

Deposit to earn rewards



Sign up and deposit to receive up to **17,500 USDT** in bonuses.
Exclusive for new users only.

Get it now

AI And Geopolitics Drive Copper Prices To Record High: Is Copper A Good Investment In 2024?

Original:

<https://www.btcc.com/en-US/academy/research-analysis/copper-price-analysis-and-prediction-is-copper-a-good-investment-in-2024>



As geopolitical tensions have escalated, gold and copper have emerged as significant play in global energy sector. Unlike gold, copper is one of the common metals used in manufacturing all over the world. While copper prices are much lower than precious metals such as gold and silver, investing in the metal can also be lucrative.

After hitting an all-time high of \$10,845 per tonne in March 2022, copper prices have fallen steadily over the past two years due to new restrictions imposed in April 2022 in response to the new COVID-19 outbreak.

However, often named as “Dr. Copper” for its ability to predict economic trends due to its widespread industrial applications, copper has witnessed price rally since the beginning of 2024, up 29% year-to-date. Copper futures at COMEX traded at \$5 per pound as of 15 May, representing the highest level since March 2022 when the base metal’s price reached an all-time high.

Now, many people are wondering that whether it is a good time to invest in copper in 2024? In this article, we will introduce from the following aspects:

[Latest News & Updates on Copper](#)

[What is Copper?](#)

[Factors Affecting Copper Price](#)

[2023 Copper Price Trend Analysis](#)

[Copper Price Prediction 2024](#)

[How to Trade Copper?](#)

[Conclusion](#)

BTCC offers 300+ virtual currency contract trading pairs with leverage ranging from 1X to 225X. If you want to start trading cryptocurrencies, you can start by signing up for [BTCC](#).

\ Deposit and Receive Up to 10,055 USDT! /

[Click Here To Sign Up For BTCC](#)

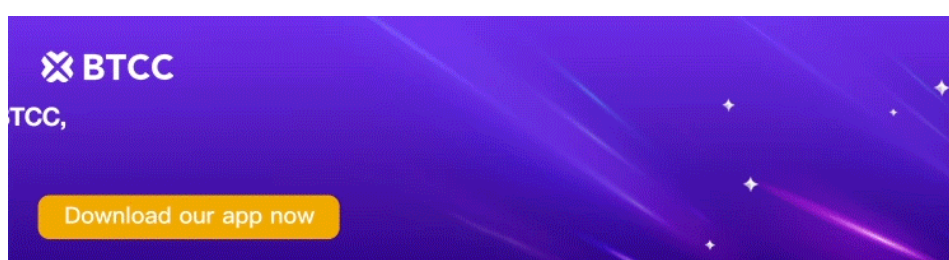
[Latest News & Updates on Copper](#)

Copper trading recorded blow-out volumes on the way up with the paper equivalent of more than 10m tonnes, worth nearly \$115 billion, traded in the most active contract in one 24 hour period on the CME mid-May. That's more than twice the Dow's average daily volume in dollars and three times German bunds.

After peaking an all-time intraday level of a smidgen under \$5.20 a pound or \$11,460 a tonne in Chicago a week ago, July copper has pulled back to exchange hands for \$4.85 (\$10,690) on May 28, paring some of last week's steep losses.

According to Goldman Sachs, a surge in demand for critical metals from the artificial intelligence and defense sectors is set to see gold and copper prices soar to record highs this year.

Goldman Sachs said in a report that a combination of technological, geopolitical and economic factors have paved the way for the start of a commodities bull market that will see copper prices hit highs of \$12,000 a ton and gold prices hit \$2,700 an ounce by the end of 2024.



What is Copper?

Copper is an industrial or a cheap metal. As a result, its price is much lower than precious metals such as gold or silver. In fact, a ton of copper costs less than \$10,000. Despite its low price, copper has many uses. Copper is also found in all types of infrastructure: trains, airports, wind farms, and solar panels. In fact, its uses are unlimited.

Experts believe that demand for copper will rise in the coming years. Meanwhile, the supply situation is expected to tighten. Then, can copper hit new highs as demand rises?

Factors Affecting Copper Price

There are many factors that would exert a huge influence in copper price. We will list four major factors below:

Potential supply shortages

Copper supply may face demand challenges in 2024, with some mines facing difficulties in resuming production. This includes the prolonged shutdown of the Cobre mine in Panama, which is operated by Toronto-based mining company First Quantum Minerals. At present, the global copper market is tightening. Production challenges, such as stoppages and declining ore grades in major South American producers, are anticipated to limit copper supply growth this year, though rebound is expected in 2025.

