

Copper prices bounce from recent lows

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Copper prices extended their rebound as some investors judged last Wednesday's drop to five and a half year lows as too extreme despite continued worries about demand.

The most actively traded contract, for March delivery, rose 5.9 cents, or 2.3 per cent, to settle at \$US2.6170 a pound on the Comex division of the New York Mercantile Exchange. The contract ended the week down 4.9 per cent, the steepest weekly drop since November.

Copper tumbled to \$US2.5055 a pound on Wednesday, notching its biggest one-day drop in more than three years, after the World Bank cut its outlook for global growth in 2015.

The bank highlighted concerns over a "disorderly slowdown" in China, stoking fears among copper traders that the world's top consumer of the metal would cut back its purchases.

The market rebounded on Thursday and extended its gains through Friday, as some investors saw opportunity in the steep decline. "Bargain hunters will be viewing these prices as some value versus where we were a few weeks ago," said Dave Meger, director of metals trading at High Ridge Futures in Chicago.

Copper prices also got a boost from an announcement by China's State Grid, the government-owned power grid operator, that it plans to ramp up its infrastructure spending by 24 per cent in 2015. "The aggressive targets announced reinforce our expectation of strong copper (and aluminium) demand growth from the Chinese power sector," analysts at Citigroup said in a note to clients. "Chinese copper demand should outperform overall economic growth in 2015 and should help drive higher copper prices from first quarter lows," they said.

Copper and aluminium are used in electrical wiring and power-transmission cables.