



Copper annual benchmark smelting fees hit six-year high

The dynamics of the copper market have been in focus over the past couple of weeks. While producers and analysts are expecting the market to be in surplus over the next three years, there are signs that copper smelters may struggle to keep up with anticipated growth in mine production. This is reflected in the \$88 per tonne 2023 treatment and refining charge [agreed between Freeport-McMoRan and the Chinese smelters](#) during Asia Copper Week, a rise of 35% on the 2022 level. Current expectations are three major new smelters outside China to come online in 2024 in the DRC, India and Indonesia.

Despite major new mining projects coming on stream, the Chief Executive of Chile’s state copper company, Codelco, [made comments](#) at the Asia Copper Week conference suggesting that the copper market may be in deficit of as much as eight million tonnes by 2032 with the gap between supply and demand starting to emerge in 2026.

To deliver 31 million tonnes of the red metal in 2023 would require eight new mines the size of Escondida. It’s hard to see this happening given the time to approve and develop greenfield projects. However, a solution may be at hand, Bloomberg [reported](#) that BHP is negotiating a trial plant at Escondida with [Jeti Resources](#), a start up that has developed a catalyst to unlock copper from a common type of sulphide ore, which has up to now been too costly and complicated to extract.

With governments focused on access to critical minerals, the UK and South Africa [announced](#) on 23 November cooperation “to support investment into exploration, production and beneficiation activities, securing and expanding access to minerals that are key for clean industrial and economic development and the global clean energy transition” and “to collaborate on clean energies and technologies”.

LME spot copper (YTD to 25/11/2022)



Note: LOCADY = London Metal Exchange Cash Official Price Copper

Source: Bloomberg

Metal prices

Metal	Price USD (25 November)	Weekly change %	Year-to-date change %	Price vs 200 day moving average	Price vs 52 week high
Gold	1751.85	0.0%	-3.0%	97.4%	85.9%
Silver	21.335	1.1%	-7.6%	99.9%	81.5%
Palladium	1812	-7.9%	-8.2%	84.7%	60.1%
Platinum	979	-0.7%	2.1%	103.5%	85.1%
Cobalt	48677.1	-0.8%	-32.6%	70.9%	55.5%
Copper	8070	0.3%	-16.7%	92.8%	75.2%
Nickel	25600	3.0%	22.3%	97.1%	55.9%

Bloomberg codes: GOLDLNPM, SLVRLND, PLDMLNPM, PLTMLNPM, BYW1, LOCADY, LONIDY Notes. All performance data to 25 November 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

28 November	ECB President Lagarde at the Committee on Economic and Monetary Affairs
29 November	South Korea: industrial output; Taiwan: Q3 GDP
30 November	Eurozone: CPI; India: Q3 GDP
1 December	China / Eurozone / US / US: manufacturing PMIs; US: core PCE
2 December	US: Non Farm Payrolls

Further reading

- Bloomberg [China Calls on Banks to Stabilize Lending to Property Sector](#)
- Bloomberg [BMW Doubles Investment to \\$2.1 Billion in Hungary EV Plant](#)
- Mining.com [UK, South Africa seeker deeper cooperation on critical minerals](#)
- Reuters [Ecuador indigenous community rejects mining on their land after court ruling](#)
- SNE Research [LG Energy Solution Remained Top in Non-Chinese Global EV Battery Usage from Jan to September 2022](#)

Metal Research Major Exchanges Total Copper Inventories (MT)



Data: as at 25 November 2022

Source: Bloomberg

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