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Beyond the Headlines

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Dr. Copper and Global Economy

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Meaning of New High in Copper Prices

The world's most-watched industrial metal just did something it hasn't done since 1994. And the reason it did is exactly why the old rulebook for reading it no longer applies.

Copper touched an all-time high of $14,617 a tonne on the London Metal Exchange on September 8, 2026, extending a rally that has now run for ten straight weekly gains, the longest such streak in over three decades.

On COMEX, the metal touched $6.90 a pound intraday in early August, a record. Copper has carried the nickname "Dr. Copper" for decades on a simple premise, it shows up in every wire, motor, building, and factory, so its price is a real-time diagnosis of global economic health. Right now, that diagnosis is scrambled.

The rally isn't primarily a verdict on global growth. It's about mines that are failing faster than new ones can be built, and a US tariff decision that still hasn't been made.

Macro Snapshot (as of 8 September 2026)

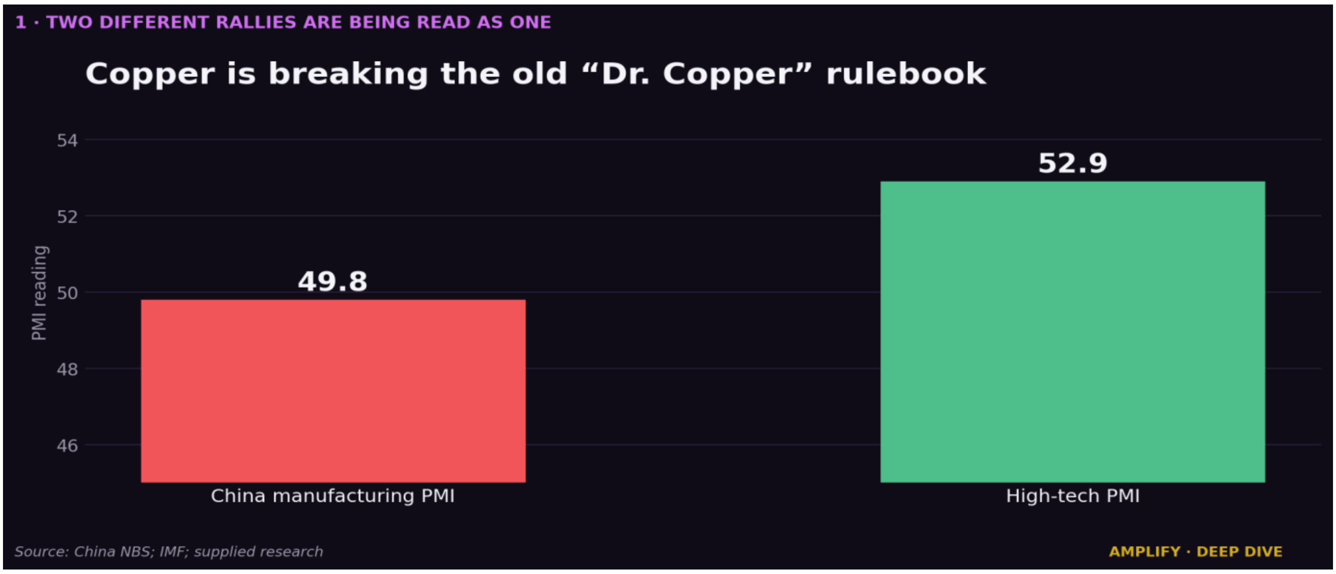
Indicator	Reading	Read-through
LME copper, 3-month, all-time high	$14,617/tonne (Sep 8, intraday)	Beat the prior record of $14,527.50 set in January 2026
COMEX copper, record intraday	$6.90/lb (Aug 6, 2026)	Currently trading around $6.55-6.65/lb
Copper's 12-month gain	17%	68% cumulative since April 2025
Weekly winning streak	10 straight weeks	Longest since 1994
Global mine output, H1 2026	-1.1% YoY	First annual mine-supply decline since 2017 is now in view
Chile copper output, Q2 2026	-7.7% YoY	Weakest Apr-Jun quarter in 19 years
Codelco Q2 2026 output	292,300 tonnes, -13.5% YoY	Near a 28-year low for the world's largest producer
COMEX warehouse inventories	More than 650,000 tonnes (from 80,000 in early 2025)	Tariff-driven stockpiling, not demand strength
US refined copper tariff decision	Still pending as of Sept 8, 2026	Commerce report due June 30 missed that deadline
China NBS Manufacturing PMI, Aug 2026	49.8 (contraction)	High-tech manufacturing sub-index: 52.9 (expansion)
IMF global growth forecast	3.0% (2026), 3.4% (2027)	Below the 3.5% average of 2024-25
Gold price (for context)	$4,405/oz	22% below its Jan 28, 2026 record of $5,589

