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## Metals copper falls on China concerns and weak fundamentals

*Saturday, 05 Sep, 2009*

Reuters reported that copper fell more than 4% as investors worried about the pace of economic recovery in China and analysts warned that prices had run ahead of weak fundamentals.

SSEC fell nearly 7%, their worst 1 day loss since mid 2008 on persistent fears the government is reining in bank lending to head off potential asset bubbles.

Prices of copper used in power and construction have more than doubled this year due in part to stockpiling efforts from China the world's largest metals consumer. Copper for 3 month delivery MCU3 on the London Metal Exchange ended at USD 6,200 per tonne down from USD 6,475 at the close on September 4th 2009.

Mr Andrey Kryuchenkov an analyst at VTB Capital said that "We've run ahead of ourselves a bit. We can't trade on sentiment all the time. We know the global economy is recovering but copper is completely overheated." He added that "We need to pull back to see real physical demand kick in the Q4. Stock levels are still rising."

A pair of surveys showed that highlighting the improving economic outlook, China's vast manufacturing sector kept up its steady recovery last month. But analysts remain wary of the multi month highs hit by many industrial metals with fundamentals still fragile.

Mr Eugen Weinberg analyst at Commerzbank said that "A correction is imminent on base metals. The lofty price levels we're on right now are quite ahead of fundamentals."

(Sourced from Reuters)

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