

Copper supply constraints likely to support price in 2015: Barclays

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The copper price is likely to rebound in 2015 as "critical" producers struggle to ramp up production, Barclays said in a weekly note to clients late Tuesday.

The bank says it believes copper prices will increase to a \$6,313/mt average for the year. Three-month copper closed the Tuesday London Metal Exchange kerb session at \$6,040/mt. There has been much talk in the market of the copper price heading toward \$5,000/mt in 2015.

The metal hit a 2015 year-to-date intraday three-month price low of \$5,339.50/mt in January.

"The quarter to watch is Q2, because we believe that is when copper prices rise the most and set the tone for the year. The market is set to deliver a modest surplus in 2015," Barclays said.

The bank said it believes that despite a slowing China, demand should remain robust in 2015, supported by the economic recoveries in Europe, the US, and Japan.

"We re initiate our research coverage of the copper market at a crucial time: the outlook for the market is evenly divided. Copper prices have sold off by 9% over the past six months, which has prompted the question, is copper the next iron ore or oil in 2015? We believe the answer is no," the bank added.

It reasoned that, "copper is continually constrained on the supply side, and that is unlikely to resolve itself in the near future."

--Ben Kilbey, ben.kilbey@platts.com

--Edited by Jonathan Dart, jonathan.dart@platts.com