

# Commodity prices: potential winners and losers in 2018

Where next for copper, lithium, nickel and other metal and energy prices following 2017's bull-run?

This year's commodities bull-run could continue well into 2018 for many products, according to investment bank Macquarie. Most of the major metals have risen in price this year and Macquarie believes gold, silver, nickel and uranium have the best prospects over the next one to two years.

For gold and silver, we like **Polymetal International (POLY)** among the larger London-listed miners. **Glencore (GLEN)** is a good play on nickel. For uranium, look at **Berkeley Energia (BKY:AIM)**.

Copper prices have recently exceeded \$7,100 per tonne and could ease back next year in value, albeit the longer term price outlook remains positive thanks to an expected supply deficit. **Kaz Minerals (KAZ)** is one of our preferred copper-related mining stocks.

The longer term losers could be palladium and rhodium, says Macquarie which highlights a potential long-term decline in demand as a result of the electric vehicle industry disrupting the petrol and diesel car sector.

Palladium and rhodium are primarily used to make catalytic converters – which aren't required in electric vehicles. 'Without their role in pollution control, what use do they have?' says the

investment bank.

Lithium carbonate prices are forecast to average \$11,496 per tonne in 2017, representing a considerable jump from the \$8,406 average price in 2016.

However, Macquarie warns of an 'avalanche of supply' on its way and believes the metal, closely tied to the electric vehicle industry as a battery component, could fall back to \$9,000 on average in 2018 and \$7,688 in 2019.

Cobalt has shot up by 82% in price this year but Macquarie thinks its value, as well as lithium, has gone up too far given 'serious market tightness should not emerge until next decade'.

Longer term, lithium prices could improve once again; so too copper and nickel assuming that electric vehicles hit the mainstream from 2020 onwards.

Oil prices, as measured by the European Brent Crude standard, are currently trading at the same level at which they started the year, being just under \$58 per barrel. They fell to \$46 per barrel in the summer but have been recovering amid renewed tensions between Kurdistan and Iraq. (DC)

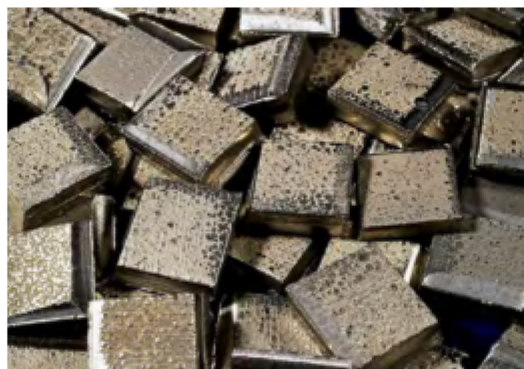
## MAJOR METALS -

PRICE PERFORMANCE SO FAR IN 2017 & FORECASTS FOR 2018 & 2019

	Price gain/loss	Current price (\$)	2018 forecast price (\$)	2019 forecast price (\$)
Palladium	50%	1,006	875	875
Copper	29%	7,134.5	5,900	5,938
Zinc	24%	3,194	3,050	2,575
Nickel	18%	11,865	11,750	13,500
Gold	13%	1,303	1,350	1,375
Platinum	5%	945	1,063	1,194
Uranium	0%	20.3	24	27

Source: Shares, Reuters, Macquarie

\*Prices taken 16 Oct 2017 - either per tonne, pound or ounce



Glencore: refined nickel