

Copper hits Five-month high

LONDON, July 25 (Reuters)

Copper prices hit their highest in more than five months on Tuesday, boosted by signs of robust demand from top consumer China, tight supplies, a weak dollar and a break of key technical levels.

Benchmark copper on the London Metal Exchange traded up 2.5 percent at \$6,180 a tonne in official rings from an earlier \$6,196.5 a tonne, its highest since Feb. 13.

"China growth is looking stronger, it's encouraging at a time when you would normally expect a lull," said Cantor Fitzgerald analyst Asa Bridle. "We have a perfect combination of decent demand and tighter supplies."

CHINA GROWTH: China's gross domestic product was up 6.9 percent in the second quarter year-on-year, faster than the consensus 6.8 percent and the government's 6.5 percent target. **CURRENCY:** The U.S. currency fell to a 13-month low against a basket of major currencies, making dollar-denominated metals cheaper for holders of other currencies and potentially helping demand. **SUPPLY:** Disruptions to copper shipments from Canada and Chile have undermined expectations for rising global copper supplies in the second half of the year. **FIBONACCI:** A break of \$6,030, a Fibonacci retracement level, saw funds that trade using buy and sell levels from black-box models jump on the uptrend, traders said.

TECHNICALS: Resistance is seen at \$6,200 near the February high, but traders say copper is overbought and needs to consolidate before trying to tackle higher levels.

PHYSICAL DEMAND: "Manufacturers are restocking after drawing down copper stocks," a copper trader said. "There has been a fair amount of short-covering too ... Momentum seems to be running out of steam and we've seen some producer selling."