"Solid Fundamentals" and "Resilient Prices": Bank of America's Analysis of the Copper Market

■ The investment bank projects an average price of $4.28 per pound for copper in 2025, climbing to a peak of $5.44 in 2027.

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By Patricia Marchetti

Despite macroeconomic headwinds—especially with Donald Trump's return to the White House—the outlook for the copper market remains positive.
"Fundamentals remain solid," states a Bank of America (BofA) report, highlighting declining copper inventories in China, increased demand from the Asian giant, and a persistent scarcity in the supply of the red metal.
In this context, the recent analysis by the U.S. bank affirms that "copper prices have been resilient," forecasting a climb that will set a series of record-high annual average prices starting in 2025. However, it is worth noting that the bank revised some of its projections downward.
This year, the metal is expected to average $4.28 per pound, 12% lower than previously forecast but still above its highest historical annual average of $4.22 in 2021. In 2026, after a 20% adjustment, the price would reach $4.88 per pound, peaking at an average of $5.44 in 2027 before dropping to $5.17 in 2028.
According to BofA's analysis, copper demand is expected to grow 3% year-on-year in 2025, compared to 2% in 2024, mainly driven by diversified demand in China. Advanced manufacturing, new technologies, and home appliances have compensated for the persistent drag of the construction sector on copper consumption.
In fact, five of the six industries with the highest copper consumption in China are expanding, echoing 2021, when prices rose 80% year-on-year. The Chinese power grid stands out as a major driver of demand, with expectations that Chinese authorities will continue supporting electric vehicle sales—through purchase tax exemptions—at least until 2027.
China's demand rebound has reduced the country's copper inventories to multi-year lows due to supply shortages, "supporting the solid fundamentals of copper despite concerns over the potential impact of trade disputes," notes BofA.

Supply: Chile's Production
"Mining supply remains tight, as reflected in our forecast of 0.6% year-on-year growth for 2025," states the analysis, which focuses heavily on the situation in Chile, the world's largest copper producer.
Citing Cochilco's latest report, the bank expects Chilean copper production to rise to 6.07 million tons (Mt) in 2027, up from 5.43 Mt this year. However, it points out that "this figure is only 3% higher than the historic peak of 5.9 million tons reached in 2013."
Although production of 5.54 Mt is forecast for 2034, the report emphasizes that this value is "slightly" above 2023 levels (5.25 Mt) and nearly one million tons below Cochilco's projection from a year ago, which estimated 6.43 Mt.
The report highlights the increasing difficulty of discovering and exploiting new deposits, noting that most rich, shallow reserves are already being mined.
Nonetheless, estimates indicate that Chile's copper sector is poised for a production recovery, following consecutive declines since 2018, which culminated in 2023 with 5.25 million tons—the lowest volume since 2003.
In a global context, the investment bank notes that, mirroring Chile's challenges in bringing new assets to market, major copper producers have either reduced (Ivanhoe and First Quantum) or maintained (BHP, Rio Tinto, and Antofagasta) their production guidance for 2025, with none revising estimates upward.

Risks and Opportunities
Among the primary risks negatively impacting the copper market, the report underscores trade disputes and geopolitical risks, as they affect the industry's "sentiment" and could slow demand. It also points to production volatility as a concern.
On the opportunity side, the report highlights the growth of renewable energy and China's electrification push, coupled with the limited supply of the red metal, as factors offering upside potential for prices.

$4.28 per pound is the projected average copper price for this year.

Stock of Pending Claims Awaiting Ruling Shows Progressve Increase

“Permitting” in Courts: Investment Projects in Environmental Tribunals Reach a Record of 49 Cases Totaling $8.863 Billion

The mining and energy sectors account for the majority of projects and investment amounts involved in legal disputes.

