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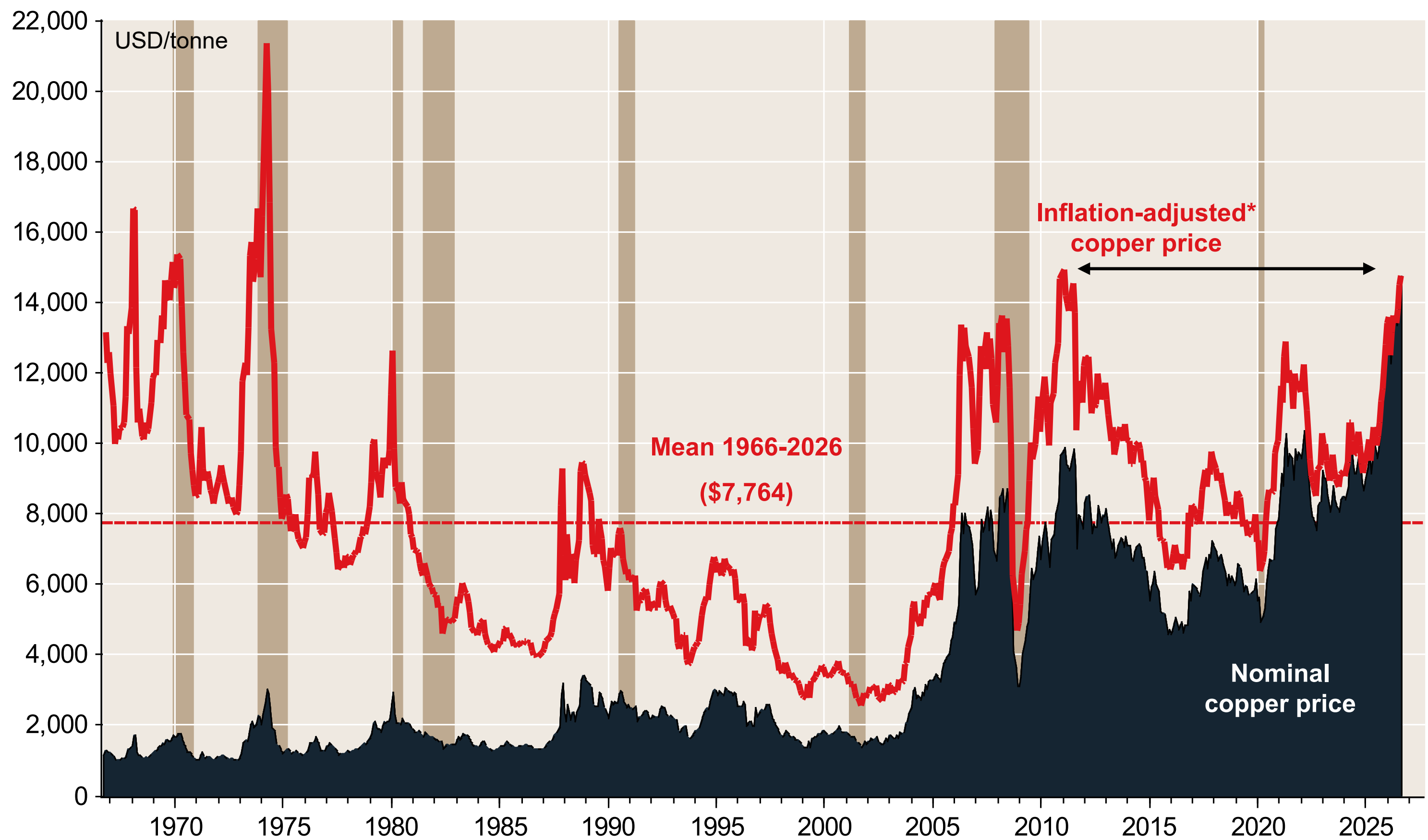
World Watch

By Kyle Dahms

The year has been eventful on the geopolitical front, with market attention focused on the conflict surrounding the Strait of Hormuz. Although energy has borne the most visible consequences, the fallout is spreading well beyond oil and gas. As today's Hot Chart shows, copper has surged to a fresh nominal record. The longer-term demand backdrop remains supported by AI-related data-centre construction and the associated expansion of electricity generation and grids, while the latest gains have been amplified by tariff-driven stockpiling and supply disruptions. One less obvious link to Hormuz is sulphur. Shipments through the Strait have been severely curtailed, helping push sulphur prices to more than twice their level at the start of the year. This matters for copper because sulphur is a key feedstock for sulphuric acid, which is used in certain processing methods. The shock also extends to agriculture, given sulphur's role in fertilizer production. Still, a nominal record overstates how unusual today's copper price is historically. Expressing it in constant dollars provides a better measure of the cost facing end users. On this basis, copper is trading at a 15-year high and will soon surpass its 2011 peak, a move that would lift the real price to its highest level since the mid-1970s. In our view, this increasingly represents a tax on the very investment intended to support future growth, raising the cost of power grids, AI data centres and other electrification projects just as geopolitical fragmentation is making supply less reliable.

World: A nominal milestone for copper, with real caveats

LME Copper price, nominal and real dollars per tonne (2026 dollars)



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