

Copper Rises on Hopes for a Sound Demand in China

Benchmark copper on LME was up 1.1% at \$8,015 a tonne in official open-outcry trading

Reuters

London: Copper prices rose on Thursday for the first time in a week as hopes for solid demand in China offset fears about the pace of interest rate rises and slowing economic growth.

Global stock markets fell after U.S. and European central bank officials said inflation pressures were not easing, suggesting interest rates will continue to increase.

But in China, the biggest metals consumer, the central bank is easing monetary policy, copper stockpiles are low and import premiums suggest demand is rising. Benchmark copper on the London Metal Exchange (LME) was up 1.1% at \$8,015 a tonne in official open-outcry trading.

Prices of the metal used in the power and construction industries fell from a record high of \$10,845 a tonne in March as low as \$6,955 in July.

Low inventories and hopes for Chinese demand should put a floor under prices, said independent analyst Robin Bhar. "China's the key," he said, predict-



ing copper would end 2022 around \$7,500 a tonne.

Yangshan copper import premiums have risen to \$102.50 a tonne, the highest since December and up from just \$6.50 earlier this year.

Increased Chinese infrastructure spending and support for the property sector should help metals but "the upside looks limited", said analysts at ANZ.

Closures were announced this week at a zinc smelter and an aluminium smelter in Europe due to sky-high energy prices. For zinc, analysts at Citi forecast deficits in the roughly 14 million tonne a year market of 197,000 tonnes this year and 190,000 tonnes in 2023 and said prices should reach \$3,800 within three months.

LME zinc was down 0.2% on Thursday at \$3,505 a tonne. Chinese aluminium production has risen to record levels, helping China's aluminium imports to fall 38% year-on-year in July. LME aluminium was up 0.1% at \$2,413 a tonne.