



Record European copper premia

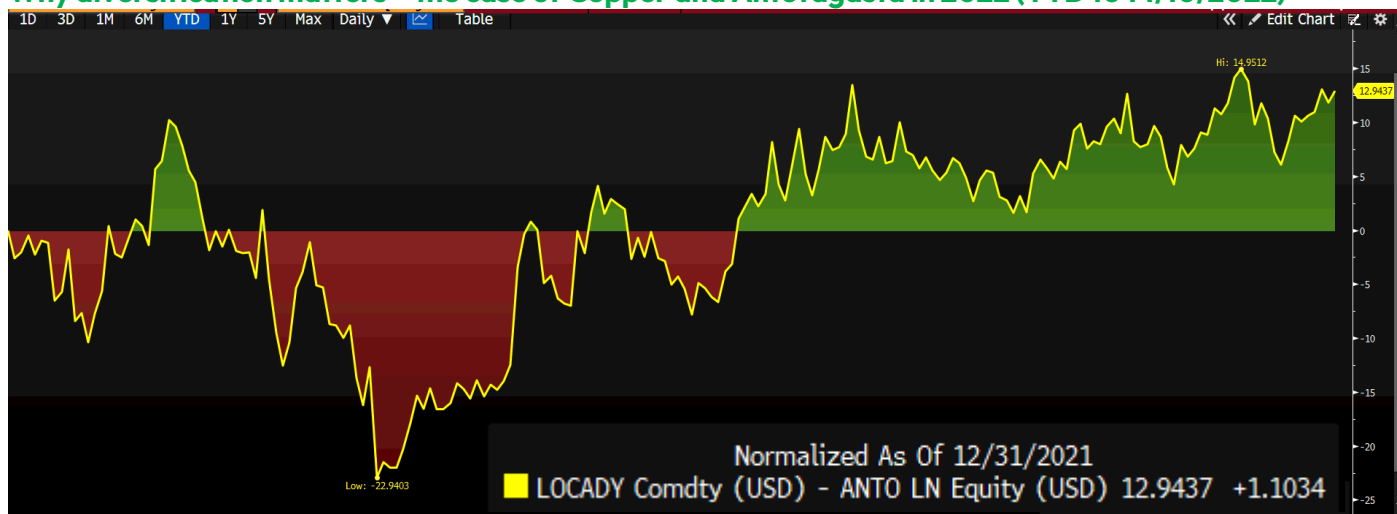
European consumers of copper are paying record premia for 2023 deliveries. Aurubis, the German refiner, is charging \$228 per tonne above the LME cash price, 85% above the 2022 premium; Codelco, the Chilean state-owned miner, is asking charge a premium of \$235 while Montanwerke Brixlegg, the Austrian recycler, is charging €295 premium for low carbon copper.

At a time when the global economy is slowing, the [IMF](#) has just downgraded its 2023 growth forecast to 2.7%, the premium comes because buyers are reportedly turning away from Russian metal, which, in 2021, accounted for over 36% of European imports. For more, see [Andy Home's column](#) on Reuters and the [LME Discussion Paper on Russian Metal](#). The latter solicits market participants' views on three options: maintain the current position; introduce thresholds; suspend the warranting of Russian metal.

Highlighting the trend for companies to secure future supplies of key materials, [GM has made a strategic investment in Queensland Pacific Metals](#) to a secure, cost-competitive and long-term supply of nickel and cobalt. The investment will go towards the proposed Townsville Energy Chemicals Hub (TECH) Project in Northern Australia, which use a new and proprietary process to process nickel laterite ore that helps reduce waste with no requirement for a tailings dam.

Honda [announced](#) major investments of \$4,2 billion in Ohio to create an electric vehicle (EV) hub. It's a good time to be an EV manufacturer in the US. States are engaging in bidding wars to attract investment, [Bloomberg](#) reporting that Tennessee is paying about \$414,000 for each direct job at the Ford hub where the electric F-150 SUV will be built. There are concerns that these deals may not be good for the tax payer.

Why diversification matters – the case of Copper and Antofagasta in 2022 (YTD to 14/10/2022)



Note: LOCADY = London Metal Exchange Cash Official Price Copper

Source: Bloomberg

Metal prices

Metal	Price USD (14 October)	Weekly change %	Year-to-date change %	Price vs 200 day moving average	Price vs 52 week high
Gold	1649	-2.8%	-8.7%	90.8%	80.9%
Silver	18.77	-9.0%	-17.5%	86.0%	71.7%
Palladium	2086	-7.5%	8.3%	95.9%	69.2%
Platinum	911	-2.0%	-7.2%	95.4%	79.1%
Cobalt	56407	-0.4%	-24.6%	78.1%	64.4%
Copper	7688	1.5%	-22.7%	85.5%	71.6%
Nickel	21910	-2.0%	-1.3%	83.4%	47.8%

Bloomberg codes: GOLDLNPM, SLVRLND, PLDMLNPM, PLTMLNPM, BYW1, LOCADY, LONIDY Notes. All performance data to 14 October 2022. Past performance is not an indicator of future performance and the value of an investment may fall as well as rise. Investors take on currency risk when taking unhedged exposure to commodities.

The week ahead

17 October	China: day two of week long 20 th Party Congress; Indonesia: Sept export growth
18 October	China: Q3 GDP, Sept industrial output
19 October	Eurozone, UK: CPI; US: housing starts
20 October	Eurozone: current account; Taiwan: export orders; US: initial jobless claims
21 October	Eurozone: consumer confidence flash; Japan: CPI; UK: retail sales

Further reading

- Bloomberg [First US Cobalt Mining Operation to Begin After More Than 30-Year Hiatus](#)
- Bloomberg [Germany looks to Mongolia in Push for Critical Raw Materials](#)
- Mining.com [Vale opens first phase of \\$684 million copper complex expansion in Canada](#)
- Reuters [How do you accelerate energy transition when current crisis slams brakes](#)
- Reuters [Chile’s copper miners seek transport alternatives due to crime wave](#)

Metal Research Major Exchanges Total Copper Inventories (MT)



Data: as at 14 October 2022

Source: Bloomberg

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