ICBC Standard Bank

ICBCS CESCO Week Asia Copper Market Outlook

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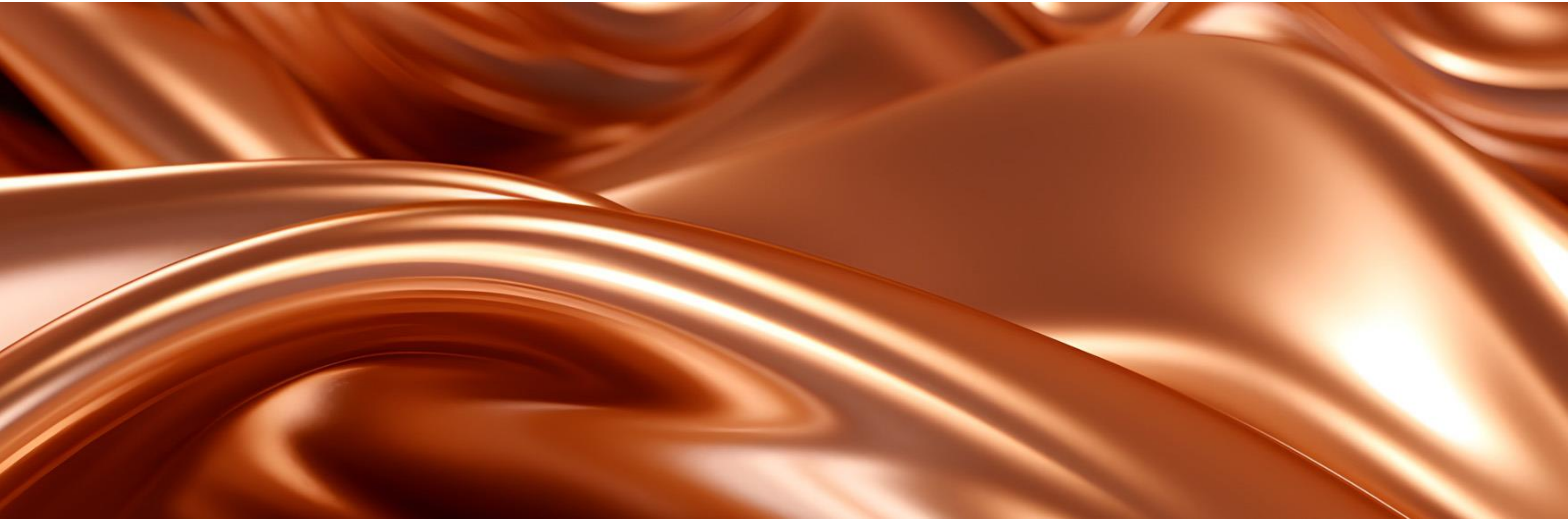
November 2025



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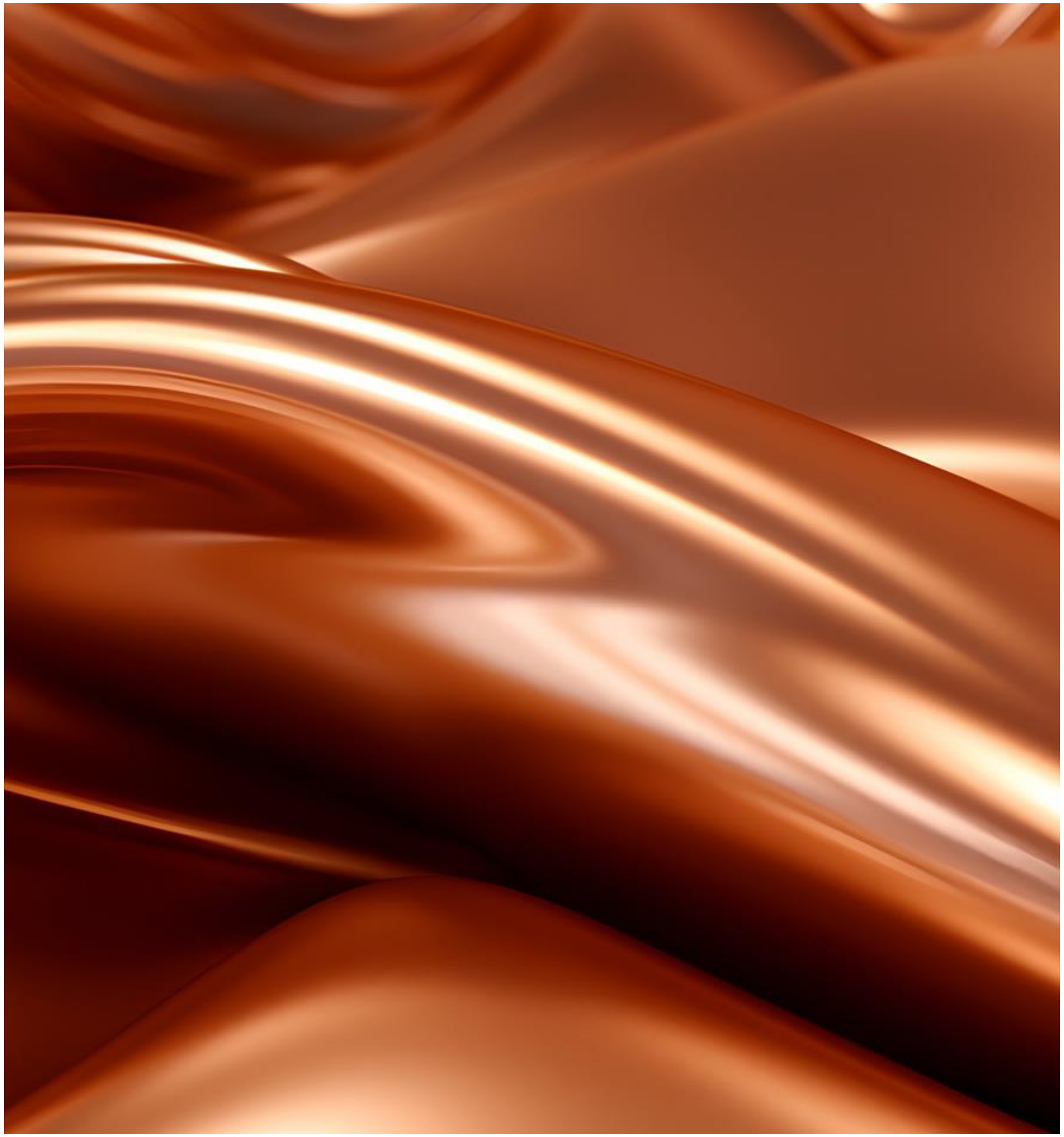
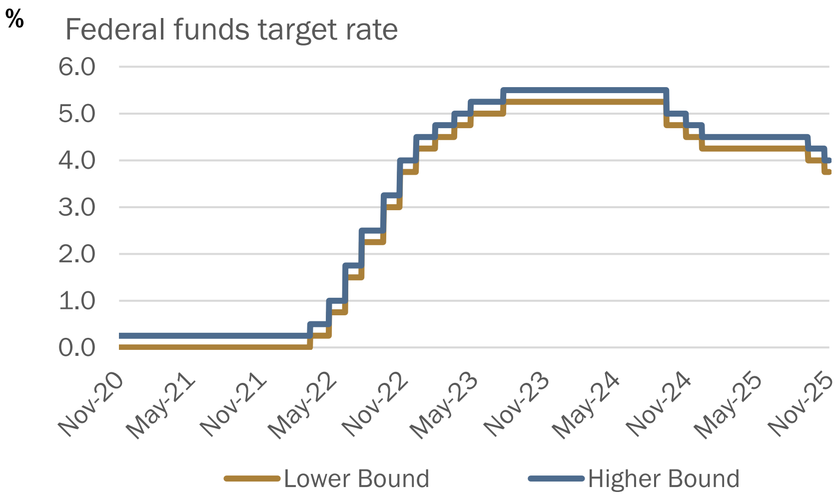


