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MONTHLY COPPER BULLETIN

April-2016

04th May 2016



OFFICIAL MARKET DATA & PRICE INDICATORS

DATE	CASH (USD/t)	CASH (EUR/t)	CASH (GBP/t)	WEEKLY AVERAGE (USD/t)	WEEKLY CHANGE %	YEARLY CHANGE %	LME STOCKS (Tonnes)	DEL NOTIZ (€/100Kg)	DEL NOTIZ HIGH
01.04.2016	4880,00	4273,58	3411,63	4903,75	-3,08%	3,79%	143400	434,92	437,72
04.04.2016	4816,00	4233,85	3375,39	4177,56	-1,79%	2,42%	143475	431,28	434,09
05.04.2016	4776,00	4202,75	3365,99	4177,56	-2,61%	1,57%	141425	428,26	431,07
06.04.2016	4775,00	4209,27	3406,09	4177,56	-2,63%	1,55%	141075	429,34	432,16
07.04.2016	4715,00	4147,61	3348,96	4177,56	-3,85%	0,28%	145000	423,00	425,82
08.04.2016	4654,00	4094,31	3304,22	4177,56	-5,09%	-1,02%	145675	417,67	420,49
11.04.2016	4645,00	4077,42	3266,07	4768,50	11,19%	-1,21%	147350	415,89	418,70
12.04.2016	4715,50	4132,42	3296,17	4768,50	12,88%	0,29%	146450	421,86	424,67
13.04.2016	4838,00	4280,28	3398,67	4768,50	15,81%	2,89%	146475	436,36	439,19
14.04.2016	4830,50	4289,96	3415,23	4768,50	15,63%	2,73%	146500	437,48	440,32
15.04.2016	4813,50	4266,53	3392,18	4768,50	15,22%	2,37%	147975	434,73	437,57
18.04.2016	4798,00	4243,01	3384,35	4917,90	0,62%	2,04%	147275	432,51	435,34
19.04.2016	4812,00	4243,01	3347,48	4917,90	0,91%	2,34%	144700	432,34	435,16
20.04.2016	4938,50	4340,39	3434,52	4917,90	3,57%	5,03%	146200	442,09	444,90
21.04.2016	5025,50	4436,35	3492,11	4917,90	5,39%	6,88%	146275	450,68	453,50
22.04.2016	5015,50	4452,68	3486,38	4917,90	5,18%	6,67%	147800	453,48	456,32
25.04.2016	5000,50	4442,12	3446,24	4965,10	1,68%	6,35%	152400	452,10	454,94
26.04.2016	4935,50	4377,00	3393,03	4965,10	0,36%	4,97%	152475	445,42	448,26
27.04.2016	4932,00	4363,83	3379,93	4965,10	0,29%	4,89%	152200	444,48	447,31
28.04.2016	4912,50	4330,10	3374,43	4965,10	-0,11%	4,48%	150725	440,61	443,43
29.04.2016	5045,00	4423,11	3452,64	4965,10	2,58%	7,29%	149500	450,50	453,30
MONTHLY AVERAGES	4851,12	4.279,03	3.389,13	4.716,62				435,95	4851,12



MARKET COMMENTARY

After hitting a one-month low of \$4633 in mid-April, copper recovered nicely, crossing over \$5,000 late in the month and closing just above that mark by month end. Prices have been helped by a number of factors, including a weaker dollar, growing fund interest in commodities and a slightly more constructive tone in the fundamentals.

Reflecting the latter, China's imports of copper ores and concs rose by a whopping 34% from a year ago, while March refined imports came in at a record 570,000 tons, up about 30% from February. Q1 imports are now up 39% y-o-y and talk is that April and May intake will be high as well. Again, not much of this influx seems to be "in synch" with what we are hearing with regard to the physical business in China. In this regard, CRU sees real copper demand rising by only 0.6% this year amid a market that is forecast to remain in surplus (by 150,000 tons according to GFMS). Granted, spot business in China has become better recently, but it certainly does not warrant a 30% y-over-y increase in imports.