1. Two Different Rallies Are Being Read as One

Every big copper rally in history has meant roughly the same thing: the world is building, manufacturing, and shipping more, so it needs more of the metal that wires it together. This one is different, and the difference is the whole story. Start with what copper is not telling us.

China's official manufacturing PMI sat at 49.8 in August, in contraction for a second straight month, with growth in the April-June quarter slowing to 4.3%, below Beijing's own target range. China still consumes roughly half the world's refined copper, so a genuine "Dr. Copper" reading, one driven mainly by broad industrial demand, should struggle to hit records while manufacturing activity in the largest buyer is still in contraction. Instead, copper is at an all-time high. The IMF's own July update pegs 2026 global growth at 3.0%, a shade below the 3.1% it expected in April and well under the 3.5% pace the world managed in 2024-25.

What copper is telling us is that the world can no longer easily supply itself, and that a narrower, more inelastic slice of demand, AI data centres, grid rebuilds, defense electrification, is growing fast enough to take up whatever the strained supply chain can produce. Multiple commodity strategists have now made this decoupling explicit, copper's correlation with oil, iron ore, and Chinese equities has visibly weakened over the past year, even as its correlation with data-centre capex and grid-spending announcements has strengthened. That is a different metal doing a different job than the one that earned the "Dr. Copper" nickname in the first place.



2.The Supply Side Is the Real Story, and It's Not a 2026 Problem

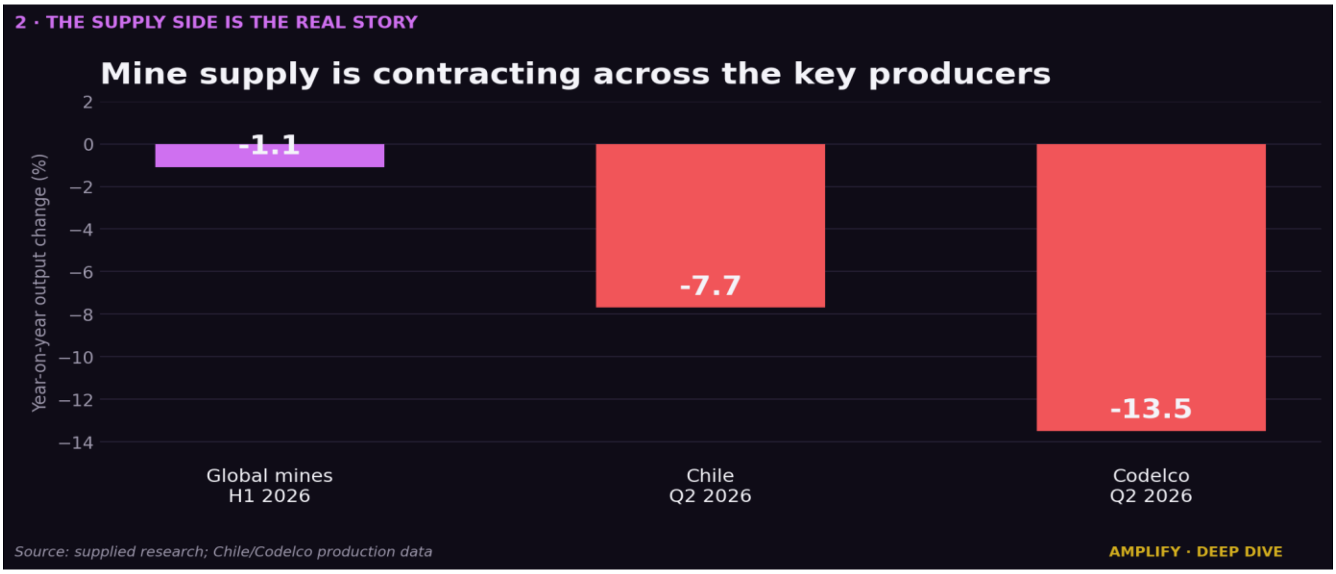
If there is one number that explains this rally better than any headline about AI, it's this: global mine output fell in the first half of 2026, putting the year on track for the first annual decline in global copper mine supply since 2017. That is a supply-side warning, and it has been building for over a year across three continents at once.