Global Economic Outlook

全球经济前景

Dollar index gains as rate cut bets ease after the US government reopens

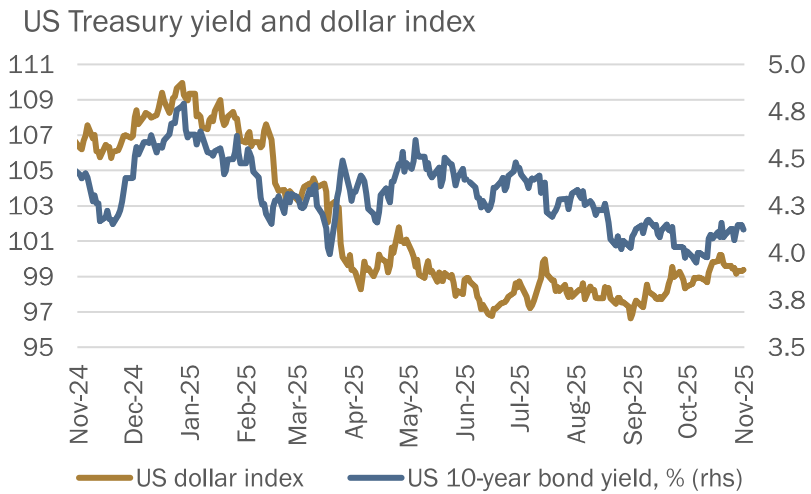


Source: Federal Reserve

US Interest rate

- The Fed delivered a widely expected 25-basis-point rate cut at its October FOMC meeting, bringing the target range to 3.75%–4.00%. This marks the second consecutive cut and follows the September move—the first since December 2024—signalling the start of a new easing cycle.
- However, Chair Powell's post-meeting remarks were interpreted as less dovish, casting uncertainty over the Fed policy outlook. He emphasised that "a further reduction of the policy rate at the December meeting is not a foregone conclusion," as a government shutdown clouds the outlook. As the U.S. government reopens, market participants' expectations for another 25-basis-point rate cut by the Fed in the December FOMC meeting have declined.

US Dollar Index



Source: Bloomberg

US Treasury yield and dollar

- Powell's less dovish remarks following the Fed's October rate cut also triggered a sharp rebound in the U.S. dollar index, which climbed from a three-year low to hit a three-month high in the first week of November. Meanwhile, the 10-year Treasury yield, which has been trending lower since May, briefly fell below 4% at the end of October before recovering back above that level.
- Powell noted that the lack of adequate data caused by the government shutdown would factor into the FOMC's thinking, leaving markets to assess labour market conditions through alternative indicators. With the U.S. government ending the shutdown, the dollar index has strengthened recently. The outlook for U.S. monetary policy will become clearer as the previously delayed economic data is released.

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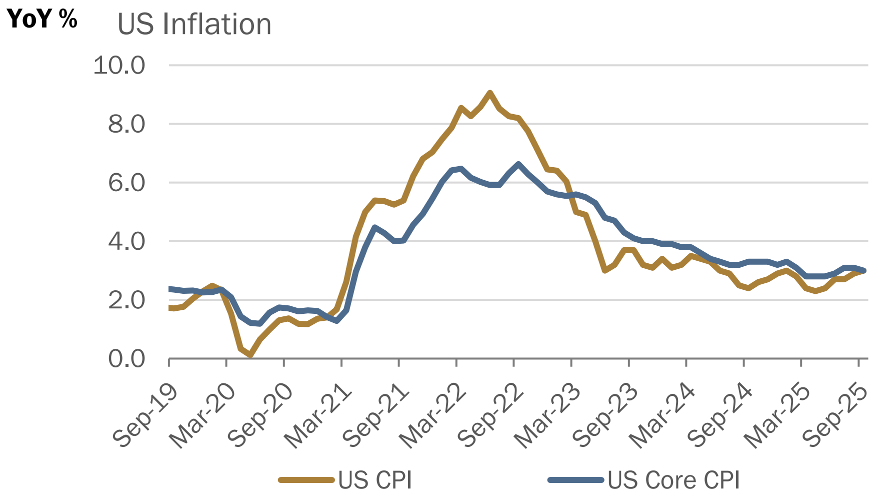
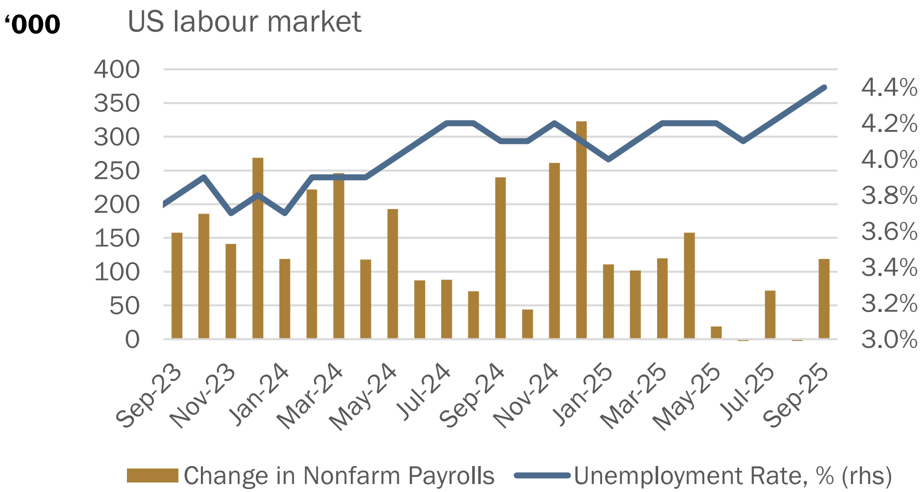
Missing US jobs data adds uncertainty to Fed monetary policy outlook



Source: Bureau of Labour Statistics

US CPI

- Due to the U.S. government shutdown, the release of October CPI has been delayed, so we can only rely on September CPI data for now to gauge inflation trends. U.S. consumer prices increased slightly less than expected in September as a surge in gasoline costs was partially offset by a sharp moderation in rents, paving the way for the Federal Reserve to cut rates again in December.
  - The US CPI rose 3.0% y-o-y in September, following a 2.9% increase in August, but below market expectations of 3.1%. On a m-o-m basis, CPI climbed 0.3% in September after rising 0.4% in August, missing the expected 0.4%.
  - Core CPI advanced 3.0% y-o-y and 0.2% m-o-m, both coming in lower than market forecasts and the prior month.



Source: Bureau of Labour Statistics

US NFP and unemployment rate

- The September jobs report was delayed by a U.S. government shutdown, adding uncertainty to markets. When released, the data showed mixed signals, leaving the Fed's rate-cut outlook increasingly cloudy.
  - Nonfarm payrolls jumped by 119,000 in September, the biggest gain since April and well above the 51,000 forecast. August was revised down to a loss of 4,000, highlighting recent volatility.
  - The unemployment rate rose to 4.4%, the highest since late 2021. AI adoption is eroding labour demand, while Trump-era trade policies have created uncertainty, weighing on hiring, especially at smaller firms.

