



**ER-BAKIR**  
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# MONTHLY COPPER BULLETIN

January-2016

08<sup>th</sup> February 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
01.01.2016	-	-	-	-	-	-	-	-	-
04.01.2016	4645,00	4257,95	3147,02	4578,50	-1,18%	-1,21%	235800	434,67	437,60
05.01.2016	4647,00	4321,58	3164,88	4578,50	-1,14%	-1,17%	235225	441,00	443,98
06.01.2016	4600,00	4281,46	3141,22	4578,50	-2,14%	-2,17%	235850	436,79	439,77
07.01.2016	4514,00	4156,92	3097,72	4578,50	-3,97%	-4,00%	238000	423,81	426,76
08.01.2016	4486,50	4128,93	3077,16	4578,50	-4,56%	-4,58%	236650	421,55	424,50
11.01.2016	4402,50	4039,36	3019,75	4362,70	-3,84%	-6,37%	238625	412,79	415,73
12.01.2016	4355,00	4016,42	3018,23	4362,70	-4,88%	-7,38%	236725	410,39	413,34
13.01.2016	4380,00	4049,93	3040,40	4362,70	-4,34%	-6,85%	235525	413,46	416,42
14.01.2016	4365,50	4010,20	3032,65	4362,70	-4,65%	-7,16%	233400	409,21	412,15
15.01.2016	4310,50	3951,32	3005,51	4362,70	-5,85%	-8,33%	234175	403,38	406,31
18.01.2016	4360,00	4001,47	3048,74	4398,30	-0,06%	-7,27%	233550	408,74	411,68
19.01.2016	4440,50	4083,22	3122,71	4398,30	1,78%	-5,56%	236125	417,05	419,99
20.01.2016	4347,00	3982,59	3069,48	4398,30	-0,36%	-7,55%	235300	406,99	409,92
21.01.2016	4376,00	4013,94	3100,91	4398,30	0,30%	-6,93%	238125	410,17	413,11
22.01.2016	4468,00	4129,77	3119,24	4398,30	2,41%	-4,98%	237350	421,91	424,87
25.01.2016	4454,00	4117,21	3121,45	4511,50	1,27%	-5,27%	238825	420,34	423,30
26.01.2016	4501,00	4157,58	3158,60	4511,50	2,33%	-4,27%	237375	423,83	426,78
27.01.2016	4507,50	4139,50	3143,09	4511,50	2,48%	-4,14%	240325	422,44	425,38
28.01.2016	4553,50	4175,99	3186,05	4511,50	3,53%	-3,16%	241250	426,08	429,01
29.01.2016	4541,50	4159,64	3181,44	4511,50	3,26%	-3,41%	242375	424,31	427,24
<b>MONTHLY AVERAGES</b>	<b>4462,75</b>	<b>4108,75</b>	<b>3099,81</b>	<b>4462,75</b>				<b>419,45</b>	<b>422,39</b>



## MARKET COMMENTARY

Copper hit a fresh seven-year low of \$4318 in Jan before recovering over the 2nd half. Meanwhile, various producers have been tallying up production totals for 2015 and giving guidance for 2016 and beyond. Judging the projections, a majority seem oblivious to the depressed pricing environment. For starters, Chile said it produced 5.79 mln tons of copper last year, a .2% increase from 2014. Output is expected to be flat this year before rising yet again in 2017, this time by about 3.1%. Peruvian output is expected to be up by a more dramatic 65% this year, as 10,000 tons of Las Bambas copper concs shipped out last month, the first installment of an expected 450,000 ton roll-out.

Neither of these trends is all that encouraging given that Chinese demand is off the boil, at least judging from the sluggish macro data and from what our physical customers are telling us. Surprisingly, this is not evident in the Chinese import data, which instead shows that refined copper intake hitting a record 3.68 mln tons last year, up 2.5% from 2014 levels. (Copper conc imports were also up 12.3% y-on-y).

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According to INTL's last report it suspects this metal is coming in more so on account of arb trading, stockpiling schemes or somewhat modified financing programs, as opposed to accommodating local demand. (Lower expected Chinese grid spending is theoretically another negative for this year, but they would not read too much into this, as even a lower dollar grid spend will buy more copper this year than it did a year ago). In terms of it outlook, they see a relatively steady \$4450-\$4750 trading range in Feb, as further dollar weakness will offer an element of support, as should the current Freeport-Indonesia dispute. Furthermore, an absence of Chinese traders on account of the NY break should prevent major moves in either direction.

