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# Is a copper supply crunch coming?

The copper market is moving into one of the tightest supply demand periods seen in decades. A series of mine shutdowns, accidents, and production delays since 2023 have taken huge volumes of copper out of circulation, just as global demand for the metal is ramping up due to clean energy and electrification trends. The result: growing supply deficits and a strong setup for higher copper prices in the years ahead.



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## Major supply disruptions since 2023

The biggest hit came from Indonesia's Grasberg mine of the largest copper operations in the world which suffered a major mudslide and shutdown in September 2025. According to Goldman Sachs, that event alone could remove about 525,000 (representing ca. 4% of global supply) metric tons of copper production over 2025–2026, while Benchmark Mineral Intelligence puts the loss closer to 591,000 tons. Grasberg's 2025 output is expected to fall by roughly 250,000–260,000 tons, followed by another 270,000 tons in 2026 (Source: Investing.com).

In Chile, the El Teniente mine one of Codelco's flagship operations was hit by a collapse in July 2025 that halted production near the Andesita section. Initial estimates of lost output for 2025 were around 33,000 tons, but Codelco later raised the figure to roughly 48,000 tons.

## IS A COPPER SUPPLY CRUNCH COMING?

The effects are expected to spill into 2026, with another 25,000 tons of production loss projected (Source: Fastmarkets).

These events add to the earlier closure of the Cobre Panamá mine in November 2023, which had produced over 330,000 tons of copper annually. With the mine offline and no clear timeline for restart, that loss continues to weigh heavily on global supply (Source: The Pilot News).

### The global impact: from surplus to deficit

Before these disruptions, analysts expected a mild surplus in the copper market. But the outlook has flipped dramatically. Goldman Sachs, for example, changed its 2025 forecast from a surplus of around 105,000 tons to a deficit of about 55,500 tons (Investing.com). Benchmark Mineral Intelligence sees an even steeper shortfall, projecting a global deficit of roughly 400,000 tons in 2025 mainly due to Grasberg, El Teniente, Cobre Panamá, and other smaller issues at mines such as Kamo-a-Kakula (Source: Mining Weekly).

The cumulative effect is striking since 2023; supply losses already exceed one million metric tons equivalent to roughly 4 to 5% of total annual global mining production. Grasberg alone accounts for more than half of that loss, while El Teniente and Cobre Panamá add further strain to an already tightening market.

### Why this matters for investors

This tightening supply comes while demand is booming. Copper is essential to the global energy transition it's used in electric vehicles, charging infrastructure, wind and solar farms, power grids, and data centres. Every major decarbonization pathway depends on more copper, not less.

Yet new mine development is lagging far behind demand growth. Environmental permitting, cost inflation, and declining ore quality have slowed the

pipeline of new projects, meaning that supply growth will stay limited through the rest of the decade.

That imbalance strong demand and constrained supply is classic fuel for a sustained bull market in copper. Many analysts now expect copper prices to trend higher into the late 2020s, with some forecasting new record highs if deficits persist. Goldman Sachs has described copper as the "most strategically important metal" for the green transition, noting that current supply constraints could make prices structurally higher for years.

### The bigger picture

Looking ahead, the copper market faces a structural shortage, not just a temporary squeeze. The combined disruptions at Grasberg, El Teniente, and Cobre Panamá represent the beginning of a longer-term supply problem. Unless new mining projects or significant expansions come online soon, global copper inventories could fall to critically low levels by mid-decade, amplifying price volatility.

For investors, that sets the stage for potential opportunities across the copper value chain from miners and smelters to recycling firms and energy transition technologies that rely on the metal. However, it also signals broader inflationary pressure, as copper is a foundational material in industrial production and green infrastructure.

### Conclusion

In summary, the world's copper supply has entered a period of structural tightening. Disruptions since 2023 have already removed over a million tons of output, and with demand accelerating, the market is rapidly shifting toward chronic deficits. For the next few years, higher copper prices look less like a question of if and more like a question of how high and how soon.

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