

# Copper supply crunch earlier than predicted — experts

Cecilia Jamasmie (<http://www.mining.com/author/cecilia/>) | Apr. 10, 2018, 11:58 AM |



Port facilities at Cobre Panama, the latest large copper development project to have come online. There are no other similar mines scheduled to start production for many years. (Image courtesy of First Quantum. (<http://www.fqmcareers.com/our-locations/panama>))

Copper demand will surpass supply earlier than expected, with the first clear signs coming as early as next year, experts attending the 17th World's Copper Conference being held this week in Santiago, Chile, said.

According to Arnaud Soirat, chief executive for copper and diamonds at Rio Tinto, increased consumption from new technologies, including electric vehicles, will drive demand for the metal and its by-products, he said.

“We anticipate global market supply and demand will keep close to balance in 2019 and 2020,” he said, noting that after that the deficit will become increasingly evident.

The outlook is widely shared by other experts, including CRU analyst Hamish Sampson. According to him, unless new investments arise, existing mine production will drop from 20 million tonnes to below 12 million tonnes by 2034, leading to a supply shortfall of more than 15 million tonnes.

The situation looks even worse when considering that over 200 copper mines currently in operations will reach the end of their productive life before 2035, Sampson said on Monday.

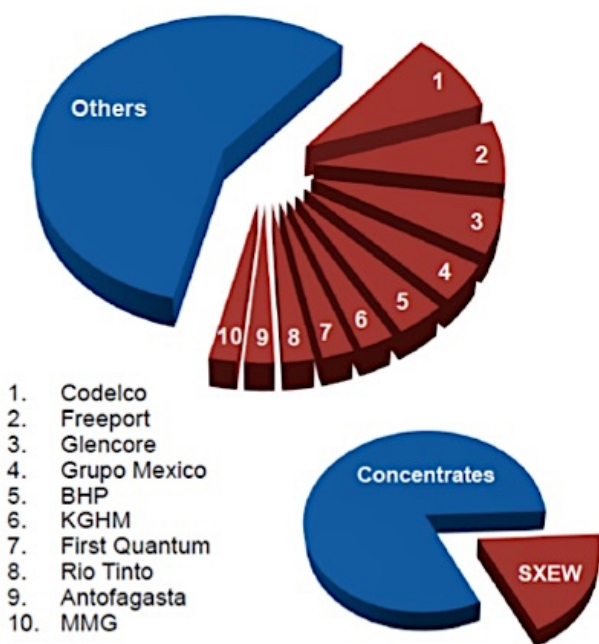
Only if every single copper project currently in development or being studied for feasibility is brought online before then, including most discoveries that have not yet reached the evaluation stage, the market could meet projected demand, the consultant said.

Colin Hamilton, managing director of commodities research at BMO Capital Markets, fully agrees with Sampson. He told **MINING.com** on Tuesday that even when there was an apparent rise in copper inventories on exchanges around the world, which somehow has dented confidence in the metal, the outlook is very positive.

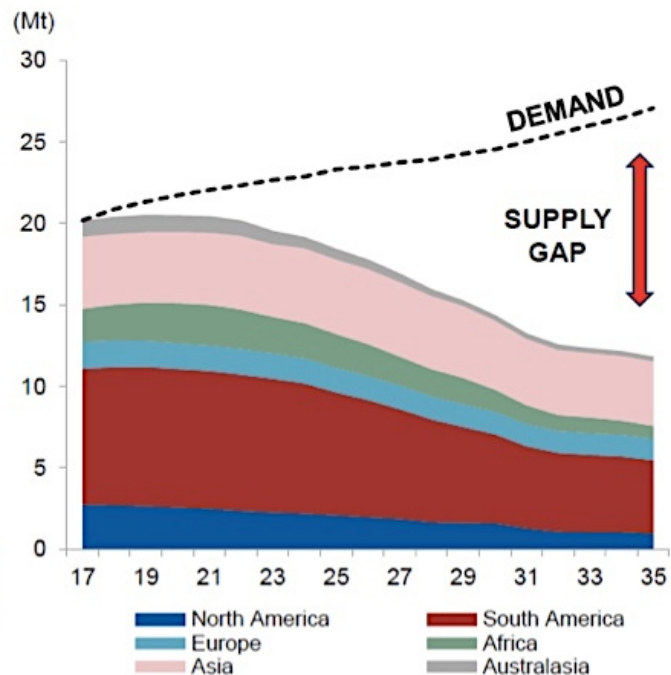
CRU

## Without projects supply gap will exceed 15Mt by 2035

### 1. Copper Mine Production 2017: 20.4Mt



### 2. Committed\* Mine Supply Forecast



\* Committed = Existing Operations and Firm Expansions

Graph courtesy of Hamish Sampson | Analyst at CRU's Copper Team. (<https://www.crugroup.com/about-cru/our-people/s/hamish-sampson/>)

“What we’ve seen is a shift from invisible to visible stockpiles,” Hamilton said, adding that Chinese inventories so far this year are at the lowest levels in recent times.

Delivery to exchanges, however, does weigh on prices because of data-driven investors, which adds to the fact that shareholders are still somewhat opposed to companies investing in new projects and exploration. “They just want returns,” Hamilton said.

He believes the expected copper supply crunch will become “much more real” in 2019, due to the lack of mega-projects coming on stream before the mid-2020s and as global production will peak by the second half of next year.

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**shoshonite** • a month ago

There seems a bit of money coming into the exploration business lately but will it be able to handle the negativity on social media that is such a risk to civil authorities? We at the grassroots property level worry about that. Regarding a supply crunch... I see a lot of barely tested copper targets floating about with 0.20% Cu. Drilled projects on the market with professional workups at 0.30-0.35% copper and are surprisingly abundant. All it takes is \$5.00 copper and an ability to handle the negativity to turn them into mega projects.

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