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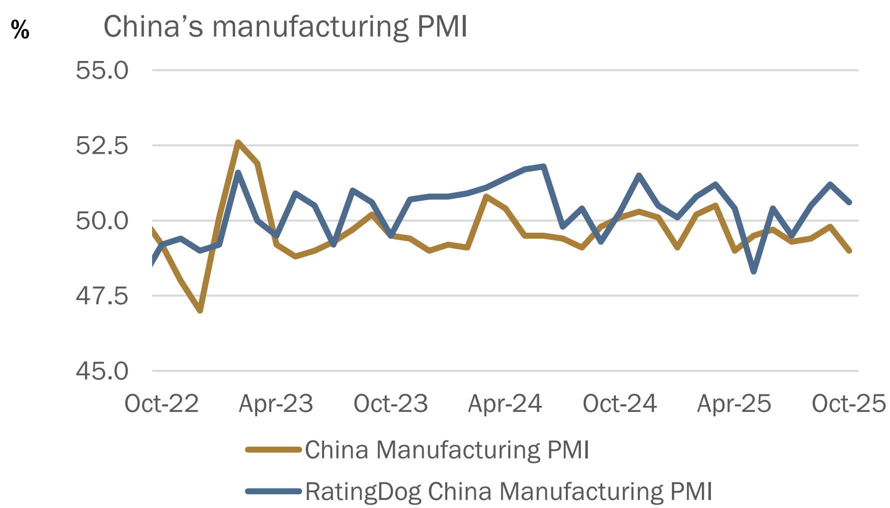
China's industrial output and retail sales hit weakest pace in over a year

Source: National Bureau of Statistics of China



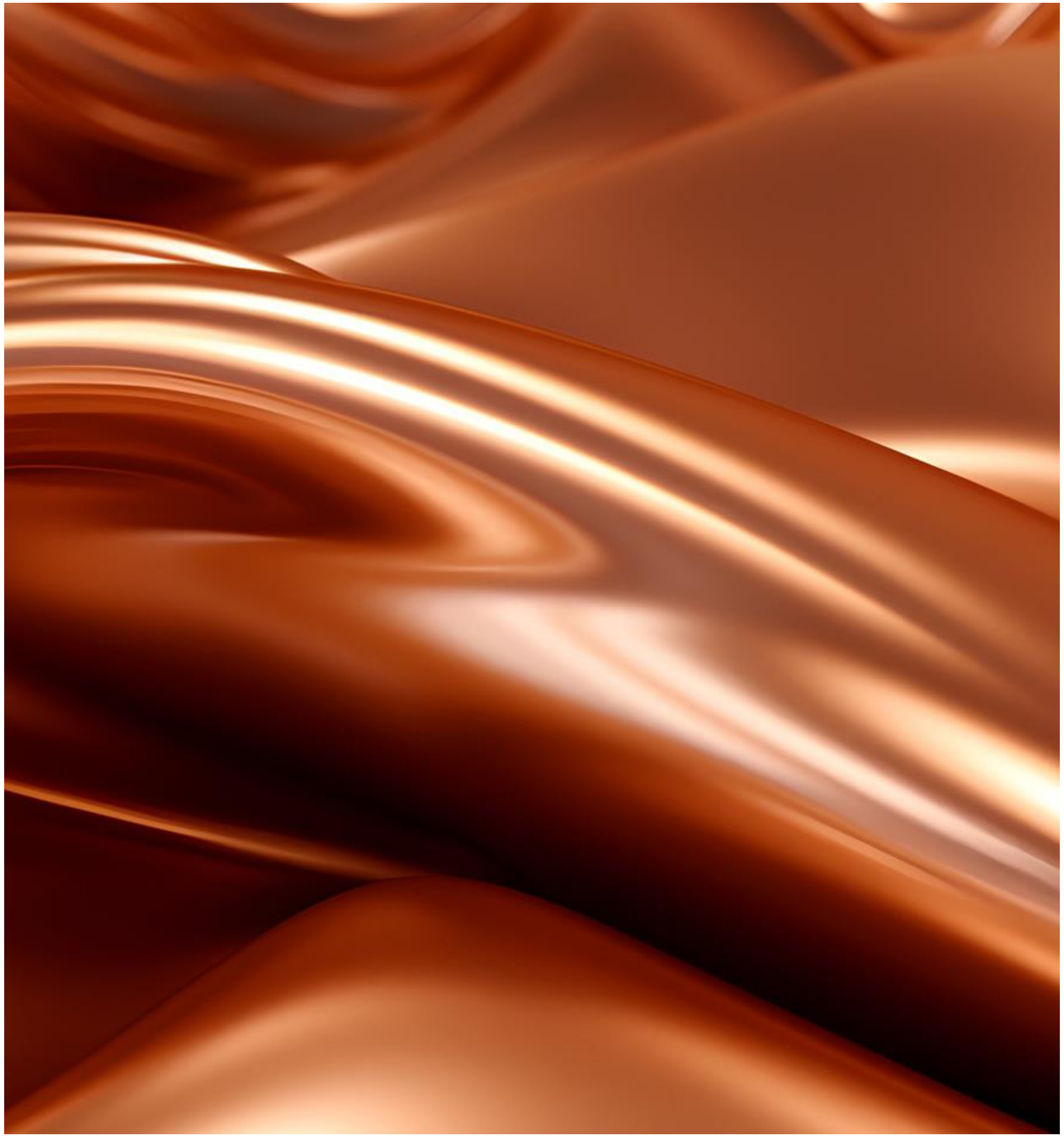
Source: China Federation of Logistics and Purchasing; S&P Global

China's industrial production and retail sales

- China's industrial output and retail sales grew at their weakest pace in over a year in October as trade war with the US and weak domestic demand heighten risks to growth.
  - Industrial output grew 4.9% year-on-year in October, the weakest annual pace since August 2024, compared with a 6.5% rise in September. It misses a 5.5% increase forecast. Retail sales expanded 2.9% last month, also their worst pace since August last year. The reading also came lower than the prior month.
  - Fixed asset investment shrank 1.7% in the first 10 months y-o-y as spending on infrastructure and manufacturing slowed. Property investment continued to extend its decline, sliding 14.7% in the year through October.

