

APOLLO

Why are copper prices going up?

Supply shortages, hedge fund speculation, China demand, AI demand, and green energy demand

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Apollo Global Management

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Unless otherwise noted, information as of May 2024

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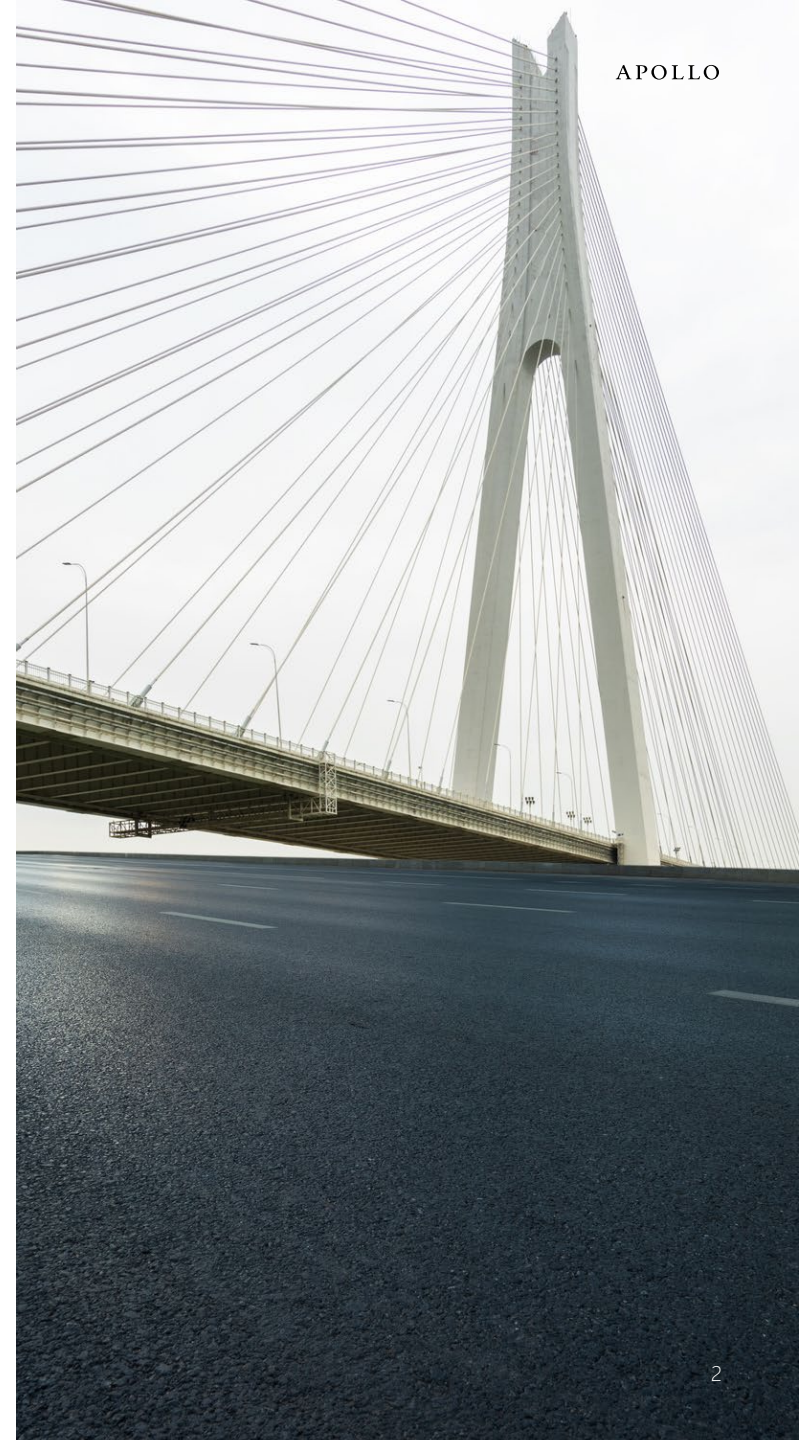
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Overview



