



China copper smelters hit the pause button

Both [Bloomberg](#) and [Reuters](#) reported the outcome of the meeting of China’s copper smelters to control capacity following the collapse in processing fees, which hit \$11.20 per tonne on Friday, the lowest level since the start of weekly data reporting in 2013. Stalling growth in copper production and the closure of First Quantum’s Cobre Panama mine have made it difficult for the smelters to source cathode material. In terms of actions, the smelters agreed to rearrange maintenance work, reduce runs and delay the startup of new projects. The Chinese government will also take steps to control further expansion. While these actions may alleviate short-term pressures, ex-China smelter capacity additions coming online this year will increase the competition for concentrate. These include Freeport-McMoRan’s [Manyar](#) smelter (2 million tpy), [Adani Enterprises](#)’ Kutch Copper smelter (0.5 mtpy), and the [Kamoa-Kakula](#) smelter (0.5 mtpy) in the DRC.

TSX-listed Lithium Americas [announced](#) that it has received a conditional commitment for a \$2.26bn loan from the US Department of Energy for its Thacker Pass lithium project. Completion of phase 1 is scheduled for 2027, with a ramp up to full production of 40,000 tpa of battery grade lithium in 2028. The estimated project cost has increased from [\\$2.3bn](#) to \$2.93bn due to factors such as higher engineering costs, increased number of construction workers, and updated equipment pricing. GM, which has agreed to invest \$650 million in Lithium Americas, has exclusive access to 100% of the production from Phase 1 for up to 15 years and a right of first offer on Phase 2 production when total lithium carbonate capacity will be 80,000 tpa.

In Brazil, the 531 MW Mendubim solar plant, developed by renewable energy solutions providers Scatec, Equinor and Hydro Rein, has [started](#) operations. It is providing energy to the [Hydro Alunorte](#) alumina refinery, which will purchase approximately 60 percent of the expected power produced through a 20-year power purchase agreement. Hydro Alunorte is the world’s largest alumina refinery outside China. It has a nominal alumina production capacity of 6.3 million tonnes per year. The refinery is targeting zero carbon emissions by 2040.

China Lithium Carbonate 99.5% Delivered (CNY/metric tonne, one year to 15 March 2024)



Source: Bloomberg

Metal prices

Metal	Price USD (15 March)	Weekly change %	Year-to-date change %	Price vs 200 day moving average	Price vs 52 week high
Copper	8906.50	4.1%	5.1%	107.3%	98.1%
Cobalt	27679.04	0.4%	-5.2%	88.9%	76.1%
Nickel	18000	0.9%	10.4%	97.7%	70.5%
Palladium	1078	3.4%	-5.1%	94.9%	66.2%
Platinum	945	3.1%	-5.5%	102.4%	83.8%

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

Source: LME

Notes. All performance data to 15 March 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

18 Mar	CN: Industrial Production, Retail Sales, Fixed Asset Investment; EU: Balance of Trade, Inflation Rate; CA: PPI; US: NAHB Housing Market Index
19 Mar	JP, AU: Interest Rate Decision; EU, DE: ZEW Economic Sentiment Index; CA: Inflation Rate US: Building Permits, Housing Starts, Net Long-Term TIC Flows
20 Mar	CN: Loan Prime Rate 1Yr & 5Yr; DE: PPI; UK: Inflation Rate; IT: Industrial Production US: Fed Interest Rate Decision, FOMC Economic Projections; JP: Balance of Trade
21 Mar	JP, EU, DE, FR, UK, US: Manufacturing and Services PMIs; EU: Current Account; UK: BoE Interest Rate Decision; US: Current Account, Philadelphia Fed Manufacturing Index; JP: Inflation Rate
22 Mar	AU: RBA Financial Stability Review; UK: Gfk Consumer Confidence, CBI Industrial Trends Orders DE: Ifo Business Climate

Further reading

Bloomberg	Traders Pile Into Bullish Copper Options as Output Cuts Loom
Bloomberg	It's Too Late to China-Proof the Lithium Supply Chain
Bloomberg	Big Lithium Short Gets 'Dangerous' on Lower Supply Outlook
Bloomberg	Carmakers Are Still Sorting Out Europe's EV Charging Issues
Reuters	China lithium boom slows as sagging prices batter high-cost miners
Reuters	How will Japan reach its ambitious goal in offshore wind energy?
Reuters	US grants \$750 million for hydrogen projects across 24 states

Metal Research Major Exchanges Total Copper Inventories (MT)



Data: as at 15 March 2024

Source: Bloomberg

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