



Freeport-McMoRan sees copper deficit emerging in 2024

Freeport-McMoRan [released](#) its annual results. While overall 2023 copper production, at 4.2bn lbs (1.9 million tonnes), saw no growth over 2022 levels, production at Grasberg in Indonesia grew by 6% to 1.8bn lbs. The results [call](#) included comments by Richard Adkerson, Chairman and CEO, about the looming copper supply deficit against a backdrop of increasing electrification, and the need for higher prices to incentivise the development of new mines. In terms of the timing of the deficit, Kathleen Quick, the President, stated, “With the recent supply disruptions and continued demand growth, the deficit market has been advanced into 2024, setting up for tight market conditions in the near term.”

The week saw more signs of the difficulties facing nickel producers in Australia. Wyloo Metals, the nickel producer owned by billionaire Andrew Forrest, [announced](#) that it is putting its mines in the area around Kambalda into care and maintenance from 31 May due to the fall in nickel prices. The mines were acquired in the A\$760 million [takeover](#) of Mincor Resources in July 2003. In response to Wyloo’s decision, BHP announced it would close its ore concentrator at Kimbala in June.

Australia’s Association of Mining and Exploration Companies has [tabled](#) a number of proposals to help domestic nickel and lithium producers compete in international markets. These include the introduction of a 10% Production Tax Credit for downstream materials producers, royalty deferral, and the promotion of a global green transparent price index, which would highlight Australia’s leadership in ESG.

Barrick Gold held its Zambia Q4 [Media Day](#). In a separate meeting with Hakainde Hichilema, the Zambian President, Mike Bristow, the CEO, [indicated](#) that the Lumwana copper mine’s Super Pit expansion project has been accelerated with first production now scheduled for 2028. The project, with an estimated cost of close to \$2bn, will result in an uplift in copper production to a projected figure of 240,000 tonnes per year over a potential 30-year life. Lumwana [produced](#) 118,000 tonnes of copper in 2023.

Spot Platinum (XPT)/Palladium (XPD) ratio (five years to 26 January 2024)



Source: Bloomberg

Metal prices

Metal	Price USD (26 January)	Weekly change %	Year-to-date change %	Price vs 200 day moving average	Price vs 52 week high
Copper	8447	2.1%	-0.3%	101.7%	90.4%
Cobalt	28023.8	-0.3%	-4.0%	87.6%	72.0%
Nickel	16535	3.8%	1.4%	84.9%	55.0%
Palladium	946	0.4%	-16.7%	77.0%	55.7%
Platinum	907	-0.1%	-9.3%	95.4%	80.4%

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

Notes. All performance data to 26 January 2024. 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

29 Jan	US: Dallas Fed Manufacturing Index; JP: Unemployment Rate
30 Jan	EU, ES, FR, IT: GDP Growth Rate; US: S&P/Case-Shiller Home Price, JOLTS Job Openings, CB Consumer Confidence; JP: BoJ Summary of Opinions, Industrial Production
31 Jan	AU, DE, FR: Inflation Rate; CN: NBS Manufacturing PMI; JP: Consumer Confidence; DE: GDP Growth Rate; US: Employment Cost Index, Chicago PMI, Fed Interest Rate Decision
1 Feb	CN (Caixin), JP, EU, DE, ES, ES, IT, UK, CA, US: Manufacturing PMIs; EU, IT: Inflation Rate EU: Unemployment Rate; UK: BoE Interest Rate Decision; US: ISM Manufacturing Employment
2 Feb	FR: Industrial Production; US: Factory Orders, Michigan Consumer Sentiment

Further reading

Bloomberg	Australia Lithium Miners Start Cost-Cutting Drive on Price Rout
Bloomberg	NextEra Pushes Renewable Plants to Fuel Explosive Demand From AI
Bloomberg	EU Sees Electricity Production Doubling by 2050 to Reach Net Zero
Reuters	Portugal's EDP plans 500 MW of solar capacity in Germany - CEO
Reuters	New Jersey approves two giant offshore wind power projects
Reuters	US clean electricity momentum stalls slightly in 2023

Metal Research Major Exchanges Total Copper Inventories (MT)



Data: as at 26 January 2024

Source: Bloomberg

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