Is Copper the New Gold?

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Gold has long occupied a special place in global markets. Its scarcity, durability and ability to preserve value have made it a preferred asset during periods of uncertainty. Copper, historically, has played a very different role. Closely linked to construction, manufacturing and economic activity, it earned the nickname “Dr. Copper” for its ability to reflect the health of the global economy.

But copper's role is changing.

Electrification, renewable energy, expansion of electricity grids, electric vehicles, artificial intelligence and data centres are creating new sources of structural demand for a metal that is already difficult and time-consuming to supply.

The result is an interesting shift. **Copper is moving from being viewed primarily as a cyclical industrial commodity towards becoming a strategically important and potentially scarce resource.**

And that raises the question: **Could copper be the new gold?**

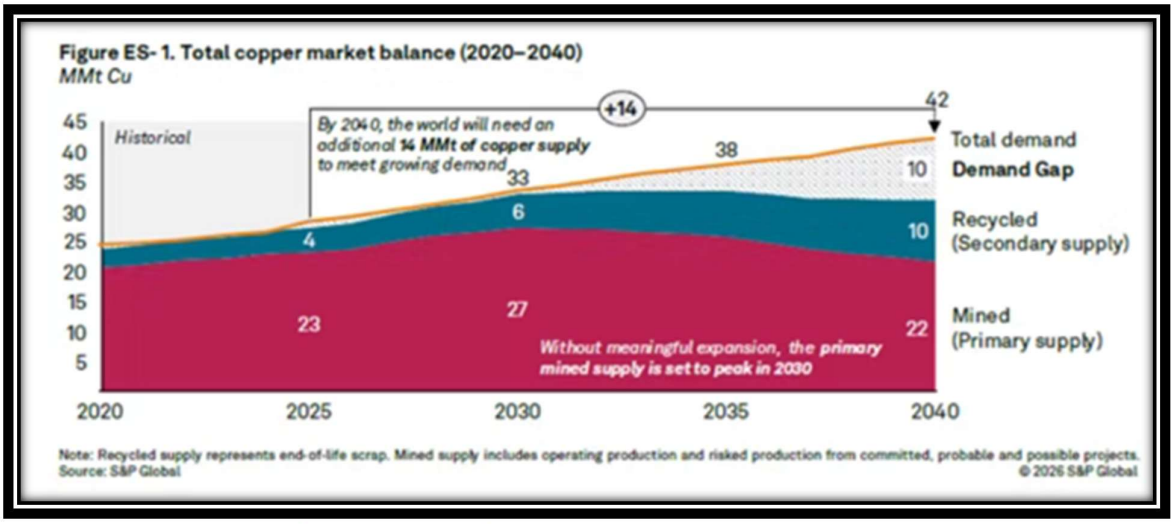
Copper Is No Longer Just “Dr. Copper”

Copper's traditional demand base remains important. Construction, consumer appliances, transportation and industrial equipment continue to consume significant quantities of the metal.

What has changed is the addition of several large structural demand drivers.

The IEA Global Critical Minerals Outlook 2026 expects copper to record the **largest absolute volume increase among key energy minerals, adding around 7 million tonnes of demand by 2040,** driven by its central role in electricity networks and next-generation technologies.

Electric vehicles, battery storage, renewable generation and electricity networks are expected to remain important sources of future mineral demand as electrification expands.
Source: Iea.org



Source: S&P Global, as on January 2026

More Electrification Means More Copper

One of copper's biggest advantages is also the simplest: **it is difficult to electrify an economy without it.**

Copper is used throughout the electricity value chain, from generation and transmission to distribution, transformers, motors, charging infrastructure and electrical equipment.

AI adds another layer to this story.

S&P Global, The Copper Conundrum: Why Meeting AI-Era Electrification Demands Is a Race Against Time projects global copper demand increasing from around **28.3 million tonnes in 2025 to 42.4 million tonnes by 2040**, an increase of roughly 50%. Electrification, the energy transition, AI and data-centre infrastructure are among the demand drivers highlighted in the analysis.

