in Europe, where it picked up to a 13-year survey record high. Asian firms noted the sharpest increase in production since last March, while growth in the US remained close to December's eight-month high.

The continued rise in copper prices therefore came as little surprise given ongoing supply constraints. Waning production at the world's largest copper mines and difficulties encountered by mining companies in setting up new copper projects are widely expected to keep supply tight in coming years. Copper prices are therefore likely to remain particularly sensitive to changes in demand.

Output of copper-using manufacturers

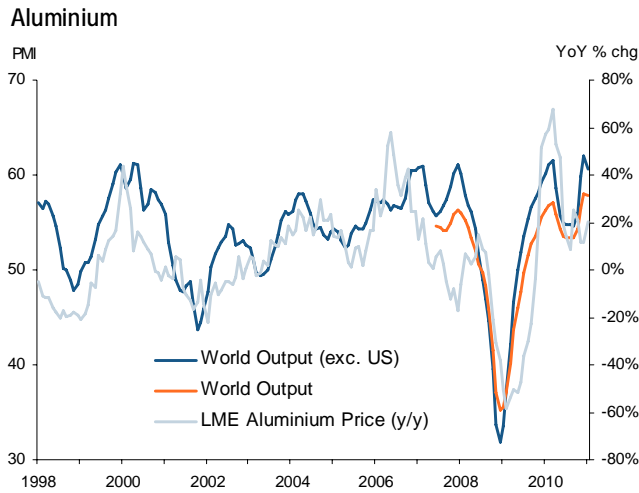


Source: Markit.

Aluminium-users also reported another marked expansion of output in January, with growth only marginally below December's series-record. This corresponded with an increase in aluminium prices over the month to an average of \$2,514, the highest since September 2008.

Similarly, growth of output at steel-users remained historically buoyant, despite easing to a three-month low. The strongest production trend was recorded in Europe, where the rate of expansion reached a survey-high. US firms also signalled a series-record rise in output, while the latest increase at Asian panellists was the fourth-sharpest to date.

Aluminium-using firms' output v. aluminium prices



Sources: Markit, Reuters EcoWin.

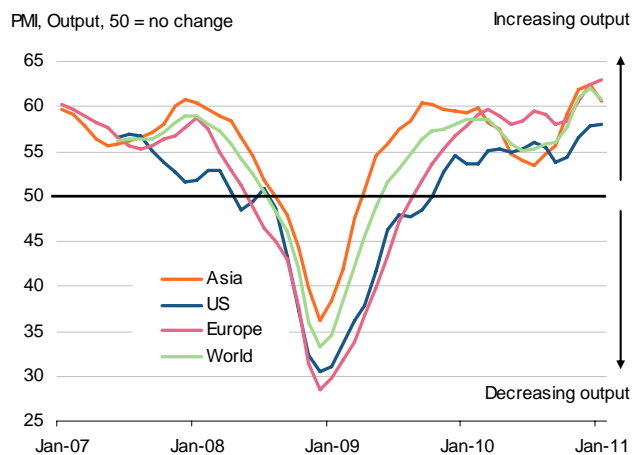
sharpest rates for eight months, while the latest increase in delivery times to aluminium-users was the most marked since last June. In each case, supplier delays were most widespread in Europe and least frequently reported in Asia.

PMI data provide key guide to metals demand fundamentals

Using data from our established survey panels across Asia, Europe and the US, Markit produce data tracking trends at copper, aluminium and steel intensive goods producers. Data cover indexes for output, new orders, new export orders, input purchasing, stock holdings, prices, vendor delivery times and employment.

For further information on commodities PMI data, please contact economics@markit.com.

Output of steel-using manufacturers



Source: Markit.

Evidence of growing supply-chain pressures was highlighted by a further deterioration in supplier performance during January. Average lead times to both copper- and steel-users lengthened at the

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