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MONTHLY COPPER BULLETIN

September
2016

26th October
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
01.09.2016	4620,00	4143,50	3487,85	4609,64	-1,16%	-1,74%	304775	422,60	425,47
02.09.2016	4607,00	4117,07	3471,22	4609,64	-1,44%	-2,02%	318500	419,93	422,79
05.09.2016	4603,00	4123,81	3455,45	4621,80	-0,14%	-2,11%	328525	420,59	423,45
06.09.2016	4623,00	4142,47	3461,62	4621,80	0,29%	-1,68%	334975	422,49	425,36
07.09.2016	4643,00	4131,52	3474,26	4621,80	0,72%	-1,25%	339600	422,49	425,36
08.09.2016	4617,50	4089,54	3461,13	4621,80	0,17%	-1,80%	338225	416,95	419,79
09.09.2016	4622,50	4104,51	3471,91	4621,80	0,28%	-1,69%	350600	418,51	421,35
12.09.2016	4573,00	4072,13	3442,49	4673,90	-1,06%	-2,74%	354200	415,41	418,25
13.09.2016	4641,50	4131,65	3502,75	4673,90	0,43%	-1,29%	353375	421,32	424,17
14.09.2016	4694,50	4183,30	3560,22	4673,90	1,57%	-0,16%	351500	426,49	429,34
15.09.2016	4727,00	4202,90	3580,52	4673,90	2,28%	0,53%	349225	428,55	431,39
16.09.2016	4733,50	4215,80	3593,33	4673,90	2,42%	0,67%	349000	429,77	432,62
19.09.2016	4731,50	4238,94	3625,39	4765,50	1,23%	0,63%	349625	432,17	435,04
20.09.2016	4732,50	4230,36	3647,68	4765,50	1,25%	0,65%	347950	431,34	434,20
21.09.2016	4733,00	4244,84	3641,33	4765,50	1,26%	0,66%	347800	432,74	435,61
22.09.2016	4815,50	4286,16	3682,42	4765,50	3,03%	2,41%	346050	436,80	439,65
23.09.2016	4815,00	4292,97	3712,13	4765,50	3,02%	2,40%	356875	437,50	440,35
26.09.2016	4794,00	4257,17	3706,51	4805,00	0,60%	1,96%	364125	433,81	436,65
27.09.2016	4775,00	4253,52	3676,19	4805,00	0,20%	1,55%	371475	433,55	436,40
28.09.2016	4807,50	4285,52	3692,68	4805,00	0,88%	2,24%	369075	436,83	439,68
29.09.2016	4816,50	4291,63	3699,59	4805,00	1,07%	2,44%	379175	437,40	440,25
30.09.2016	4832,00	4329,75	3711,50	4805,00	1,40%	2,76%	372225	441,10	443,97
MONTHLY AVERAGES	4707,18	4198,59	3579,92	4706,83				428,11	430,96



MARKET COMMENTARY

Most of the market action in September was compressed into the latter part of the month as that was when a number of key events took place. These included the Federal Reserve meeting on the 21st, followed by an informal OPEC meeting a few days later, along with the first US presidential debate squeezed in between the two.



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Copper pushed higher during September, gaining roughly \$300/ton and getting to almost \$4900/ton at one point. However, we since have backed off in October, dragged down by lower precious metals and stronger dollar. On the whole, there has not been much change in copper's story this past month; the ICSG has the market in a deficit of a 264,000 tons through the first seven months of 2016 but with only modest year-over-year fall in Chilean refined production and surging Mongolian and Peruvian mine output. Meanwhile, copper producers remain profitable. In this regard, we came across some weeks ago showed that even when prices dropped to the 2016 lows of around \$4350, the most expensive producers were still managing to break even. Part of the reason margins remain strong is because costs are continuing to fall, led by cheaper energy, freight and labor. A stronger dollar also been helping lately.

