

Green policies all point in the same direction, follow the copper...

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The global economic superpowers USA, China, Europe and UK are now, for the first time ever, all aligned with leaders strongly supporting green policies. This combined with a lack of new copper supply is looking to be the beginning of a multi-year bull market for copper.

The main drivers for new copper demand will be supporting solar, wind, energy storage systems, electric vehicles (EVs) and EV charging stations. An average gasoline powered car uses only about 20kg of copper, mainly as wiring. A hybrid car uses about 40 kg and a fully electric car uses roughly [80kg of copper](#). Added to this is about 20kg for each charging point. So all up a fully electric car uses 5 times more copper than a conventional gasoline car.

Copper is set to power the green renewable energy boom including EVs



[Source](#)

Goldman Sachs has only just put out a bullish note on copper [stating](#): “Copper’s current price strength is just the first leg of a structural bull market.” Goldman sees “resurgent demand and capped supplies” leading to higher copper prices. Seeking Alpha quotes the report [stating](#):

“The copper market should head into 2021 facing the tightest

market conditions in a decade owing to a substantial deficit, followed by continued tight markets into 2022 and 2023, Goldman says, adding it is “highly probable” that copper will test the 2011 record high \$10,170/mt by H1 2022.” The US\$10,170/mt works out to be US\$4.61/lb.

Goldman Sachs H1 2022 copper price target is 10,170/mt or US\$4.61/lb



[Source](#)

The following initiatives have strong potential to support copper in the next few years if successfully implemented:

- USA – The Biden [‘\\$2 trillion green infrastructure and jobs plan’](#) over his first term in office. Biden plans for the US to rejoin the Paris agreement, and he wants to ensure the U.S. has a carbon pollution-free power sector by 2035. That would be a huge boost for solar and wind energy as well as energy storage. Biden also plans to strongly support electric vehicles (EVs) including adding at least 500,000 more charging stations. All of this requires a lot more copper.
- China – China is already strongly promoting a shift towards solar and wind energy and recently announced a goal to be [carbon neutral before 2060](#). In other recent news out of China regarding a shift away from conventional cars a report [stated](#): By 2035, “50% are to be “new-energy” vehicles – electric, plug-in hybrid or fuel cell-powered. The other half are to be hybrids.” Again all of this is extremely bullish for copper demand this decade.
- Europe – The [‘European Green Deal’](#) aims for the EU to be climate neutral by 2050. Furthermore there are huge new subsidies in Germany and France as well as strict new EU

emissions caps pushing consumers towards EVs. These are already working as we saw in October 2020 with European electric car sales reaching [13%](#) market share and Germany electric car sales reaching a staggering [18%](#) share. Even better was Norway at [88%](#) market share for electric cars, as they plan to ban new internal combustion engine (ICE) vehicles [by 2025](#).

- UK – [‘U.K.’s green plan](#)’ backs 250,000 jobs and bans the sale of new gas and diesel cars from 2030. The government will back investment in electric vehicles, hydrogen, wind and nuclear power, and measures to make homes more energy efficient. The UK plans to quadruple U.K. offshore wind energy production.

If that wasn't enough, consider that [in 2020 electric vehicle sales have thrived](#) while conventional car sales have fallen significantly. This is expected to accelerate this decade as electric vehicles get cheaper and reach purchase price parity by 2023.

Even Volkswagen CEO Herbert Diess recently [stated](#) (regarding switching to electric car production and sales): **“If you're not fast enough, you're not going to survive.”**

Bloomberg forecasts electric vehicle sales to surge as conventional car sales fall away from now to at least 2040



[Source](#)

Investors have three main options for investing into the copper boom:

1. **Buy a fund that tracks the physical copper prices.** This gives no exposure to the copper miners and usually no

leverage unless you buy a leveraged physical copper fund. One example of a copper fund is the iPath Series B Bloomberg Copper Subindex Total Return ETN (ARCA:JJC).

2. **Buy into a copper miners ETF.** One good example is the Global X Copper Miners ETF (COPX). This is an option for investors wanting to simply invest in a group of the top tier copper miners globally. This would include top holding such as First Quantum (TSX: FM), Vedanta ADR (VEDL), Zijin Mining (HK: 2899), Freeport-McMoRan (FCX), Lundin mining (TSX: LUN), Glencore (LON:GLEN) and so on.
3. **Buy into individual copper miners.** This option typically gives the greatest reward, but also takes on the greatest risk. Copper miners are leveraged to the copper price so those that achieve good results will typically given returns much larger than just the copper price gain.

Closing remarks

In some future articles I will take a look at some promising junior copper miners that have the potential to do very well if the copper price continues to climb, as now appears highly likely with the green energy and electric vehicles booms accelerating in the major global economies (USA, China, Europe, and UK) all at once for the first time ever.

InvestorIntel is always happy to hear from readers and industry players with ideas on who might be the next copper miner winners.