



## LME Week – Talk of the Town

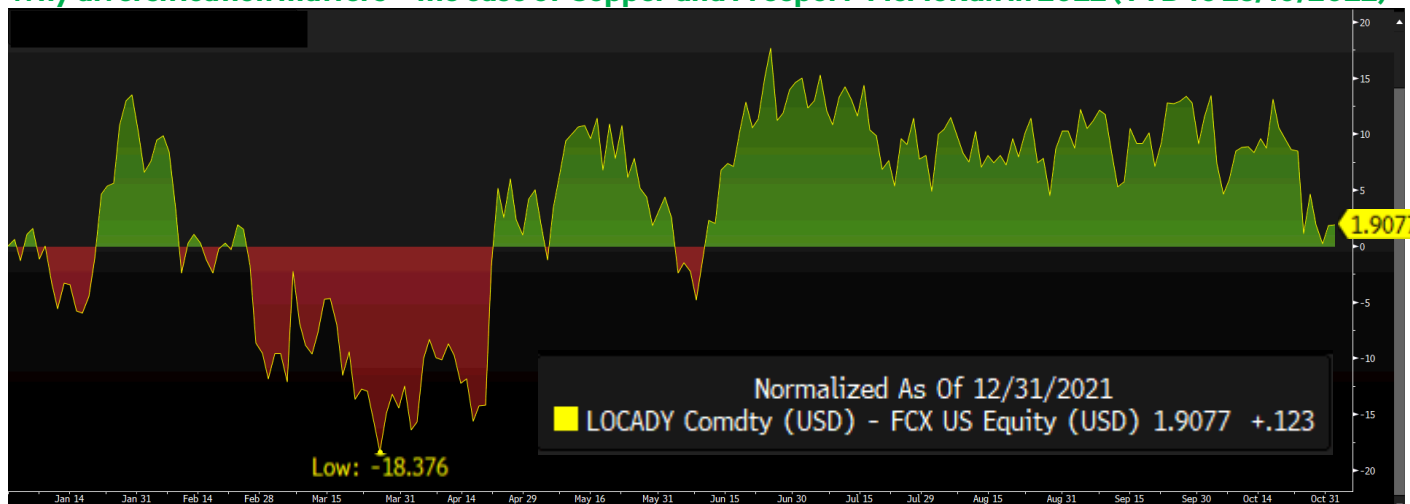
As Andy Home highlighted in his [Reuters article](#), the fate of Russian metal was the topic on many participants’ lips during LME Week. There is no consensus. While some consumers are reportedly shunning Russian metal and would be happy to see it excluded from the LME, others are not. [European consumer groups](#), for example, have “requested the urgent intervention of the European Commission and of EU Member States against threats of bans, high tariffs or sanctions on Russian aluminium which represent an imminent and vital threat to the European aluminium industry.”

While we await the outcome of the LME consultation on Russian metal, [Bloomberg reported](#) that more than half of LME copper stocks, much of Russian origin, had been ordered out for delivery in the last three weeks by traders planning to deliver it to Chinese buyers. In the context, it is hard to see how a ban on Russian metals will help address dwindling LME inventory levels.

The climate change-related challenges facing copper miners were highlighted by Anglo American in its [Q3 2022 production report](#). Severe drought conditions are impacting production and “the outlook remains very dry and these conditions place pressure on water availability in 2023. In the short term, various management initiatives to improve water efficiency and secure alternative sources of water continue to partly mitigate the impact on production.” In a similar vein, Teck Resources [reported](#) an increase in the expected cost of its Quebrada Blanca phase 2 copper project in Chile of at least \$500m, citing cost pressures relating to weather and subsurface conditions are one of the main reasons for the estimate hike.

The Canadian government [announced](#) on 28 October that it was strengthening its guidelines to protect critical mineral sectors from foreign state-owned enterprises with a view to building “strategic resilience in the North American critical minerals supply chain with like-minded partners at home, within North America, and around the world.”