Copper therefore increasingly represents a simple structural theme:

More electrification = more electrical infrastructure = more copper.
Source: S&P Global, as on January 2026
https://www.spglobal.com/market-intelligence/en/news-insights/research/2026/01/the-copper-conundrum-why-meeting-ai-era-electrification-demands-is-a-race-against-time

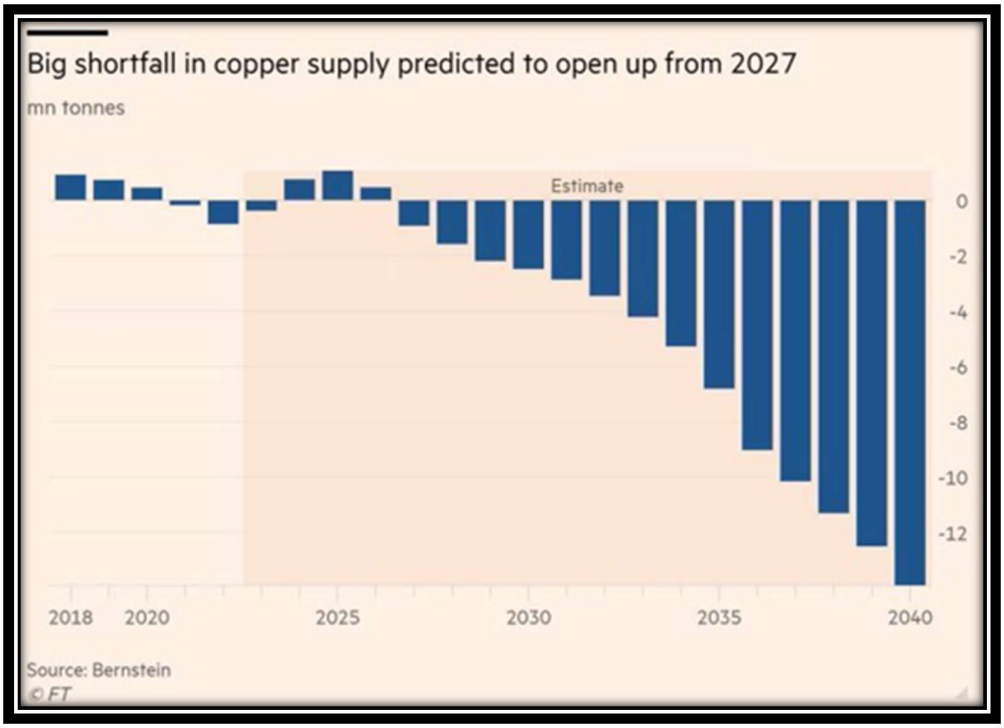
Demand Is There. The Bigger Question Is Supply.

Strong demand alone does not create scarcity. The interesting part of the copper story is what is happening on the other side of the equation.

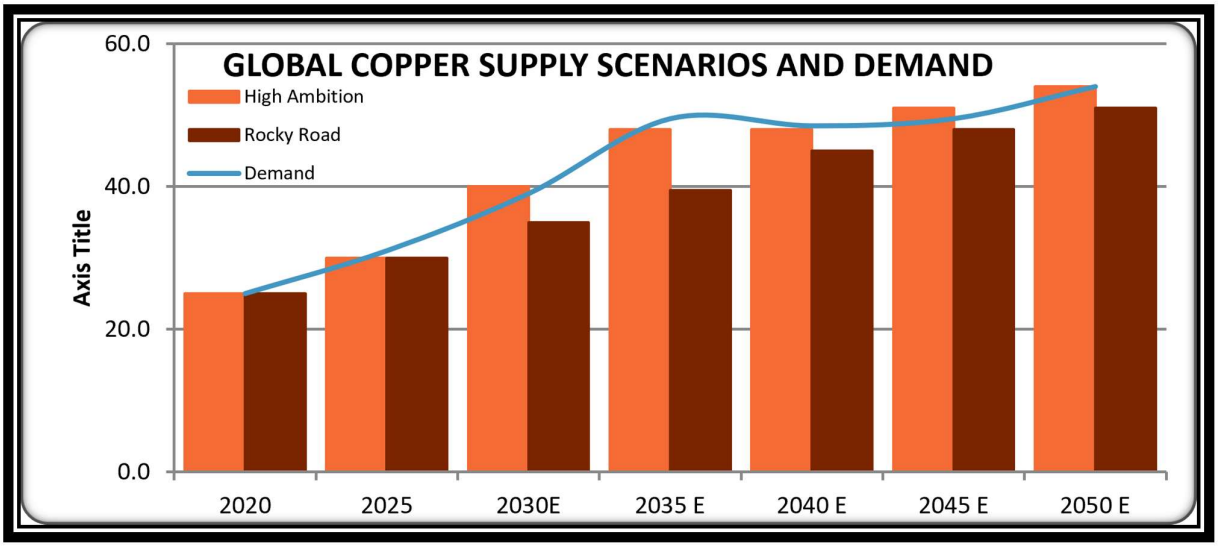
Copper mines are large, capital-intensive projects that can take years to develop. At the same time, the industry faces declining ore grades, higher operating costs and limited availability of new high-quality deposits.

