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Copper Slumps to Lowest Since July 2010 on China Demand Concerns
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By Luzi Ann Javier

March 11 (Bloomberg) -- Copper futures slumped to the lowest since July 2010 as signs of slowing economic growth sparked concern that demand will slump in China, the world's biggest metals consumer.

Aggregate financing in China reached 938.7 billion yuan ($153 billion), falling short of analyst estimates, the People's Bank of China said yesterday in Beijing. Tighter credit may mean that the country's demand for metal in financing deals will also shrink. There's concern that more copper is used for the deals than in the nation's industrial consumption, Morgan Stanley analysts wrote in a report today.

Prices slumped 13 percent this year, the most among 34 commodities tracked by Bloomberg. Global demand will trail production by 81,000 metric tons in 2014, Barclays Plc estimates. China had its first onshore bond default after Shanghai Chaori Solar Energy Science & Technology Co., a solar-panel maker, last week failed to make an interest payment.

"People are starting to reevaluate the China demand scenario, not only from economic data, but also from this first ever corporate-debt default inside the country," Mike Dragosits, a senior commodity strategist at TD Securities in Toronto, said in a telephone interview. "How many more companies out there are going to default?"

Copper futures for May delivery dropped 2.7 percent to $2.9505 a pound at 12:56 p.m. on the Comex in New York, after touching $2.942, the lowest for a most-active contract since July 20, 2010. Trading was 74 percent higher than the 100-day average for this time of day, according to data compiled by Bloomberg.

Chinese Economy

The Chinese economy will probably expand 7.5 percent this year, the slowest since 1990, according to a Bloomberg survey of economists. Money managers switched from a net-long position in copper to a net-short holding of 2,567 contracts, in the week ended March 4, government data show.

China's imports of unwrought copper and copper products fell to 380,000 metric tons in February from a record 536,483 tons a month earlier, customs data show.

Stockpiles tracked by the Shanghai Futures Exchange have climbed for eight straight weeks, the longest advance since February 2012. Combined inventories tracked by the exchange and in bonded warehouses are up 42 percent since the start of the year, Morgan Stanley said today.

On the London Metal Exchange, copper for delivery in three months fell 2.5 percent to $6,480.50 a ton ($2.94 a pound).
Prices touched $6,469.75, the lowest since July 2010.

Nickel for delivery in three months gained as much as 2 percent to $15,762, the highest since April 17. Prices rallied on concern that the European Union may impose more sanctions against Russia, disrupting supply that's already curbed by an ore-export ban in Indonesia.

Zinc, tin, lead and aluminum declined in London.

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