Commodities

Copper scrap outlook

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Copper scrap comes in various shapes and forms

Old copper scrap can be created from end-of-life vehicles

Scrap re-enters the system at various stages (simplified flowchart)

Source: ICSG, Woodmac, Banc of America Securities – Merrill Lynch Commodity Research
Scrap is an important component of the copper market

Scrap makes up almost half of cathode demand:

Scrap discounts fell through most of the past two years:

Source: Woodmac, CRU, Banc of America Securities – Merrill Lynch Commodity Research
Manufacturers increased their intake of refined copper

China’s scrap imports fell

Lack of scrap was felt by manufacturers

Source: Woodmac, CRU, Banc of America Securities – Merrill Lynch Commodity Research
Secondary copper smelters have become more important

Secondary copper smelters have gained in market share

China is taking the lead role in developing secondary smelting capacity

Source: Woodmac, CRU, Banc of America Securities – Merrill Lynch Commodity Research
Scrap availability is set to remain an issue

Our scrap model suggests that the scrap ratio will remain low

Note: our scrap model includes variables such as the copper price and GDP growth

Source: Woodmac, Reuters Ecowin Pro, BAS-ML Commodity Research
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