

LME copper prices hit 6-mth high

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London, January 9

COPPER PRICES HIT their highest in more than six months on Monday, driven higher by an improving demand outlook after top consumer China reopened its borders, with a lower dollar reinforcing positive sentiment. Fund managers tracking commodity indices and rebalancing their holdings to target weights were also behind gains in aluminium, zinc and lead.

Benchmark copper traded 1.8% up at \$8,744 a tonne in official rings after hitting \$8,803, its highest since June 22. After three years, China opened sea and land crossings with Hong Kong and ended a requirement for incoming travellers to quarantine, dismantling a final pillar of a zero-Covid policy that had cut the country off from the rest of the world.

China's reopening is adding fuel to the fire that there will be a demand pick-up at a time of low inventories, one metals trader said, adding that a weaker US currency would also buoy demand for dollar-priced commodities.

The dollar was near its lowest in seven months against other major currencies after data last week suggested that the US Federal Reserve could slow the pace of increases to interest rates, which could also lead to stronger demand for metals.

Stocks of aluminium in LME-registered warehouses are heading towards 22-year lows hit in August last year.

Zinc stocks are at their lowest since August 1989 at 22,850 tonne while lead stocks are at 25,775 tonne, near 15-year lows hit in November. Cancelled lead warrants — metal earmarked for delivery — are at 64%, indicating more lead is due to leave LME warrant.

For aluminium and zinc, cancelled warrants stand at 52% and 46%, respectively. The commodity index rebalancing also resulted in selling of the LME's nickel contract after it rose 44% last year.

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