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MONTHLY COPPER BULLETIN

August-2016

**26th September
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
01.08.2016	4907,00	4398,14	3721,37	4843,30	0,69%	4,36%	209650	448,06	450,93
02.08.2016	4885,50	4364,39	3688,56	4843,30	0,25%	3,90%	207350	444,70	447,56
03.08.2016	4844,50	4324,67	3627,21	4843,30	-0,59%	3,03%	209300	440,68	443,54
04.08.2016	4787,00	4304,08	3640,58	4843,30	-1,77%	1,81%	206650	438,72	441,60
05.08.2016	4792,50	4296,28	3639,23	4843,30	-1,66%	1,92%	205025	437,88	440,74
08.08.2016	4796,00	4326,57	3672,28	4801,10	-0,98%	2,00%	205350	441,00	443,88
09.08.2016	4779,00	4313,96	3682,95	4801,10	-1,33%	1,64%	204825	439,74	442,63
10.08.2016	4874,50	4358,07	3726,97	4801,10	0,64%	3,67%	203925	444,03	446,89
11.08.2016	4810,00	4315,06	3709,90	4801,10	-0,69%	2,30%	202375	439,76	442,63
12.08.2016	4746,00	4256,50	3662,60	4801,10	-2,01%	0,94%	207150	433,94	436,81
15.08.2016	4746,00	4243,94	3680,50	4755,20	-1,15%	0,94%	205375	432,70	435,56
16.08.2016	4798,00	4247,52	3701,59	4755,20	-0,06%	2,04%	213300	432,86	435,69
17.08.2016	4755,50	4219,24	3655,55	4755,20	-0,95%	1,14%	213425	430,01	432,85
18.08.2016	4802,50	4241,74	3652,65	4755,20	0,03%	2,14%	210625	432,26	435,09
19.08.2016	4774,00	4217,69	3641,77	4755,20	-0,56%	1,53%	229375	429,86	432,69
22.08.2016	4732,00	4186,13	3611,66	4674,20	-0,49%	0,64%	240075	426,71	429,54
23.08.2016	4719,00	4159,91	3579,07	4674,20	-0,76%	0,36%	254700	424,06	426,88
24.08.2016	4658,50	4134,64	3521,43	4674,20	-2,03%	-0,93%	263875	421,63	424,47
25.08.2016	4639,50	4110,12	3517,44	4674,20	-2,43%	-1,33%	271575	419,20	422,03
26.08.2016	4622,00	4093,16	3500,19	4674,20	-2,80%	-1,70%	271575	417,46	420,30
29.08.2016	-	-	-	-	-	-	-	-	-
30.08.2016	4609,00	4128,45	3517,52	4609,63	-1,39%	-1,98%	293525	421,01	423,88
31.08.2016	4602,50	4133,36	3504,26	4609,63	-21,39%	-2,12%	293525	421,60	424,47
MONTHLY AVERAGES	4758,20	4244,26	3629,78	4754,01				432,63	435,48



MARKET COMMENTARY

Copper was the worst performer in the base metals complex during the August. Meanwhile, a number of reports are showing a marked tightening in the supply/demand balance, including WBMS numbers that reveal a 197,000 tonnes deficit for the first six months of 2016 (a surplus of 372,000 tonnes the same period of 2015) and ICSG projection that has the market 306,000 tonnes during the first six months of this year (compared to a 54,000 tonnes deficit seen a year ago). However, investors do not seem alarmed by these shortfalls, largely because the expect surpluses to emerge over the balance of the year.

Chilean output is lagging, with first half output of some 5 percent (at 3.28 million tonnes year to date through July). Peru is more than making up for the slack. Moreover despite the projected WBMS/ICSG deficits, LME stocks are not showing any sign of stress increasing about 84,000 tonnes this past month (to almost a one-year high). Shanghai holdings have been flat in August and are not offsetting the LME increases.



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We see copper trading \$4582-4869 during September. Copper rallied to a six-week high to \$4869 on 22.09.2016 as the dollar slipped after the U.S. central bank left benchmark interest rates unchanged, though gains were limited by worries about slow demand growth. The Fed left rates on hold and projected a less aggressive path for rises over the coming years. That exerted pressure on the U.S. currency, a weakening of which makes dollar-denominated commodities cheaper for non-U.S. firms. "Central banks are happy to support what economic growth there is with cheap money; that's fuel for industrial metals," said Societe Generale analyst Robin Bhar. "But the market will struggle to sustain rallies because demand isn't strong. Also expected to weigh on metals is weak demand growth in China, which consumes nearly half of all industrial metals produced.



