

Copper Slides as Focus Shifts to Poor Demand Prospects

Surging Covid in China, global recession worries fuelled fears of slowing demand

Reuters

London: Copper prices slipped on Thursday as surging Covid infections in top consumer China and worries about a global recession fuelled fears of slowing demand for industrial metals. Benchmark copper on the London Metal Exchange (LME) traded down 0.5% at \$8,402 a tonne in official rings. Prices of the metal used widely in the power and construction industries touched a two-week high of \$8,520 on Wednesday.



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"We will be entering 2023 with markets trying to gauge the demand impact from slowing global growth. It is clear that a number of key economies will enter recession, the big question is how severe," said ING's head of commodities Warren Patterson.

"When you couple these concerns with the ongoing weakness in China it is likely that demand will continue to dictate price direction through the early part of 2023."

China's lifting of restrictions, following widespread protests against them, means Covid is spreading largely unchecked and likely infecting millions of people a day, according to some international health experts.

Clues to demand prospects for copper and other industrial metals will come from surveys of purchasing managers in China's manufacturing sector, released over the next few days.

Technically, copper faces upside resistance around \$8,510 where the 200-day moving average sits currently, while support is provided by the 21-day moving average at \$8,380.

Elsewhere, lead prices rose 1.9% to \$2,260 a tonne after hitting \$2,302.5 on Wednesday, the highest since May 5. Worries about supplies and historically low stocks have pushed prices of the battery metal up nearly 30% since September 29.