MAY 2026 COPPER UPDATE

Copper prices continue to be driven by a **tight supply–strong demand imbalance** that has become structural rather than cyclical. We will continue to see spikes and valleys due to this imbalance partnered with some additional core drivers. While there is no crystal ball, the below can at least paint the picture of what is impacting the fluctuations. Stability in copper pricing is definitely a thing of the past. Get ahead of projects, plan early and let Van Meter help you procure your projects within the contract terms and timeline needed.
Here are the core drivers impacting copper prices:

1 The Biggest Factor: Structural Supply Deficits

Global copper supply is no longer keeping up with demand. While we are not currently in a shortage situation, the forecast of this becoming likely creates a very volatile environment easily impacted by historically less impactful drivers of copper. This challenge is not going anywhere. It can take 10-20 years to develop a new copper mines, so supply cannot respond quickly to the growing copper demand.

2 Long-Term Impact: Energy Transition Demand

Copper demand is rising permanently due to electrification trends. Electric vehicles require three to four times more copper than standard gas or diesel vehicles, while renewable energy systems like wind and solar are highly copper-intensive. At the same time, modernizing and expanding electrical grids require significant volumes of copper.

3 New Demand: AI & Datacenter Boom

Copper demand is experiencing a significant surge driven by the rapid rise of AI and the expansion of datacenters. Hyperscale AI data centers require substantial amounts of copper, ranging from 10,000 to 50,000 tons each due to the heavy copper usage in power distribution systems, bus bars, cooling infrastructure, and extensive cabling. This growing need is placing additional strain on an already tight supply chain, with estimates from J.P. Morgan suggesting that datacenters alone could consume approximately 475,000 metric tons of copper in 2026.

4 China: Modest Consumption Anchors Demand

China remains the dominant consumer globally for copper, consuming approximately 55 percent of copper. In short term, demand has softened due to high prices and weakness in the property sector. Continued investments in China's infrastructure and electrical grid to support electrical vehicles and AI continue to drive demand. Forecasts suggest Chinese copper consumption could grow to three to four percent annually over the long-term. As a result, even modest Chinese stimulus quickly tightens global supply.

5 U.S. Market Distortion: Stockpiling Behavior & Tariff Risks

U.S. market dynamics have recently added another layer of distortion to global copper pricing creating a stockpiling behavior due to tariff uncertainty. Concerns of U.S. copper tariffs pulled hundreds of thousands of tons into COMEX warehouses, which made copper scarce outside of the U.S. driving global pricing higher. This shift has influenced market sentiment, with treating copper now a strategic metal rather than an industrial commodity. As a result, the market is reacting not only to physical supply and demand, but also to geopolitical and policy risk. A decision on potential U.S. copper tariffs is expected around July 2026, which could further impact pricing and global flows.

6 Investment-Driven Distortion: Capital Rotation & Strategic Positioning

Institutional investments are playing a significant role in shaping copper market dynamics. Capital has rotated from traditional safe-haven metals like gold and silver into copper. This shift reflects a growing view of copper as a strategic asset tied to electrification and long-term infrastructure trends. As a result, these copper driven investments are adding volatility to the market while also helping support prices at elevated levels.