

## View from the Bridge

By Clive Hale

Copper bottom?

an alternative look at the investment world

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Well it's been a good year for equities hasn't it? From the low in March the FTSE 100 is up nearly 60% - that beats the return on cash! As ever the index doesn't tell us the whole story. The sector that led the last bull market up - mining - is not, according to folk lore, supposed to be one of the leaders of the next one, but look at this table. Industrial metals was the best sector - up 193% from the 2009 low - followed by Mining - up 178%. Copper futures, a big driver of the mining sector, were up 142%.

2009 Low - end Dec	% gain
FTSE 100	56.0
Copper CMX	142.0
BHP	95.4
Lonmin	154.4
Antofagasta	161.1
Anglo	196.6
Rio	200.5
Xstrata	285.2
Vedanta	422.2
Kazakhmys	598.9

In fact every sector was in positive territory; even Construction which propped up the league tables at +9%. Banks which a lot of people have avoided like the plague steamed in with a return of 153%; who would have thought it?! But pass the hankies for Royal Bank of Scotland shareholders...

A near 600% gain for Kazakhmys still doesn't bale out buyers at the peak in 2008 (they are still 30% under water) but continuing strength into 2010 suggests they may be able to "get their money back" fairly soon. The same story applies to most of the other miners but, as we reach the old highs, there will be a lot of selling pressure as relieved punters walk away from a salutary lesson in market timing/greed.

Having ridden through Kazakhstan last year I can tell you there are some very fat miners there judging by the prevalence of top of the range Mercs and Beemers not to mention the odd red Italian sports car leaving rubber around Almaty. There were a lot of Chinese staying in our hotel and that speaks volumes for the continuing strength of copper and other industrial minerals. If the Chinese economy continues to expand then the mining story is far from over, but don't expect a comfortable ride.

The year end pundits have been looking for 2010's "600 percent" and for the "n"th time have spotted Japan, which is already up over 50% from last March's low. A dollar rally is also a favourite and a weaker yen would help Japanese exporters. If oil and metals prices don't race away again that would also be a plus. 2005 was the last time you could have made a decent return here - best of luck!

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