MONTHLY REVIEW & INDUSTRY NEWS

- ✚ The global copper market deficit narrowed in the first seven months of the year to 151,000 tonnes compared to a shortfall of 197,000 tonnes in the first half, according to data from the World Bureau of Metal Statistics (WBMS).
- ✚ The global world refined copper market showed a 83,000 tonnes deficit in June, compared with a 69,000 tonnes deficit in May, the International Copper Study Group (ICSG) said in its latest monthly bulletin. For the first 6 months of the year, the market was in a 306,000 tonnes deficit compared with a 54,000 tonnes deficit in the same period a year earlier, the ICSG said. World refined copper output in June was 1.91 million tonnes, while consumption was 2.00 million tonnes.
- ✚ Chile's copper production for July showed a 2.4 percent year-on-year drop, hit by lower volumes from miners such as Codelco, Escondida and Los Pelambres. Output totalled 445,000 tonnes in July, against 456,000 tonnes in the same month of 2015, according to the country's copper commission, Cochilco.
- ✚ Chile, the world's largest producer of copper, exported 1.6 million mt of refined copper from January-July, up 6% year on year, government figures showed.

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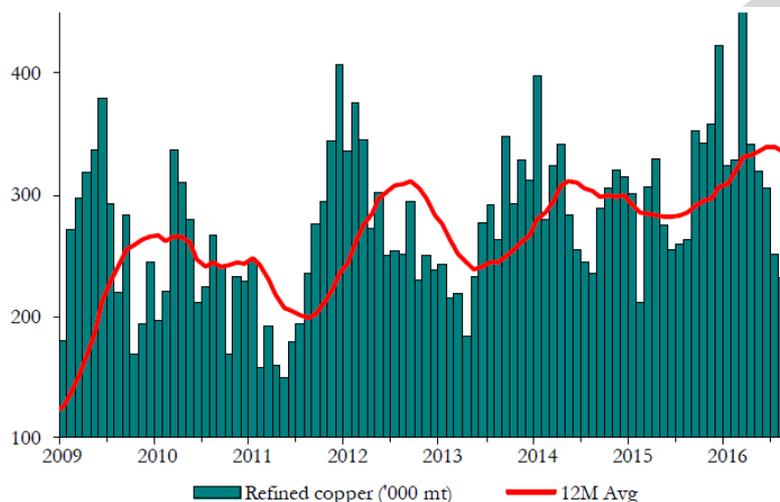


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✚ China copper production at 743, 000 tonnes in August, highest since December 2015.

✚ China, the world's biggest consumer of copper, cut imports of the refined metal to the lowest level in 18 months in August as domestic production climbed amid increasing foreign purchases of ore and concentrate. Inbound shipments of refined metal slumped for a fifth month to 232,066 tonnes from 251,235 tonnes in July and 262,691 tonnes a year earlier, according to the customs administration.



✚ Japan's output of rolled copper product rose to 68,905 tonnes in August on a seasonally adjusted basis, up 11.4 percent from a year earlier, preliminary data showed.

✚ Peru's copper exports jumped 81.6% year on year to 238,400 mt in July, the central bank said.

✚ Copper output in Peru rose 30 percent in July compared with the same month in 2015.

✚ Russia exported 294,600 tonnes copper from January-July, up 6.77 percent year on year.

✚ Zambia's copper production rose by 8 percent to 368,371 tonnes in the first six months of this year from 340,510 tonnes in the same period last year.

✚ Copper output in Democratic Republic of Congo, Africa's top producer, fell 14 percent in the first half of 2016 to 466,250 tonnes as a global price slump led some mines to suspend production.

✚ Anglo American said on 16.09.2016 that it has reached a wage agreement with two unions at its Los Bronces copper mine in central Chile, putting an end to a strike that began a week ago.

✚ Antofagasta's newest mine, Antucoya in northern Chile, reached its design capacity last month and should produce 85,000 tonnes of copper cathode next year, CEO Ivan Arriagada said.

✚ Glencore first half 2016 own sourced copper production was 703,000 tonnes, 27,900 tonnes (4 percent) lower than in H1 2015, reflecting the previously announced suspended production at Katanga and reduced volumes at Mopani.

✚ Codelco produced 843,000 tonnes of copper during the first six months of 2016 from its own operations, up 1.4 percent from the same period in 2015.

- ✚ Aurubis produced 135,000 tonnes of copper cathode from its primary copper operations in the three months to June 30, the third quarter of its 2015-16 fiscal year, down 13 percent on the year.
- ✚ Refined copper production of Yunnan Copper Company reached 277,809 tonnes in the first six months of this year, an increase of 15.1 percent from the same period of 2015.
- ✚ Jiangxi Copper said copper production was on track, with output at 599,800 tonnes of copper cathodes, up 3.11 percent from a year ago. Copper concentrate output increased 2.92 percent year over year to 105,900 tonnes.

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