

Macroeconomic and political pressure points for global metals markets

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Global risk consultancy Verisk Maplecroft will dissect the key political risk and macroeconomic issues likely to impact metals markets in 2018 and beyond, focusing on the key pillars of Demand, Supply and Trade.

Demand

A lot of pessimism remains around the outlook for Chinese mineral demand as domestic GDP growth settles at lower rates and policymakers attempt to pivot the economy towards a more consumer-focused model. In recent months, new environmental policies and measures to cool the housing market have only added to the gloomy sentiment. But is China really poised to lose its edge as the predominant strategic driver of global metals demand? And if so, can other emerging economies, such as India, step into the breach? Furthermore, what will be the global influence of technological trends, such as the growth in demand for electric vehicles, in shaping future metals consumption patterns?

Supply

Resource nationalism is on the rise, tighter regulation is being applied in several critical source countries, and challenges around social licence to operate continue. What are the political, economic, and social pressures behind this trend; and what is the relationship with mining operators' reluctance to revive exploration budgets and pour capex into 'frontier' projects? Much will depend on producers' efforts to consolidate their commercial positions and deliver higher returns to shareholders – as well as the stance governments take towards maximising the value they generate from their national resources.

Trade

Protectionist economic policies are a clear and present danger to global commerce in the coming years. A more fragmented system of international trade threatens to complicate supply chains, contracts, and long-term business relationships. Meanwhile, the role of geopolitics returned to mainstream investors' agendas in 2017 as tensions around the South China Sea and Korean Peninsula rattled global markets. Against this backdrop, what are the main risks ahead for producers and distributors of metals and minerals?