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elektrolitik bakır mamulleri a.ş.

MONTHLY COPPER BULLETIN

Feb-2015
04th March 2015



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
02.02.2015	5535,50	4891,75	3685,42	5645,10	2,91%	-12,95%	250025	499,81	502,62
03.02.2015	5695,00	5018,51	3778,28	5645,10	2,91%	-10,44%	250250	513,34	516,15
04.02.2015	5708,00	4980,80	3745,90	5645,10	2,91%	-10,24%	252100	509,22	512,00
05.02.2015	5595,00	4902,73	3670,54	5645,10	2,91%	-12,01%	284600	500,77	503,57
06.02.2015	5692,00	4967,27	3715,40	5645,10	2,91%	-10,49%	284450	508,44	511,23
09.02.2015	5666,00	5026,17	3725,92	5665,70	0,36%	-10,90%	286475	512,13	514,95
10.02.2015	5591,00	4952,61	3672,01	5665,70	0,36%	-12,08%	289200	506,87	509,70
11.02.2015	5645,50	4992,48	3690,35	5665,70	0,36%	-11,22%	288450	510,67	513,50
12.02.2015	5695,00	5024,70	3705,27	5665,70	0,36%	-10,44%	292750	513,20	516,01
13.02.2015	5731,00	5035,14	3725,78	5665,70	0,36%	-9,88%	295300	513,21	516,00
16.02.2015	5712,00	5005,26	3715,36	5698,90	0,59%	-10,17%	295100	511,36	514,15
17.02.2015	5665,50	4957,99	3688,96	5698,90	0,59%	-10,91%	295475	506,21	508,99
18.02.2015	5690,00	4999,12	3686,19	5698,90	0,59%	-10,52%	298075	511,58	514,39
19.02.2015	5720,00	5026,36	3708,27	5698,90	0,59%	-10,05%	298650	513,01	515,80
20.02.2015	5707,00	5043,30	3712,59	5698,90	0,59%	-10,25%	298200	515,22	518,03
23.02.2015	5657,00	5004,42	3679,83	5798,60	1,75%	-11,04%	299675	511,29	514,11
24.02.2015	5715,00	5042,80	3702,14	5798,60	1,75%	-10,13%	295500	515,97	518,79
25.02.2015	5805,00	5117,69	3752,42	5798,60	1,75%	-8,71%	295050	522,97	525,78
26.02.2015	5935,50	5243,37	3830,84	5798,60	1,75%	-6,66%	295025	534,08	536,89
27.02.2015	5880,50	5234,56	3807,38	5798,60	1,75%	-7,52%	296375	535,27	538,11
MONTHLY AVERAGES	5702,08	5023,35	3719,94					513,23	516,04



MARKET COMMENTARY

Copper substantially outperforming in February, though prices remain 7% lower year to date, and 20% lower yoy after falling from \$7,200/t in mid-2014 to \$5,350/t in late January (-26%), copper has rebounded to \$5,900/t during the course of February.

Not surprisingly, the best performers in last month were the ones that were severely oversold, with Brent, oil products and copper being the ones that responded the most. Brent finished at just over \$62/barrel, up 18% on the month for its biggest monthly percentage gain since May of 2009. WTI managed a much more muted 3.1% advance, widening the arb between the two contracts to a one-year high. In the base metals group, copper enjoyed a very solid month, finishing up 7% for the period, but the rest of the metals failed to follow its lead and finished lower.

Equity markets finished on an impressive note in February, with both the S&P and the Dow establishing record highs, while NASDAQ closed just around the 5,000 mark, a level last seen in 2000 during the heady days of the dot-com boom.

