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Raw material markets: Copper market: In spite of strike no bullish mood

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Index Numbers of World Market Prices of Foodstuffs and Industrial Raw Materials

Index and commodity group	1966		1967				
	August	November	February	May	August	Aug. 25	Sep. 8
HWWA-Index 1 (1952-1956 = 100)	93.5	92.4	92.6	92.6	90.5	90.3	90.3
Foodstuffs	85.1	83.8	85.0	87.8	83.5	83.1	84.0
Raw materials other than foodstuffs ...	97.6	96.5	96.3	94.9	93.9	93.8	93.4
Fuels	95.4	95.6	95.2	95.0	95.3	95.6	95.6
Raw materials for consumer goods ..	95.2	91.2	92.6	91.7	89.7	89.3	89.4
Raw materials for capital goods	101.8	101.5	99.9	96.9	95.2	95.0	93.8
Reuter's Index (10. 9. 1931 = 100)	443.6	425.3	432.5	438.6	420.7	419.4	416.6
Moody's Index (31. 12. 1931 = 100)	394.3	369.0	369.1	372.7	367.2	363.7	361.6

¹ Index compiled by the Hamburg Institute for International Economics.

omies make us expect that in the coming months the industrial states' demand for imports will gradually rise more rapidly again. For the time being, however, these tendencies will not suffice to keep the raw material producing countries' export proceeds in step with an import increase at the present rate. A corresponding intensifica-

tion of capital aids by industrial nations is hardly to be expected, and also the currency reserves can tide over a trade balance deficit of this magnitude for a limited period only. Therefore, a slowing down of imports in the raw material producing countries has to be anticipated in the foreseeable future.

At the beginning of the strike in the USA processors had approximately 620,000 sht on stock. Moreover, as a result of the vacation-time, a very slow demand was predominant. The mining companies in the USA not affected by the strike were allowed to export copper concentrates for processing. The then re-imported refined copper is at the processors' disposal in addition to their stocks.

Raw Material Markets

Copper Market: In spite of Strike no Bullish Mood

During the last months there has been hardly any change in the relatively weak constitution of the international copper market. Only during the Middle-East war has there been a sharp temporary rise in prices. They showed a weak reaction to the outbreak of the strike in the American copper industry on 15th July, and also after eight weeks of strike prices of wire rods in London are still at 375 £/lgt.

In the second quarter of this year after a long interval copper supplies in the Western world returned to normalcy, after production in Zambia had fully started again, and the copper mined there could be transported without frictions. Not only in Europe was copper available at large quantities,

due to a slack demand, but also in the United States. Under these circumstances a supply surplus to the amount of 140,000 sht was reckoned on till the end of this year.

This expectation, however, was jeopardised by the strike for almost all important American copper producers. The consequent loss of production is likely to have reached approximately 250,000 sht already now. In Peru, too, an important copper mine was recently strike-bound for a fortnight. Together with the US-strike there was thus a temporary loss of a quarter of the whole copper production in the Western world. The rise in prices was, however, very limited, as the supply situation was favourable.

Consequently, the American Administration hitherto renounced the application of the Taft-Hartley-Act, through which it would be able to interrupt the strike for 80 days. But the governors of the states affected by the strike are urging, so that the Administration may soon make this decision, particularly as prospects of a rapid agreement between management and labour are becoming increasingly unfavourable. On the other hand, for the time being the Administration should wait, whether the sectional strike in the motor industry will continue to spread, as thus a large copper consumer would be out of the picture and the danger of supply bottlenecks would decline. Even in the case of a continuation of the strike, for the time being considerably rising copper prices can therefore hardly be reckoned with.

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