Copper Falls to 4½-Year Low as Greece, Growth Worries Weigh

Christian berthelsen, The Wall Street Journal, Jan. 5, 2015

Copper prices ended at a new 4½-year low Monday, falling in tandem with stocks and other so-called risk markets as worries about Greek debt, weak oil prices and a strengthening dollar weighed on investors' minds.

The most actively traded copper contract for March delivery settled at its lowest level since June 7, 2010, falling 5.15 cents, or 1.8%, to $2.7660 a pound on the Comex division of the New York Mercantile Exchange.

The price drop appeared to be part of a broader move across the markets as investors shied away from risk in the first full week of trading after the start of the new year amid a host of bearish factors, analysts and brokers said. Chief among them were renewed worries about Greek sovereign debt, as some candidates vying in this month's general election are campaigning on a platform of revisiting austerity measures intended to stabilize the country's finances.

Copper's losses came as the Dow Jones Industrial Average fell more than 300 points and the U.S. oil benchmark shed more than 4%,breaking below $50 a barrel for the first time in nearly six years. Meanwhile, the U.S. dollar rose 0.3% against a basket of global currencies.

Slower global economic growth remains a worry for investors, too, as it is likely to crimp demand for copper, which is widely used in industrial applications from home building to electronics manufacturing.

"Lower growth figures across the world don't really paint a bullish picture for copper," said Adam Klopfenstein, a senior market strategist for Archer Financial Services in Chicago.

Analysts cited weak manufacturing data from last week in China and the U.S., the world's two largest copper consumers, as contributing to the negative sentiment.

"Rising worries about Chinese growth, absence of Chinese buying, supply surpluses on the horizon and a strengthening dollar are the main drivers of lower prices this morning," RBC Capital Markets said in a note.