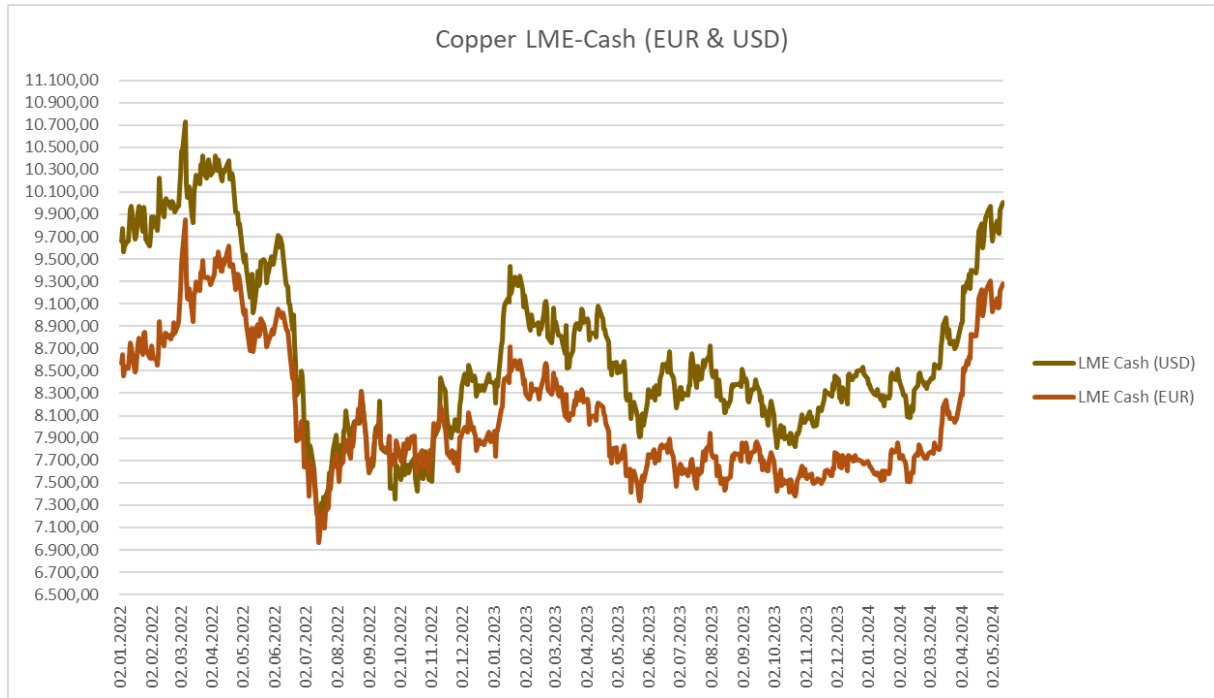




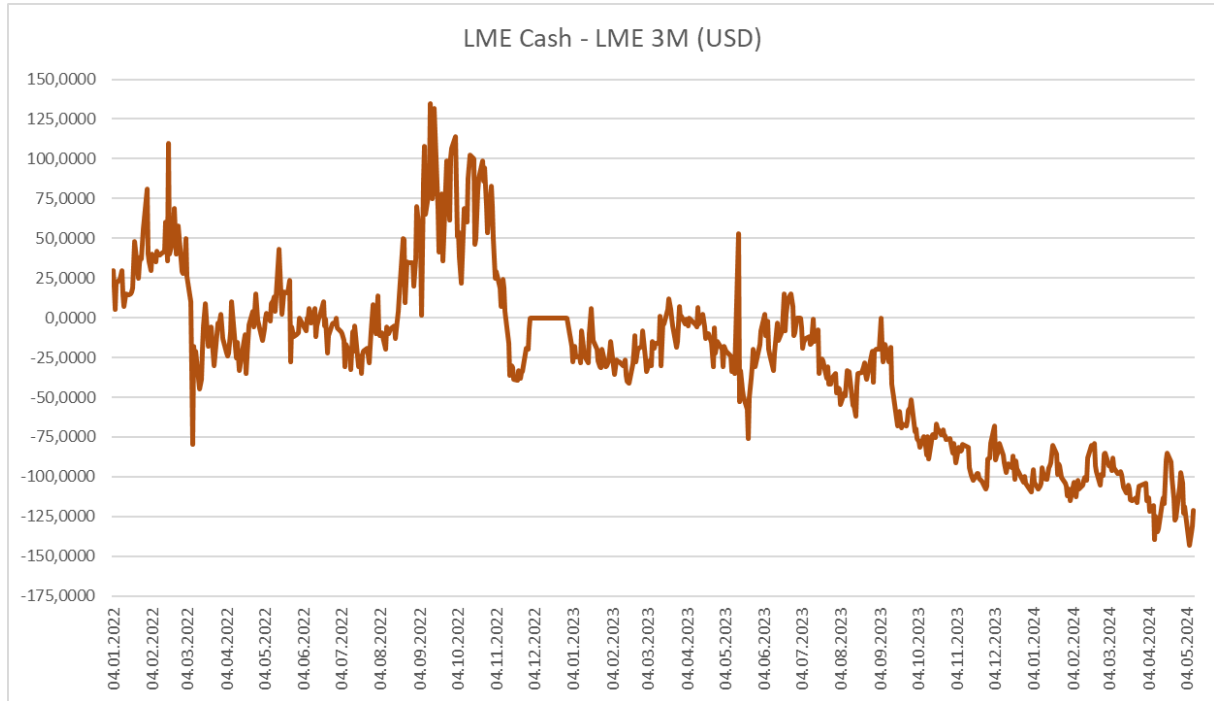
Buy copper – safely!

## Copper chart in EUR & USD (ex. cathode premium and freight costs)



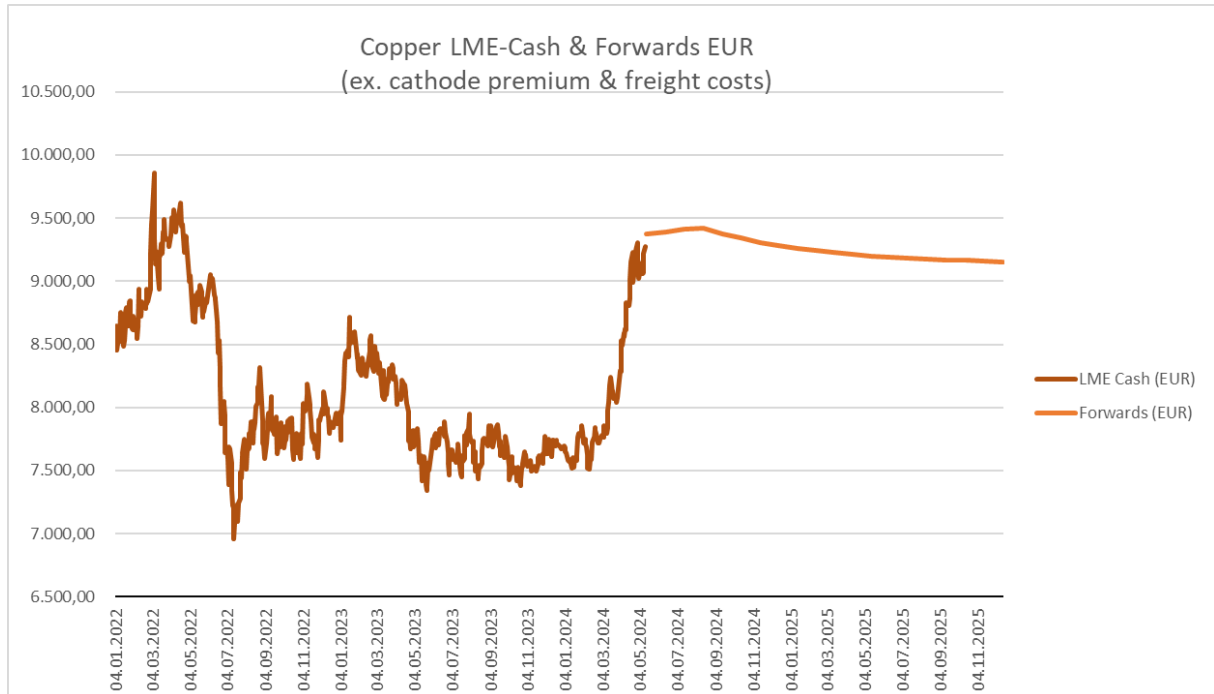
Source: own data, LME; as of: 13th of May.2024

