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## Copper Rises in London as Weaker Dollar Spurs Investor Demand

By Chanyaporn Chanjaroen

Nov. 4 (Bloomberg) -- Copper rose in London as the dollar weakened against the euro, boosting the appeal of commodities as an alternative investment, and after the Democratic Republic of Congo was reported as saying it expects mining project delays.

Copper's correlation with the euro-dollar exchange rate strengthened to 0.66 in the past month, compared with 0.52 a month earlier. A reading of 1 would mean the two moved together.

"The weaker dollar definitely helped," [Robin Bhar](#), a metals analyst at Calyon in London, said today by phone.

Copper for delivery in three months on the London Metal Exchange added \$245, or 6 percent, to \$4,335 a metric ton as of 4:40 p.m. local time. Copper has lost 35 percent this year, heading for the first annual drop since 2001, as rising stockpiles signal weaker demand.

Global copper demand will fall 0.2 percent next year, down from an earlier forecast of a 1 percent advance, because of slower economic growth in China, Credit Suisse Group analyst [Jeremy Gray](#) wrote in a report yesterday. China is the world's largest consumer of all industrial metals.

Some mining projects have been postponed or scrapped, Reuters reported today, citing Congo's central bank Governor [Jean-Claude Masangu](#).

Copper inventories tracked by the LME rose for a 10th day and to the highest since March 2004. Including those monitored by bourses in New York and Shanghai, stockpiles are equal to about 5.4 days of global consumption, above last year's average of 4.9 days.

"There will be a collapse" in commodity prices, followed by a "long-term supercycle" spurred by "a depleting global base of supply and a huge, growing population," said [John Brynjolfsson](#), managing director and chief investment officer at Armored Wolf LLC, a hedge fund in California.

### Industrial Metals

He suggested investors avoid industrial metals and energy products in favor of precious metals.

Tin producers in China, the world's largest supplier and consumer, are reducing output as consumption weakens and prices slump, executives said. They join counterparts in Indonesia, the world's second-largest producer.

Yunnan Tin Co., the world's biggest producer, has seen overseas orders tumble "significantly" this quarter, spokeswoman Li Xia said today. Liuzhou China Tin Co., China's third-largest producer, has idled about 10 percent of capacity, a company executive said.

Stockpiles of tin fell almost 15 percent to 3,060 tons, the lowest since June 2004, according to the LME. Tin for delivery in three months rose \$300, or 2.1 percent, to \$14,800 a ton.

Aluminum added \$52, or 2.5 percent, to \$2,100 a ton and nickel increased \$750, or 6.3 percent, to \$12,700 a ton. Lead rose \$45, or 3 percent, to \$1,545 a ton and zinc added \$50, or 4.3 percent, to \$1,220 a ton.

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