Indonesia. On September 8, 2025, roughly 800,000 tons of wet material flooded Freeport-McMoRan's Grasberg mine, the world's second-largest copper source, killing seven workers and triggering a force majeure. Freeport has cut 2026 output guidance at the complex by roughly a third, and the company now doesn't expect a full recovery before 2027 or 2028, a year later than originally planned. A separate incident in August 2026, a boiler water leak at the PT Smelting Gresik facility that processes Grasberg's ore, took another 342,000-tonne-capacity smelter offline.

Chile. The world's top producer logged its weakest second quarter in at least 19 years, with national output down 7.7% year-on-year, and has cut its full-year 2026 production forecast twice, now expecting a 2.6% annual decline. Much of the damage traces back to Codelco's El Teniente mine, the world's largest underground copper operation: a fatal accident there on July 31, 2025, led Codelco to halt extraction and idle its Caletones smelter for lack of ore feedstock. That disruption is still working through the numbers, Codelco's own Q2 2026 output fell 13.5% year-on-year to a roughly 28-year low, and in August 2026 the company separately paused its Andes Norte expansion at El Teniente, roughly a year after that fatal incident, after identifying new seismic risk at depth. Codelco's chairman has said there is "no possibility" of reaching the company's 1.7-million-tonne annual production target within four to five years.

Democratic Republic of Congo. Ivanhoe Mines cut its 2026 Kamoa-Kakula guidance by roughly 90,000 tonnes at the midpoint, citing a sulfuric-acid shortage needed for processing operations, on top of a surprise government export ban on copper and cobalt concentrate. The acid shortage has been driven by a mix of factors, including China's halt on sulfuric-acid exports in May 2026 and higher energy and shipping costs tied to the Middle East conflict.

None of this is inventory-cycle noise. Permitting timelines for new copper mines now average 15-17 years from discovery to production, and only about 5% of major deposits have been found in the past decade. The supply side of this market was tight before any of these individual accidents, the accidents just made an already-thin cushion disappear.



