



Metals and Mining Global Outlook 2022

January 2022


The global metals and mining industry outlook remains very positive as accumulative stronger prospects for base metals and still-high iron ore, coal and gold prices will be supportive of the global mining sector's performance in 2022.

Growing inflation, supply-chain constraints, pandemic-related measures, U.S. Fed preparation of higher interest rates and liquidity concerns related to the Chinese property sector, remain key themes in 2022. However, they are expected to have less of an impact as economic growth eases across major economies towards longer-term, sustainable levels and as countries gradually reduce restrictions

The high current price levels are expected to fade despite expected high overall demand for metals and mining throughout the period. It is expected most base metals prices showing signs of steadying in 2022 after reaching historical peaks in the past year.

Looking at the medium-term outlook for iron ore, steel, coal, aluminum, gold, silver, nickel, copper and zinc, marketers expect most prices would exceed historical marks.





Aluminum prices are expected to remain elevated through at least mid-2022, having exceeded \$2,600 per tonne, or '\$1.18 per pound, in mid-2021 – their highest level in a decade.'

Copper prices are also expected to remain strong through Q42022 compared with historical averages, and for the longer term, a structural deficit will keep copper prices high.

Market widely expects the high nickel prices of H12021 to be unsustainable in 2022 but will likely remain high at least in Q12022.

While zinc prices showed some strength in mid-2021, the longer-term prices will fall to the lower end of our price range as long-term production growth outstrips low demand growth. The zinc market is shifting from a deficit to a surplus, with production recovering at the large zinc mines of Peru, Mexico and Bolivia.



Iron-ore prices will move gradually higher than their \$80 per tonne average levels of 2016 to 2019 beyond 2022. Tight iron-ore supplies will keep prices above their historical norms through 2022.

Coal prices are expected to remain relatively high but will taper as supply problems, and geopolitical disputes ease.

Regarding precious metals, market uncertainty is widely expected, low real interest rates, and inflation will keep gold prices above historical levels through 2022 but it is expected prices to ease from around \$1,800 per ounce in Q3 2022 amid a continuing economic recovery.

Gains in silver prices support continued high levels in 2022, reflecting the same factors as for gold, as well as an ongoing recovery in industrial demand.

Gold Prices and Interest Rates





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