



ER-BAKIR
elektrolitik bakır mamulleri a.ş.

MONTHLY COPPER BULLETIN

July-2015

05th August 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
01.07.2015	5755,50	5183,27	3675,99	5753,20	0,68%	-9,49%	323450	528,49	531,33
02.07.2015	5761,00	5201,81	3696,98	5753,20	0,78%	-9,40%	322075	530,61	533,46
03.07.2015	5761,50	5191,48	3686,42	5753,20	0,79%	-9,40%	321975	529,22	532,06
06.07.2015	5570,00	5058,12	3581,30	5504,60	-3,18%	-12,41%	321500	516,06	518,92
07.07.2015	5440,50	4966,68	3523,18	5504,60	-5,44%	-14,44%	329175	507,85	510,73
08.07.2015	5375,00	4874,40	3494,80	5504,60	-6,57%	-15,47%	328250	497,62	500,48
09.07.2015	5576,00	5042,05	3620,54	5504,60	-3,08%	-12,31%	330050	514,45	517,31
10.07.2015	5561,50	4972,28	3584,13	5504,60	-3,33%	-12,54%	329725	507,13	509,95
13.07.2015	5605,50	5065,52	3608,07	5540,00	1,83%	-11,85%	31450	517,36	520,21
14.07.2015	5502,50	4990,02	3532,91	5540,00	-0,04%	-13,47%	338200	508,86	511,72
15.07.2015	5597,00	5085,41	3582,54	5540,00	1,68%	-11,98%	337525	518,46	521,33
16.07.2015	5530,00	5083,66	3551,02	5540,00	0,46%	-13,04%	337200	519,07	521,97
17.07.2015	5465,00	5016,06	3500,96	5540,00	-0,72%	-14,06%	340325	512,05	514,95
20.07.2015	5425,00	5001,84	3487,85	5363,10	-2,08%	-14,69%	339775	510,11	513,02
21.07.2015	5475,50	5035,87	3519,41	5363,10	-1,16%	-13,89%	339475	514,06	516,96
22.07.2015	5350,50	4901,07	3423,44	5363,10	-3,42%	-15,86%	338975	500,94	503,83
23.07.2015	5340,00	4854,10	3420,23	5363,10	-3,61%	-16,02%	340675	495,57	498,44
24.07.2015	5224,50	4778,21	3376,09	5363,10	-5,69%	-17,84%	343250	487,73	490,61
27.07.2015	5190,00	4689,62	3344,50	5238,50	-3,23%	-18,38%	342925	479,36	482,21
28.07.2015	5239,50	4749,80	3363,83	5238,50	-2,30%	-17,60%	344125	485,28	488,14
29.07.2015	5302,00	4805,15	3389,16	5238,50	-1,14%	-16,62%	345050	490,73	493,59
30.07.2015	5241,00	4783,68	3352,52	5238,50	-2,28%	-17,58%	346125	488,52	491,40
MONTHLY AVERAGES	5456,91	4960,48	3507,32					506,33	509,20



MARKET COMMENTARY

Copper lost ground in July, trading to \$5164-\$5825 range and taking out the 2015 low of \$5340 in the process. The monthly downturn was the weakest showing since January and the second-worst monthly drop since 2012. We saw the first selloff set in from July 6-8 after prices lost roughly \$500/ton during this period, dropping in sympathy with weaker Chinese equity markets.

We suspect funds scrambled to raise cash, while others looked to short commodities given that the selling in equities became more restrictive. A rally set in on July 9th and prices recovered somewhat for the next week or so, only to lose ground going into month end.

We attribute the latest selloff to a stronger dollar, fund selling and a market that still remains well supplied. On the latter score, Cochilco now expects Chile to produce 5.88 mln tons of copper in 2015, lower than its April estimate, but still up from 5.78 mln produced last year.



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In addition, local Chinese production is growing and we suspect it is displacing Chilean imports. Indeed, Chinese refined imports declined 11% y-on-y to 1.68 million tons, but ore imports have risen 11% over this same period, fueling an equivalent percentage increase in local supply y-t-d, thus eating into Chile's market share.

In other news, the ICSG sees copper in a 62,000-ton surplus (through April) compared to a 436,000-ton deficit during the same period in 2014. Price-wise, Cochilco is calling for an average copper price of \$6106 this year before falling to \$5950 in 2016. The latest Reuters poll has the numbers in opposite order, with an average of \$5950 projected for 2015 year and \$6250 for 2016.

