



**ER-BAKIR**  
elektrolitik bakır mamulleri a.ş.

# MONTHLY COPPER BULLETIN

February-2019

28<sup>th</sup> March 2019



## 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
01.02.2019	6097,50	5317,90	4670,62	6065,10	3,05%	2,22%	149200	540,11	542,89
04.02.2019	6076,50	5307,45	4650,26	6178,90	0,19%	1,87%	149950	539,27	542,05
05.02.2019	6174,00	5405,83	4746,31	6178,90	1,80%	3,50%	149900	549,03	551,82
06.02.2019	6210,00	5451,67	4793,89	6178,90	2,39%	4,11%	149800	553,54	556,34
07.02.2019	6227,00	5488,76	4825,64	6178,90	2,67%	4,39%	149550	557,46	560,26
08.02.2019	6207,00	5471,13	4810,14	6178,90	2,34%	4,06%	149400	555,57	558,38
11.02.2019	6148,00	5433,98	4764,41	6147,70	-0,50%	3,07%	148550	552,08	554,89
12.02.2019	6102,00	5405,26	4744,95	6147,70	-1,24%	2,30%	148550	549,03	551,85
13.02.2019	6120,00	5413,06	4741,98	6147,70	-0,95%	2,60%	148250	549,75	552,56
14.02.2019	6178,50	5483,71	4823,94	6147,70	-0,01%	3,58%	147900	556,99	559,81
15.02.2019	6190,00	5495,87	4831,03	6147,70	0,18%	3,77%	145525	558,21	561,03
18.02.2019	6269,50	5533,05	4848,05	6349,50	1,98%	5,10%	143175	561,87	564,68
19.02.2019	6246,50	5534,24	4825,04	6349,50	1,61%	4,72%	140175	561,95	564,77
20.02.2019	6351,50	5600,97	4870,04	6349,50	3,32%	6,48%	139400	568,56	571,36
21.02.2019	6391,00	5629,35	4887,95	6349,50	3,96%	7,14%	139500	571,49	574,29
22.02.2019	6489,00	5729,30	4998,07	6349,50	5,55%	8,78%	137700	581,30	584,11
25.02.2019	6546,00	5763,34	5000,76	6531,60	3,09%	9,74%	133075	584,89	587,69
26.02.2019	6471,00	5694,30	4908,22	6531,60	1,91%	8,48%	130925	577,90	580,70
27.02.2019	6533,00	5738,76	4904,29	6531,60	2,89%	9,52%	128475	582,38	585,18
28.02.2019	6536,00	5727,81	4915,39	6531,60	2,94%	9,57%	126100	581,27	584,05
<b>MONTHLY AVERAGES</b>	<b>6278,20</b>	<b>5531,29</b>	<b>4828,05</b>					<b>561,63</b>	<b>564,44</b>



## MARKET COMMENTARY

Copper moved steadily higher during February, getting to an eight-month high towards month-end. The metal has been a primary beneficiary of growing optimism surrounding the US/Chinese trade talks, but the fact that LME inventories have also been shrinking of late has also helped the rally. CRU notes that aggregate exchange inventories (COMEX, LME and SHFE) still remain at four-year lows. Meanwhile, refined copper and concentrate imports into China are running at a brisk pace.