Chinese economy

China, acting as both a significant copper supplier and consumer, holds a pivotal position in shaping trends within the critical metal market. However, there are many uncertainties about China's economic recovery, especially as the crisis in the property sector deepens, China's economy is likely to remain a headwind for copper prices this year. In its January outlook, the International Monetary Fund predicted that China's economic growth would slow to 4.6 percent in 2024 and 4.1 percent in 2025.

Fed Rate Cut

Energy and commodity markets are closely watching when the Fed will begin to ease its monetary tightening cycle. Traders have priced in the possibility of a first rate cut in the second half of the year after fading hopes of an early cut starting in March.

Over the past two years, rising interest rates have led to a stronger dollar, which has weighed on industrial metals. A stronger dollar makes goods more expensive for buyers who use local currencies. If the Fed decides to keep rates higher for longer, it is expected a stronger dollar and weaker investor sentiment will appear, which could lead to lower copper prices.

Copper production capacity in China

According to a Reuters report on March 13, China's top copper smelters agreed to start cutting production at some loss-making plants to cope with raw material shortages. The exact rate or amount of the cuts has yet to be determined. This comes after Chinese producers competed for copper concentrate due to mine disruptions and global copper smelting capacity expansion. Recently, spot processing and refining costs (TC/RC) has dropped to historic lows.

Sucden Financial's Effanova expects the refined copper market to post a surplus next year as Chinese production continues to expand due to increased smelting and refining capacity.

\ Deposit and Receive Up to 10,055 USDT! /

[Click Here To Sign Up For BTCC](#)



[Download App for Android](#)

[Download App for iOS](#)

2023 Copper Price Trend Analysis

In late 2022, China, the world's biggest copper buyer, lifted restrictions on COVID-19, helping LME copper to realize a strong start to 2023 with a price of above \$8,300 a tonne.

In mid-January 2023, due to market optimism about the Chinese economy after the reopening of the Chinese border in early January, the price of copper briefly reached \$9,430 per ton, the highest price for the year and the highest price since June 2022.

However, over time, China's recovery remained challenging due to a prolonged property crisis, weak local demand, and high levels of local government debt. Under the backdrop of China's sluggish economic recovery, central banks, especially the Federal Reserve, maintained a hawkish interest rate hike stance, putting pressure on copper prices.

The S&P Global report said copper production in Chile, the world's largest producer, fell 2.3 per cent to 5.33 million tonnes in 2023, the lowest level since 2008, due to tougher mining conditions, poor ore grades, water constraints and delays in copper mining.

In 2023, the LME copper price (international copper price) increased by 2.2% annually, and the COMEX copper price in the United States increased by 2% over the same period last year.

Copper Price Prediction 2024

Ole Hansen, head of commodity strategy at Saxo Bank in Denmark, said in a March 15 note that the expected U.S. rate-cutting cycle this year could prompt companies to restock stocks after depleting them last year to lower funding costs. "We maintain our long-term bullish stance on copper, and with copper miners showing signs of recovery, new record highs in the second half of the year seem achievable," he said.

Fitch Solutions firm BMI, said in its latest copper price forecast released on Feb. 20 that copper is expected to average \$8,800 per tonne in 2024, up 3.2 percent from the 2023 forecast of \$8,523, as falling LME inventories have the potential to push prices higher.

TD Securities expected copper to trade at \$3.65 a pound by the end of 2024, down slightly from \$3.67 in the first quarter of 2024.

S&P Global forecasts that copper demand will double, reaching 50 million metric tons by 2035. The most significant demands are expected to emanate from the US, China, Europe, and India.

Bank of America predicts that a combination of supply shortages and growing demand will propel copper prices to surge to \$5.44 per pound by 2026, representing an additional 11% rally from the current price.

The International Copper Association (ICA) forecasts that copper demand will increase from 28.3 million metric tons in 2020 to 40.9 million metric tons by 2040, with a compound annual growth rate of 1.85%.