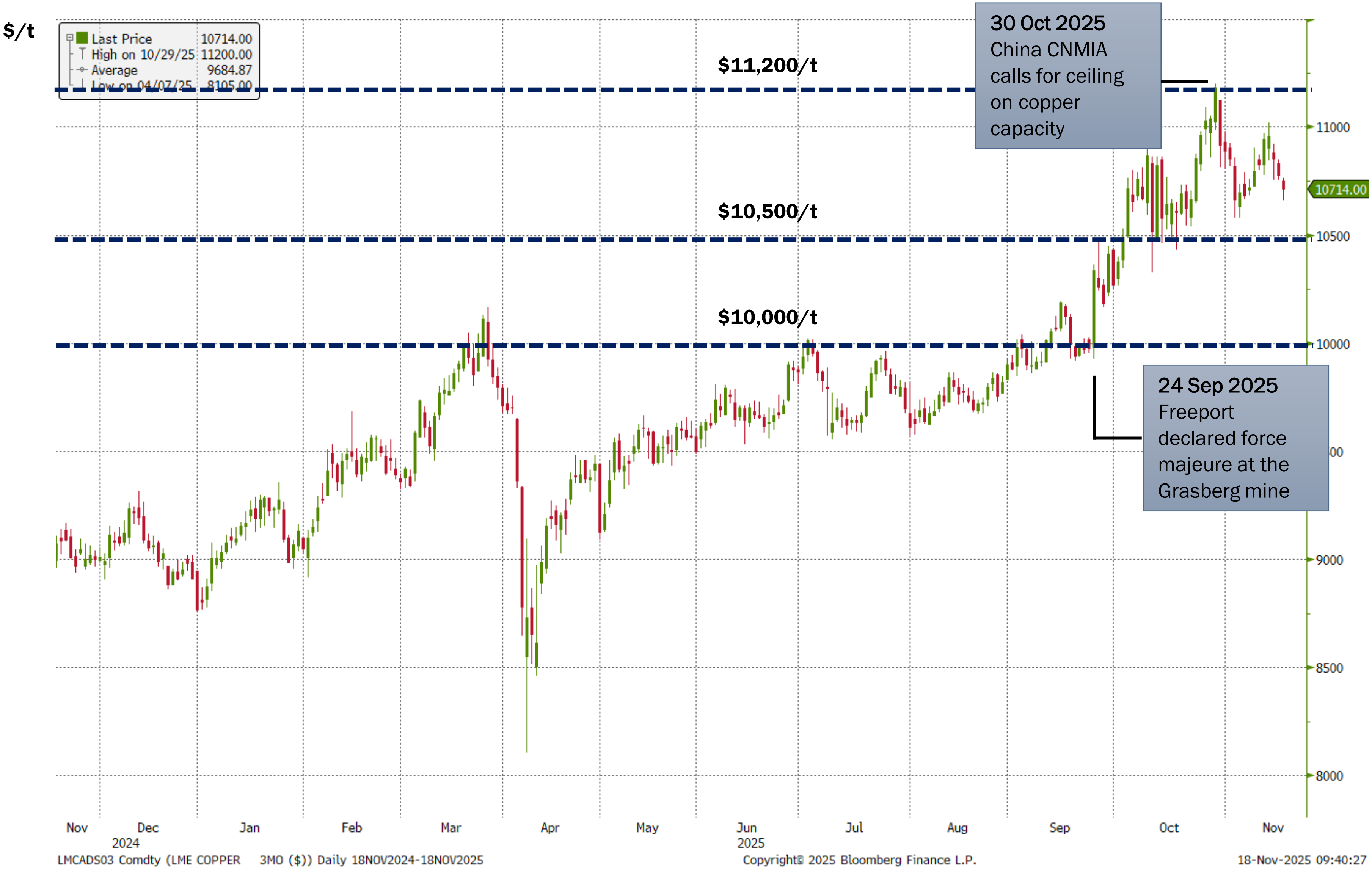
China's manufacturing PMI

- The National Bureau of Statistics (NBS) data showed China's manufacturing activity contracted for the seventh consecutive month in October, underscoring persistent weakness and prompting renewed calls for policy support.
  - The official manufacturing PMI fell more than expected to 49.0 in October from 49.8 in September, remaining below the 50-point threshold. New orders shrank at the steepest pace since 2023 amid trade frictions and subdued domestic demand.
  - The RatingDog China General Manufacturing PMI slipped to 50.6 from 51.2 in September, below expectations of 50.7. Export orders dropped at the fastest pace since May as global uncertainty weighed on output growth.



Copper Market Analysis
铜市场分析

Copper prices surge as Indonesia mine accident sparks supply fears



Source: LME

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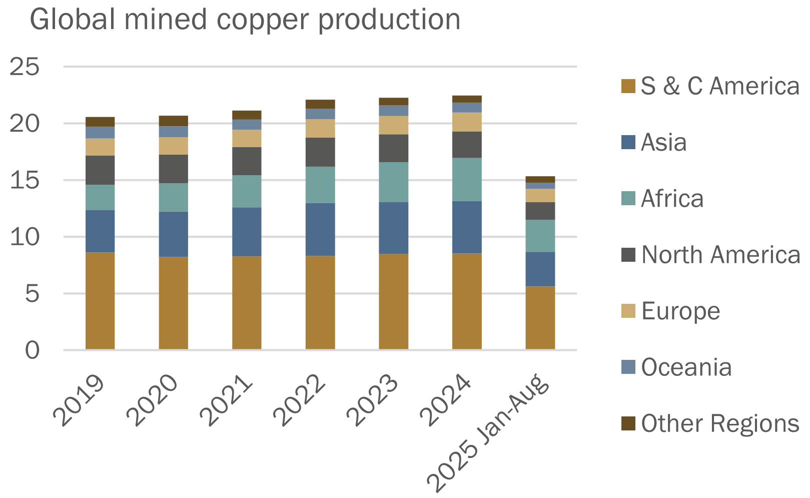
Global copper concentrate shortage provides solid price support

Million tonnes

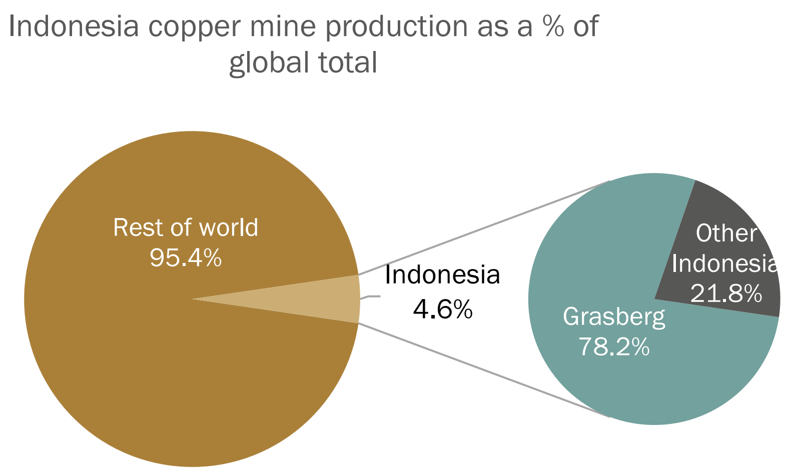


Source: Bloomberg Intelligence

Frequent incidents restricted global mined copper production

- Frequent incidents affecting multiple copper mines worldwide have constrained global mined copper output in 2025. These disruptions have largely stemmed from natural disasters, stricter environmental regulations, and labour strikes. The most severe event was the landslide that led to the complete shutdown of Indonesia's Grasberg copper mine.
- From January to August 2025, global copper mine production totalled 15.35 million tonnes, compared with 22.45 million tonnes for the full year 2024. Given the long development cycle for new mines (10–15 years), the shortfall cannot be offset quickly. The global copper concentrate deficit is set to widen further in 2026, reinforcing structural tightness in the market.

%



Source: Various sources

Force majeure at the Grasberg mine will impact copper production in 2025 and 2026

- Indonesia's Grasberg copper mine produced about 816,000 tonnes of copper last year, making it the world's No.2 copper mine after Chile's Escondida and accounting for roughly 3.6% of global output. Recently, a mud flow at Grasberg left several workers missing and forced the mine to halt operations.
- Freeport declared force majeure on contracted supplies from its Grasberg mine in Indonesia. Freeport Indonesia also downgraded its 2026 copper and gold production by 35%. Concerns over reduced output pushed LME 3-month copper above $10,000/t in September. The upward trajectory has continued in October. Freeport's latest announcement said it plans to begin ramp-up at the Grasberg Block Cave underground mine in Q2 2026.

