
Commodities Boom Sends Industry Titan Glencore to Decade High
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(Bloomberg) -- Commodities giant Glencore Plc hit the highest in almost a decade, driven by rallies in everything from metals to coal and optimism for a years-long supercycle. The world's biggest commodity trader surpassed its 2018 intraday peak on Tuesday, valuing the Swiss company at about \$74 billion. Like its mining rivals, Glencore has benefited from massive global stimulus measures that have stoked demand for raw materials, and has also been a big winner from an energy crunch that sent coal prices to a record high.

A Bloomberg gauge of spot commodities has doubled since early in the pandemic -- reaching an all-time high in October -- as government measures to bolster economies underpinned demand while supply curbs further tightened metals markets. At the same time, a green revolution is boosting long-term prospects for metals including cobalt and nickel for products like batteries. Glencore is expected to deliver record profits and a bumper dividend when it reports earnings in February. And as the boom draws more investors into commodities, many analysts forecast prices to remain high. Goldman Sachs Group Inc. said that a commodities supercycle has the potential to last for a decade. The shares climbed as much as 2.4% on Tuesday after Bloomberg reported that Glencore is among companies that bigger rival BHP Group is evaluating as it positions itself for a return to large-scale M&A. The stock has jumped about 50% in the past year.

The last time the shares were this high was in 2012, at the height of the last commodities boom, though it's still some way below the price that it first sold shares at in 2011.

While Glencore underperformed its peers in recent years as it missed out on an iron ore surge that boosted earnings for rivals like Rio Tinto Group, it's now cashing in on higher coal prices. The fuel hit a record in October amid the energy crunch and Glencore is the world's biggest shipper of the commodity. Though some of the biggest miners are walking away from the most polluting fossil fuel amid pressure from shareholders, Glencore chief Gary Nagle has said he stands by the company's policy to run down its coal business rather than selling or spinning it off.

Metals prices have also rallied as the energy crisis hits zinc and aluminum production in Europe, while Chinese plants are getting caught up in the drive to curb pollution for the Winter Olympics. That's helped draw down inventories, fueling fresh worries about global supplies of key materials.

While the commodities rally is good news for Glencore, the company is also facing several probes by regulatory and enforcement authorities around the world, including from the U.S. Department of Justice for possible money laundering and corruption.