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High stocks in Shanghai (now at a one-year high) also do not justify the strong rebound. The disconnect between soaring imports and steady, but not spectacular demand, tells us that much of the copper being brought in is either being arbed, financed or stored. On the supply side, it seems that the bulk of producers remain profitable, although those on the high side of the cost curve (with cash costs between \$4,000-\$5,000) are barely eking out a margin, this according to CRU. That should change if prices pull away, but it would also mean that additional cutbacks would also not take place.

Copper fell for a second session on Wednesday as weak global manufacturing activity unsettled markets only recently soothed by signs of a possible pickup in China's economy. Global manufacturing growth almost stalled last month as rising prices halted an upturn in new orders, a survey showed.

In China, factory activity shrank for a 14th consecutive month in April, according to a private survey, presenting a mixed picture of the health of the world's No.2 economy and top copper consumer. "Disappointing manufacturing data in China raised some doubts in investors' minds after the strong rally in recent weeks," ANZ said in a note.

Three-month copper on the London Metal Exchange had slipped 0.5 percent to \$4,896 a tonne, adding to 2.6-percent losses from the previous session. Prices on Friday struck their highest in a week at \$5,073.50.

As of now, a stronger dollar is weighing on demand for commodities priced in the greenback. The dollar came off 15-month lows against a basket of currencies reached on Tuesday to hit its highest in three sessions, eroding the purchasing power of buyers paying with other currencies.



MONTHLY REVIEW & INDUSTRY NEWS

- ✚ The global world refined copper market showed a 56,000 tonnes surplus in January, compared with a 50,000 tonnes deficit in December, the International Copper Study Group (ICSG) said in its latest monthly bulletin. For the first month of the year, the market was in a 56,000 tonnes surplus compared with a 15,000 tonnes surplus in the same period a year earlier, the ICSG said. World refined copper output in January was 2.01 million tonnes ,while consumption was 1.95 million tonnes.
- ✚ Peru's copper production jumped 45.7 percent year on year to 169,114 tonnes in March, from 99,721 tonnes the year before, the Energy & Mines Ministry said in a statement.
- ✚ World No.1 copper exporter Chile is expected to produce 5.77 million tonnes of the metal in 2016 and prices for the industrial metal are seen averaging \$2.15 a pound for the year, state copper commission Cochilco said. Copper prices are expected to average \$2.20 per pound for 2017, it added.
- ✚ Chile produced 1.398 million tonnes of copper in the first three months of the year, down 3.5 percent from the same period of 2015, the country's statistics institute INE Friday. Production in March rose 3.0 percent to 488,759 tonnes but that was not enough to offset a 14 percent fall in January. Production was up just 0.2 percent in February.
- ✚ According to the Reuters survey, 29 analysts modestly downgraded their median copper forecast for this year to \$4,835 a tonne, down \$23 from the previous poll, but many expect further losses.



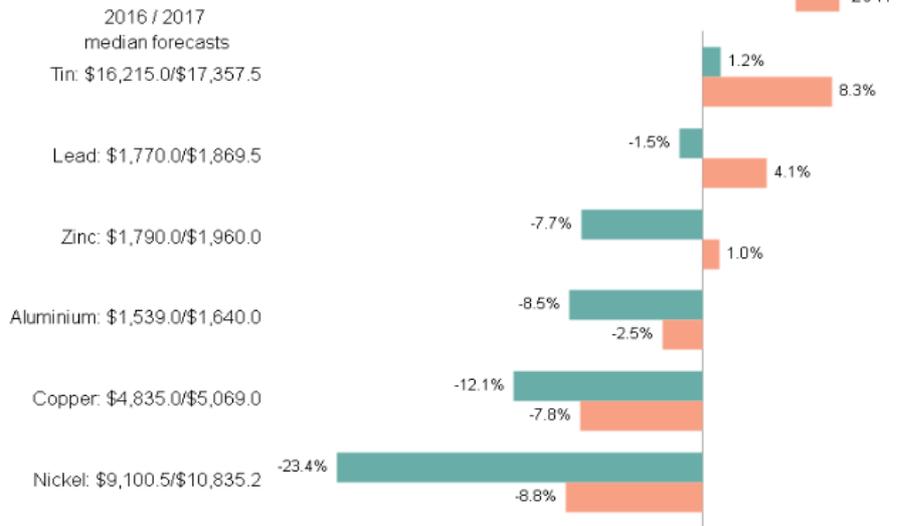
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Oversupply in the copper market is expected to be more pronounced than expected, with analysts pencilling in a global surplus at 197,500 tonnes this year, up from the 150,000 tonnes seen in January.