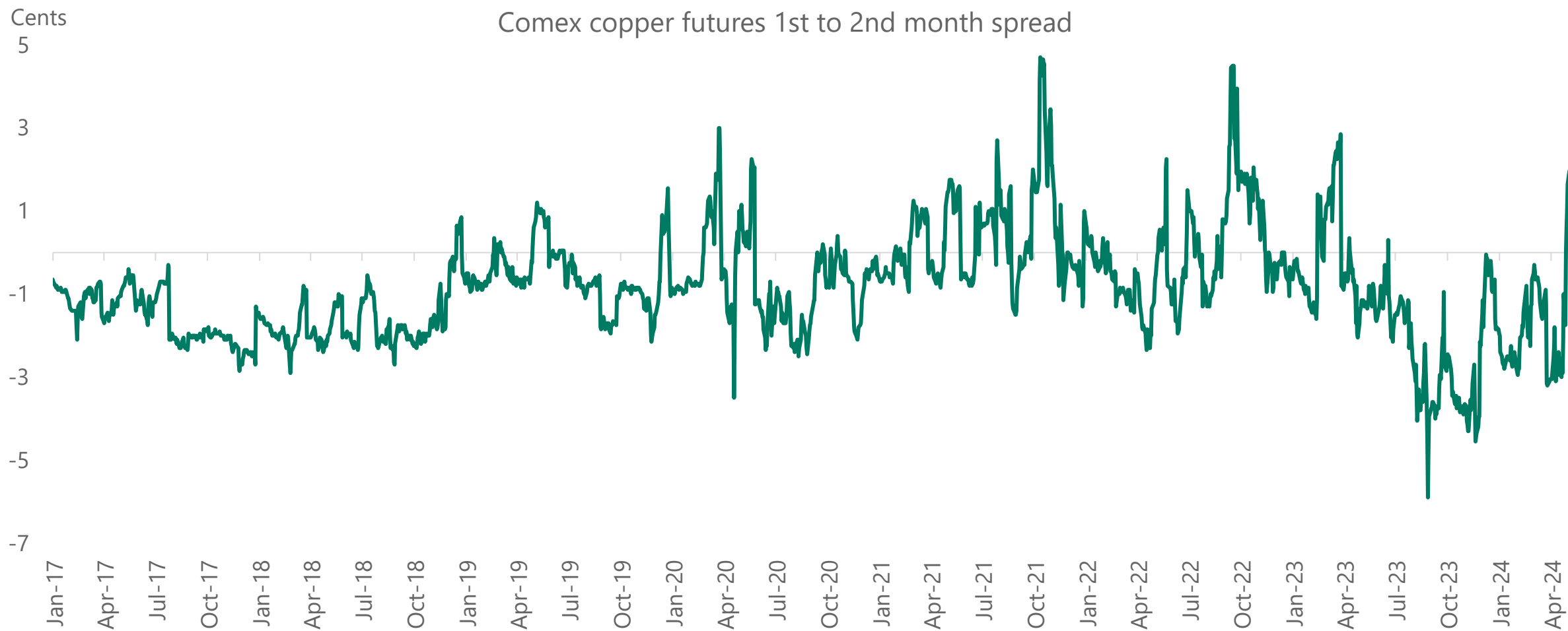
Copper prices rising



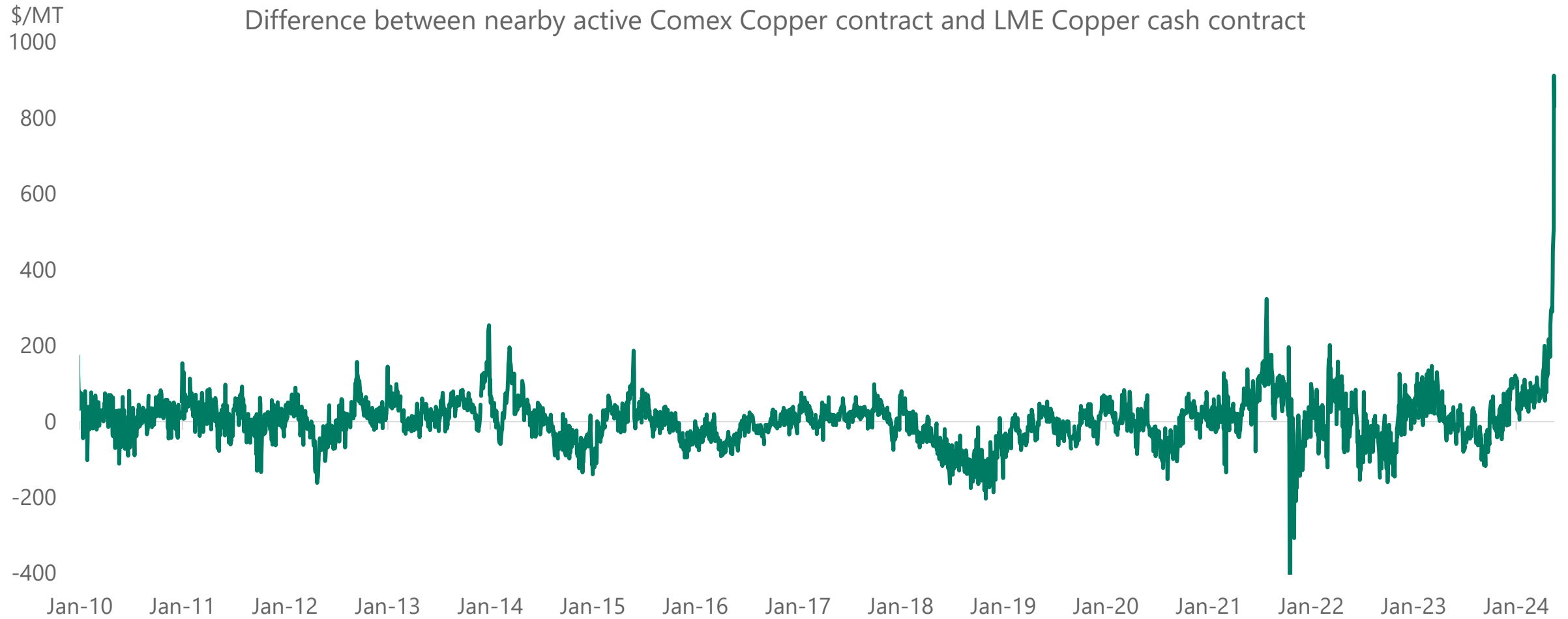
Supply shortages



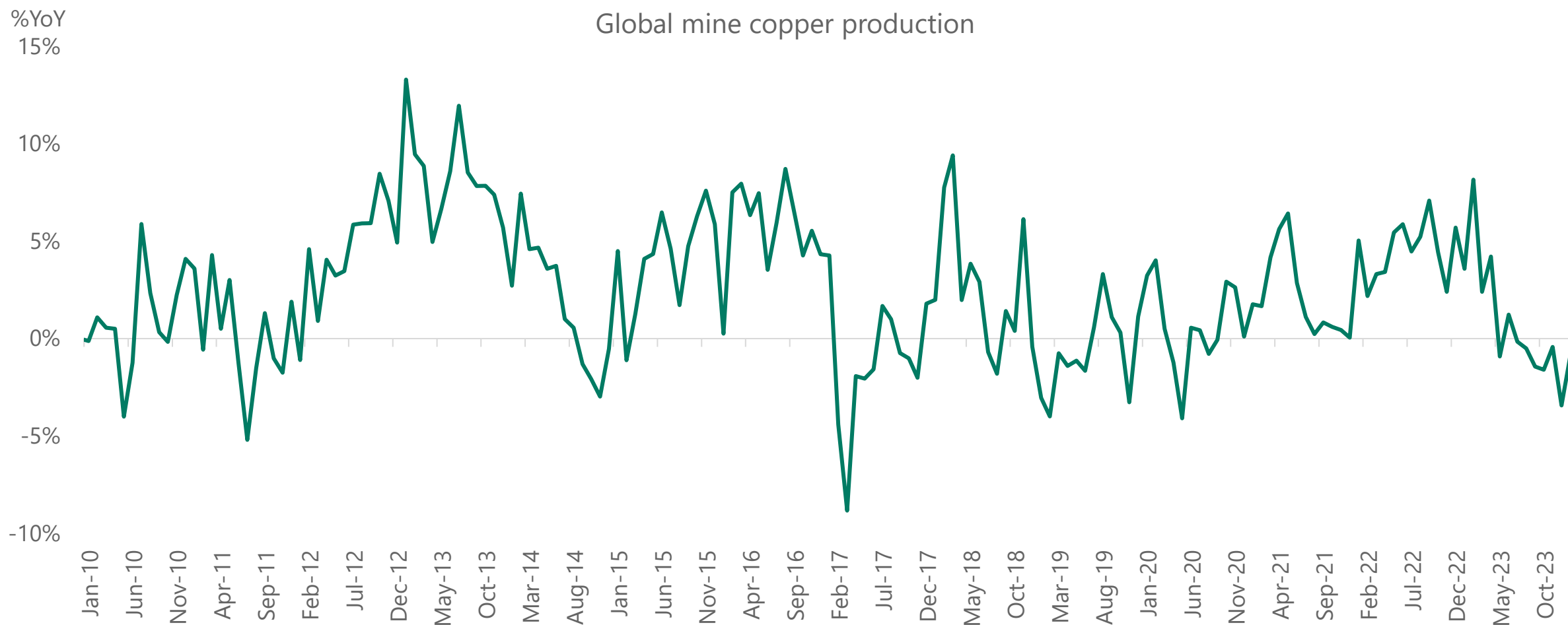
Rise in 1st to 2nd month copper future spread indicates tight supply



The premium between Comex and LME prices surged on short squeeze and supply concerns

