

What's Hot: Copper is red hot right now. Here's why.

Publié le 31 mars 2025

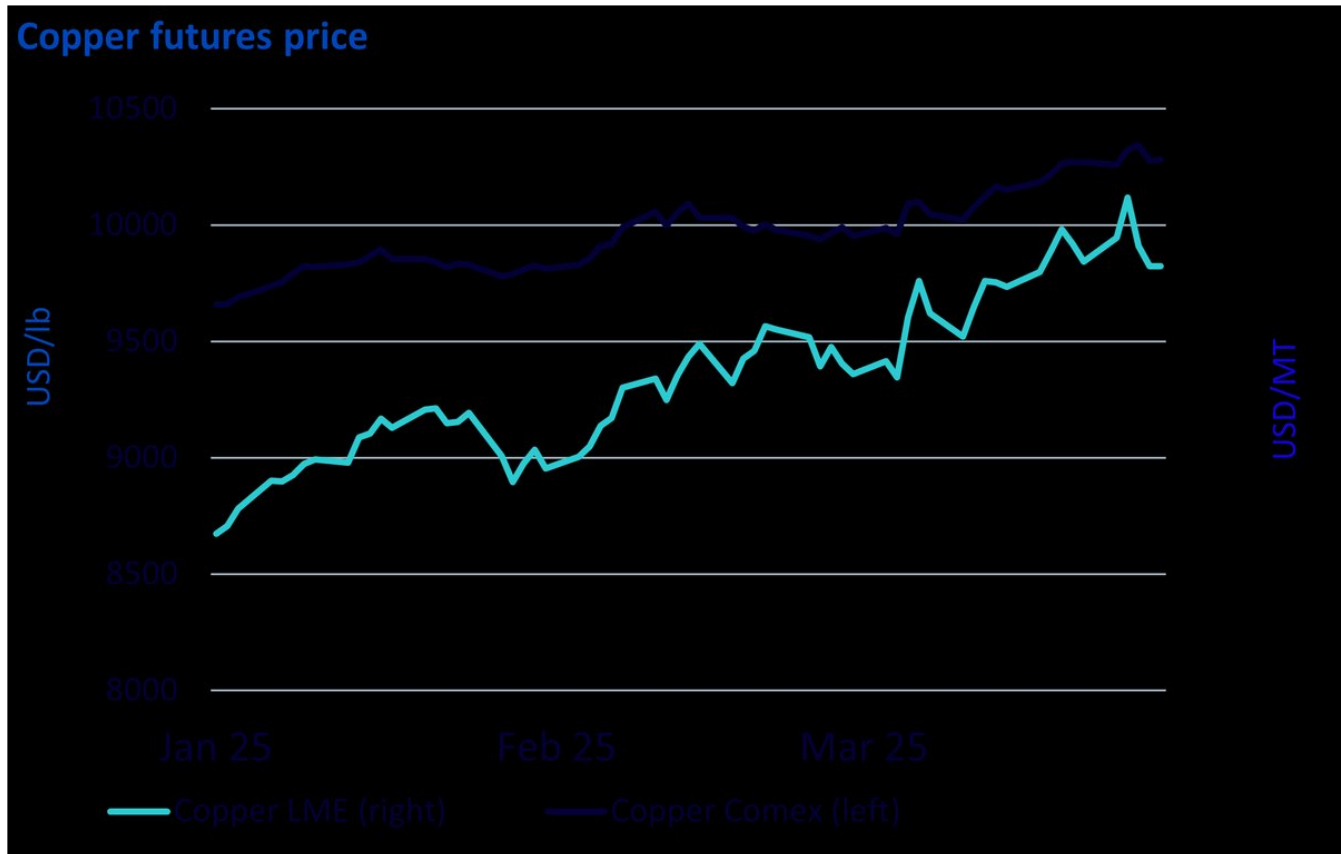
Mobeen Tahir

Director, Research

Points clés

- US tariff fears are fuelling aggressive copper buying and tightening global supply.
- China's stimulus and steady manufacturing data are boosting demand.
- Supply constraints from smelter shutdowns and policy shifts could prolong the deficit.
- Related Products [WisdomTree Copper](#), [WisdomTree Copper 3x Daily Leveraged](#), [WisdomTree Copper 3x Daily Short](#) Find out more

Copper's COMEX price hit a new high on 26th March making the red metal red hot right now. The first three months of 2025 have seen industrial metals make noticeable gains with the Bloomberg Industrial Metals Subindex up 10.55% year to date¹. Copper's gains, however, stand out for numerous reasons. We outline them below.



