



Barclays sees copper cooling off in 2017



Barclays sees copper cooling off in 2017. Metals have sharply rallied not just in the glow of Trump's victory, but starting since the middle of October. Expectations of a stimulus under the Republican president-elect and expectations of higher growth have fueled their rise. Copper, for example, has risen to \$5,600 per tonne, after languishing below \$5,000 for

much of 2016. But Barclays thinks the only way is down.

It said "We think that the recent rally in metals is built partially on improved fundamentals and partially on speculation and hype. The fundamentals have not improved to justify current spot price levels."

Metals are highly leveraged to a slowing Chinese economy. China absorbs nearly 50% of the world's copper

consumption; and continually produces more steel than the US, Canada and Mexico combined. Bank said "On balance, we expect prices for copper and iron ore to ease off of current levels throughout 2017 as the Chinese economy cools and several stimulus measures wear off."

China's copper market is expected to grow at 5% in 2016, with Barclays upping its

June forecast of 3.25%. Globally, it is expected to grow 2.8%, up from the forecast of 2%. However, that still will leave a production of surplus of 180,000 tonnes.

"China's demand for copper in 2017 looks set to continue to grow, but the key question will be the pace of this. Strong performance in the present raises expectations in the future, and China's upside surprise in 2016 requires continued momentum if recent price action is to be sustained. We think that it is inevitable that the Chinese copper market cools off in 2017, which should be a negative catalyst for prices."

Supply concerns could, however, keep prices up. In 2017, growth of primary copper supply is estimated at 1.3%, less than half the 2.9% in 2016. The temporary slowdown is on account of the schedule of new mines expected to come online. Besides, the growth is highly leveraged to a few projects in political risky countries such as Peru, Zambia, and DR Congo.

Buying – Selling of Metallurgical Assets

(Equipment, Plants, Enterprises)

Contact

Strategic Consultancy Division
Chandekar Business Media Pvt. Ltd.

(ISO 9001 : 2008 Certified)

A Knowledge & Networking Company

1, Alpha, M.G.Road, Vile Parle (E), Mumbai - 57. INDIA

Tel. : 91-22-26192376 / 26171575 / 26171866

E-mail : info@metalworld.co.in

Website : www.chandekarbuisnessmedia.com

METAL PUNCH

- Shrinivas Prabhudesai



"What if I give you salary with old notes?"