# China’s copper stockpiles could run out by mid-June amid US competition



China’s copper stockpiles are rapidly depleting and could be exhausted by mid-June amid intensifying competition with the United States, driven by fears of looming US import tariffs, senior executives at the commodities trading firm Mercuria have warned. The situation represents “one of the greatest tightening shocks” the copper market has ever experienced, according to Mercuria’s head of metals and mining research, Nicholas Snowdon.

China’s copper inventories have been declining sharply in recent weeks, with data from the Shanghai Futures Exchange showing a record weekly drop of nearly 55,000 tonnes last week, leaving stocks at approximately 116,800 tonnes. Snowdon explained to the Financial Times, “At the current pace of draws, those Chinese inventories could deplete [to zero] by the middle of June.” He further noted that Beijing is operating with a “razor thin inventory buffer” to satisfy domestic demand.

The unprecedented demand surge for copper in the US is a driving factor behind the depletion of Chinese stocks. Buyers in the US have been eagerly importing large quantities of the metal to stockpile ahead of possible tariffs that President Donald Trump could impose. As a result, US buyers are now directly competing with China for limited global copper supplies. Kostas Bintas, Mercuria’s head of metals and mining, highlighted this dynamic, stating that the US is “for the first time” competing with China for copper, which is expected to “supercharge prices.”

The anticipated US tariffs arise from an investigation into alleged "dumping and state-sponsored overproduction" of copper by foreign producers. Trump has already imposed a 25% levy on steel and aluminium imports, and similar measures on copper could intensify market tensions further. This threat has created an arbitrage opportunity in copper trading, which has contributed to price discrepancies between major exchanges. The price spread between copper traded on New York’s Comex and London’s London Metal Exchange has surged, reaching nearly $1,200 per tonne, well above its long-term average, incentivising traders to buy copper futures in London while selling in New York.

Copper stocks held at Comex warehouses in the US recently increased sharply to their highest levels since 2018. Some traders with large short positions in Comex copper have been urgently acquiring additional supplies within the US to cover those positions before potential tariffs take effect, according to Bintas.

Besides effects on physical copper, retaliatory tariffs imposed by China could impact the copper scrap market, a vital element of the supply chain. China has responded to US protectionism with levies on US imports, and the possibility of the US banning exports of copper scrap—which it exports heavily, particularly to China—could exacerbate supply shortages. Commodity pricing agency Fastmarkets reports that the US exported 960,000 tonnes of copper scrap in 2024, with nearly half destined for China. In the first two months of 2024, the US exported 142,000 tonnes, marginally less than the 149,000 tonnes shipped during the same period the previous year.

Andrew Cole, a metals analyst at Fastmarkets, anticipates a “significant plunge in scrap shipments from the US to China in March to May at the very least,” which would further tighten the Chinese copper market in the coming months.

Snowdon commented that despite the sharp depletion of Chinese inventories, the market is likely to respond with price adjustments before stocks reach zero, as higher prices are expected to attract increased imports of both copper and scrap. He outlined that the current situation—marked by record copper inflows into the US and declining Chinese stocks—is creating “an unprecedented competition for copper,” a dynamic that could have far-reaching implications for global copper markets.

The Financial Times is reporting on these developments, which underscore the growing tensions and complexities in global copper supply chains amid ongoing trade disputes between the US and China.

Source: [Noah Wire Services](https://www.noahwire.com)

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