

LME copper hits low spot

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Copper prices have hit their lowest level in more than a week and notched up their biggest weekly loss in six weeks as the US dollar rallied after a strong US jobs report, with investors also worried about lacklustre demand in China.

The dollar touched an 11-and-a-half-year high against major currencies after the US jobless rate fell to a more than six-and-a-half-year low, which could encourage the Federal Reserve to consider raising interest rates in June. A strong dollar makes dollar-priced metals costlier for non-US investors.

In China, the world's top metals consumer, equities fell as investors digested comments by top officials that highlighted the growth and debt challenges the country faces in 2015.

Three-month copper on the London Metal Exchange slid 1.5 per cent to close at \$US5,745 a tonne, having hit its lowest since February 24. On the week, copper lost 2.5 per cent, its biggest weekly decline since late January.

'We're still in a lull post Chinese New Year. I expect a bit of a pick-up but ... any price above \$US6,200-6,300 per tonne, copper will not stay there for very long,' Deutsche Bank analyst Grant Sporre said.

'We're (still) in a surplus for this year and next ... even though mining companies have downgraded guidance and we've had 170,000 tonnes worth of disruptions so far this year,' he said.

Daily LME data showed copper inventories rose by 4,675 tonnes to 323,050 tonnes, their highest level since January 2014 and a surge of 83 per cent so far this year.

Analyst Mark Keenan of Societe Generale said downside risk prevails in the medium term given a significant fall in the cost of production that could lower the floor price for copper.

Reuters

Source: <http://www.skynews.com.au/business/business/market/2015/03/09/lme-copper-hits-low-spot.html#sthash.g5uAvM0j.dpuf>