



Transforming Africa's Trade

African Export-Import Bank
Banque Africaine d'Import-Export

Afreximbank Research Commodity Market Updates December 2025



Copper: A Market in Transition

Introduction

Copper markets have undergone pronounced volatility in 2025, driven by a mix of geopolitical disruptions, weather-related operational setbacks, and deepening structural demand trends that collectively reshaped global fundamentals. Prices have staged three distinct rallies since the start of the year, with the most sustained surge unfolding from late H2-2025 to date (see figure 1).

Overall, copper is up more than 32 percent year-to-date, with the Commodity Exchange Inc.(COMEX) futures currently trading near \$5.35/lb after reaching a high of \$5.85/lb in July 2025. COMEX, operating as a division of the Chicago Mercantile Exchange (CME), remains the central global venue for price discovery and risk management in the copper market.

Figure1: Copper prices (\$/lb) have experienced 3 distinct rallies in 2025



Sources: Trading Economics; Afreximbank Research, 2025

A price trajectory supported by compelling fundamentals

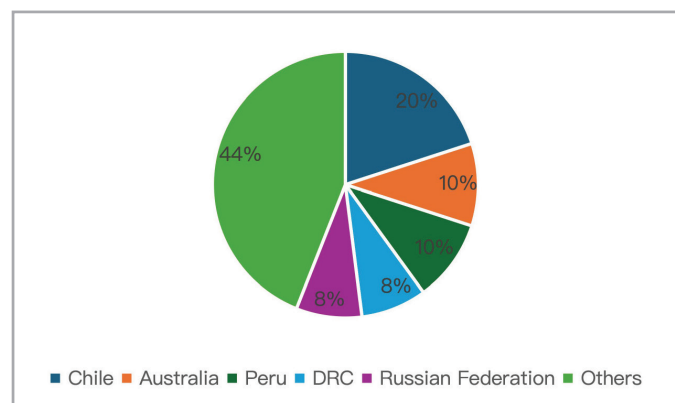
Copper prices were supported for much of the year by tactical positioning around US trade policy, with expectations of impending trade restrictions prompting traders to front-load purchases and capitalise on elevated domestic premiums. This surge in inflows resulted in an unusual build-up of copper stocks in US warehouses. When the final tariff details were released, ultimately excluding refined copper, COMEX futures corrected sharply, falling more than 20 percent. While there remains a tail risk that excess US-bound cargoes could be re-exported into Asian and European markets, temporarily boosting regional availability and dampening prices, the broader outlook remains structurally bullish.

The current breakout performance in copper prices, significantly above the 10-year average COMEX price of approximately US \$3.12/lb between January 2014 and December 2024, suggests the market may be entering a super-cycle. This phase is marked by tightness in global copper supply as longstanding constraints across the value chain intersect with a sustained acceleration in demand. The International Energy Agency (IEA) has issued a stark warning that there could be a supply shortage of copper by as much as 30 percent by 2035 as global demand increases, mainly owing to the energy transition and artificial intelligence development.

Moreover, challenges including declining ore grades, rising capital costs, and lengthy project development timelines are making it more difficult to scale up copper production compared to other critical minerals. Further, the cost of processing copper has increased with some smelters having to reduce output or shut down temporarily due to energy cost pressures. Extreme weather events are also creating additional transportation and logistics delays and exacerbating cost pressures, partly because many of the world's mines are located in remote regions with poor road and rail links and congested or developing port facilities. For instance, severe flooding in 2024 disrupted copper supply from northern Chile's transport corridors impacting projects including the

state-run copper giant Codelco's sites in the north and the Andina mine. Chile produces around one quarter of global copper mine output. Most recently, a deadly mudslide at Freeport's Grasberg operation in Indonesia further tightened global copper supply, deepening the market deficit and contributing to the latest rally in prices. Grasberg is the world's second-largest copper mine and accounts for approximately 3 percent of global output, making any disruption at the site immediately material to market balances.

Figure 2: Countries with major reserves of copper, percentage, 2024



Sources: UN Trade and Development (UNCTAD) based on data from US Geological Survey; Afreximbank Research, 2025

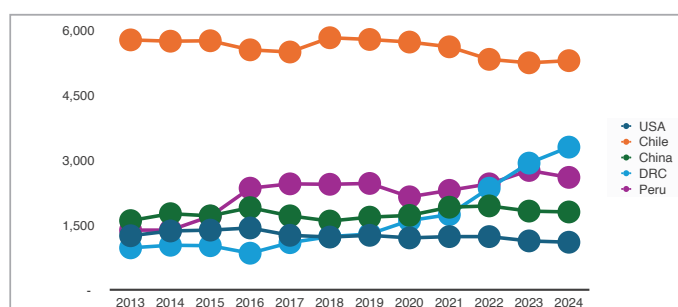
Elsewhere, ESG scrutiny is tightening global project pipelines. Environmental permitting challenges have delayed major developments such as Arizona's Resolution Copper and Mongolia's Oyu Tolgoi. At the same time, rising water-use constraints in arid mining regions are adding to operational costs across the sector. Investor expectations are also shifting. Strengthened governance requirements and decarbonisation commitments are increasing financing costs and extending development timelines for greenfield assets. Collectively, these pressures reinforce why copper is now viewed as a strategic bottleneck in the energy transition.