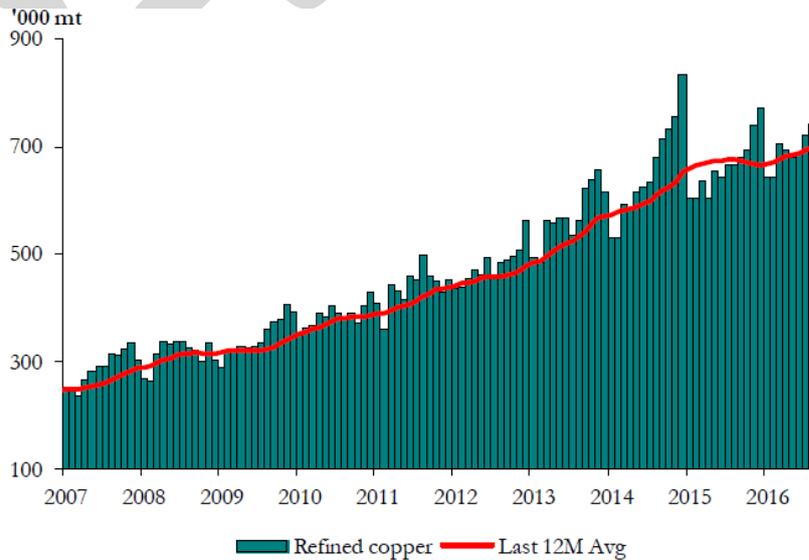


London copper slipped big part of October with stronger dollar weighed on commodities and concerns about fresh curbs on China's property market, a key consumer of the metal. Three-month copper on the London Metal Exchange edged down to \$4,633.50 a tonne on 21st Oct. But copper prices turn back and edged up on Monday (24th Oct) to \$4,754.35 with supply in China's domestic market tightened, more than offsetting a stronger dollar and expectations of ample supply next year. Global markets are bracing for a slew of data this week that may yield more insight into metals demand, including third quarter U.S. GDP and purchasing managers' index (PMI) data from several developed economies.



MONTHLY REVIEW & INDUSTRY NEWS

- ✚ The global world refined copper market showed a 133,000 tonnes surplus in July, compared with a 106,000 tonnes deficit in June, the International Copper Study Group (ICSG) said in its latest monthly bulletin. For the first 7 months of the year, the market was in a 264,000 tonnes deficit compared with a 71,000 tonnes deficit in the same period a year earlier, the ICSG said. World refined copper output in July was 1.98 million tonnes, while consumption was 1.85 million tonnes.
- ✚ According to the Australian Department of Industry, Innovation and Science reports, World mined copper output in 2016 will rise 5 percent to 20,3 million tonnes as new projects developed over the past few years approach full capacity. Production in 2017 is likely to increase 6.8 percent to 21.7 million tonnes, the department also said in its quarterly report on resources and energy.
- ✚ Copper output in Chile, the world's largest producer of the metal, will fall to a four-year low of 5.54 million tonnes in 2016. In 2017, Cochilco predicted Chilean copper production will rise 5.5 percent to 5.846 million tonnes, although that again is lower than the output of 5.92 million tonnes predicted in July.
- ✚ China's current Five-Year Plan, running from 2016 to 2020, could boost Chinese copper demand by up to 15 percent, the International Copper Association said. Aggregated copper demand is expected to total 29.5 million tonnes by the end of the current plan, its 13th, up from 25.6 million tonnes at the end of its 12th Five Year Plan in 2015.
- ✚ China's national blister copper and refined copper capacity is forecast to hit 6.91 million mt/year and 11.37 million tonnes/year, respectively, by end-2017, state-owned metals consultancy Beijing Antaika said at an industry seminar.
- ✚ China refined copper output at 725,000 tonnes in September, up 8,4 percent from the same period in 2015.



- ✚ Japan's Pan Pacific Copper (PPC) plans to produce 283,700 tonnes of refined copper in October-March, the second half of its financial year, up 17,5 percent from the same period the year before when output was reduced due to system troubles.

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- ✚ One of Peru's top copper and zinc mines, Antamina, will likely produce 430,000 tonnes of copper annually in 2016 and 2017.
- ✚ Copper output in Peru jumped 32 percent to 207,497 tonnes in August compared with the same month in 2015, while zinc production fell 6 percent, official data showed.
- ✚ Australian copper and gold producer Oz Minerals produced 28,756 mt of copper over July-September from its flagship Prominent Hill operation in South Australia, up 5.1 percent from the previous quarter, but down 14.2 percent year on year.
- ✚ Russia exported 341,200 tonnes copper from January-August, down 1.33 percent year on year.
- ✚ Codelco would delay some \$2.25 billion worth of planned investment, as its profits have dried up due to weak prices globally - down around 40 percent since the start of 2013 - for copper.
- ✚ BHP Billiton's total copper production for the September 2016 quarter decreased by six percent to 355,000 tonnes. Production guidance for the 2017 financial year remains unchanged at 1.66 tonnes.

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