## Contango/Backwardation in USD (Cash-3M)



Source: own data, LME; as of: 13th of May.2024

## Copper chart in EUR (ex. cathode premium and freight costs)



Source: own data, LME; as of: 13th of May.2024

## Forecasts Bloomberg (3M-Copper in USD/mt)

### Quarterly 2024-2025

Kupfer \$/t		Suchen	Per	05/13/24	Tickertyp Effektiv				
<input checked="" type="radio"/> Viertelj. Prognose <input type="radio"/> Jährl. Prognose									
Überblick		Kurvenanalyse		Ranking					
Firmen	<input checked="" type="radio"/> Standard <input type="radio"/> Nutzerdef.	Rang	Alle	Aktualisiert	Letzte 6 Monat				
Konsens		Kassa	Per	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25
Median			05/10/24	8950.00	9000.00	9174.58	9700.00	9800.00	9920.00
Mittel			05/10/24	8947.79	9136.25	9347.25	9498.01	9650.24	9862.26
Hoch			05/10/24	10000.00	10250.00	10900.00	10700.00	11000.00	11500.00
Tief			05/10/24	8130.42	7993.29	7859.47	8250.00	8250.00	8250.00
Termin		10179.50	05/13/24	9833.40	10027.66	10097.55	10113.34	10114.08	10097.16
Diff. (Median - akt.)				-883.40	-1027.66	-922.97	-413.34	-314.08	-177.16

### Yearly 2024-2028

Kupfer \$/t		Suchen	Per	05/13/24	Tickertyp Effektiv				
<input type="radio"/> Viertelj. Prognose <input checked="" type="radio"/> Jährl. Prognose									
Überblick		Kurvenanalyse		Ranking					
Firmen	<input checked="" type="radio"/> Standard <input type="radio"/> Nutzerdef.	Rang	Alle	Aktualisiert	Letzte 6 Monat				
Konsens		Kassa	Per	2024	2025	2026	2027	2028	
Median			05/13/24	8990.21	9500.00	9920.79	9732.71	8994.85	
Mittel			05/13/24	9060.01	9727.26	10039.49	9850.84	9135.92	
Hoch			05/13/24	9800.00	15000.00	12500.00	12000.00	12000.00	
Tief			05/13/24	8340.15	8200.00	8000.00	7500.00	7275.25	
Termin		10168.00	05/13/24	9667.18	10098.03	9982.95	9801.35	9590.27	
Diff. (Median - akt.)				-676.98	-598.03	-62.16	-68.64	-595.42	

Source: Bloomberg; as of: 13th of May.2024

## Market comment

Since April, the copper market has experienced a rapid rally driven by financial market participants, although this is currently inconsistent with the overall copper demand picture. The historically huge contango serves as a good indicator therefore (see slide 3). It shows that the physical market is currently well supplied, and the price level is not based on a current supply deficit.

Some traders challenge the rally and stock market data suggests, that it is caused to investment fund activity (real money/managed money) due to capital rotations from other asset classes and not out of fundamentals. The capital rotation was driven by research forecasts from Goldman Sachs, JP Morgan, Citi Bank and among others, who expect prices of around USD 12,000/mt for the coming year and see copper at the beginning of a super cycle. The underlying news about green energy, e-mobility and the resulting long-term demand for copper, have yet to be reflected in physical demand, so the current movement seems a bit exaggerated, as these are projects with a term of 3 up to 5 years, not 3 to 5 months.

However, the fund managers are likely to have a lot of patience and are looking forward to 2025 and 2026. It's hard to say whether the rally will take a breath before heading back higher, perhaps towards Goldman's target of \$12,000/mt. Given the lack of physical participation in the recent rally, if funds' long positions run out of steam, a small correction could occur. If physical demand picks up again in the coming months, the recent rally could only have been the start.

Author: Taisto Angermeier; 14th of May 2024

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