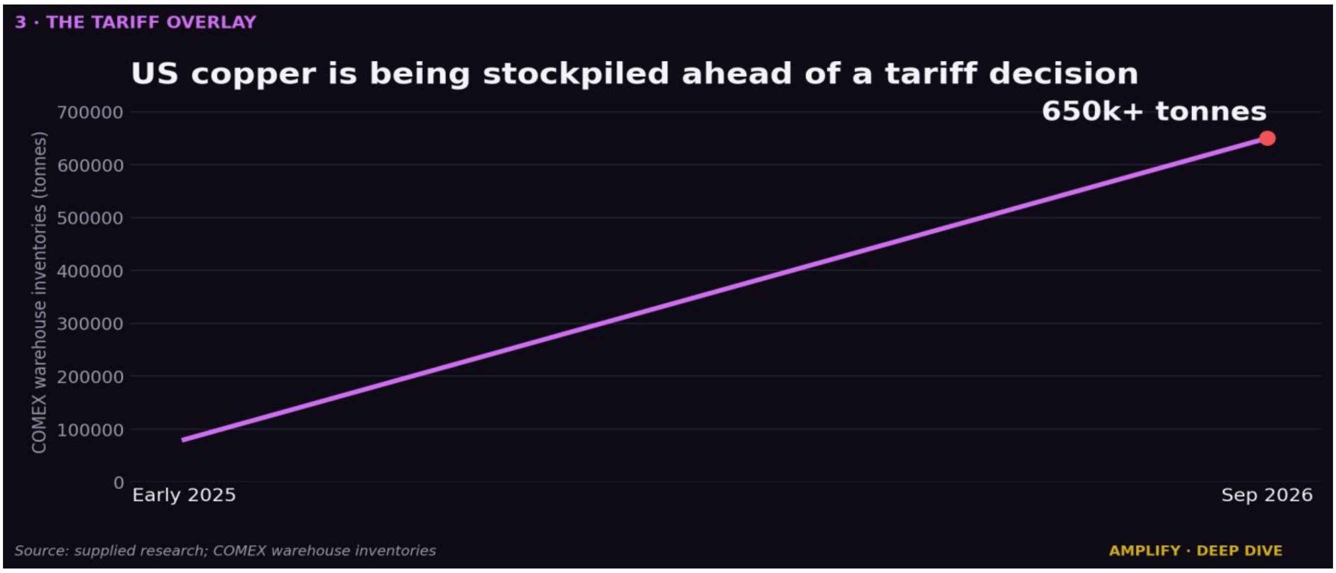
3.Tariff Overlay: Real Metal Chasing a Policy That Hasn't Been Written Yet

On top of the supply shock is a US trade-policy decision that has been reshaping global copper flows for over a year without ever actually taking effect. In July 2025, the Trump administration imposed a 50% Section 232 tariff on semi-finished copper products (pipes, wire, sheet, tube) starting August 1, 2025, but in a last-minute reversal, exempted refined copper, cathodes, ores, concentrates, and scrap, the forms that make up the vast majority of copper trade. That exemption came with the proclamation directing the Commerce Secretary to deliver an updated report by June 30, 2026, on whether to extend a phased tariff to refined copper itself, starting at 15% in January 2027 and rising to 30% in 2028.

That June 30 deadline has now passed without a decision. In the meantime, traders have not waited around to find out. US copper imports hit an all-time monthly high in July 2026, over 200,000 tonnes, the largest single-month inflow in more than a decade, as market participants shipped metal into American ports to get ahead of a possible tariff.

COMEX warehouse inventories have increased from roughly 80,000 tonnes in early 2025 to more than 650,000 tonnes now. That metal is, in effect, quarantined: it's sitting in US warehouses rather than circulating through the rest of the world's supply chains, which is precisely why LME inventories outside the US have kept shrinking even as the "global shortage" headlines run alongside record American stockpiles. The COMEX-LME price spread, which briefly hit an extraordinary $2,937/tonne in July 2025 on fears of a broad 50% tariff, has narrowed and widened repeatedly along with tariff expectations, reaching roughly $400/tonne by June 2026 and remaining a live source of volatility into September.

This is the mechanism behind the current leg of the rally specifically, Bloomberg reported the LME's September 7-8 push to fresh records was fuelled by "anticipation" that Washington will extend tariffs to refined metal, not by any confirmed policy change. Copper is the pricing decision that, as of this writing, has not been made.



