

Copper: The Top 3 Ways to Trade a Massive Supply Issue

The world is running short on copper.

So much so, Goldman Sachs says the price of copper could rocket to \$15,000 a ton over the next decade. “We expect copper demand growth outside of China to be a key driving force this year. The global industrial recovery is picking up pace, with macro indicators across several key copper consuming nations showing strength. Recent manufacturing PMI readings in the US, Europe, Japan, South Korea and India have entered expansionary territory.”

Unfortunately, we don’t have nearly enough supply of copper.

All because we haven’t seen sizable investments in copper mines, which is forcing us into a deficit. Couple that with global needs to meet lower emission pledges, electric vehicle demand, with tons of other products requiring copper, and we have a serious problem.

When it comes to EVs, for example, each uses more than double to amount of copper of an internal combustion engine. Considering global governments want millions of EVs on the road, the copper supply issue becomes far worse.

Until the world has enough copper supply, prices are likely to skyrocket – forcing related stocks and ETFs higher in the process.

Look at Freeport McMoRan (FCX), for example.

“Chief Executive Officer Richard Adkerson sees copper’s rally to above \$4 a pound as supported by fundamentals – with scarce stockpiles, strong demand and dearth of big new projects waiting in the wings,” as reported by Mining Global.



“The outlook for copper has never been better,” Adkerson added.

It’s why the FCX stock already exploded from \$26 to \$38.85 since February. From here, if the stock can break above resistance, the stock could see \$50 at this pace.

Or, consider the Global X Copper Miners ETF (COPX).

Copper ETFs are good investments with diversification at less cost. For example, COPX currently trades at \$40.30. Some of its top holdings include Freeport McMoRan, Glencore PLC, Lundin Mining, Ivanhoe Mines, Turquoise Hill, Capstone Mining Corp, and dozens more.



If you were to buy 100 shares of the COPX ETF, it would cost you \$4,030. However, if you were to buy 100 shares of just the ETFs' holdings list here, it would cost you far more. Not only can you safely diversify among top copper miners, but you can do so at less cost.

Or, look at Southern Copper Corp. (SCCO)

After pulling back from \$77.50 to \$70, the stock appears to have caught strong support.

From here, we're looking for an initial test of its prior high of \$77.50. Moving forward, we'd like to see SCCO closer to \$82.50.

