Copper leads base metals' rebound after falling to 5-year low

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LONDON: Copper led a rebound in industrial metals, after slumping to the lowest in more than five years, as credit growth surged in China.

The metal found in everything from car wiring to plumbing rallied after sliding to the lowest on January 14, since July 2009 amid speculation that China's copper demand growth is slowing. Data showing a stronger-than-expected increase in financing last month triggered a jump in Chinese equities and prompted speculation that the sell-off in metals was excessive.

"After the thrashing copper received yesterday, that pulled the rest down too, it is not surprising that there is some rebound," William Adams, head of research at Fastmarkets.com in London, said in a note. "Key now will be whether there is another wave of selling, or whether the bargain hunters now have a free run on the upside."

Copper for delivery in three months rose 1.1% to $5,610.75 a metric tonne by 10:57 am, after rising as much as 2.7% earlier on January 15. The metal fell 5.3% to $5,548 a tonne on January 14. Copper for March delivery on the Comex in New York advanced 1.3% to $2.538 a pound.

Futures trading volume in New York was more than double the average for the past 100 days for this time of day, according to date compiled by Bloomberg. In London, nickel climbed 1.5% and tin 0.7%.

Copper is the worst performing non-energy raw material this year on the Bloomberg Commodity Index (BCOM), which tumbled to the lowest in 12 years this week amid forecasts for China's slowest economic growth since 1990. Goldman Sachs, this week highlighted tight er credit in China, the world's biggest metals consumer as a challenge for copper prices.

Aggregate fi nancing was 1.69 trillion yuan ($273 billion) in Decem ber, the People's Bank of China said in Beijing on January 15, top ping the 1.2 trillion estimate in a Bloom yuan median estimate in a Bloomberg survey.

Commodities have sunk, led by a rout in energy prices, after a decade-long bull market spurred producers to boost output and a stronger dollar diminished the allure to investors. "We should expect volatile trading to continue and we would not be surprised to see prices rebound further," Adams said.