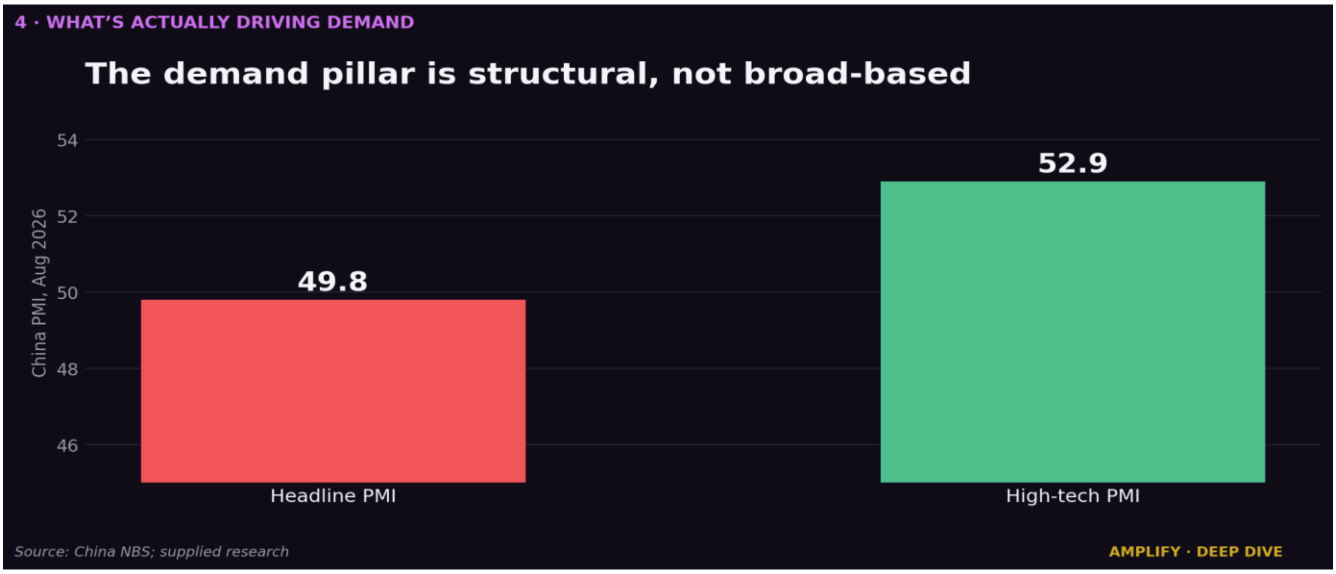
4. What's Actually Driving the Demand Side, and Why It's Different From Past Cycles

The demand story is true, but it is narrower and more inelastic than the demand that drove past copper super cycles, and that matters for how to read the price.

An electric vehicle uses three to four times as much copper as a conventional car. Renewable generation and grid buildout are copper-intensive by design. And the newest driver, AI infrastructure, is copper-hungry in a way few forecasters had modelled even three years ago, J.P. Morgan estimates a single large AI data centre can require up to 50,000 tonnes of copper, and industry estimates put total data-centre copper demand in the hundreds of thousands of tonnes annually in 2026 alone, before counting the grid upgrades, substations, and transmission lines that scaling AI power demand requires.

The IEA projects data-centre electricity consumption will roughly double by 2030, and S&P Global sees total global copper demand rising from about 28 million tonnes in 2025 to more than 42 million tonnes by 2040.

The catch is visible in China's own data: the NBS manufacturing PMI is in contraction, but the high-tech manufacturing sub-index, which captures China's higher-value manufacturing industries, has held at 52.9, solidly in expansion. That is the clearest illustration of why copper is decoupling from broad-based industrial signals. The growth is concentrated in AI and electrification infrastructure, which keep expanding regardless of whether the wider factory economy is growing or shrinking.



5. What This Means For The Global Economy

Put the pieces together and the answer is that copper's record price is not principally a signal about the health of the world economy right now, it's a signal about the fragility of the world's ability to supply the electrified, AI-driven economy that is emerging on top of a more ordinary, moderating macro backdrop. The IMF sees global growth cooling to 3.0% in 2026 on the back of the Middle East conflict's energy shock, with AI-driven investment in the technology-exposed part of the world economy the main thing keeping the picture from being worse. That is a bifurcated growth story, not a broad boom, and copper's price is increasingly reflecting the AI/electrification half of that bifurcation rather than the average.

