

# Metals and Mining - Metals and Mining Industry demonstrated resilience during pandemic

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## Abstracts

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### SUMMARY

The metals and mining industry, like many others, has had to adjust to unprecedented market disruption caused by the coronavirus pandemic in 2020. At the start of the year, many expected the performance of the industry to drop considerably, anticipating significant disruption to mining operations, expansion project delays, reduced global trade, transportation restrictions and health and security expenses all to weigh in on output and sales. However, despite adversity, the industry has performed surprisingly well. Metal commodities have grown to prices not seen for almost a decade as key economies, namely China, have significantly increased their appetite for raw materials as the global superpower invests in new construction projects to stimulate an economic recovery. The surge in demand has been met by major global mining corporations that have been able to resume operations all year-round, using safety measures to avoid transmission and mine closures.

### KEY HIGHLIGHTS

The Australian metals and mining industry experienced one its most successful years during 2020. As a country, Australia has been relatively successful in preventing the transmission of the coronavirus, particularly in Western Australia where low infection rates have allowed mining operations to continue without major disruptions. Rigorous safety precautions and isolated working environments meant the sector was able to ramp up production, while strong

demand for Iron from China and disrupted supply in competitive Iron markets such as Brazil meant Australian miners could capitalize on rising iron ore prices. BHP reported record profits in 2020 while Rio Tinto experienced double digit growth in earnings before tax. The Brazilian mining industry has experienced a higher degree of disruption as the governments lackluster initial response to the coronavirus outbreak has resulted in the country having one of the highest rates of infection worldwide. Despite a high rate of infection and disruption to mining operations, most mining operations were still able to achieve profits in 2020 thanks to buoyant growth of metal prices.

Copper prices plunged during the first half of 2020, but a combination of strong demand during the second half of the year and supply constraints caused by Covid-19 resulted in its price rising to levels not seen since 2013. The rise in price has benefited Chile, the world's largest producer of copper, with its state-run mining corporation, Coldeco ramping up production to achieve record earnings. World leading mining corporation, Glencore was able to replicate its 2019 earnings despite a drop in output for most of its commodities including an 8% drop in copper production. Strong price increases helped its industrial and marketing metals business compensate for significant price drops for energy commodities.

China imports significantly more metals and materials than any other country, therefore, the country's activities have significant influence over the performance of the metals and mining industry. China was victim to the initial Covid-19 outbreak but was also the first country to recover and has reported a relatively low number of infections since the initial outbreak. By emerging from the pandemic, China has been able to commence the recovery of its economy and revealed an industrial focused stimulus package that has supported new infrastructure projects boosting demand for metals. China's increased demand for industrial metals was fundamental to the success of the metals and mining industry in 2020.

## SCOPE

Learn how the mining industry has been effected by COVID

Understand what companies have done to react

See how the picture is much brighter than expected

## **REASONS TO BUY**

What has happened to the mining industry in 2020

What countries have been affected, both good and bad?

How is 2021 looking for the industry?

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