MERCURIO DE SANTIAGO
By Antonio de la Jara

As parliamentary discussions progress on a series of administrative initiatives aimed at reducing project processing times to revive the country's struggling investment levels, the so-called "permitting" tied to judicial claims for these initiatives has reached record levels.
According to a periodic report by the Confederation of Production and Commerce (CPC), based on investment projects with pending cases in environmental tribunals, the stock of claims awaiting rulings has shown a steady increase.
During the second half of 2024, 17 new cases were filed, representing an investment amount equivalent to $2.264 billion.
On average, the number of cases filed per semester in environmental tribunals rose from seven between 2013 and the first semester of 2019 to 16 between the second semester of 2019 and the end of 2024.
The number of cases in stock—pending at the end of each semester—has also increased, reaching 49 cases worth $8.863 billion by the end of the latest semester. This marks the highest number of pending cases at the close of a semester.
According to the CPC, this could lead to further delays in environmental tribunal rulings.
"Since the establishment of environmental tribunals, the number of cases filed per semester has consistently outpaced the number of cases resolved, resulting in a sustained increase in ruling times," says Javier Irarrázaval, Director of Public Policy at the CPC.
Specifically, the 49 pending cases indicate that the first semester of 2025 "marks the beginning of a period with the highest number of unresolved cases in the tribunals' history, likely leading to longer ruling times in upcoming semesters," Irarrázaval adds.

Consistent Increase
The CPC's research division highlights a positive note: the average ruling time during the second half of 2024 was 349 calendar days, 48% shorter than the previous semester's average.
However, the organization emphasizes that the overall trend of increasing pending cases has led to a consistent rise in the time required for environmental tribunals to issue rulings.
"This is concerning given the already well-documented increase in environmental assessment times for investment projects within the SEIA system, as well as the lengthy additional delays when tribunal rulings are appealed to the Supreme Court," Irarrázaval warns.
Of the 186 cases with first-instance rulings, the average time between the filing of the claim and the tribunal's ruling was 421 calendar days. For cases appealed to the Supreme Court, the judicial process extended by an additional 434 calendar days on average.
Additionally, cases involving projects submitted to the SEIA (Environmental Impact Assessment System) via an EIA (Environmental Impact Study) required longer processing times in both environmental tribunals and the Supreme Court. Meanwhile, cases linked to projects with favorable environmental resolutions (RCA) were processed more quickly by environmental tribunals but took longer in the Supreme Court compared to projects with unfavorable RCAs.

Performance Analysis
Examining the system's performance in more detail, the Second Environmental Tribunal in Santiago—the first to become operational and the one with the highest case volume—processed cases in nearly twice the time taken by the environmental tribunals in Antofagasta and Valdivia.
On average, the First Environmental Tribunal in Antofagasta (in operation since 2017) handles cases involving the highest investment amounts, partly due to the higher concentration of mining projects in its jurisdiction.

Regarding the nature of claimants, fewer than 20% are project owners, meaning that the majority of claims are filed by third parties. The mining and energy sectors account for most of the projects and investment amounts involved in legal disputes.

Of the environmental tribunal rulings, 66% (126 out of 192) upheld the administrative authority's resolution by rejecting claims filed by project owners or third parties. Similarly, 78% (71 out of 91) of Supreme Court rulings upheld the decisions of the respective environmental tribunals by rejecting appeals, thereby confirming the tribunal rulings as final.

First Survey of Desalination Plants Reveals 34 Projects Nationwide, Two-Thirds Focused on Industrial Uses

The list, compiled jointly by the Corporation for Capital Goods (CBC) and the Chilean Association for Desalination and Reuse (Acades), shows that 22 of the surveyed initiatives have only two main purposes: mining projects or green hydrogen. While the industry views the sector's dynamism positively, there is little enthusiasm for initiatives aimed at reducing permitting times for such projects.

PULSO
By Víctor Guillou

An updated overview of investments in water infrastructure projects in Chile is provided by the first survey of desalination and water reuse projects, compiled jointly by the Corporation for Capital Goods (CBC) and the Chilean Association for Desalination and Reuse (Acades).