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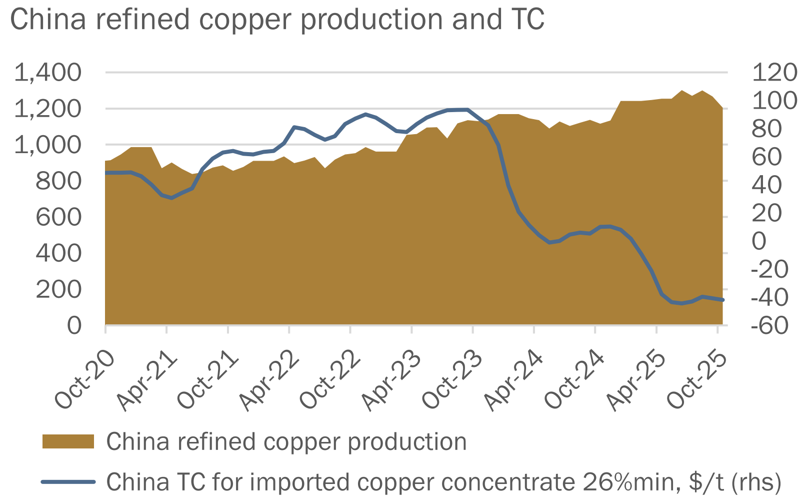
China's refined copper output hit record high, calling for a capacity ceiling

'000 tonnes

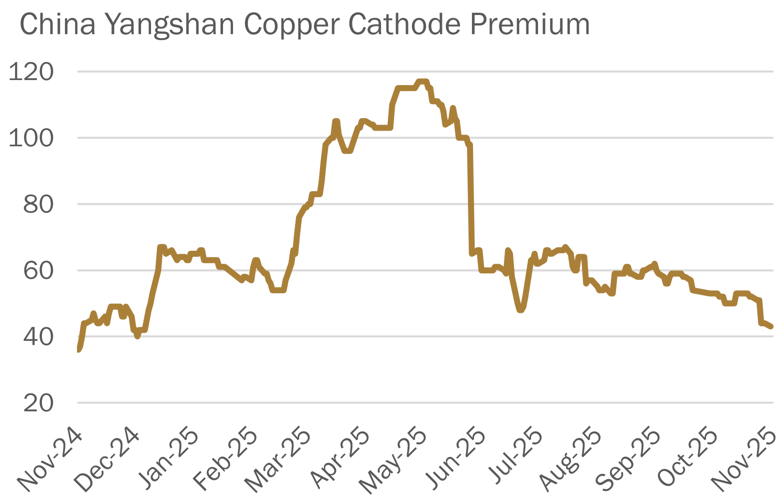


Source: National Bureau of Statistics of China; SMM International

CNMIA calls for a ceiling on refined copper capacity

- China's refined copper production hit a record 1.302 million tonnes in June 2025 and approached that level again in August. However, output has been declining since then, falling to 1.204 million tonnes in October. Total refined copper output for the first ten months reached 12.6 million tonnes, up 11.2% year-on-year.
- Rapid refined copper capacity expansion, combined with tight concentrate supply, has pushed processing fees to historic lows, threatening industry health. The China Nonferrous Metal Industry Association has urged the country to curb new capacity, similar to the 45 million tpy cap imposed on aluminium. The association submitted proposals to the central government in September, recommending strict controls on new copper projects.

$/t



Source: Shanghai Metals Market

Yangshan copper premium slid to its lowest since December 2024

- Yangshan copper premium has slid from about $67 in July to near $40/t in November despite September and October being the traditional peak season for industrial activity. The Indonesian mine accident drove LME 3-month copper above $10,000/t in September and briefly past $11,000 in late October, curbing buying interest among smaller and medium-sized fabricators.
- Meanwhile, China's refined copper output remains at record highs, keeping domestic supply ample and limiting import demand. Most transactions continue to be conducted under long-term contracts, limiting spot market activity. While US tariffs have diverted some South American and African copper to the US, but strong Chinese production offsets the impact.

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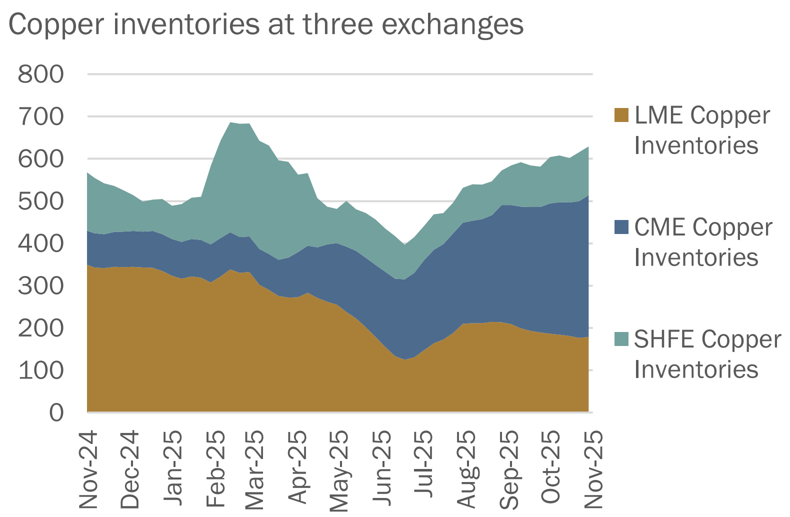
US tariff threats have changed global copper inventories and trade flows

'000 tonnes

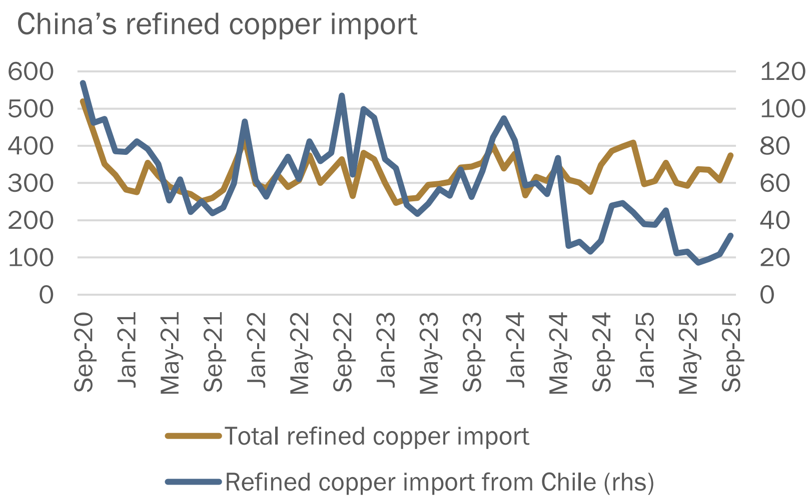


Source: Bloomberg

COMEX copper inventories remain high as traders secure US copper shipments

- On July 30, Trump officially announced that imports of refined copper and copper scrap would be exempt from the 50% tariffs. The arbitrage window closed, but large copper volumes had already accumulated in US warehouses. COMEX inventories now exceed 300,000 tonnes—higher than LME stocks.
- The US may review copper levies toward the end of 2026, prompting major trading houses to approach Chilean producers in recent weeks to secure annual supply deals for next year. Some 2026 COMEX contracts are trading nearly $1,000 higher than their LME equivalents, creating an attractive arbitrage opportunity. This dynamic is expected to drive more copper shipments to the US, further boosting COMEX inventories.

'000 tonnes



Source: China General Administration of China Customs

China replaces Chilean copper with DR Congo, Russia, Zambia shipments

- Earlier this year, US threats to impose tariffs on copper imports pushed CME copper premiums sharply higher, prompting traders to rush metal into the US ahead of potential duties. CME's deliverable brands are mostly domestic and South American, particularly Chilean. Consequently, China's imports of Chilean copper have collapsed, with total imports YTD dropping by 41%.
- To offset the loss, China turned to other sources, including the DR Congo, Russia, and Zambia. The Congo has emerged as China's top refined copper supplier over the last couple of years, and the role strengthened this year. Russia's shipments have accelerated significantly, while imports from Zambia more than doubled to 131,272 tonnes in the first nine months.