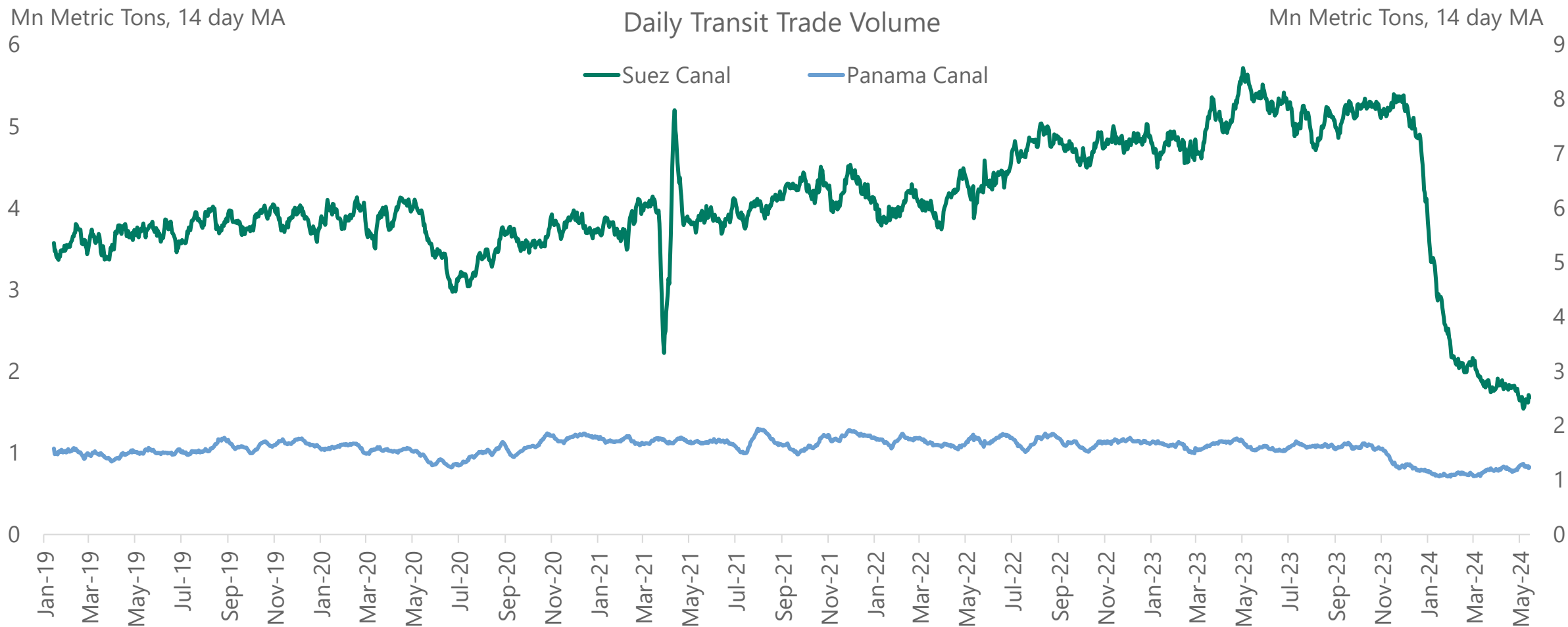


Copper supply has been falling



Source: Bloomberg, Apollo Chief Economist

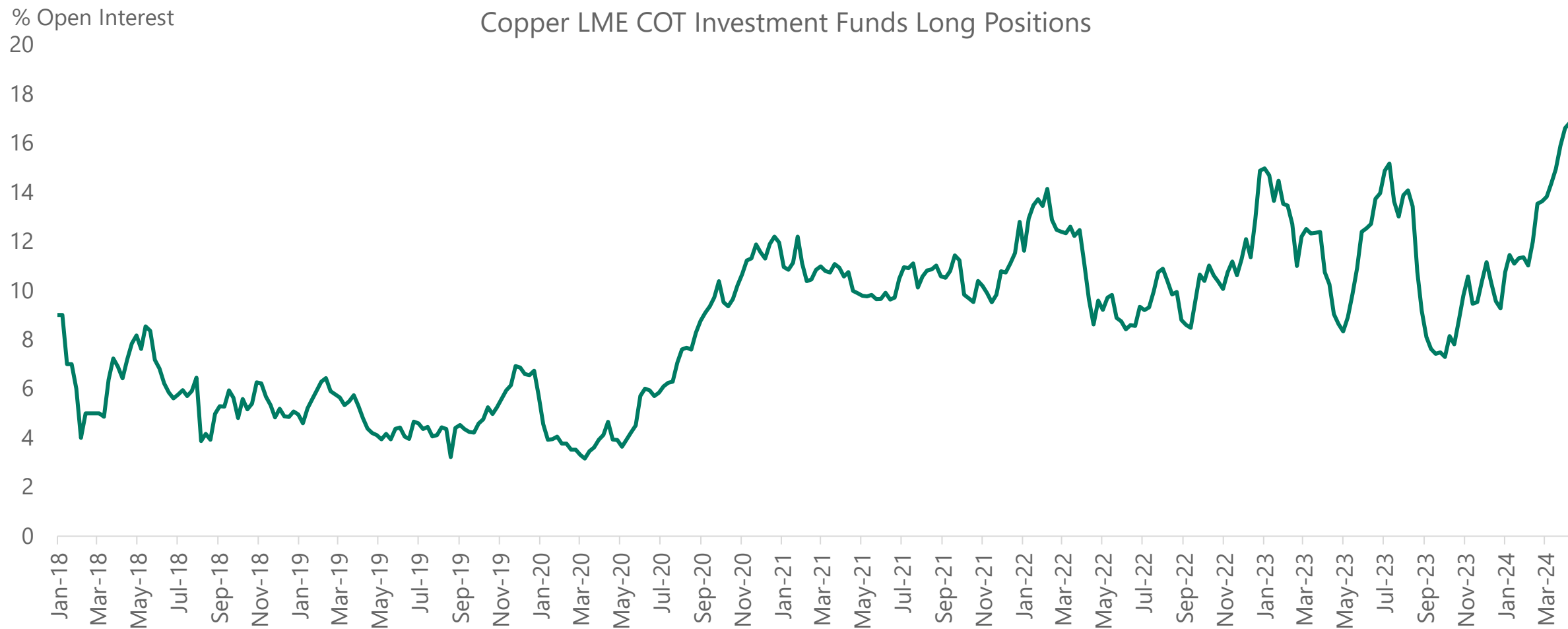
Global shipping challenges have also kept the copper market tight