This doesn't mean the copper price is meaningless. It means the reading has changed. A global slowdown severe enough to dent AI capex and grid-spending commitments (as opposed to ordinary factory-floor demand) would still hit copper hard, so the metal hasn't stopped being informative. What has changed is that copper can now sit at a record high at the same time China's factories contract, US rate expectations swing between hikes and cuts within weeks, and global growth is downgraded, because the specific slice of demand supporting the price no longer depends on the broader cycle the way it used to.

6. Ametra's Read

Copper's all-time high is true, but it is a supply-and-policy story wearing a demand-boom costume. Mine output is falling for the first time since 2017 across three continents simultaneously, for reasons (accidents, feedstock shortages, seismic risk, resource nationalism) that will take years, not quarters, to resolve. And on top, US tariff policy on refined copper has been "about to be decided" for over a year, and every extension of that uncertainty pulls more metal into American warehouses and away from the rest of the world, mechanically tightening ex-US supply regardless of what global growth is actually doing. Meanwhile, the demand growth that is real, AI infrastructure and grid electrification, is inelastic to the ordinary business cycle in a way that consumer and construction demand never were. Treating this rally as confirmation that the global economy is booming would be a misread, treating it as proof the AI/electrification buildout is structurally copper-intensive would not be.

1. Don't use copper as a stand-alone global-growth signal right now. Cross-check it against China PMI, global trade volumes, and the IMF/World Bank growth trackers before drawing a "the world economy is strong" conclusion from the price alone.

2. Favouring copper-linked equities with genuine production leverage, miners such as Freeport-McMoRan and Southern Copper have both rallied over 40% year-to-date, largely tracking the metal itself rather than company-specific execution. Position sizing should account for the fact that much of this move already reflects a bullish tariff outcome that hasn't been confirmed.

3. Watch for the delayed Commerce report and the eventual tariff decision as a binary near-term catalyst. A confirmed phased tariff (15% from 2027, rising to 30% in 2028) would likely trigger another round of US-bound stockpiling and a wider COMEX-LME spread; a further exemption, as happened in August 2025, could trigger a sharp reversal in US prices specifically, as it did then (COMEX fell 19.5% in a single session on that news).

4. Distinguish cyclical demand from structural demand when reading Chinese data. A weak headline PMI alongside a strong high-tech sub-index is not a contradiction, it's the copper market's new demand mix showing up in the underlying data.

5. Watch mine supply announcements (Codelco, Freeport, Ivanhoe) as closely as demand data. In a market moving toward its first supply decline since 2017, incremental mine disruptions now move price more than incremental demand surprises do.

Positioning Map

Stance	Where	Rationale (from Ametra's Read)
Favour	Copper miners with near-term production (Freeport, Southern Copper)	Direct leverage to price; both up 40%+ YTD tracking the metal
Favour	Grid infrastructure, transmission & cabling suppliers	Structural, less price-sensitive demand pillar independent of the broader cycle
Hold	Broad industrial-metals exposure	Copper's rally reflects a copper-specific supply/policy story, not a common industrial upswing
Fade	"Global boom" narratives extrapolated from the copper price alone	China PMI in contraction and IMF growth downgrades argue against a broad-based read
Watch	US Commerce Department refined-copper tariff decision	Binary catalyst; overdue since June 30, 2026, capable of moving COMEX sharply in either direction

Watch	Codelco, Freeport, Ivanhoe production updates	Mine supply, not demand, is the marginal price driver in a market nearing its first annual output decline since 2017
Watch	China NBS vs. high-tech PMI divergence	Read as evidence of a bifurcated economy, not resolve into a single growth signal

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