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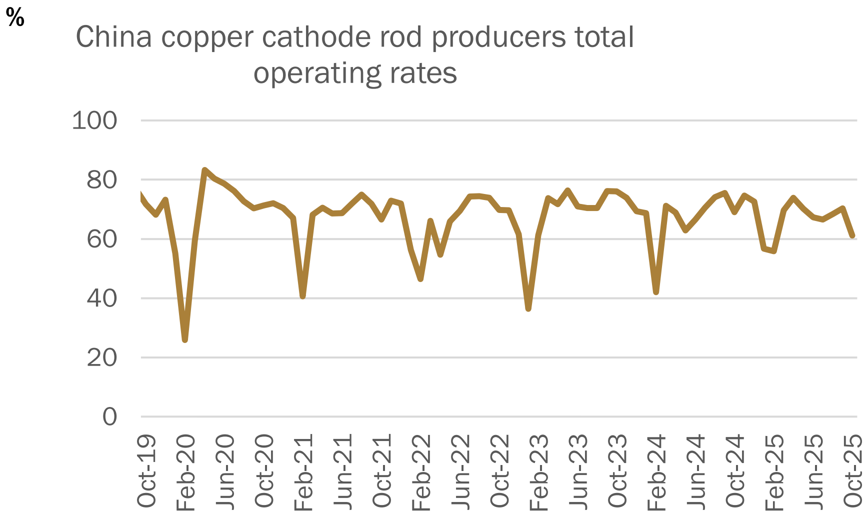
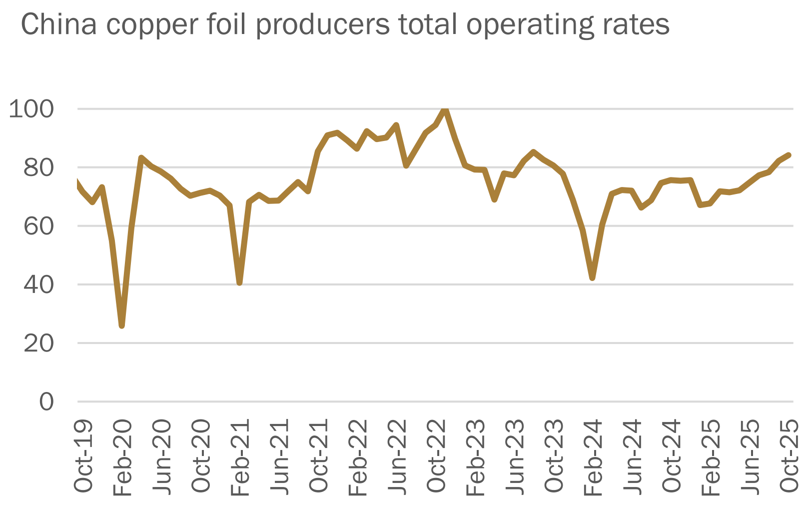
China's copper downstream operating rates unexpectedly fell in October



Source: SMM International



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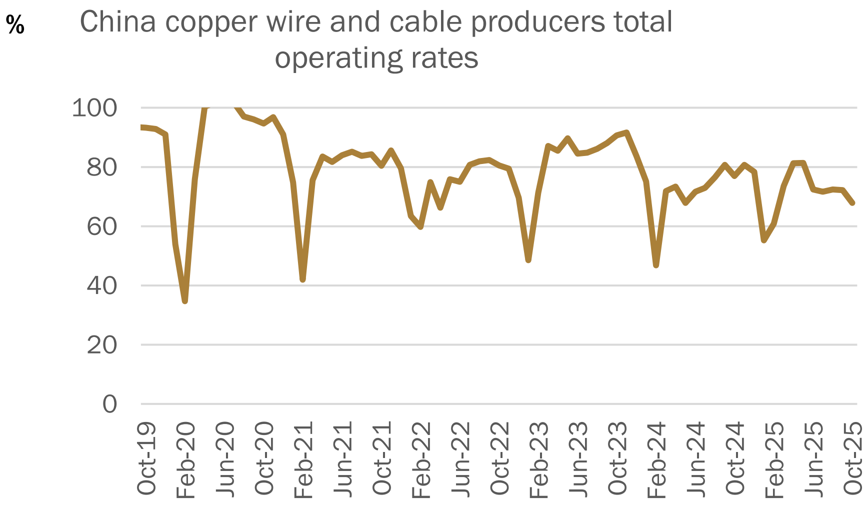

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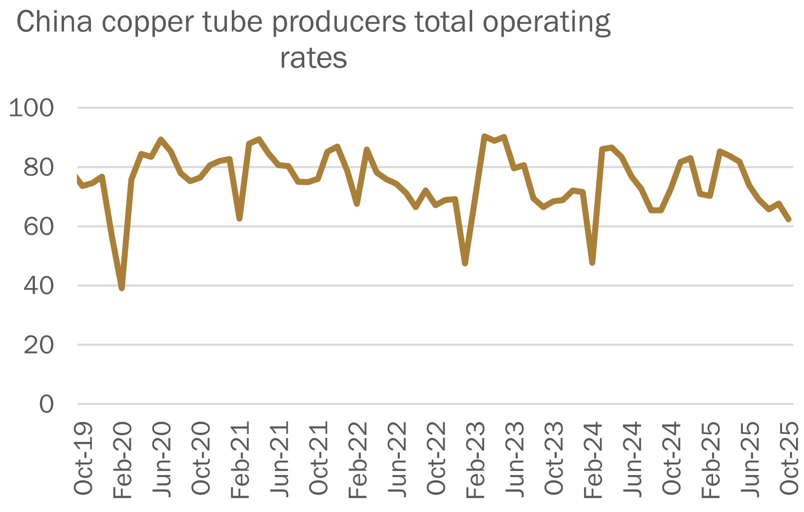

Source: SMM International

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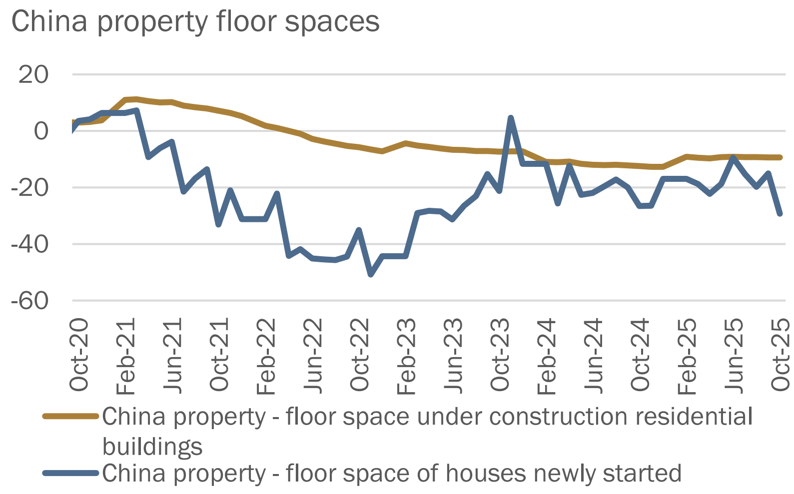
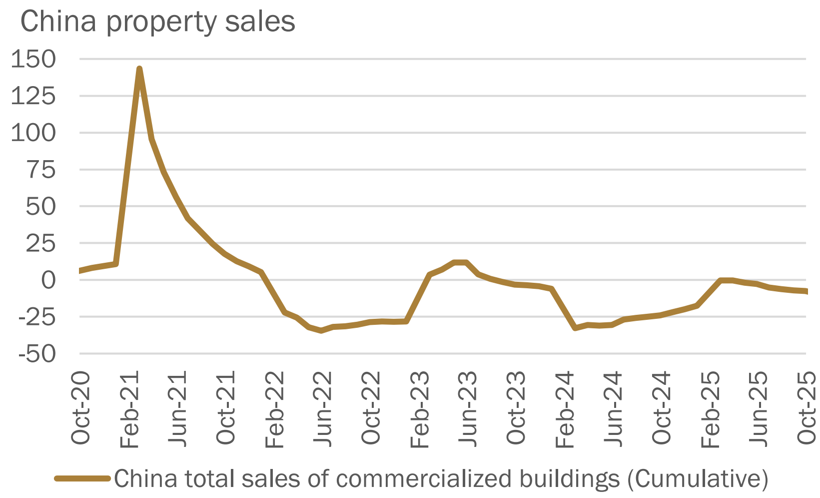
China's property sector remains sluggish despite Beijing's stimulus efforts