On the demand side, Copper utilisation is structurally strong and set to remain so as multiple fast-growing sectors boost consumption. Data-centre expansion is increasingly relevant for copper markets and could generate approximately 475 thousand metric tonnes of copper demand by 2026 according to industry reports. Agricultural modernisation is adding further momentum, driven by automation, precision-farming systems, and the rollout of electric-powered machinery that depend heavily on copper-based electrical components. At the same time, global renewable-energy initiatives, including solar PV, wind turbines, EVs, and the build-out of associated transmission networks, are raising copper intensity per unit of output, particularly across the global south, including Africa. Collectively, these supply and demand trends reinforce robust and compelling fundamentals with the International Copper Study Group now revising its outlook, from a projected 209,000-tonne surplus to a 150,000-tonne deficit by 2026.

Harnessing the Copper Super-cycle: Africa's Strategic Path

Against the backdrop of a strong growth outlook for copper, Africa can expand its role in the global copper market both strategically and commercially. The continent hosts several of the world's most important copper assets, with the DRC and Zambia jointly accounting for over 10 percent of global mined output. Kamo-a-Kakula, one of the world's highest-grade recent discoveries, has positioned the Democratic Republic of Congo (DRC) as a structural growth pole for global supply, even though it suffered seismic disruptions in 2025. Meanwhile, Zambia is pursuing an ambitious programme to raise output to 3 million metric tonnes by 2032, backed by renewed government support, fresh investment from leading producers, and improved fiscal stability. Elsewhere, emerging copper projects in Namibia and Botswana are attracting early-stage investment as producers diversify risk away from the Copperbelt.

Figure 3: Copper mine output, major producers, 000's metric tonnes, 2013-2024



Sources: US Geological Survey; Afreximbank Research, 2025

A second structural opportunity for Africa lies in accelerating its electrification. As African economies scale grid infrastructure, expand renewable energy deployment, and electrify transport systems, regional demand for copper is expected to grow significantly from a low base. Domestic value capture could increase substantially as countries move beyond primary ore exports towards local smelting, refining, and eventually the production of copper-intensive components such as conductors, transformers, and EV wiring harnesses. The African Continental Free Trade Area (AfCFTA) provides a platform to consolidate regional demand, harmonise standards, and incentivise intra-African copper value chains. In 2023, Afreximbank and the United Nations Economic Commission for Africa signed a Framework Agreement with the Democratic Republic of Congo and the Republic of Zambia for the establishment of Special Economic Zones to produce Battery Electric Vehicle (BEV) and related services. Zambia and the DRC have since established a Battery Council to deepen processing collaboration, with copper and cobalt at the core of regional industrialisation plans. Such initiatives place African players in a favourable position to meet the needs of global buyers seeking diversified supply while positioning themselves for domestic energy-transition demand over the next decade.

Outlook for prices

Copper markets are expected to remain supported in the short term although there is a tail risk of price pressure likely from US cargo re-exports and seasonal slowdowns in China. Yet structurally, the market remains tight, supporting a bullish medium- to long-term outlook. For African producers, rising global costs, constrained capital expenditure in OECD markets, and sustained demand from electrification trends create a compelling opportunity. By enhancing regulatory predictability, streamlining mine permitting, and investing in infrastructure, African policymakers can unlock stranded deposits and position the continent as a strategic hub in the copper market, central to the global energy transition.

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Follow us on

 @afreximbankresearch
 in@afreximbankresearch

Headquarters (Cairo, Egypt)

72B El-Maahad El-Eshteraky Street
Roxy, Heliopolis, Cairo 11341, Egypt
info@afreximbank.com
T +(202) 2456 4100/1/2/3/4

West Africa Branch Office / Anglophone (Abuja, Nigeria)

Afreximbank African Trade Centre (AATC),
Plot 1573, Central Business District,
By Ministry of Finance, Off Ralph
Sodeinde Street, Abuja, Nigeria
abuja@afreximbank.com
T +(234) 908 892 8236

West Africa Branch Office / Francophone (Abidjan, Cote d'Ivoire)

Plaza Tower Building – 11th floor
Général de Gaulle Boulevard - Lagoon
Front – Plateau P.O. Box 01 BP 5634,
Abidjan 01 Côte d'Ivoire
abidjan@afreximbank.com
T +(225) 20 30 73 00

Southern Africa Branch Office (Harare, Zimbabwe)

Eastgate Building, 3rd Floor
(North Wing), Sam Nujoma Street
Harare, Zimbabwe
P.O. Box CY 1600
Causeway, Harare, Zimbabwe
harare@afreximbank.com
T +(263) 4 700 904/941

East Africa Branch Office (Kampala, Uganda)

Rwenzori Towers, 3rd Floor,
Wing A, Plot 6 Nakasero
P.O. Box 28412
Kampala, Uganda
kampala@afreximbank.com
T +(256) 417 892 700
+(256) 312 423 700

Central Africa Branch Office (Yaounde, Cameroon)

National Social Insurance Fund
(NSIF)/CNPS New Building,
5th & 6th Floor Hippodrome,
Charles de Gaulle Avenue
P.O. Box 405 Yaoundé, Cameroon
yaoundebranch@afreximbank.com
T +237 680 88 69 46

Caribbean Office (Bridgetown, Barbados)

Trident Insurance Financial center
Hastings, Christ Church, Highway 7,
Bridgetown, Barbados BB5156
info@afreximbank.com
T +1 246 833 4636