Rising commodity demand would ordinarily encourage producers to add capacity. But copper supply cannot necessarily respond at the same speed as demand. Based on the current pipeline of existing and announced projects, **primary copper supply could fall around 25% short of requirements by 2035 under the stated-policy scenario.**

The underlying challenge is the **growing divergence between future copper requirements and expected mine supply**. Even after accounting for recycling, the current project pipeline may not be sufficient to meet demand, highlighting the need for additional mine development and investment over the coming decade.



Source: Bernstein, Franklin Templeton



Source: S&P Global, as on July 2026

Why Can't Supply Simply Catch Up?

Higher prices should eventually encourage production, but copper supply cannot be expanded overnight. New mines require years of exploration, permitting, financing and construction, while existing operations face declining ore grades, higher costs and disruptions.

The problem is that demand is moving faster. **Grid expansion, renewable energy, EVs, AI infrastructure, defence and conventional economic activity are all competing for copper at the same time.** S&P Global identifies these as concurrent drivers of consumption.

Copper is therefore caught between **fast-growing end demand and a slow-moving supply response.** That is where scarcity begins to matter.
Source: S&P Global, as on January 2026
https://press.spglobal.com/2026-01-08-Substantial-Shortfall-in-Copper-Supply-Widens-as-the-Race-for-AI-and-Growing-Defense-Spending-Add-to-Accelerating-Demand,-New-S-P-Global-Study-Finds

The Other Side of Copper's Demand Story

This potential imbalance gives copper something more commonly associated with precious metals: **scarcity value.**

China's import premium hit $200 a ton in the first week of November, matching the highest level since records began in 2012 (what a Chinese buyer pays on top of the exchange price to get copper delivered to the dock)

Chinese smelters are accepting negative fees, which means they are paying mines for the right to process their ore. Economics dictates that smelters only do that when there is not enough ore to keep the furnaces running. Its not the shortage, but the disproportionate concentration of global inventories redirected in the US, further tightening supply availability across other markets. A delay pushes demand out, but it does not remove it. China is not pausing anything. It is building data centers, expanding its grid and buying copper mines around the world. If AI demand were really rolling over, the Chinese premium would be falling, smelters would be charging positive fees again and inventories would be building. None of that is happening. Every physical signal is pointing the other way.

Price is only part of the story. New grids, renewable projects and data centres can create additional copper demand considerably faster than a major new mine can be developed.

That leaves a simple long-term equation:

Electrification + Digitalisation + Grid Expansion → Higher Copper Demand → Slow Supply Response → Potential Scarcity

And this is where copper begins to borrow from gold's playbook.
Source: S&P Global, as on January 2026

So, Is Copper the New Gold?

Perhaps copper is beginning to earn that comparison in its own way. As electrification, AI, EVs and expanding power grids reshape global demand, copper is moving beyond its traditional image as simply an industrial metal.

Gold derives much of its strategic appeal from scarcity and the desire to hold it. Copper's story is different: **its scarcity matters because the world needs to keep using it,** even as new supply becomes harder and slower to bring online.

That leaves the two metals with different roles, but an increasingly interesting common thread: **scarcity meeting strategic demand.**

Gold has long been valued for what it preserves. Copper could increasingly be valued for what it enables: the infrastructure behind the next phase of global growth.

The world needs far more copper than it can produce, and that gap will be measured in decades, not election cycles.

Nitesh Malani, CFO Copper Sector, Vedanta Ltd said, "Copper sits at the intersection of infrastructure, electrification, and sustainability, making it one of the most strategic metals of our time."

Mandar Pawar, Executive Vice President of Equity Research at Kotak Mahindra Asset Management Company Limited (KMAMC). said, Copper is definitely not a substitute for gold, but it is beginning to share one of gold's most powerful attributes i.e. scarcity value. What makes copper interesting today is not simply its rising demand, but the asymmetry between demand and supply. As electrification, AI and grid expansion accelerate while new supply remains slow to respond, copper's emerging scarcity could create a compelling long-term investment opportunity.

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