The data reveals that there are currently 24 industrial-scale seawater desalination plants in Chile, each with a production capacity exceeding 20 liters per second, amounting to a total installed capacity of 10,500 liters per second (l/s).

Among these, standout facilities include the largest plant in the Americas, operated by Minera Escondida, with a production capacity of 3,858 l/s; the desalination plant operated by Aguas Nuevas in Caldera under Econssa; and the Aguas CAP plant, which supplies water for mining operations, human consumption, and agricultural irrigation.

However, the survey also highlights projects and initiatives that incorporate advanced technologies for seawater desalination and reuse, as well as efficient systems for water transportation, aimed at increasing current capacity.

As of January 2025, there are 34 projects in engineering or construction phases related to treated wastewater reuse, saline water extraction and transportation, and seawater desalination. Together, these projects represent a total estimated investment of $19.054 billion and involve the use and/or transportation of 38,864 l/s. Among them, 11 are directly linked to mining, another 11 to green hydrogen or ammonia generation, 8 for multipurpose uses, and only 4 for human consumption, with one of these also serving multiple purposes.

The survey results point to "a dynamic economic sector," said Rafael Palacios Prado, executive director of Acades, emphasizing that "in a country growing at 1%, there aren't many sectors actively undertaking projects while simultaneously attracting interest from both foreign and local investors to continue developing this type of infrastructure."

Although the investment amounts "aren't enormous," Palacios noted that they are "not insignificant either, especially considering that water ultimately enables other industries." He added that "a significant portion of the mining investment portfolio hinges on these projects being carried out."

Regarding human consumption, Palacios highlighted that the success of utility companies in covering much of the national territory "does not mean that, looking ahead, it's unlikely some cities will need to incorporate desalination plants into their supply in the short or medium term."

He pointed to the desalination plant in Coquimbo, currently being tendered by the General Directorate of Concessions, as well as others in Valparaíso.

Geographically, most of the surveyed projects are concentrated in the Antofagasta Region, primarily due to mining-related initiatives and green hydrogen uses.

Looking forward, Palacios identified two global trends that are also emerging in Chile. "On the one hand, existing projects should expand. On the other, new projects are increasingly larger," he said.

As an example, he cited the Aguas Pacífico project, which currently produces 1,000 liters per second and has recently submitted an Environmental Impact Study to double its capacity to 2,000 liters per second. "I believe we'll continue to see existing facilities expand as they aim to supply water to various clients," Palacios added.

Regarding the increasing size of projects, he explained that this aligns with "economies of scale," which help reduce the cost of water per liter.

He also noted that most projects would likely transition to multipurpose uses. “As projects grow larger, they cater to multiple clients. You might have a mining anchor client along with a utility company. The main challenge now is securing an off-take agreement for agricultural operations,” he said.

One obstacle to the development of the desalination industry in Chile is the lengthy permitting process, involving both environmental and sector-specific approvals. Palacios noted that “most of the projects in this survey should already have at least submitted their maritime concession applications,” a process that can take up to eight years.

Regarding legislative initiatives aimed at speeding up the permitting process, Palacios remarked, “Under the current situation, these initiatives tend to hinder and delay non-environmental authorizations.”

“I would say the situation is about the same or slightly worse,” he added, emphasizing the need for legislation or initiatives to strengthen legal certainty for these investments and ideally accelerate the process.

He also downplayed the effectiveness of the Ministry of Economy’s idea to process sectoral authorizations in parallel rather than sequentially, noting that this is unlikely to significantly reduce permitting times, which require at least 20 separate approvals for desalination projects. Palacios explained, “Even if authorizations are processed in parallel, risk-averse investors are likely to opt for sequential processing. For instance, if you don’t have a maritime concession, you’re not going to invest in a baseline study in an area where you’re unsure if your project will materialize.”