London copper edged down on Monday after the dollar firmed following a mixed U.S. jobs report, with the start of a week-long holiday in China draining liquidity from the market.

U.S. employment gains slowed more than expected in January as the boost to hiring from unseasonably mild weather faded, but rising wages and an unemployment rate at an eight-year low suggested the labour market recovery remains firm.

Three-month copper on the London Metal Exchange had slipped 0.5 percent to \$4,607 a tonne by 1341 GMT, extending 1.2-percent losses from the previous session. Prices on Thursday hit a one-month high at \$4,720 a tonne.

The Shanghai Futures Exchange is closed for the Lunar New Year holiday and will reopen Monday Feb. 15.

Global markets have been in turmoil since the start of the year, with stocks and commodities prices reeling, eroding inflation and making central banks increasingly dovish - a trend that could continue with more weak economic data.

China's January exports may have fallen for a seventh month with factories still battling falling prices, but an expected jump in bank lending may underscore the government's bid to put a floor under the slowing economy. (Full Story)

Hedge funds and money managers cut a bearish position in copper to the lowest since early November, in the week to Feb. 2, U.S. Commodity Futures Trading Commission data showed on Friday.



## MONTHLY REVIEW & INDUSTRY NEWS

- ✚ State Grid Corporation of China plans to spend \$66.8 billion on its electricity grid on 2016, lower than its spending in 2015.
- ✚ Total trade volumes on the London Metal Exchange world's in 2015 came in just short of 170-million contracts, down 4.3 percent from around 177-million in 2014.
- ✚ China's state stockpiling agency bought 150,000 tonnes of refined copper cathode through a closed-door tender early December 2015.
- ✚ Energy consumption in Chile's copper mining sector will surge 53 percent over the next decade as mineral ore grades at older deposits fall.

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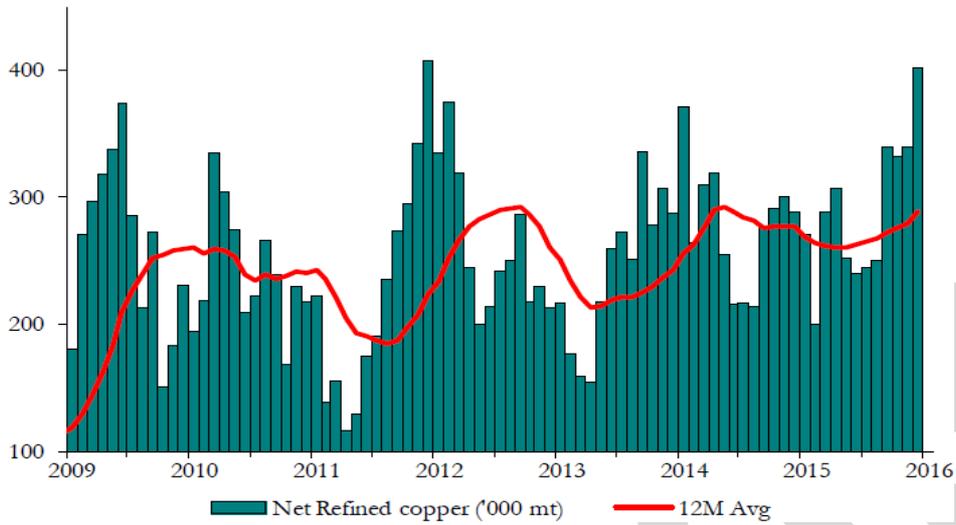