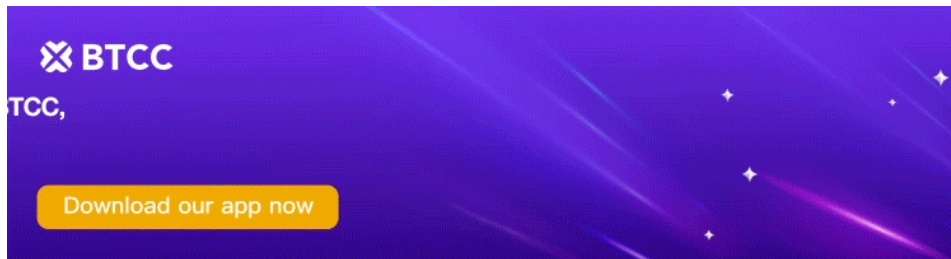
A new report by Australian bank Macquarie titled Panama hold'em suggests the copper corrections will continue and forecasts average prices in the September quarter of \$9,800.

Towards the end of 2024 the copper price should go back above \$10,000, says the London-based commodities strategist Alice Fox and analysts from Macquarie's London, Singapore, Shanghai and Delhi desks.

Goldman Sachs said that the proliferation of AI technologies and the buildout of new data centers to support those technologies is expected to drive up copper demand at rates of 6% per annum between now and 2030.

It should be noted that analysts believe that copper prices are showing an upward trend, but this does not mean that its price will rise in a straight line. Commodity prices are also more volatile than traditional stock prices.

Overall, analysts expect copper prices to ascend this year on the backdrop of an imbalance outlook in supply and demand, the US rate-cutting cycle, clean energy transition and AI boom.



[Download App for Android](#)

[Download App for iOS](#)

How to Trade Copper?

If you are interested in copper, there are several options for investing copper.

Physical copper ETFs

If you think the price of copper is likely to rise in the future, then the easiest option to invest in copper is to buy the metal. Buying physical copper, however, is inconvenient. After all, copper prices will be around \$4 a pound by 2023.

However, you can choose to invest in physical copper ETFs (sometimes called an ETP), which allows you to profit from rising copper prices while being safer.

Copper Stock

Another option to invest in copper is to buy shares in copper mining companies. They are dedicated to exploring, mining and selling metals, and their production costs do not fluctuate much. As a result, higher copper prices can bring huge profits.

At the same time, a sharp fall in copper prices would lead to a sharp fall in profits. Besides, if prices are low enough, they can fall below the cost of production and cause losses for these mining companies.

As a result, investing in copper companies usually carries more risk than investing directly in metals, but it also brings more profit.

Copper Miners ETF

The final option for copper investment is to buy Copper Miners ETFs, which are less risky than buying stocks directly.

If copper prices rise and industry profits soar, investors would benefit a lot. While with diversified portfolio, investors would not be over-exposed to any single producer and more risks.

Also, thanks to this type of ETF, we don't have to spend time analyzing different companies in the industry, but are able to invest our time elsewhere.

\ Deposit and Receive Up to 10,055 USDT! /

[Click Here To Sign Up For BTCC](#)

Conclusion

Overall, copper is an industrial metal that is absolutely crucial to our current lifestyle. Fueled by its critical role in green energy solutions, copper continues to see growing demand. Just like S&P Global said: "Copper prices are anticipated to ascend in the long term as a result of the clean energy transition, notwithstanding prevailing short-term apprehensions."

We are already seeing that global copper demand is likely to increase in the coming decades. The development of emerging countries and their urbanization, the mass adoption of electric vehicles, the construction of renewable energy infrastructure or the de-urbanization of developed countries will all make great contribution to growing copper demand.

At the same time, since copper is a real asset, investing in copper can significantly increase inflation protection and diversification in asset portfolio.

[\ Deposit and Receive Up to 10,055 USDT! /](#)

[Click Here To Sign Up For BTCC](#)

Recommended for you:

[Best Crypto Exchanges Australia 2024](#)

[BTCC vs. NDAX: which is a better choice for crypto trading in Canada?](#)

[How to Choose Best Crypto Exchanges in Canada](#)

[BTCC vs. Bybit vs. eToro: which is the best choice for you?](#)

[BTCC vs. Coinbase vs. Crypto.com](#)

[Best Crypto Exchange Canada For April 2024](#)

[Bitcoin Halving Countdown 2024: Something You Need to Know About It](#)

[Gold Price Continues to Rally: Is Gold a Good Investment For Canadians In 2024](#)

[What is SPACE ID\(ID\): Is SPACE ID A Good Investment In 2024?](#)

[Best Crypto Trading Bots in Canada for April 2024](#)