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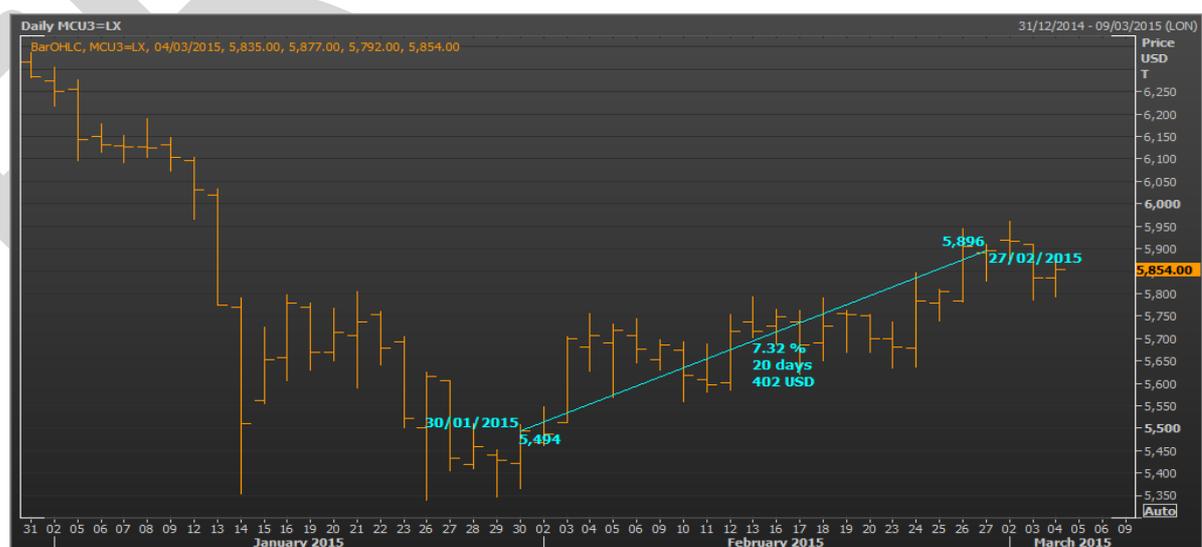
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In macro developments, the US Commerce Department reported on Friday that the economy grew at a revised 2.2% in Q4, weaker than the 2.6% first estimated last month, but consumer spending, which accounts for 70% of activity, expanded at a 4.2% clip, its best showing since 2006. Most economists expect US growth to rise above 3% in 2015, citing a general healing in the US job market as being the main driver.

In Europe, we saw an agreement reached last month with the Greeks that basically kicks the can down the road for another four months. The two sides will now try to reconcile significant differences during the interim period. Meanwhile, we have seen a modest improvement in several key European macro indicators, prompting the European Commission to raise its Euro-area growth forecasts to 1.3% in 2015 and to 1.9% for next year, up from previous projections of 1.1% and 1.7%, respectively.

Copper was pretty much alone among the LME metals in terms of price appreciation during Feb, tacking on about \$400/ton during the period. We suspect that a number of factors were behind this increase, chief among them, a bout of short covering. Additional support came from expectations that with the Chinese returning from their New Year break, fresh buying would set in; as evidence of this, analysts pointed to a modest uptick in Shanghai premiums, along with slightly better Chinese macro numbers. On the supply side, there is growing evidence that output is being cut, especially by smaller miners from Chile. For one thing, despite the Chilean cutbacks, the country is still expected to produce more metal this year than last, this according to Cochilco and indeed, Chilean output in January was up some 13% from last year. In addition some of the larger producers (like Antofagasta) are lowering costs thanks to a stronger dollar and falling oil. We see this in LME stock levels, which rose by 45,000 tons in February, while Shanghai increased by 70,000 tons. In March, we could see copper trading between \$5750–\$6050 and don't see the weekend rate rise out of China providing much sustained support.

London copper firmed today, after falling more than one percent in the previous session, as easier policies by European and Chinese central banks outweighed concerns over Chinese demand. Three-month copper on the London Metal Exchange edged up by 0.11 percent to \$5,843.50 a tonne by 1400 GMT, paring a 1.39 percent loss in the previous session, which was its biggest daily loss since mid February. The most-traded May copper contract on the Shanghai Futures Exchange slipped by 0.7 percent to 42,510 yuan (\$6,779) a tonne, but was off overnight lows of more than 1 percent. China's vice finance minister Zhu Guangyao said China's fiscal policy will remain proactive going forward, but added that deflationary pressure is not as intense as in Europe.



