

Macro Roundup Article

Headline: [Copper Is Unexpectedly Getting Cheaper](#)

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Tweet: Despite predictions of a 'train wreck' of copper supply shortfalls, prices have dropped around 10% since January. EVs and green mandates will boost long-term demand, but short-term financial market interest has been muted. #Copper @TheEconomist

Summary: Financial investors are snubbing copper. As interest rates rise, they prefer to hold cash-generating assets rather than commodities, which yield nothing. For much of this year,, “non-commercial” net positioning on copper-futures markets has been in the red, implying that more investors are betting prices will fall than recover. Yet today’s prices remain \$2,500 a tonne above production costs at the marginal mine. This implies that the recent correction has taken froth out of the market, rather than pushed prices too low, suggesting they could stay subdued for a while. Supply may struggle to keep up. The average age of the world’s ten biggest mines is 64, which is forcing miners to dig deep for ores of ever lower quality, making each new tonne of refined copper costlier to produce. New mines are scarce. Assuming all certain and probable projects go ahead, McKinsey, a consultancy, forecasts that supply will hit 30m tonnes by 2031, 7m tonnes short of estimated demand.

Related Articles: [Copper Mine Flashes Warning of ‘Huge Crisis’ for World Supply](#) and [Glencore Says This Time Is Different for Coming Copper Shortage](#)

Primary Topic: Financial Markets

Topics: Financial Markets, GDP, Investment, News article, Productivity

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