Copper price climbs to one-year high

Copper rose to a fresh one-year high, boosted by bets on a rise in infrastructure spending and continued optimism over China demand.

Copper for December delivery settled up 2.9% at $2.4480 a pound on the Comex division of the New York Mercantile Exchange, its biggest one-day gain in over a year. which marks the 13th consecutive session of gains for copper, the longest streak in at least 28 years.

The metal has surged to its highest price since September 2015 over the past few weeks thanks to an upbeat outlook for China. The election of Donald Trump as U.S. president spurred further gains, as investors bet that demand would pick up with a focus on infrastructure.

"This is positive for U.S. growth to start with," said Bjarne Schieldrop, chief commodities analyst at SEB Markets, who noted that Trump has pledged to invest heavily in infrastructure spending and lower taxes, which could help demand for copper, a key building material. "I think that's reflected in the stronger copper prices."

Copper is expected to benefit from stabilizing economic health in China, building and construction growth, and a boost in power infrastructure, according to a Citi note. Positive economic data from China has helped lift copper prices in a broad base metals rally as the country makes up 45 percent of global demand.

Still, some analysts expressed concerns about the size of the bump, as copper's rally has looked vulnerable to a change in market sentiment.

"We find this price response rather excessive, and not entirely understandable," said Commerzbank AG. The German bank said the gains could also be feeding on expectations that China won't be able to export as much material. "Given there isn't really a fundamental change [to copper demand], I'm thinking this is a bit of a false dawn," said Robin Bhar, a commodities analyst atSociété Générale in London.

Protectionist trade strategies that Trump has promoted could also hurt trade with China, the world's top copper consumer, in the long term, and the details of those policies were unclear.

Rio Tinto to sell Simandou stake for $1.7b

Rio Tinto has agreed to sell its stake in the Simandou iron ore project in Guinea to partner Chinalco, setting the stage for a sizeable new competitor.

Rio will receive between $US1.1 billion and $US1.3 billion ($A1.4 billion to $A1.7 billion) for its nearly 47 per cent, based on the timing of the development of the project.

The company says it has signed an initial agreement with the Chinese state miner setting out the principal terms of the sale, and aims to sign a binding agreement within six months.

The iron ore giant announced in July it had decided to shelve development of the project - the world's biggest untapped deposit of iron ore - saying the enormous cost could not be justified given the huge overcapacity in the iron ore market.

Plans for the project included an iron ore mine in central Guinea, a 650-kilometre railway and a deepwater port on the West African country's Atlantic Coast.

The Aluminum Corporation of China, also known as Chinalco, already owns 41 per cent of Simandou. The Guinea government holds a 7.5 per cent stake. Analysts previously have warned that an expansionist Chinese investor taking over the asset would leave Rio and larger rival BHP Billiton facing a sizeable new competitor in the global iron ore market.

Despite signs of a slowing economy, China remains the biggest market for the steel making ingredient.

This section is a compilation from various company press releases, business dailies & trade publications

METAL PUNCH

- Shrinivas Prabhudesai

"Let's increase the production, but very gradually !"