



3 companies to profit from the coming copper price boom

Steve Holland | October 26, 2017



There's been a lot of talk about rising demand for lithium.

And the soft metal has impacted the stock prices of companies exposed to it, such as Altura Mining Limited (ASX: AJM), Orocobre Limited (ASX: ORE) and Galaxy Resources Limited (ASX: GXY).

But, as demand for lithium batteries and cleaner cars increases, a lot of companies will be keen to get their hands on a lot of copper.

A study conducted by IDTechEx, and published by the International Copper Association (ICA), detailed the increasing role copper will play as more electric cars appear on roads and demand for batteries increases.

"Just as internal combustion engine vehicles need a network of filling stations, electric vehicles require a charging infrastructure that will involve a significant use of copper," according to Colin Bennett from the ICA.

The price of copper has increased by more than 50% in the past year and was trading at above US\$7,000 per tonne on the London Metals Exchange on Wednesday.

And Goldman Sachs predicts the price of the red metal will keep climbing.

"We believe the current level of copper prices is largely justified by strong and synchronous global growth, the US dollar depreciating and repeated disappointments in copper mine supply," Goldman stated.



“The markets have not fully appreciated the synchronised nature of global growth and the reduced downside risks from China.

“In essence, we now think global growth has more room to run and copper will benefit from the synchronised pickup in world economic activity.

“Combining our supply and demand balance forecast with our forward views on growth and currencies, we believe the 2011-2016 surplus market is over and copper is poised to go higher, with the potential to surpass \$8,000 by 2020.

The prospect of rising copper prices should come as good news to companies with interests in the metal, such as **Avanco Resources Limited (ASX: AVB)** Xanadu Mines Ltd (ASX: XAM) and OZ Minerals Limited (ASX: OZL).

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