



## Freeport-McMoRan highlights risk of copper price weakness to new projects

The week saw the release of Freeport-McMoRan's [3Q results](#) and quarterly production reports from [Antofagasta](#), [BHP](#), and [Rio Tinto](#). Focusing on copper production, BHP reported an increase of 11% in production in Q1 FY24 to 457 kt vs Q1 FY23, and maintained its production guidance of 1720-1910 kt for FY24. Production at Escondida, which contributes to more than half of BHP's copper output, was boosted by an improvement in concentrator ore feed grades. Antofagasta maintained its 2023 production guidance of 640-670 kt, but its 2024 guidance of 670-710 kt was [reportedly](#) below consensus estimates. Freeport-McMoRan, which operates the Grasberg Mine in Indonesia remains in discussions with the government about export duties, which add \$0.07 to net cash costs. At the [3Q results presentation](#), Kathleen Quirk, President, highlighted one of the broader challenges facing the sector against the backdrop of projected growth in demand for copper, "The recent weakness in price combined with higher capital costs to develop new mines are making it more difficult to justify new project development, which is essential to the future."

In lithium-related news, Albemarle [pulled out](#) of its proposed \$4.2 bn takeover of Australia's Liontown Resources noting "growing complexities associated with the proposed transaction as a factor in its decision". More specifically, Hancock Prospecting Pty, controlled by Gina Reinhart, has [built](#) a blocking 19.9% minority stake in Liontown. To develop its [Kathleen Valley](#) project, Liontown will now look to raise new capital, while Albemarle will continue to allocate capital to "high-return organic and inorganic growth". Atlantic Lithium [announced](#) that it has received a mining lease to develop the Ewoyaa Lithium Mine and Processing Plant in Ghana, which is projected to produce producing a total of 3.6Mt of spodumene concentrate (approximately 350,000tpa) over a 12-year mine life. Once operational, the project ownership will be split between Atlantic Lithium (40.1%), Piedmont Lithium (40.1%), Minerals Income Investment Fund of Ghana (6%), Government of Ghana (13%). The Government of Ghana will also be entitled to a 10% royalty rate, up from the 5% royalty rate applied in the Definitive Feasibility Study published in June.

## LBMA Silver Price (USD, 12 months to 20 October 2023)



Source: Bloomberg

**Metal prices**

Metal	Price USD (20 October)	Weekly change %	Year-to-date change %	Price vs 200 day moving average	Price vs 52 week high
Gold	1988.5	4.2%	9.6%	103.1%	97.1%
Silver	23.215	5.1%	-3.0%	99.7%	89.2%
Palladium	1101	-3.5%	-38.0%	79.0%	52.8%
Platinum	895	1.6%	-13.2%	91.9%	79.3%
Cobalt	33480.2	1.6%	-22.5%	99.5%	59.6%
Copper	7876	-0.2%	-6.1%	92.2%	83.5%
Nickel	18350	0.1%	-39.7%	81.8%	58.8%

Bloomberg codes: GOLDLNPM, SLVRLND, PLDMLNPM, PLTMLNPM, BYW1, LOCADY, LONIDY

Notes. All performance data to 20 October 2023. 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**

23 Oct	AU: Judo Bank Manufacturing and Services PMIs; EU: Consumer Confidence US: Chicago Fed National Activity Index
24 Oct	JP, EU, DE, FR, UK, US: Manufacturing, Services, and Composite PMIs DE: Gfk Consumer Confidence, UK: Unemployment Rate, CBI Business Confidence Index
25 Oct	AU: Inflation Rate; DE: Ifo Business Climate; CA: BoC Interest Rate Decision US: MBA 30-Year Mortgage Rate, New Home Sales
26 Oct	EU: ECB Interest Rate Decision; UK: CBI Distributive Trades US: GDP Growth Rate, Durable Goods Orders, Good Trade Balance, Pending Home Sales
27 Oct	AU: PPI; ES, FR: GDP Growth Rate; FR, IT: Consumer Confidence; FR: Inflation Rate US: Core PCE Price Index, Personal Income & Spending, Michigan Consumer Sentiment

**Further reading**

- Bloomberg [China’s Lithium-Triangle Inroads Show US Challenges in EV Race](#)
- Bloomberg [Funds Return to LME Nickel With \\$4.6 Billion in Short Positions](#)
- IEA [Electricity Grids and Secure Energy Transitions](#)
- Reuters [Swiss satellite antennas make a comeback as solar powerhouses](#)
- Reuters [Posco-backed group invests in lithium technology startup EnergyX](#)
- Reuters [US invests \\$3.5 billion to bolster power grid, deploy clean energy](#)

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



Data: as at 20 October 2023

Source: Bloomberg

## Disclaimer

For professional clients and eligible counterparties only

NTree International Limited (“NTree”) is an appointed representative of Messels Ltd. which is authorised and regulated by the Financial Conduct Authority. This document does not constitute an offer to buy or sell or a solicitation of an offer to buy securities in any company.

NTree Deutschland GmbH, Germany, is a 100% subsidiary of NTree International Ltd. and acts as a tied agent for the account and under the liability of AHP Capital Management GmbH, Frankfurt am Main, Germany. As a tied agent of AHP NTree Deutschland GmbH is allowed to provide investment brokerage and investment solicitation in regard to financial instruments in Germany and it is intended expand these activities gradually into other EU and EFTA member states. NTree International Ltd. does not provide financial services in the European Union.

NTree manages and distributes the Elementum Metal Securities range of physically-backed metal Exchange Traded Commodities (“ETC” or “ETC Securities”). This document is prepared by NTree for Elementum Metal Securities.

This document is not intended for distribution to any other country where such distribution or use would be contrary to local law or regulation. Specifically, this document is not intended for general distribution in the United States or Canada. Investing in financial markets involves a substantial degree of risk. Nothing described herein is intended to imply that an investment is “safe”, “conservative”, “risk free” or “risk averse”.

This document is intended for information purposes only and does not consider the specific investment objective, financial situation or particular needs of any potential investor and is intended only for those investors who are capable of understanding the risk of loss of all or a substantial part of their monies. Potential investors in the UK are reminded that they will not benefit from the UK investors compensation scheme.

Nothing contained herein constitutes investment, legal, tax or other advice nor is to be relied upon in making an investment or other decision. No recommendation is made positive or otherwise, regarding individual securities or investments mentioned herein. Any summary list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in short and leveraged products. Prospective clients must consult with their own legal, tax and financial advisers before deciding to invest.

This document contains the opinions of the author and such opinions are subject to change without notice. The source of data is NTree unless otherwise stated. No guarantee is made to the accuracy of the information provided which has been obtained from sources believed to be reliable. This document and the information contained herein is intended only for the use of persons (or entities they represent) to whom it has been provided.

This document is marketing material. Before investing an investor should read the Prospectus and KID available at <https://www.elementummetals.com>

## Risk Factors

Investment in the ETC Securities will involve a significant degree of risk. Investors may lose the value of their entire investment or part of it. Each prospective purchaser of, or investor in, ETC Securities should be familiar with instruments having characteristics similar to the ETC Securities and should fully understand the terms of the ETC Securities and the nature and extent of its exposure to risk of loss.

Performance and capital loss: Past performance is not a reliable indicator of future results. The value of an investment may go down as well as up and can result in losses, up to and including a total loss of the amount initially invested.

Generic risks: Investments in ETCs involve numerous risks including, but not limited to, metal market risks, foreign exchange risks, interest rate risks, and liquidity risks.