Hedge fund speculation

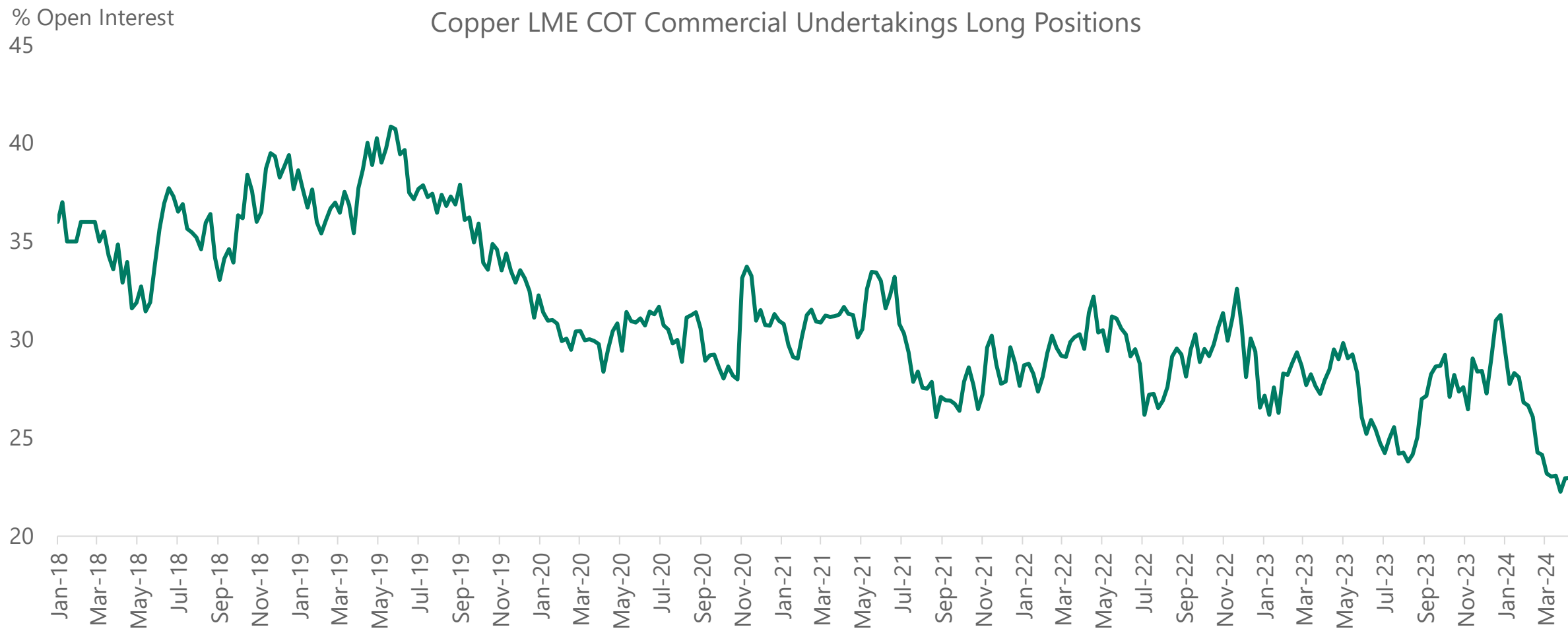


Copper rally also driven by demand from fast money investors



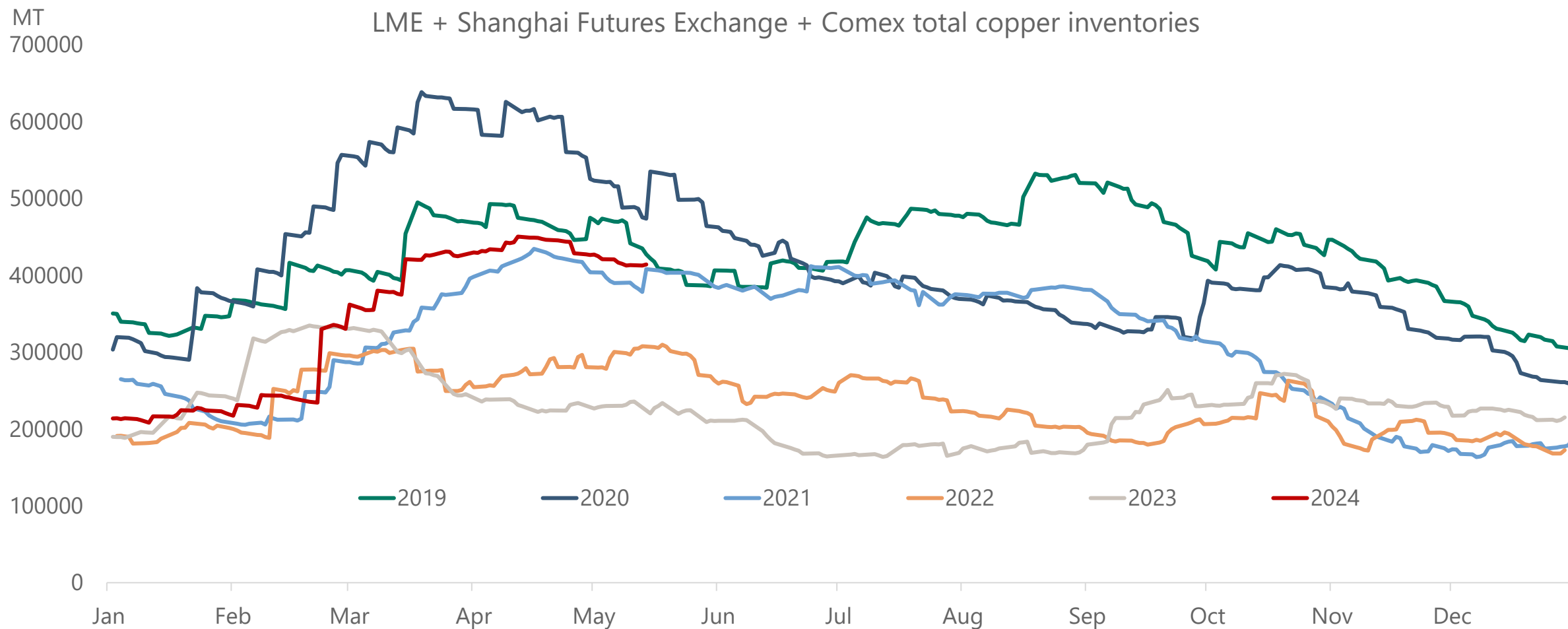
Source: Commitment of Traders, Bloomberg, Apollo Chief Economist