## Why diversification matters – the case of Copper and Freeport-McMoRan in 2022 (YTD to 28/10/2022)



Note: LOCADY = London Metal Exchange Cash Official Price Copper

Source: Bloomberg

### Metal prices

Metal	Price USD (28 October)	Weekly change %	Year-to-date change %	Price vs 200 day moving average	Price vs 52 week high
Gold	1649.3	0.4%	-8.7%	90.7%	80.9%
Silver	18.765	2.1%	-18.7%	86.9%	71.7%
Palladium	2086	4.4%	5.7%	95.9%	69.2%
Platinum	911	0.7%	-5.0%	95.8%	79.1%
Cobalt	56406.8	0.4%	-21.9%	78.1%	64.4%
Copper	7688	1.9%	-20.7%	85.5%	71.6%
Nickel	22255	3.3%	6.4%	84.8%	48.6%

Bloomberg codes: GOLDLNPM, SLVRLND, PLDMLNPM, PLTMLNPM, BYW1, LOCADY, LONIDY Notes. All performance data to 28 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.

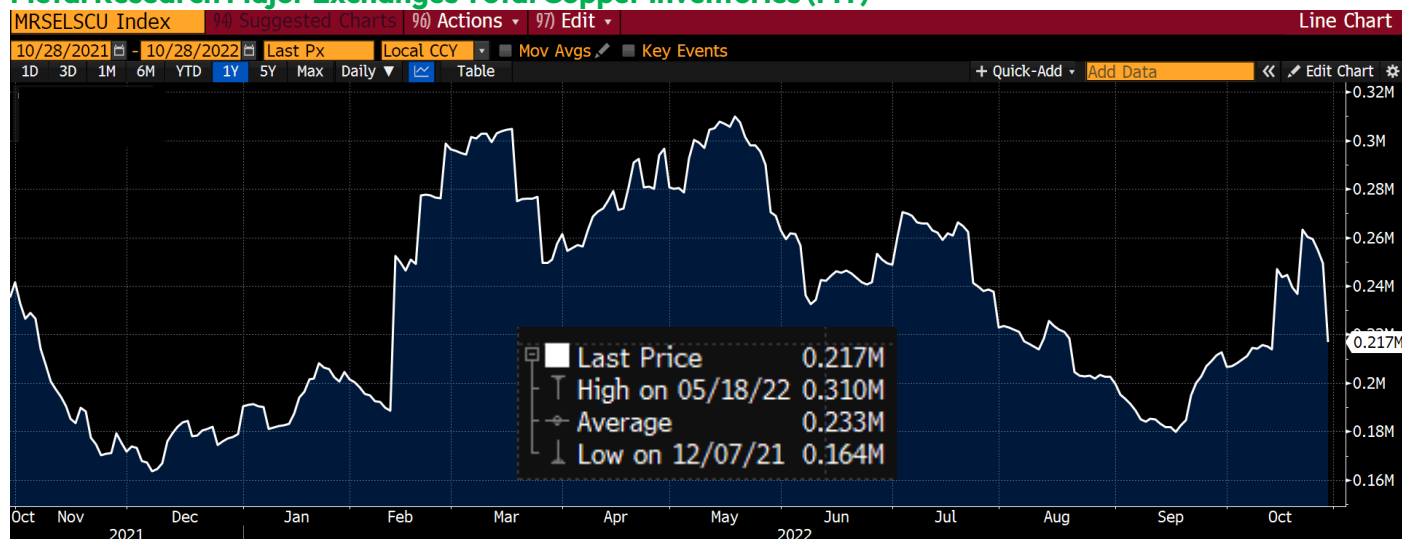
### The week ahead

31 October	Australia: rate decision; Eurozone: CPI
1 November	China (Caixin)/Japan/UK/US: manufacturing PMIs
2 November	US: FOMC rate decision
3 November	Norway / UK: rate decisions
4 November	Eurozone: composite PMI; US: nonfarm payrolls

### Further reading

- Bloomberg [Tariffs Threaten to Undermine Global Shift to Green Energy](#)
- Bloomberg [France and Germany are Hatching a Plan to Protect Europe's E-Vehicle Makers](#)
- IEA [World Energy Outlook 2022](#)
- Mining.com [The world's top 10 most valuable mines](#)
- World Bank [Commodity Markets Outlook, October 2022](#)

### Metal Research Major Exchanges Total Copper Inventories (MT)



Data: as at 28 October 2022

Source: Bloomberg

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