YoY %

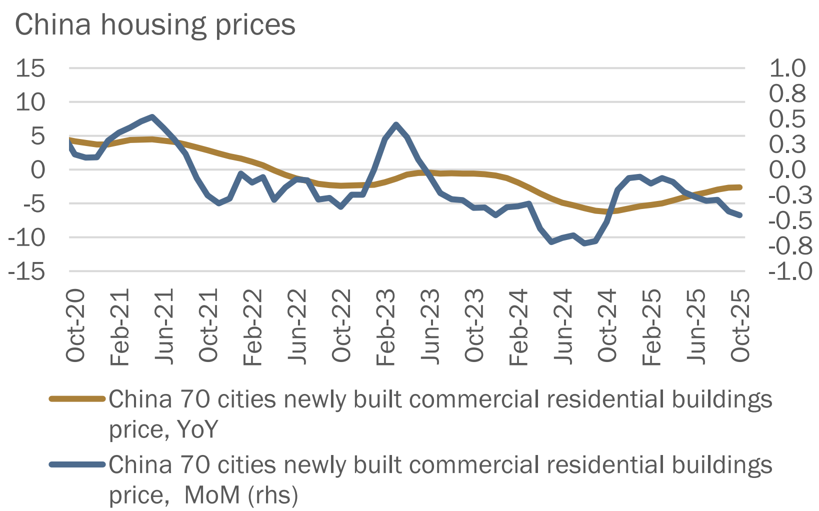


Source: National Bureau of Statistics of China



Source: National Bureau of Statistics of China

YoY %



Source: National Bureau of Statistics of China

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New energy sector drives copper demand; traditional sectors still dominate

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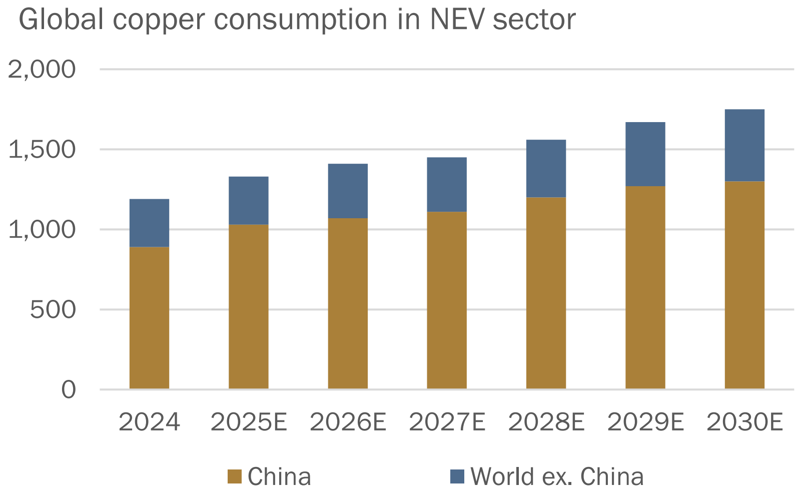
'000 tonnes



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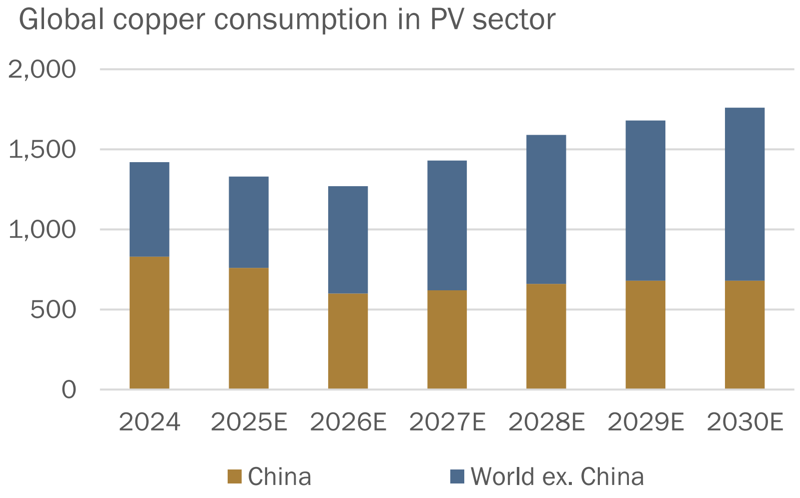
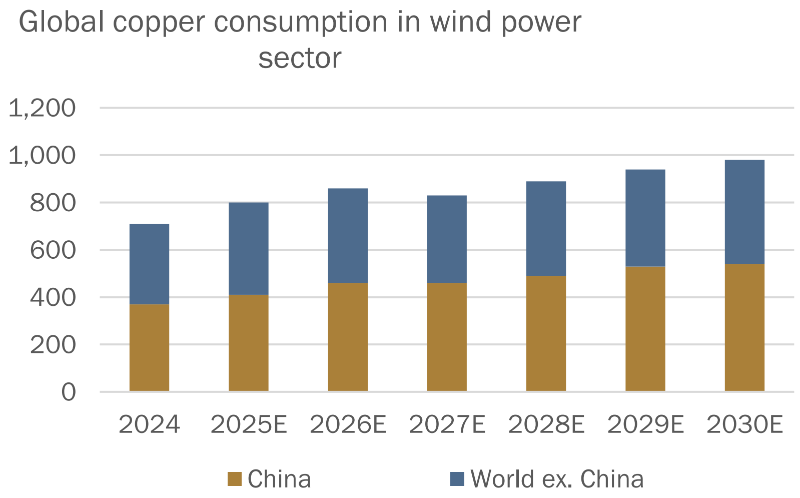