While commercial long positions have been moving lower



Source: Commitment of Traders, Bloomberg, Apollo Chief Economist

Copper inventories at global exchanges rising reflecting increased speculation



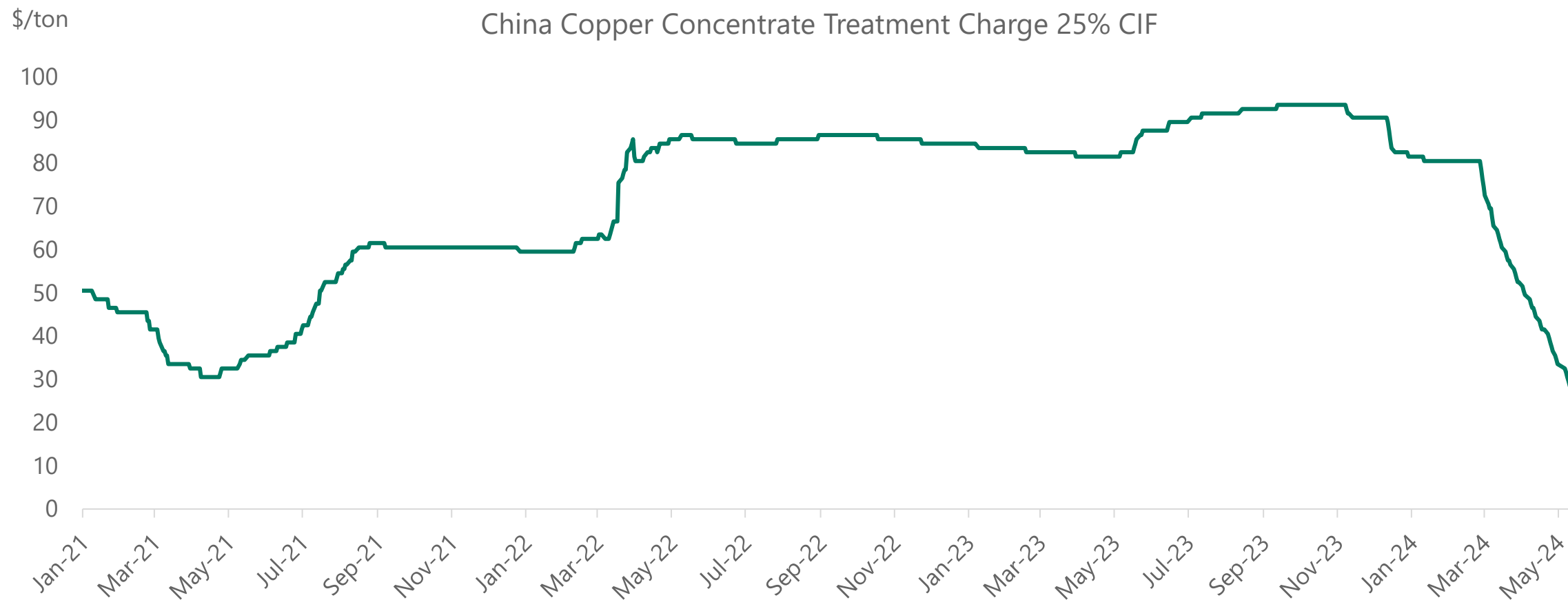
China demand, AI demand,
and green energy demand



