

Copper was the first metal traded on the London Metal Exchange (LME) when it was founded in 1877. Due to its widespread use in industry, copper is viewed as being closely connected to macroeconomic events – so much so that some say ‘Dr Copper’ has a PhD in economics.

Copper is one of the oldest metals known to man, which was discovered and first used around 10,000 years ago for coins and ornaments. It was an essential element in transitioning from the Stone Age to the Bronze Age, as copper is mixed with tin to create bronze.

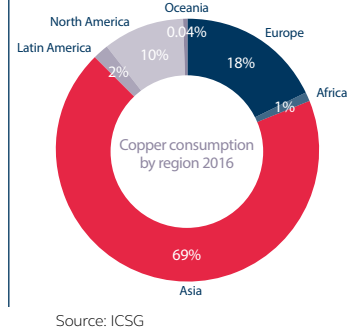
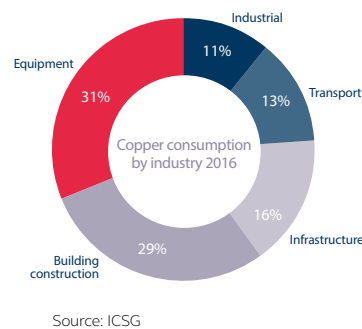
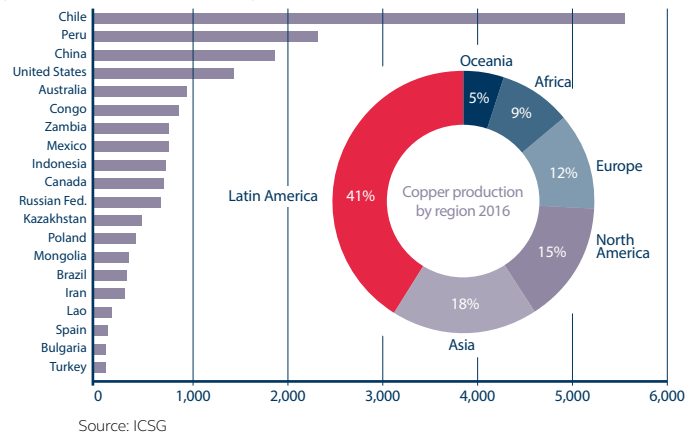
The Egyptians used copper to sterilise water and treat infections. It is a good conductor of electricity as well as being ductile, so it was also extremely important in the industrial revolution.

Copper’s main industry uses are:

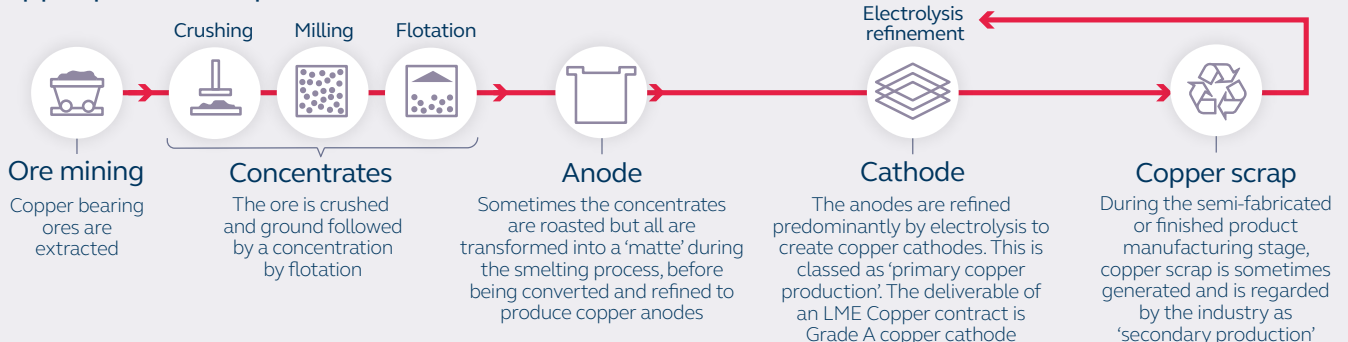
- Wiring
- Piping
- Electric product manufacturing
- Building construction
- Infrastructure
- Power generation
- Transportation

Its use in construction is preferred in part because of its aesthetic appeal but also because it does not burn, melt or release toxic fumes in the event of a fire. It also protects water systems from dangerous bacteria. The metal is one of the few that does not lose its chemical or physical properties during the recycling process.

