

Copper climb on LME

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Copper prices have hit their highest in more than a week after upbeat lending data from China calmed fears about metals demand and triggered short-covering while a dip in the US dollar also offered support.

Tin slid to its lowest in more than 31 months on excess supply but other prices on the London Metal Exchange gained after data showed Chinese banks extended 1.02 trillion yuan (\$US163 billion) of new loans in February, well above market expectations.

The rise in the euro against the US dollar for the first time in two weeks, recovering from a 12-year low, was another bright spot. A weaker dollar makes commodities priced in the US currency cheaper for buyers in Europe.

"We'd had a bit of a breather in the dollar and that's lending a bit of support," said Stephen Briggs, metals strategist at BNP Paribas in London.

"Today is an up day, but copper is being whiplashed back and forth by about \$US100 each day. It's not showing a clear trend right now."

Three-month LME copper climbed 2.00 per cent to close at \$US5,844 a tonne after touching \$US5,884, its highest since March 3.

Copper dipped to a small loss in the previous session and slipped to its weakest since February 24 at \$US5,710 a tonne.

One trader said the Chinese data triggered short-covering in Asia and the market saw fresh momentum-led buying when London opened.

During March so far, LME copper has been largely trapped in a range of \$US5,700-\$US5,900 after recovering from 5.5-year lows in January.

Traders said demand for spot copper in China strengthened only marginally this week after most factories returned from near month-long Lunar New Year holidays.

The second quarter is generally the strongest for consumption in China, which accounts for around 40 per cent of global refined copper demand.

Some bullish investors have taken heart from recent announcements of production hiccups at copper mines, but Briggs was cautious.

"This idea that supply disruptions for copper will come to the rescue is questionable. We have disruptions every year. My best guess is that we stay in surplus this year and next."

- Reuters