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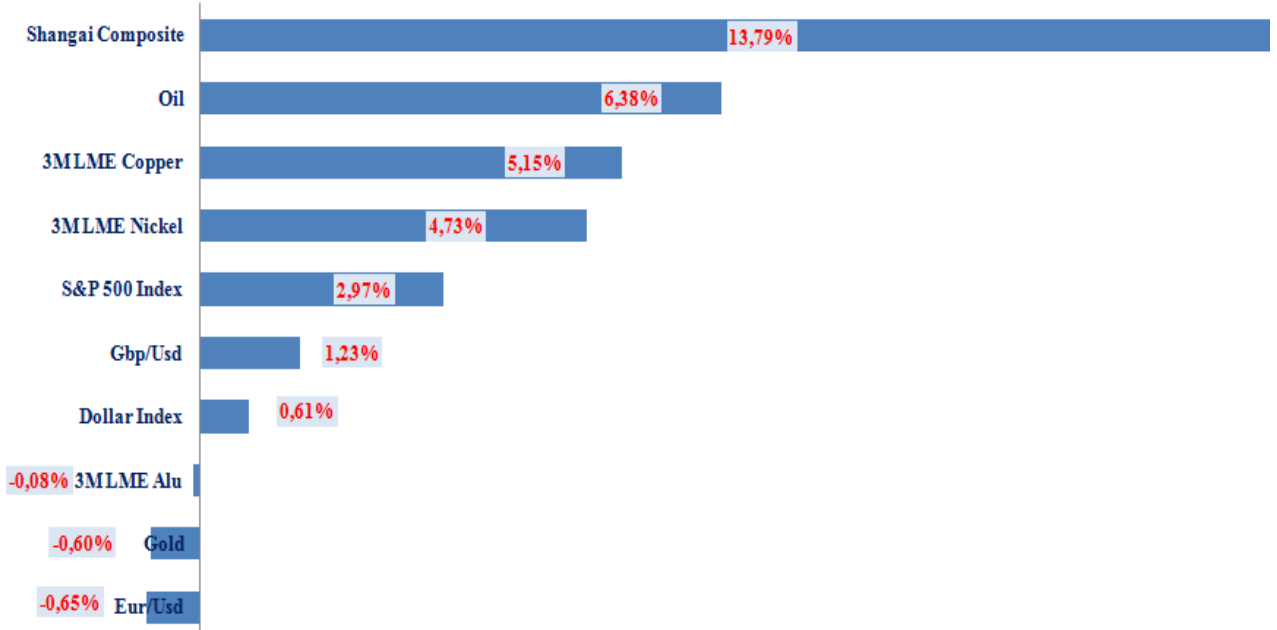
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### Monthly (February 2019)



The last days of March, we saw the positive impact of the US/Chinese trade talks will start to wane as many markets have largely discounted a deal by already moving higher. Market focus should revert back to the deteriorating macro situation where in copper's case, the situation in China will be of primary interest. London copper and most other base metals rose on 21.03.2019, backed by a softer dollar after the U.S. Federal Reserve abandoned plans for a further rate rise this year, and by a lack of near-term supply. LME copper edged up to \$6555.5 having touched a near nine months high. But most base metals fell on this week as investors worried about the prospect of a recession in the United States, the world's biggest economy. Concerns of weaker economic growth are likely to keep downward pressure on commodities for the time being. Three-month LME copper is trading on \$6360 now.



## MONTHLY REVIEW & INDUSTRY NEWS

- The increased copper supply pipeline of brownfield expansions and greenfield projects will eliminate any material market deficit in the medium term, Fitch Ratings and CRU say. China will remain a key driver for demand growth, while electric vehicles will become a significant factor in the long term. In the absence of additional investments, CRU expects a deficit to re-emerge in the long term.

The medium-term copper supply outlook has increased and CRU expects an increase of more than 1 million tonnes in committed mine supply by the early 2020s from last year's expectations. Higher copper prices of about USD7,000 a tonne in the second half of 2017 and the first half 2018 led to advancement of existing mine projects and increased exploration of new ones. This resulted in a growing committed mine production and an increased project pipeline.

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- The Economist Intelligence Unit expects global demand for refined copper to expand by an average of 2.1% per year in 2019-20, after rising by an estimated 1.9% in 2018 as import restrictions on copper scrap imports by Chinese authorities' bolstered demand for copper cathodes. They expect global refined copper production to expand by an average of 1.8% per year in 2019-20, an acceleration from estimated growth of 1.1% in 2018 owing to various disruptions at smelters in Asia and in Chile.
- Global refined copper demand will outpace production and maintain the market in deficit over the coming years, driven by solid demand from China's power and infrastructure sectors and rising global electric vehicle production. Fitch Solutions forecast the global refined copper balance to register a deficit of 247kt in 2018, and remain under-supplied through to 2021. Over the longer term, we expect global copper deficit to gradually shrink and the market to shift into oversupply between 2022 and 2027, as strong prices incentivise producers to ramp up output and invest in new projects.