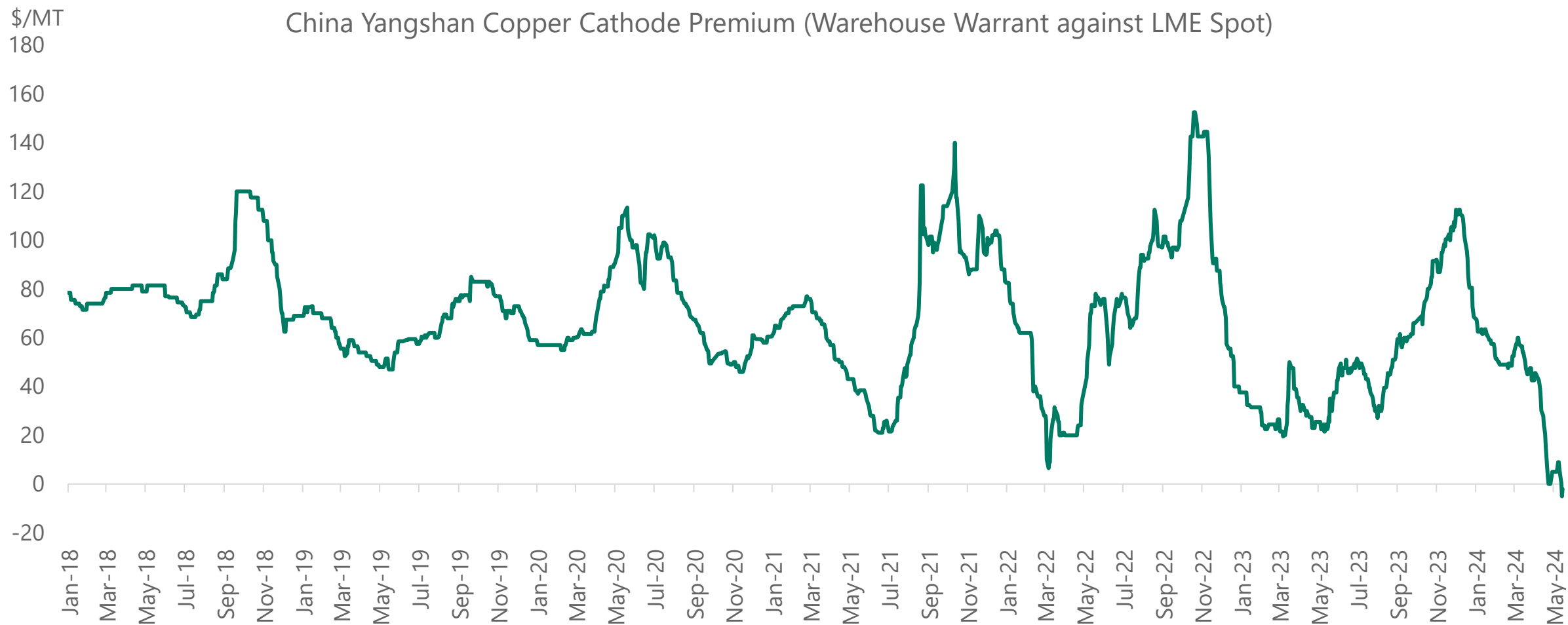
Chinese refined copper demand rebounding



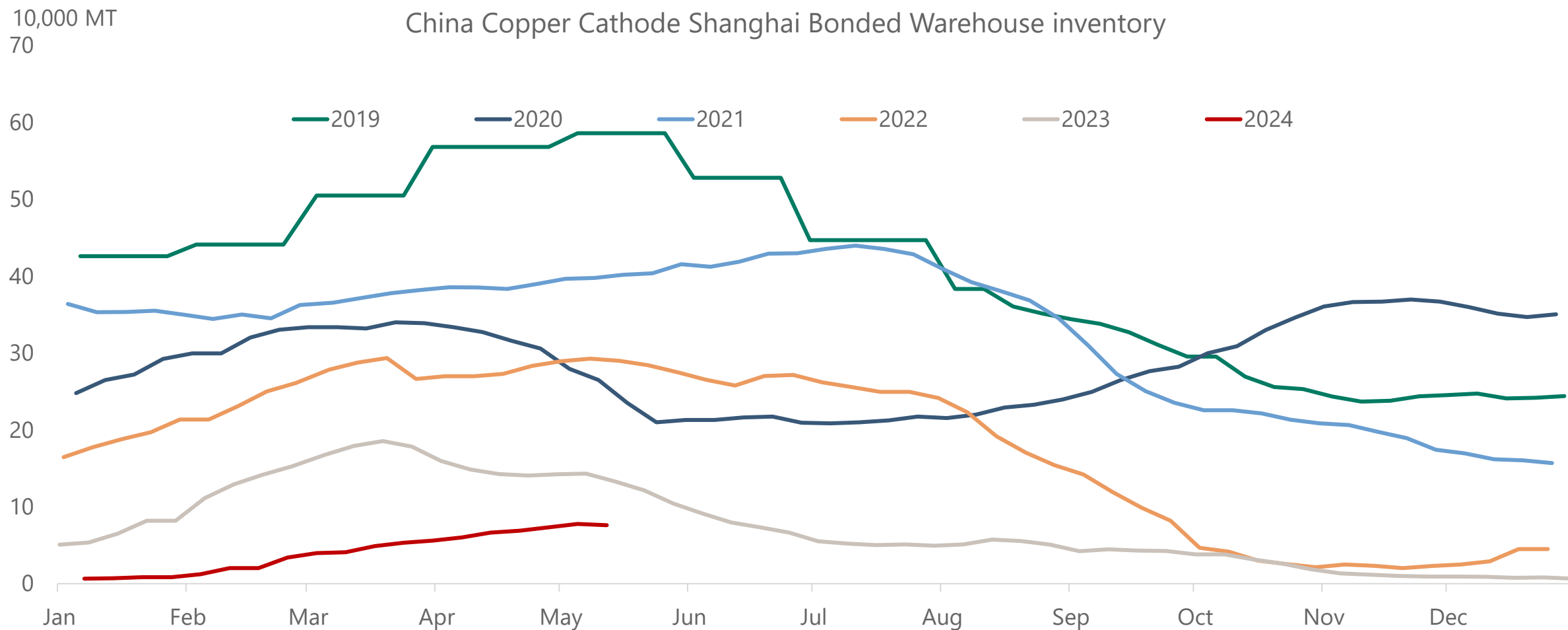
Low smelters treatment charge implies tight market



