

R21 ESMA COMEX Copper is \$3.087/lb.

COMEX Copper is \$3.0935/lb.



PSP R21 ESMA COMEX is \$3.21/lb. and was set January 31, 2018.

Mar ME Avg COMEX is \$3.045/lb.

April MTD Avg COMEX Copper is \$3.0769/lb.

Upward Price Pressure

USA March Employment report posted mixed overall in Jobs created, Unemployment Rate, Participation Rate, Hourly Earnings, and Hours worked. Counterintuitively, the mixed report (following a very strong February report), diminishes markets perception that the USA Federal Reserve will raise interest rates more than planned in 2018. Two other factors supporting copper prices: (1) expected increasing demand for copper (and Cobalt and Nickel) for Electric Vehicle and Battery manufacturing; (2) many large global major copper mines are expected to have issues in 2018 negotiating expiring labor and collective bargaining agreements. These factors will respectively have impacts on raising demand and reducing supply for Copper. The above factors provide positive support to copper prices.

Downward Price Pressure

The USD is rising against the EURO. This currency dynamic influences lower copper prices. Recent sharp COMEX copper volatility is being driven by global Trade disputes and the corresponding uncertainty caused by potential commodity and trade goods demand disruptions and price tariffs. The rise in the USD is driven partially by the recent decision and announcement by the USA Federal Reserve to begin reducing the size of the 4.5 Trillion Dollar USA Fed Balance Sheet. This will “soften” the years long expansionist Monetary Policy course the Fed has been on since the near Financial Market and Financial System collapse in 2008. The Fed will accomplish this by selling Treasury and Mortgage backed Securities into the Bond market. In effect, this will raise USA interest rates and correspondingly influence the USD higher. The USA Federal Reserve increased the Federal Funds Rate .25% in March and has stated its intention of raising interest rates 3 times in 2018. The above downward factors combined with rising geopolitical risk and global trade tariff related concerns influence and drive commodities, copper, and USA Exports lower.

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