Copper mine production by country 2016 (thousand metric tonnes)



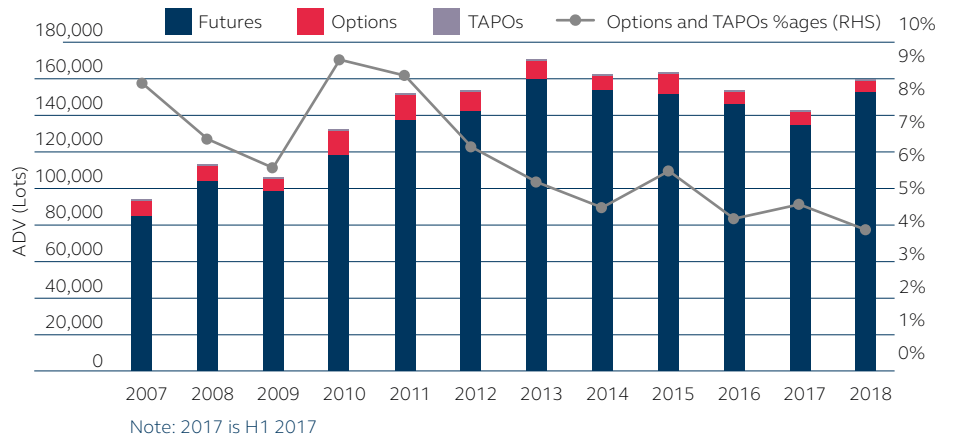
Copper production process



LME Copper trading data

Average daily volume

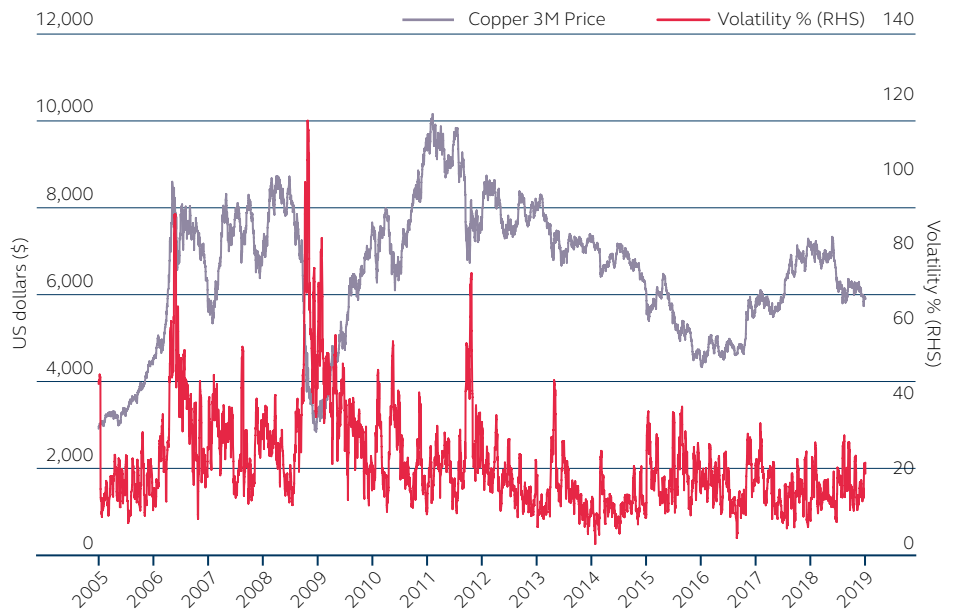
Daily volume for LME Copper averages over 140,000 lots per day. LMEselect accounts for about 40% of all market traded volume.



3 Month price and intraday volatility

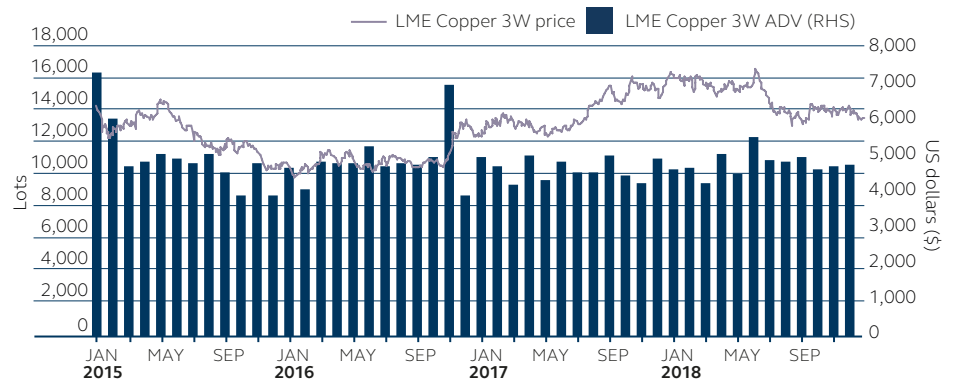
The 3 Month (3M) price represents the price agreed to settle or deliver material three months from the time that the price is agreed and concentrates liquidity on one day.

Volatility is an important parameter for some participants as it can often determine the level of involvement in a financial instrument.



