

Copper, silver pull back from record high levels

AGENCIES
January 15

PRICES OF COPPER and silver retreated from record high levels on Thursday. Copper fell because of a stronger dollar and easing concerns over the potential imposition of US tariffs on the metal, while silver declined as investors took profits after a blistering rally.

The benchmark three-month copper on the London Metal Exchange was down 0.3% at \$13,145 a tonne in official open-outcry activity, having touched a record \$13,407 on Wednesday.

US President Donald Trump said on Wednesday that he had opted against imposing tariffs on rare earths, lithium and other critical minerals. Copper is on the US critical minerals list and faces a potential 15% import tariff

from 2027 but was not mentioned in Trump's statement.

"If there's a dial down in desire to put tariffs in right now for the other metals, that reduces the risk for copper as well," said WisdomTree commodity strategist Nitesh Shah. "So, maybe there's a little bit of premium coming off there."

Some analysts have cautioned that much of the recent surge in copper has been driven by speculators, leaving prices potentially vulnerable if physical demand wilts.

"We hold to the view that the bulk of the copper price rally has already occurred, and the copper price is increasingly vulnerable to a correction," analysts at Goldman Sachs Group wrote in a note Thursday, saying that the recent moves had been "largely driven by speculative inflows."

Goldman sees LME copper

EXPECTED CORRECTIONS

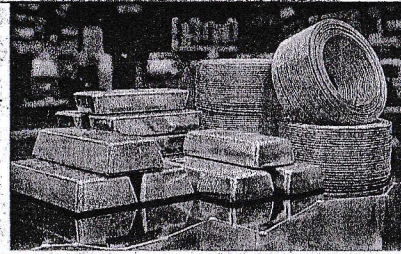
■ Copper fell because of a stronger dollar

■ Also, due to easing concerns over the potential imposition of US tariffs on the metal

■ Silver declined as investors took profits after a blistering rally

■ Prices of silver fell as much as 7.3%

■ Silver outpaced gold last year



falling to \$11,000 a tonne by year-end, noting that the fundamental physical supply and demand balance had weakened in recent months. The Trump administration's decision to

hold off on imposing sweeping tariffs on critical mineral imports following a months-long review — and to focus on direct negotiations and price floors — may also lead to lower

premiums for US copper, the analysts wrote.

However, many analysts remain bullish on the metal, citing long-anticipated supply shortfalls as the use of copper in the new energy and artificial intelligence sectors recovers demand lost to China's property crash. Global output has been hit by a series of mine disruptions.

Prices of silver fell as much as 7.3% on Thursday before recovering much of the loss later in the session. Prices had surged by more than 20% over the previous four sessions, reaching an all-time high of \$93.75 on Wednesday.

Silver outpaced gold last year, rising nearly 150%, as some investors rotated into the metal after its yellow counterpart became too expensive. It has also benefited from strong industrial demand — particu-

larly from the solar sector — while a speculative buying frenzy in China has added to upward momentum in recent weeks.

The medium-term outlook for silver remains "firmly constructive, underpinned by supply shortfalls, industrial consumption and spillover demand from gold," said Christopher Wong, a strategist at Oversea-Chinese Banking Group. However, "the velocity of recent moves warrants some near-term caution."

Gold and silver benefited from a broad rush into commodities this week that pushed precious metals — along with tin and copper — to record highs. The Trump administration's renewed pressure on the Federal Reserve has buoyed prices and revived the so-called 'sell America' trade.