

## **COPPER PRICES – FLYING HIGH**

Copper prices rose to US\$3.39/lb. on March 26, 2010 as Chinese imports of the industrial metal continue to rise amidst inventory levels hitting a two-month low.

Stockpiles monitored by the London Metal Exchange (LME) have dropped 0.4% to 516,925 metric tons, the lowest amount since January 11. Inventories calculated by the Shanghai Futures Exchange fell 8% for the week, the largest drop this year. The price for copper futures for May delivery have advanced to US\$3.41/lb.

The price of the metal rose as the American dollar fell, boosting the appeal of commodities as a hedge against inflation. The U.S. Dollar Index, a six-currency measure of the greenback's strength, slid as much as 0.7%.

A European Union plan to rescue Greece reduced concerns that the nation's debt crisis might spread. These actions have put the brakes on the euro's decline and, consequently, curbed demand for the greenback as a safe haven from the economic maelstrom in Europe. Moreover, news that the financial crisis situation has been settled amicably has been a big boost to investor sentiment.

A weaker American dollar, coupled with falling copper inventory stockpiles on both the LME and in Shanghai this past week, indicates that there may be further upward price momentum.

In Canada, two sizable copper producers, Quadra Mining and FNX Mining, announced their intention to merge to create Quadra FNX Mining Limited. This company will be a leading intermediate producer with a market capitalization of \$3.5 billion. Quadra's large tonnage, open pit experience and FNX's proven ability in underground mining are expected to enable the merged entity to open mines around the world.

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