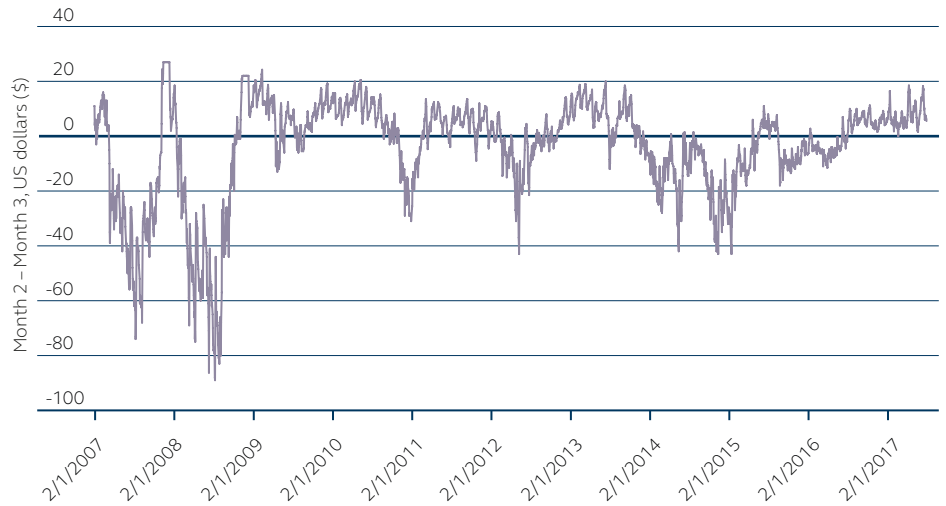
3rd Wednesday price

3rd Wednesday contracts are monthly futures that exist within the current prompt date structure for all major LME contracts expiring on the 3rd Wednesday of each month.



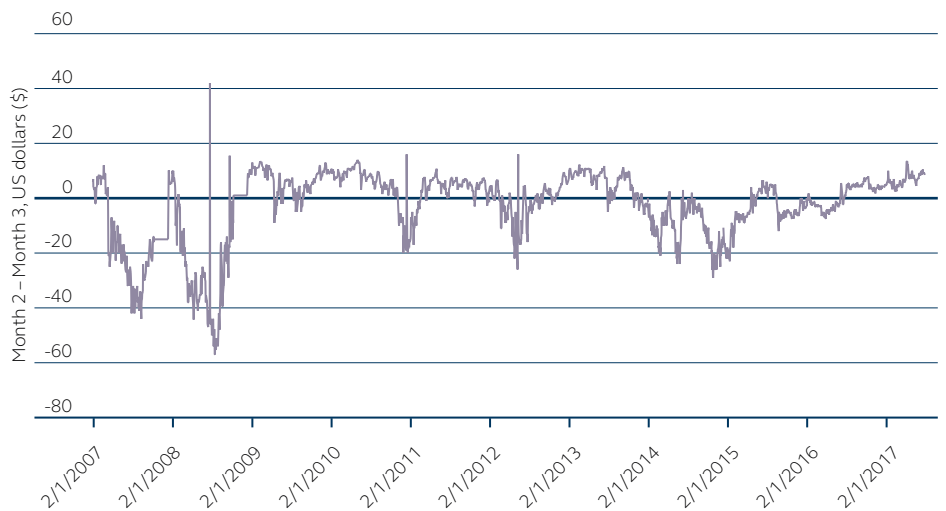
3M to 3rd Wednesday spread

This is the spread between the 3M rolling forward contract and a monthly futures contract or an adjustment of a position from the daily expiry (three months forward) into monthly expiry.



Calendar spread

3rd Wednesday to 3rd Wednesday spreads are calendar spreads used for rolling a position from one month to another.



LME Copper arbitrages

Regional prices for copper are impacted by different factors including economic, physical and logistical influences. Traders can arbitrage the differences in copper price on the Shanghai Futures Exchange (SHFE), the Chicago Mercantile Exchange (CME) and the Multi Commodity Exchange of India (MCX).



LME Copper contract specification

Contract specification	LME Copper		
Contract names and codes	LME Copper (CA)		
Contract type	Futures		
Delivery type	Physically settled		
Lot size	25 metric tonnes		
Price quotation	US dollars per metric tonne		
Clearable currencies	US dollars, Japanese yen, sterling, euro		
Trading venues	Ring, LMEselect and inter-office telephone		
Trading hours	Ring: 11:40 - 17:00 London time LMEselect: 01:00 - 19:00 London time Inter-office: 24 hours a day		
Contract period	Daily: out to 3 months Weekly: 3 out to 6 months Monthly: 7 out to 123 months		
Minimum price fluctuation (tick size) per metric tonne	Venue	Outright	Carries
	Ring	\$0.50	\$0.01
	LMEselect	\$0.50	\$0.01
	Inter-office	\$0.01	\$0.01
Termination of trading	Up until the close of the first Ring the day before the prompt date		
Margining	Contingent Variation Margin applied		

For more information about LME Copper please visit our website at lme.com/copper or get in touch with the team: sales@lme.com



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