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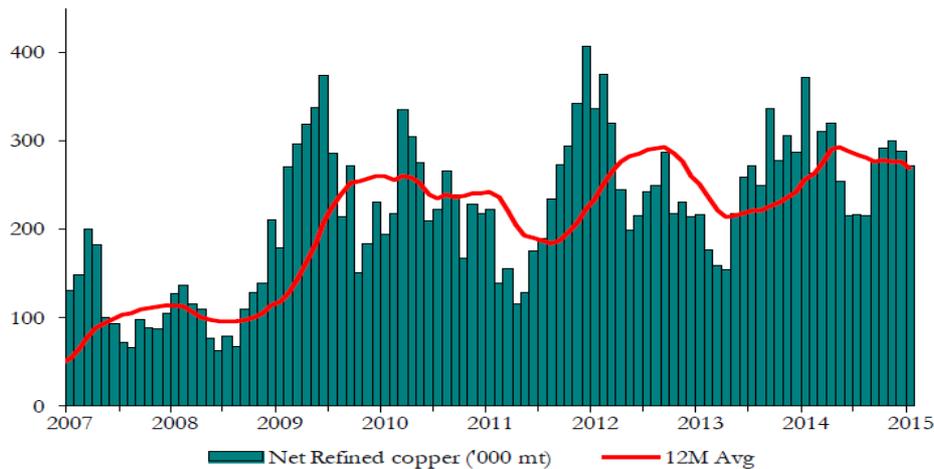
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MONTHLY REVIEW & INDUSTRY NEWS

- "Mine supply is likely to significantly underwhelm in 2015, just as it (did) in 2014," said Citi in a research note. "We expect increasing supply problems to be highly supportive of copper prices in the second half of the year, and continue to target a return to \$7,000/t levels before year-end."
- The wealth management arm of Swiss investment bank UBS has boosted its 12-month copper forecast to \$6,700/t from \$5,500/t on growing challenges to mine supply.
- The International Copper Study Group (ICSG) said in its latest monthly bulletin for the first 11 months of the year, the market was in a 640,000 tonnes deficit compared with a 278,000 tonnes deficit in the same period a year earlier, the ICSG said.
- If the level of investment in copper supply continues to fall, pushed down by low international copper prices, then the market will see a deficit by 2018, possibly sooner, according to London-based pricing and market analysis firm CRU.
- We were looking at a 200,000 tonnes surplus this year that could easily disappear with supply disruptions. Then you've got a market that's balanced, with relatively low stocks and a relatively low price said William Adams, head of research at Fast Markets.
- Last month, Cochilco cut its forecast for copper production in Chile this year to 6.0 million tonnes, from a previous estimate of 6.2 million tonnes. In 2014 the country produced 5.8 million tonnes.
- China imported 300,242 tonnes of refined copper in January, down 24.46 percent on an annual basis and 4.7 percent lower than the previous month, according to Chinese customs data.



- Chile exported 5.66 million tonnes of copper in 2014, up 1 percent from 5.59 million tonnes in 2013, according to figures released Thursday by the Chilean Copper Commission (Cochilco).
- Chile, the world No. 1 copper producer, had output of 524,296 tonnes of copper in January, a 13.2 percent increase from the year before, as a key project recovered and ore grades improved, the government said.
- Democratic Republic of Congo's copper production rose by more than 12 percent to a record 1.03 million tonnes in 2014 the vice president of the chamber of mines said.

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- # Kazakhstan's refined copper rose by 40.5 percent to 32,004 tonnes in January from a year earlier Statistics Committee data showed.
- # Japan's copper cable shipments including sales and exports in January fell 4.4 percent from a year earlier to 59,200 tonnes, the Japan Electric Wire and Cable Makers' Association said.
- # Peru's copper production copper production fell 12.4 percent to 114,068 tonnes from 130,152 tonnes a year earlier on strikes at Antamina, Cobriza and Minera Raura, the Ministry of Energy and Mines said.
- # Glencore's total own sourced copper production was 1,546,000 tonnes, 4 percent (53,200 tonnes) higher than 2013, mainly relating to the ramp-up within African copper.
- # First Quantum Minerals sees 2015 total production for copper between 410,000 tonnes and 440,000 tonnes.
- # Vale's copper production hit a record high in 2014. Total copper output for 2014 rose to 379,700 tonnes last year, compared with 370,100 tonnes in 2013.
- # Anglo American said it aims to produce 720,000-750,000 tonnes of copper in 2015. It produced 748,100 tonnes in 2014.
- # Aurubis produced 238,000 tonnes of copper cathode from its primary copper operations in the three months to December 31, the first quarter of its 2014-15 fiscal year, up 7.2 percent year on year, the German producer said.
- # BHP Billiton total copper production decreased by two per cent in the December 2014 half year to 813,000 tonnes from same 2013 period.
- # Chilean copper producers Antofagasta cut its production cost forecast for 2015 by 6.6 percent on Monday due to lower oil prices and a weaker Chilean peso against the US dollar.

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