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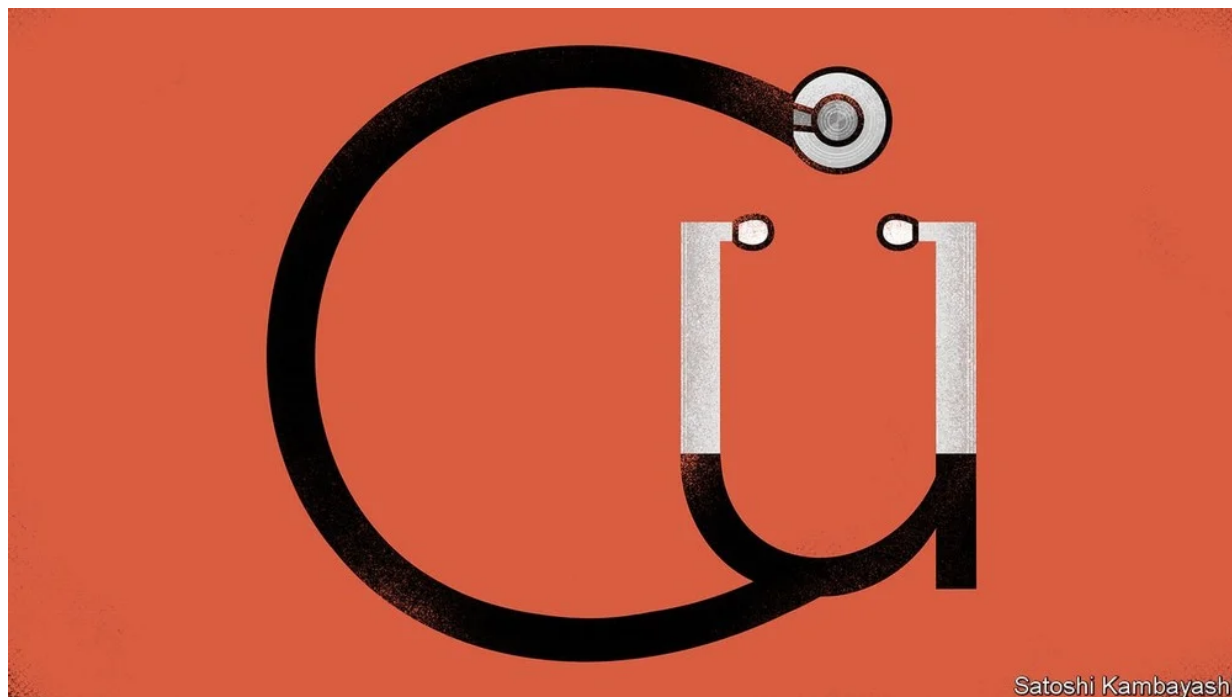
Finance & economics

May 8th 2021 edition

Buttonwood

The broader lesson from booming copper prices

Shortages in commodity markets offer a paradigm for the post-virus economy



Satoshi Kambayashi

May 8th 2021



DLESSED ARE the cheesemakers. A revival in restaurant visits in America has fed

Demand for one of the more obscure financial instruments—cheese futures. The number of contracts traded on the Chicago Mercantile Exchange surged last month. It is not only cheese that has melted up. A year-long rally in broader

commodity markets shows few signs of cooling. Iron-ore prices are at record highs. A boom in American housing has driven timber prices to a new peak. Corn and soyabean prices are at their highest since 2013.

If you are looking for a paradigm for the immediate post-virus economy, in which supply snags lead to higher prices as activity revives, then commodity markets provide it. Bottlenecks are everywhere. Corn production has been hurt by dry weather. The supply of industrial metals has been held back by slower ore production in virus-hobbled South American mines. The archetypal commodity is

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