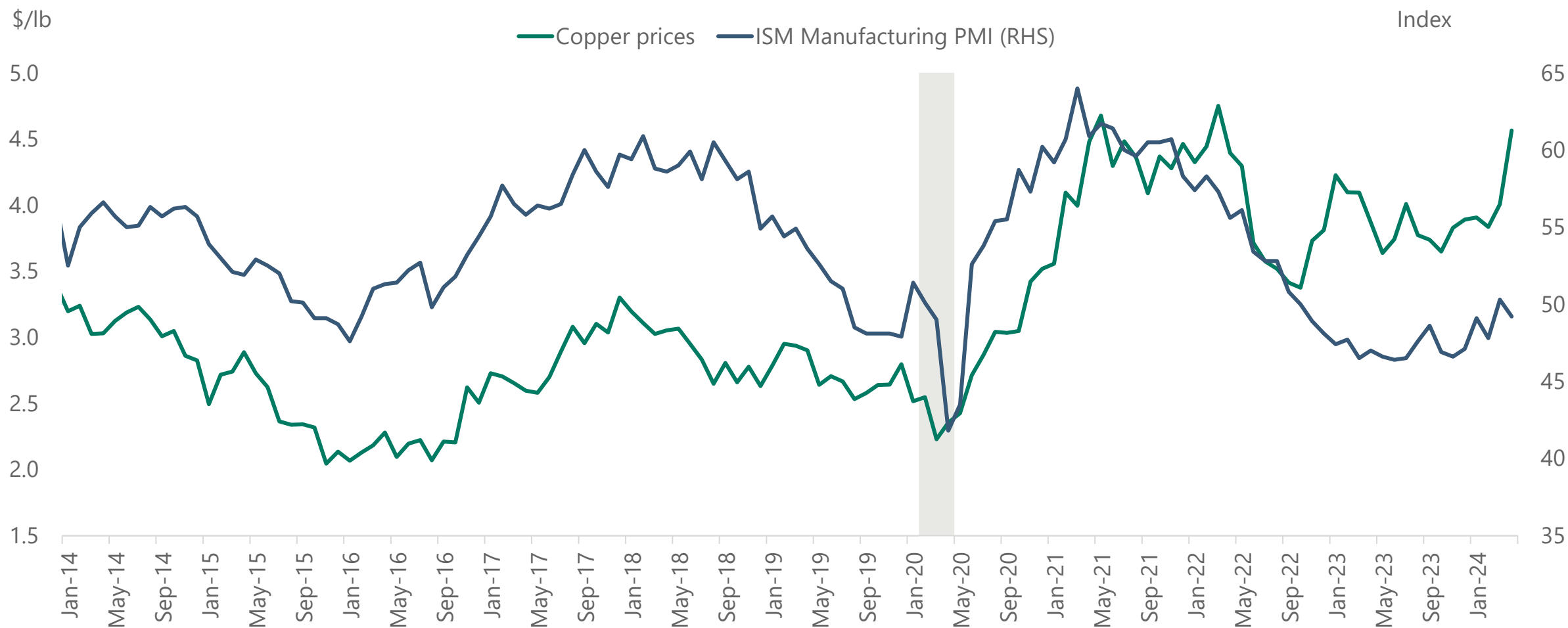
China: Rising cathode premiums indicate strong demand



China copper bonded warehouse inventory at low levels



Rising copper prices normally signaling stronger economic growth ahead





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Torsten Slok joined Apollo in August 2020 as Chief Economist and he leads Apollo's macroeconomic and market analysis across the platform.

Prior to joining, Mr. Slok worked for 15 years as Chief Economist at Deutsche Bank where his team was top ranked in the annual Institutional Investor survey for a decade. Prior to joining Deutsche Bank Mr. Slok worked at the IMF in Washington, DC and at the OECD in Paris.

Mr. Slok has a Ph.D in Economics and has studied at the University of Copenhagen and Princeton University.