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- ✚ Annual global copper mine production capacity is expected to grow by around five percent a year and reach 27 million tonnes by 2019, ICSG said.
- ✚ Copper production in Peru surged 63 percent in December and 23 percent in all of last year on new projects and a rebound in output from the country's top mine.
- ✚ Rio Tinto produced 504.500 tonnes mined copper in 2015 (down 16 percent y-o-y) and produced 213.300 tonnes refined copper (down 28 percent y-o-y).
- ✚ Freeport-McMoRan's 2015 copper output 4.02B lb, up 2.9 percent year on year.
- ✚ Top copper producer Chile produced 5.79 million tonnes of the red metal in 2015, a slight 0.2 percent increase from a year earlier.
- ✚ Antofagasta's financial year 2015 copper output 630.000 tonnes down 10.6 percent year on year, 2016 Guidance Set at 710,000-740,000 tonnes.
- ✚ Chile's Escondida, the world's biggest copper mine, will cut 2.4 percent of its current workforce as prices for the red metal continue to linger near multi-year lows.
- ✚ BHP Billiton reported total copper production for the December 2015 half year decreased by 6 percent to 762 ,000 tonnes as continued strong operating performance across the business was offset by grade decline at Escondida, as anticipated. Guidance for the 2016 financial year remains unchanged at 1.5 mio tonnes.
- ✚ Zambia's copper production inched higher to 711,515 tonnes in 2015 from 708,000 tonnes the previous year mainly due to a new mine owned by Canada's First Quantum Minerals.
- ✚ Copper cathode production of KAZ Minerals in 2015 slipped 2.9 percent from 2014 to 81,100 tonnes while copper-in-concentrate output was little changed on the year at 89,400 tonnes compared with 89,900 tonnes in 2014.
- ✚ China produced 7.96 million tonnes of refined copper in 2015, up 4.8 percent from a year earlier, according to preliminary figures released by the country's industry ministry.
- ✚ Oyu Tolgoi's copper production for 2015 amounted to 202,200 tonnes, exceeding the forecast of 175,000 tonnes to 195,000 tonnes.
- ✚ Mongolia exported around 1.48 million tonnes of copper concentrate in 2015, up 7.2 percent on the year.
- ✚ Japan's output of rolled copper product fell to 61,037 tonnes in December on a seasonally adjusted basis, down 7.9 percent from a year earlier.
- ✚ Chile state copper commission Cochilco on Thursday forecast average copper prices of \$2.15/lb for 2016 and \$2.20/lb for 2017, downward revisions from its previous forecast (\$2.5/lb) in October.
- ✚ HSBC trims copper price forecasts to \$2.15/lb for 2016e (12 pct downward revision versus previous), \$ 2.45/lb for 2017e (-6 pct versus previous), and \$2.85/lb for 2018e (-5 versus previous).

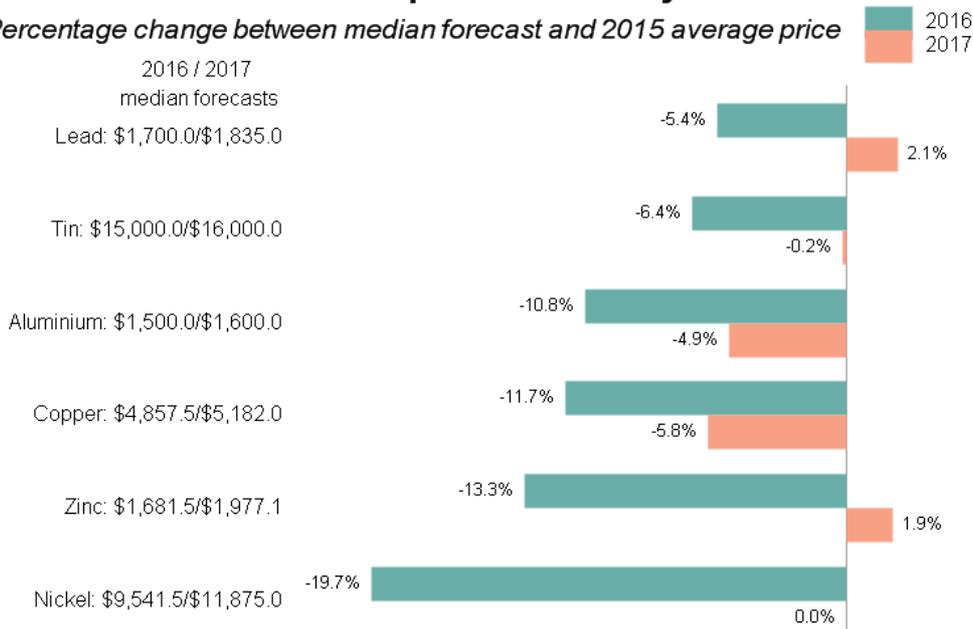
✚ China's 2015 refined copper imports up 2.5 percent year to 3,678,000 tonnes year on year.



✚ Copper prices are expected to see their lowest average in more than a decade this year due to weak demand growth in top consumer China and a supply overhang, a Reuters survey of metal analysts showed. But 2016 is also likely to see losses come to an end as cuts in mine supply help balance the market. The survey of 32 metal analysts showed the median forecast for prices of the metal used in power and construction at \$4,858 a tonne this year, the lowest since 2005 when the number was around \$3,600 and the commodities "super-cycle" was in its ascendancy. For 2017 the forecast shows an improvement to \$5,182, but that is still below last year's \$5,495.

## Reuters base metals poll - January 2016

Percentage change between median forecast and 2015 average price



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