Reuters base metals poll - April 2016

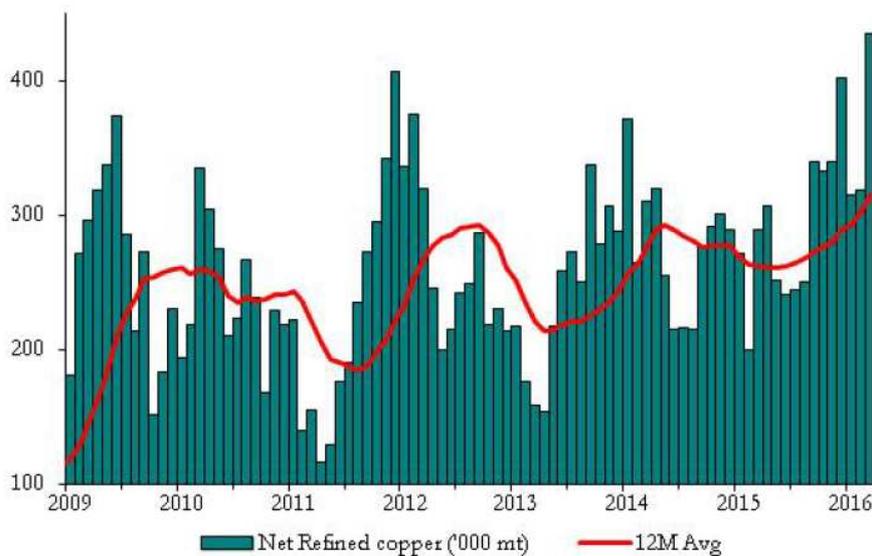
Percentage change between median forecast and 2015 average price



Source: Thomson Reuters Datastream, Reuters

Vincent Flasseur | @ReutersGraphics

- China imported 1.09 million tonnes of copper concentrate from Chile over January-March, up 31.5 percent year on year, data released by the General Administration of Customs showed.
- China imported 458.000 tonnes of refined copper in March, a 29.2 percent increase from the year before.



- Kazakhstan's refined copper output rose 5.3 percent year on year to 99,713 tonnes in the first quarter Statistics Committee data showed. London-listed copper miner KAZ Minerals and Glencore's Kazzinc account for a large part of Kazakhstan's metals production.

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- ✚ Zambia expects to increase production 2016 copper production to 800K mt from about 710,000 tonnes last year. Zambia is Africa's 2nd-largest copper producer.
- ✚ Chilean miner Antofagasta is seeing signs of a more stable copper market, but said its focus was on cost after a fourthquarter dip in output eroded some of the efficiency gains made over the year.
- ✚ Southern Copper increased production of copper in the first quarter of the year on gains at its Buenavista mine in Mexico. The miner raised copper output by 29.4 percent to 229,782 tonnes in the quarter from 177,632 tonnes a year ago, the Phoenix-based company said. The company expects to produce 910,000 tonnes this year, up from earlier guidance of 903,000 tonnes.
- ✚ Canadian base metal miner First Quantum Minerals Ltd reported a 30 percent jump in quarterly copper production to 119,287 tonnes.
- ✚ South African Anglo American's copper output in January-March this year fell 19 percent from Q4 2015 to 146,500 tonnes from its retained mining and processing operations in Chile, the company said For 2016, Anglo American expects its copper production to reach 600,000-630,000 tonnes, with the disposal of its Mantos Blancos and Mantoverde mines last September. The company produced 708,800 tonnes of copper last year.
- ✚ Kazakhstan miner Kaz Minerals said its copper cathode output rose 13 percent year on year to 21,500 tonnes in the first quarter.
- ✚ Copper production by international base metals producer MMG soared to 73,572 tonnes in the first quarter of the year, up 48.7 percent from the 2015 period and 54.3 percent from the previous quarter, following the startup of the Las Bambas project in Peru.
- ✚ Refined copper output from Rio Tinto's US and Chilean operations reached 51,300 tonnes in January-March, rising 4 percent from the December 2015 quarter but was 25 percent lower than a year ago.

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