Source: WisdomTree, Bloomberg, as of 28 March 2025. Generic first futures prices shown. **Historical performance is not an indication of future performance, and any investments may go down in value.**

Tariffs

The additional premium of COMEX prices over the London Metal Exchange (LME) prices reflects aggressive buying by US traders importing copper in anticipation of a possible 25% tariff on copper imports. This speculation has been fuelled by President Trump last month ordering a probe into the threat to national security from the imports of copper. As aluminium imports were also recently subjected to tariffs, markets are speculating that copper might be next.

This rush has triggered a shift in global flows, with metal moving out of LME warehouses and into US Comex facilities, where copper is held on a “duty paid” basis to avoid future levies. As traders front-run potential policy changes, this behaviour is tightening global supply and fuelling price gains, adding to a market already under pressure from rising demand and a looming supply squeeze.

Demand

China has given an additional boost to copper prices having announced a new action plan to boost domestic consumption by raising household incomes. The stimulus is seen as a positive signal for copper demand, especially as retail sales have already shown stronger-than-expected growth early in the year. China has also set itself a GDP growth target of 5% for 2025, and so far this year, its manufacturing

Purchasing Managers' Index (PMI) has remained in expansionary territory — a sign that the economy is holding steady. With momentum building across consumption and manufacturing, copper is getting a fresh tailwind despite lingering weakness in the property sector.

Further support for industrial metals, including copper, has come from Germany's recently unveiled €1 trillion infrastructure and defence spending plan — a move that will inevitably drive greater demand for base metals.

Supply

Supply tightness in the copper market is being driven by several structural and emerging challenges. Exceptionally low processing fees—caused by an oversupply of smelting capacity, particularly in China—have placed financial strain on global smelters, prompting companies like Glencore to halt operations at its facility in the Philippines. Looking ahead, Indonesia's proposal to shift from a flat 5% copper mining royalty to a progressive rate of 10–17% risks discouraging future production growth. These supply-side pressures come as the International Copper Study Group reported a slight global copper deficit in January 2025. While a similar shortfall at the start of 2024 eventually turned into a surplus, this time the combination of weakening smelting economics, policy headwinds, and solid demand could make the current deficit more persistent and impactful.

Several major copper miners have recently downgraded their production estimates for 2025, adding further pressure to an already tight market. Glencore suspended output at its Altonorte smelter in Chile², while Freeport-McMoRan delayed refined copper sales from its Manyar smelter in Indonesia due to a fire³. Anglo American expects lower output from its Chilean operations amid maintenance and water challenges, and First Quantum Minerals faces reduced grades and scheduled downtime⁴. These disruptions are likely to tighten global copper concentrate supply, potentially widening the market's supply-demand imbalance just as demand continues to strengthen.

1 Source: Bloomberg, based on total return index as of 28 March 2025.

2 Reuters, March 26, 2025

3 Reuters, October 16, 2024

4 Metal.com. February 14, 2025

Important Risks Related to this Article

Important Information

Marketing communications issued in the European Economic Area (“EEA”): This document has been issued and approved by WisdomTree Ireland Limited, which is authorised and regulated by the Central Bank of Ireland.

Marketing communications issued in jurisdictions outside of the EEA: This document has been issued and approved by WisdomTree UK Limited, which is authorised and regulated by the United Kingdom Financial Conduct Authority.

WisdomTree Ireland Limited and WisdomTree UK Limited are each referred to as “WisdomTree” (as applicable). Our Conflicts of Interest Policy and Inventory are available on request.

For professional clients only. The information contained in this document is for your general information only and is neither an offer for sale nor a solicitation of an offer to buy securities or shares. This document should not be used as the basis for any investment decision. Investments may go up or down in value and you may lose some or all of the amount invested. Past performance is not necessarily a guide to future performance. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice.

The application of regulations and tax laws can often lead to a number of different interpretations. Any views or opinions expressed in this communication represent the views of WisdomTree and should not be construed as regulatory, tax or legal advice. WisdomTree makes no warranty or representation as to the accuracy of any of the views or opinions expressed in this communication. Any decision to invest should be based on the information contained in the appropriate prospectus and after seeking independent investment, tax and legal advice.

This document is not, and under no circumstances is to be construed as, an advertisement or any other step in furtherance of a public offering of shares or securities in the United States or any province or territory thereof. Neither this document nor any copy hereof should be taken, transmitted or distributed (directly or indirectly) into the United States.

Although WisdomTree endeavours to ensure the accuracy of the content in this document, WisdomTree does not warrant or guarantee its accuracy or correctness. Where WisdomTree has expressed its own opinions related to product or market activity, these views may change. Neither WisdomTree, nor any affiliate, nor any of their respective officers, directors, partners, or employees accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its contents.