

Industrial Metals Fall On Sluggish Manufacturing

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Prices for industrial metals have fallen after new reports showed sluggish manufacturing in the U.S. and China, adding to concerns about slowing growth in the world's two biggest economies.

Copper, platinum, palladium and silver ended lower Wednesday.

The Institute for Supply Management said its index of U.S. manufacturing remained below 50 for the second straight month in July, which means manufacturing is contracting. Export orders fell to the lowest level since April 2009.

China's manufacturing barely grew in July, according to the state-affiliated China Federation of Logistics and Purchasing. It was the slowest growth rate in eight months.

The U.S. is the world's largest economy, followed by China. Slower growth in both countries means less demand for metals like copper, silver, platinum and palladium, which are used in a variety of manufactured products.

Gold for December delivery fell \$7.30 to end at \$1,607.30 an ounce, September silver dropped 37.9 cents to \$27.535 per ounce and September copper declined 4.25 cents to \$3.375 per pound. October platinum fell \$15.60 to finish at \$1,401.30 an ounce and September palladium ended down \$7.95 at \$582.60 an ounce.

Other commodities were mixed after the Federal Reserve did not take immediate action to promote economic growth. But the Fed pledged again to approve additional measures if the job market fails to improve.

The decision disappointed many traders. Prices for many commodities benefited during the Fed's previous bond-buying programs, which were designed to drive down long-term interest rates and encourage more borrowing and spending.

The low interest rates pressured the dollar, which weakened against other currencies. Commodities are priced in dollars, so a weaker dollar makes them more of a bargain for traders who use other currencies.

In other trading, prices for wheat, corn and soybeans extended their losses for a second day.

Soybean prices were pressured by the disappointing manufacturing news from China, which is a huge importer of the crop, said Doug Houghton, an analyst with commodity advisory firm Brock Associates.

"Anything that indicates slowing growth in China is going to have an impact there,"

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Houghton said.

Houghton said there had been no significant revisions in weather forecasts to indicate that substantial rainfall may be headed into parched Midwestern fields.

Many analysts believe the corn crop is beyond hope of salvaging after being damaged by the summer's hot, dry weather. Rainfall could help at least a portion of the soybean crop because it was planted later and is in a critical stage of growth.

Corn for December delivery fell 4.75 cents to end at \$8.005 per bushel, November soybeans dropped 12 cents to \$16.29 per bushel and September wheat decreased 8.75 cents to \$8.795 per bushel.

Oil prices rose after the government reported a surprise drop in stockpiles last week. Benchmark oil increased 85 cents to finish at \$88.91 per barrel.

Heating oil gained 1.08 cents to \$2.8588 per gallon and wholesale gasoline increased 5.99 cents to \$2.8342 per gallon. Natural gas dropped 3.8 cents to \$3.171 per 1,000 cubic feet.

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