Market Will Remain Largely Tight
Copper Production Balance & Stocks-To-Use
<i>e/f = Fitch Solutions estimate/forecast. Source: USGS, Fitch Solutions</i>

Global - Copper Supply, Demand And Price Forecasts

Indicator	2019f	2020f	2021f	2022f	2023f
<b>e/f = Fitch Solutions estimate/forecast. Source: USGS, Fitch Solutions</b>					
Copper Price, Three-month, USD/tonne, ave	6,900.0	7,100.0	7,200.0	7,250.0	7,250.0
Copper Production, thousand tonnes	23,989	24,443	24,930	25,420	25,900
Copper Consumption, thousand tonnes	24,074	24,502	24,925	25,514	26,066
Copper Stocks-to-Use, %	5.3	5.0	4.9	4.5	3.7
Copper Production Balance, thousand tonnes	-84	-59	5	-93	-165

Global - Copper Supply, Demand And Price Forecasts

Indicator	2024f	2025f	2026f	2027f	2028f
<b>f = Fitch Solutions forecast. Source: National sources, Fitch Solutions</b>					
Copper Price, Three-month, USD/tonne, ave	7,200.0	7,220.0	7,240.0	7,260.0	7,260.0
Copper Production, thousand tonnes	26,483	27,168	27,913	28,742	29,364
Copper Consumption, thousand tonnes	26,630	27,268	27,971	28,733	29,186
Copper Stocks-to-Use, %	3.1	2.7	2.4	2.4	2.9
Copper Production Balance, thousand tonnes	-147	-100	-57	8	177

- Copper's three-month price on the London Metal Exchange could hit as high as \$8,000 per tonne this year, Marex Spectron head of market analytics Guy Wolf told delegates at Fastmarkets' International Copper Conference.

- ✚ The global world refined copper market showed a 10,000 tonnes surplus in December, compared with a 68,000 tonnes deficit in November, the International Copper Study Group (ICSG) said in its latest monthly bulletin. For the first 12 months of the year, the market was in a 387,000 tonnes deficit compared with a 265,000 tonnes deficit in the same period a year earlier, the ICSG said. World refined copper output in December was 2.09 million tonnes , while consumption was 2.08 million tonnes.
- ✚ Goldman says its 3/6/12 month forecasts for copper are \$6200/6500/7000/t.
- ✚ China's copper industry posted higher production and steady profitability last year, official data showed. In 2018, the output of copper products amounted to 17.16 million tonnes, up 14.5 percent year on year, according to a report from the Ministry of Industry and Information Technology. With rising environmental protection pressure, sluggish downstream consumption and tightened solid waste policy, copper consumption saw a slower growth of 2.5 percent at 13.05 million tonnes, the report showed.
- ✚ China's output of copper cathode in January-February gained 6.3% year on year, and stood at 1.34 million mt, showed data from the National Bureau of Statistics (NBS).
- ✚ China Feb unwrought copper imports at 311,000 tonnes, lowest since March 2018 according to Reuters calculation.
- ✚ This year, Peru will likely produce 2.51 million tonnes of copper, up 3 percent from last year, the energy and mines minister said.
- ✚ Japan's copper cable shipments, including sales and exports, rose 1.8 percent in February from a year earlier to 56,600 tonnes, the Japan Electric Wire and Cable Makers' Association said.
- ✚ Kazakhstan's refined copper output rose 5.4 percent year-on-year in the first two months of 2019, while refined zinc production fell 4.0 percent and crude steel output dropped 37.2 percent, Statistics Committee data showed.
- ✚ Chilean miner Antofagasta expects a deficit of between 100,000 and 300,000 tonnes in the global copper market in 2019, its chief executive Iván Arriagada said.
- ✚ Jiangxi copper says it sets 2019 output target for copper cathode at 1.44 million tonnes.

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