Source: SMM International

'000 tonnes



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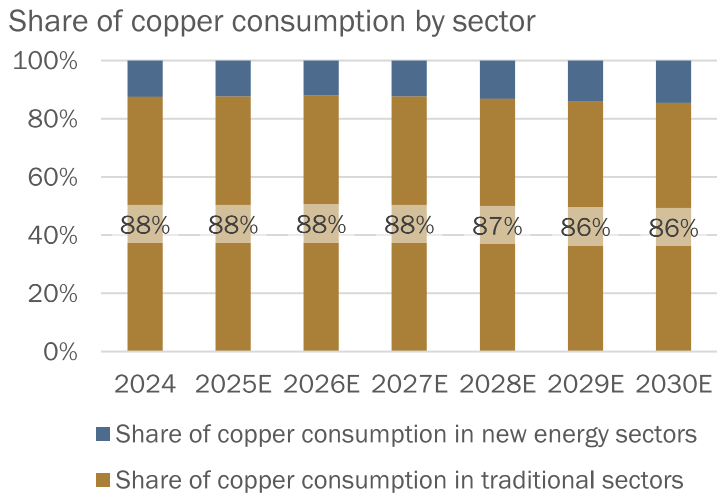
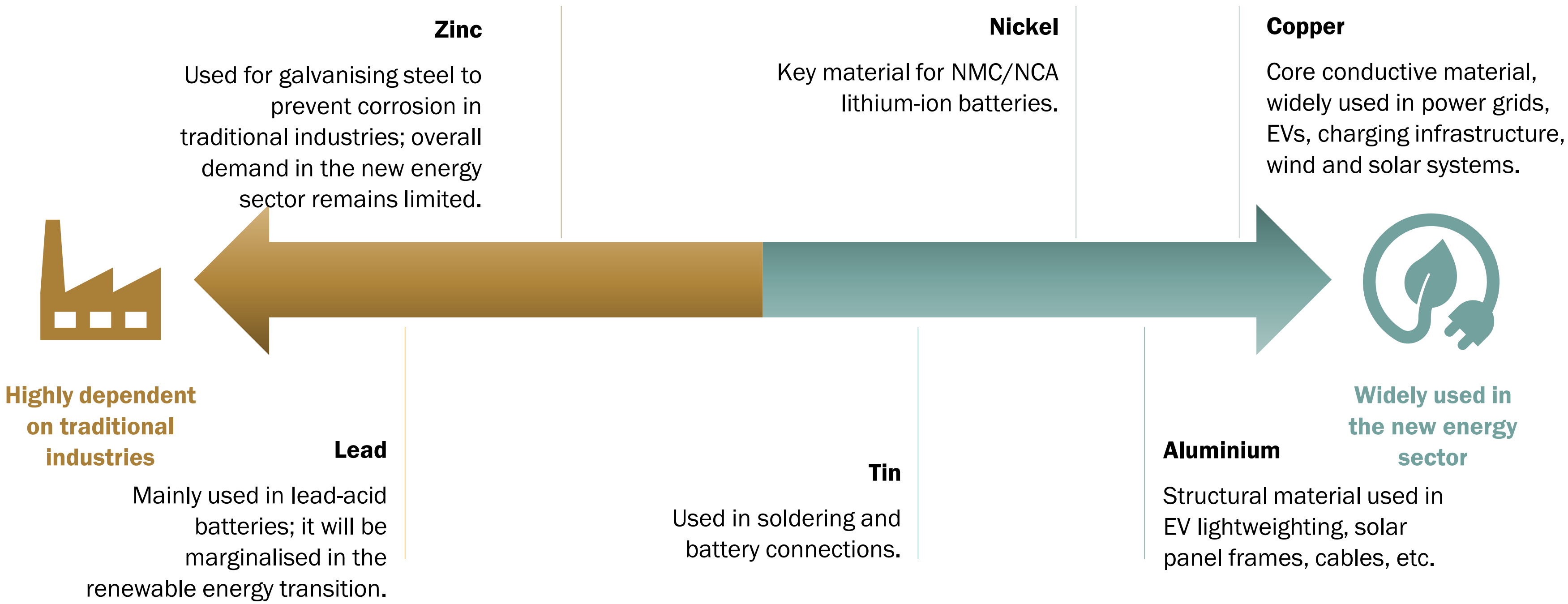
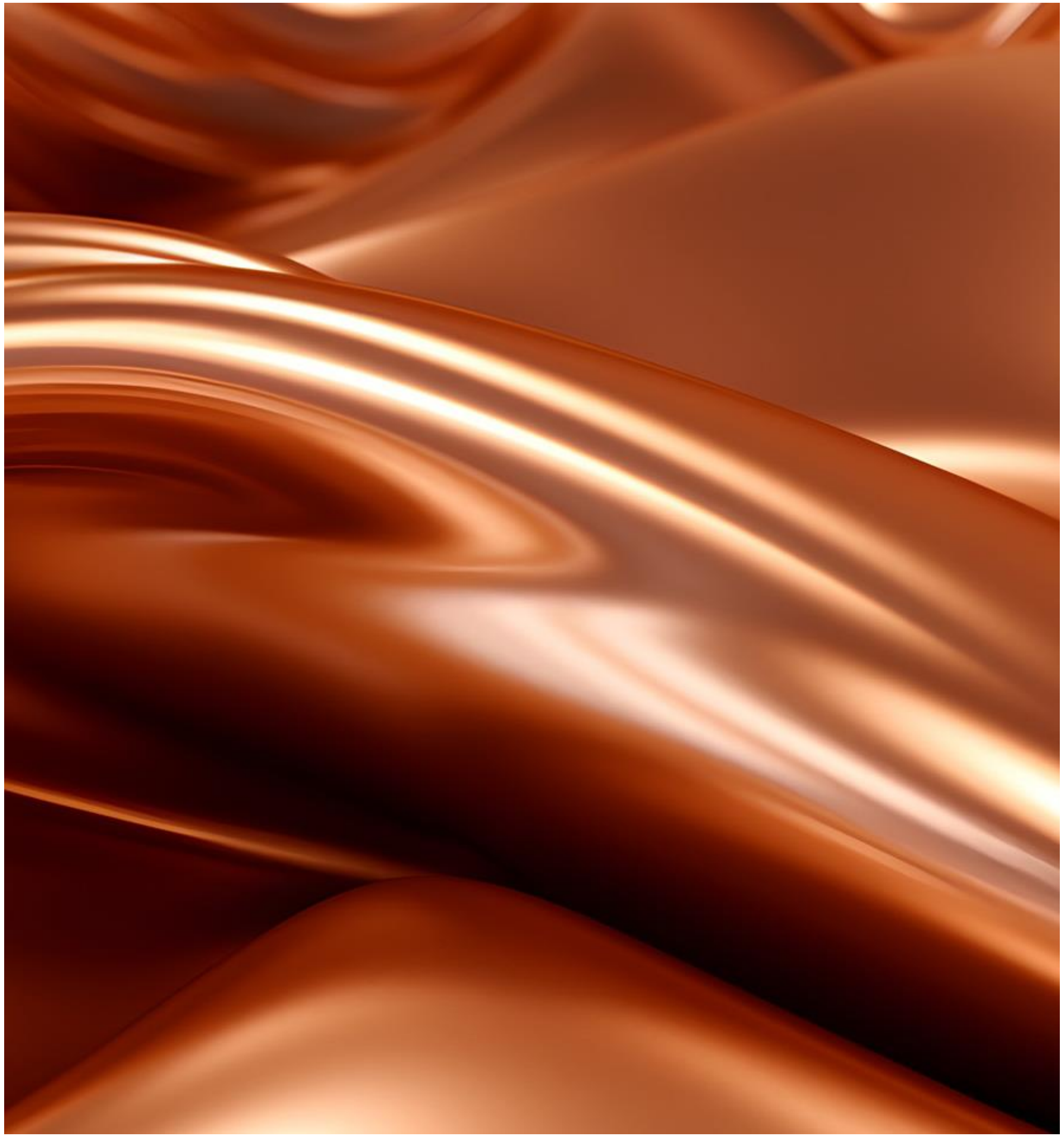


Source: SMM International

Metals critical to the energy transition have a stronger long-term outlook



Source: ICBC Standard Bank



Copper Price Outlook 铜价格前景

Copper price outlook

Copper price outlook – Short term	
Bullish	• Weak U.S. labour data keeps the door open for a Fed rate cut in December. • Despite recent strength, the U.S. dollar remains near a three-year low, supporting dollar-denominated copper prices. • CNMIA's call for a ceiling on refined copper capacity in China could limit future supply growth. • Traders worry the U.S. may review copper levies toward the end of 2026, keeping COMEX copper inventories elevated. • LME 3-month copper prices have exited overbought territory and are now neutral, suggesting room for upside.
Bearish	• China's October industrial output and retail sales grew at their weakest pace in over a year, dampening copper demand outlook. • Persistent decline in Yangshan copper premium signals weak Chinese demand for imported copper in the spot market. • China's GDP growth may miss the 5% target due to tariff pressures, weakening sentiment, and softer industrial metals demand.

Copper price outlook – Medium to long term	
Bullish	• A new Fed easing cycle has begun, even if rate cuts proceed cautiously next year, stimulating economic activity and supporting industrial metal demand. • Global copper concentrate deficits are expected to persist given the long development cycle for new mines, fundamentally restricting copper supply. • U.S.–China trade tensions are likely to ease by 2026, with a decent deal potentially improving investor risk appetite. • Given copper's critical role, energy transition-related sectors will become the main drivers of copper demand growth in the future.
Bearish	• China's sluggish property sector has become a structural drag on copper demand in the long term. • Copper's strong investment appeal means prices may not always reflect physical demand, so investors should watch for possible corrections. • Copper faces downside risk as renewable demand may be overstated and sector growth could encounter hurdles.

Source: ICBC Standard Bank

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