Copper and other base metals slipped on Wednesday as the dollar strengthened on speculation that the United States was closer to hiking interest rates. Losses were held in check, however, after data showed activity in the services sector of China, the world's top metals consumer, expanded in July at its fastest pace in 11 months.

Markets were pressured by the dollar hitting a 3-1/2 month peak against a basket of currencies on Wednesday after a voting member of the U.S. Federal Reserve's policy-setting committee expressed support for an interest rate hike in September. A stronger dollar makes commodities priced in the U.S. currency more expensive to buyers using other currencies.

Three-month copper on the London Metal Exchange dropped 0.3 percent to \$5,205 a tonne in official trading, after closing little changed in the previous session but within reach of Monday's six-year lows at \$5,142 a tonne.

Despite Wednesday's stronger data on Chinese services, slowing factory growth is still weighing on metals markets.

"Sentiment here among Chinese investors is quite bearish at the moment, it's hard to see any sustainable rebound from here," said analyst Judy Zhu of Standard Chartered in Shanghai.



MONTHLY REVIEW & INDUSTRY NEWS

- ✚ Chile's copper production was up by 2.9 percent year-on-year in June, according to preliminary figures from the national statistics institute. The country produced a total of 513,791 tonnes of fine copper in June, against 499,205 tonnes in the same month of 2014.
- ✚ Mexican copper output fell 8.5 percent to 36,382 tonnes in May compared to the same month a year ago, data from the National Statistics Institute showed.
- ✚ Japan's output of rolled copper product fell to 62,507 tonnes in June on a seasonally adjusted basis, down 7.6 percent from a year earlier, preliminary data showed.
- ✚ Peru copper shipments slid in May, because of a week-long national mining strike, about 1 percent to 116,900 tonnes from 118,000 tonnes a year ago.
- ✚ Kazakhstan boosted refined copper production 41.2 percent year-on-year in H1 2015 to 200,000 tonnes, the Economics Ministry's Statistics Committee said.

- ✚ Zambia's copper production increased by 2.1 percent to 331,511 tonnes in the first half of 2015 versus the same period last year as mining companies in Africa's No.2 producer of the metal ramped up output in May and June, the statistics office said.
- ✚ China imported 1.64 million tonnes of copper concentrate from Chile over January-June, up 10.5 percent year on year, according to data released by the General Administration of Customs.
- ✚ China's automobile sector consumed 30,700 tonnes of copper in June, steady year on year but down 6 percent from May, the Ministry of Agricultural Feed Industry Center said.
- ✚ Southern Copper plans to produce 910,000 tonnes of copper in 2016, and 1M tonnes in 2017, CFO Raul Jacob said. 2015 output guidance remains unchanged at 782,000 tonnes.
- ✚ Codelco said it had suspended operations at its Ministro Hales mine in northern Chile after the complex was seized by striking contract workers since July 21. Ministro Hales, the state-run producer's newest mine, had production of around 141,000 tonnes of copper last year.
- ✚ BHP Billiton reported FY15 copper production for the 2015 financial year was unchanged at 1.7 M tonnes as strong operating performance at Escondida offset the impact of a mill outage at Olympic Dam. Total copper production is forecast to decrease by 12 percent in the 2016 financial year to 1.5 M tonnes.
- ✚ Anglo American produced 184,500 tonnes of contained copper in the second quarter of 2015, down 5 percent from output of 194,400 tonnes in Q2 2014, the UK-listed mining group said.
- ✚ Miners' output costs have dropped more than expected due to lower energy prices and weak emerging market currencies, figures from Societe Generale showed, suggesting metal prices would have to fall further before any firms are forced out of business. Societe Generale puts the copper price floor at \$3,469 per tonne, down 15 percent from industry consensus of \$4,500, and 34 percent higher than current prices.
- ✚ Goldman Sachs's 3, 6 and 12 months price forecasts for the metal are \$5,200 per tonne, \$4,800 per tonne and \$4,800 per tonne respectively. The bank sees copper at \$4,500 per tonne by the end of 2016.
- ✚ Goldman forecasts copper to average \$4,500 per tonne in 2017 and 2018, significantly lower than its previous outlooks of \$7,000 per tonne and \$8,000 per tonne respectively.

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