

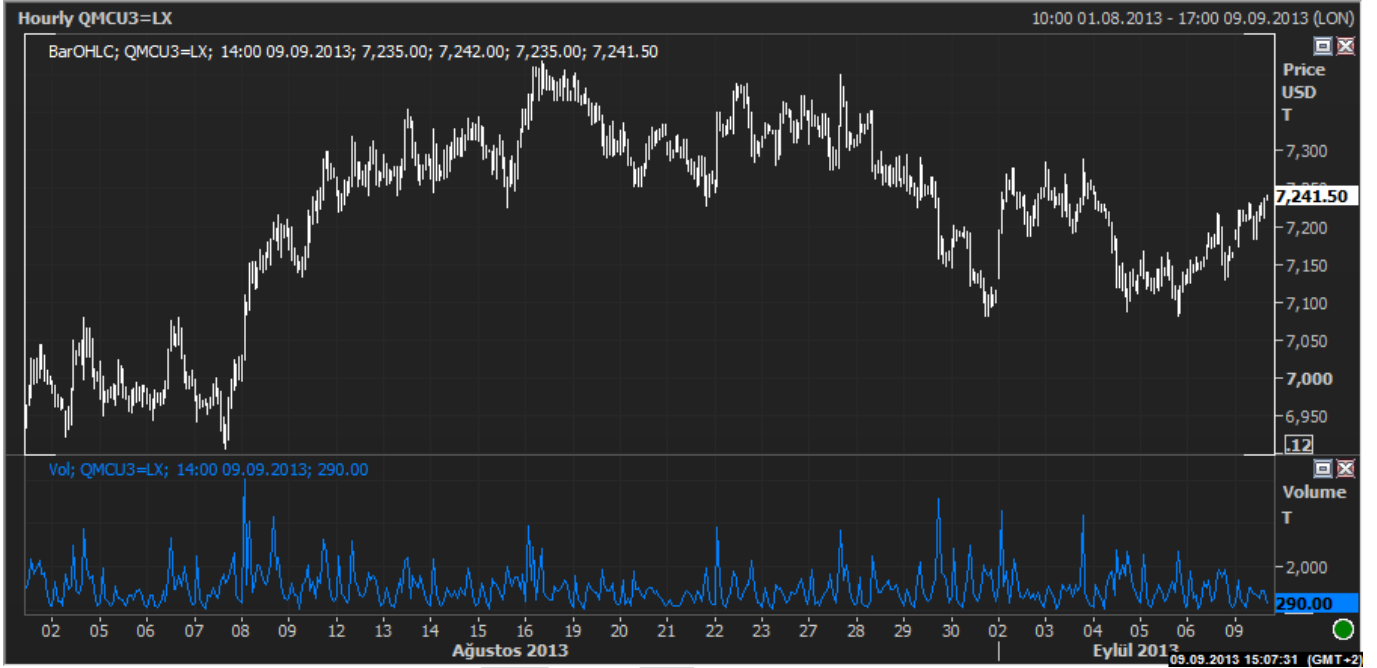


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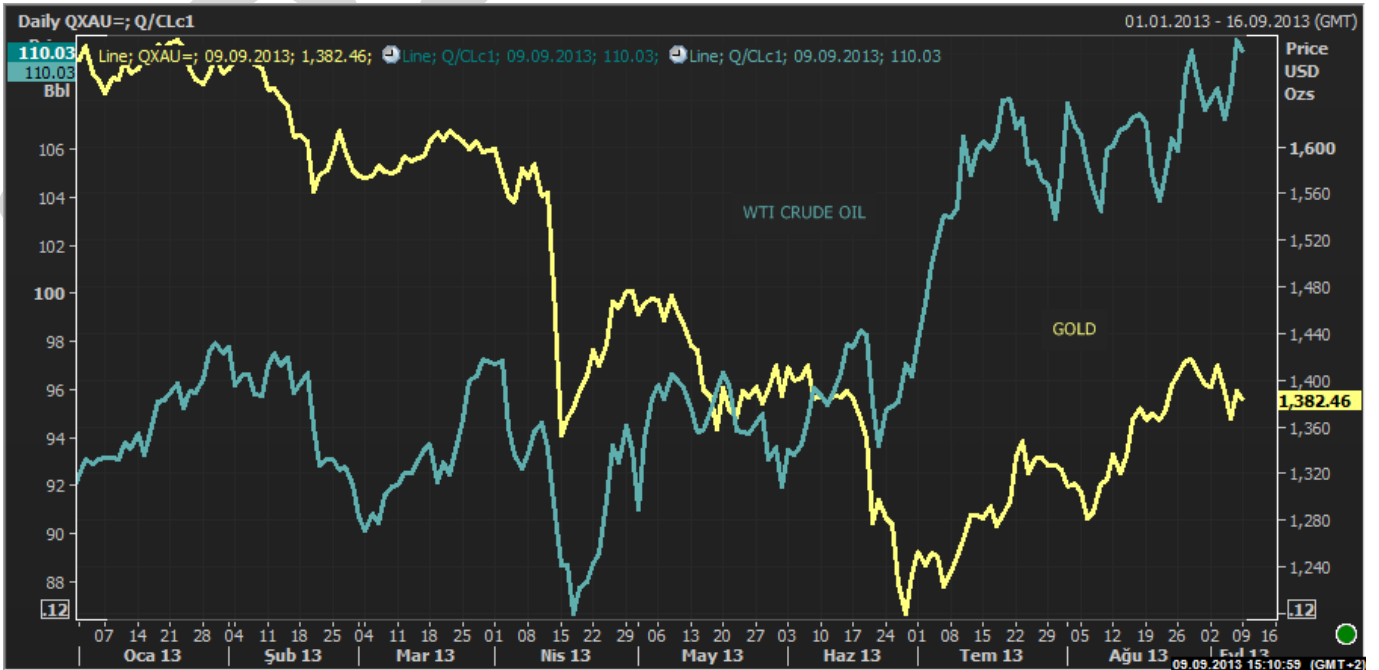
MONTHLY COPPER BULLETIN

Aug-2013
09th Sept 2013

LME COPPER PRICES & VOLUMES (Aug-Sept 2013/hourly)



GOLD & WTI CRUDE OIL (Jan-Sept 2013/daily)



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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
01.08.2013	6999,00	5288,25	4595,54	6970,10	0,41%	-11,57%	606875	536,59	539,12
02.08.2013	7019,00	5312,59	4630,56	6970,10	0,70%	-11,32%	606900	539,45	541,99
05.08.2013	6950,50	5241,70	4529,49	6887,10	0,92%	-12,19%	605125	531,47	533,99
06.08.2013	7026,50	5292,63	4577,23	6887,10	2,02%	-11,23%	601600	537,09	539,61
07.08.2013	6892,00	5179,62	4458,24	6887,10	0,07%	-12,92%	597575	526,18	528,69
08.08.2013	7121,50	5330,46	4593,03	6887,10	3,40%	-10,03%	594500	540,75	543,25
09.08.2013	7186,00	5374,72	4630,45	6887,10	4,34%	-9,21%	592950	544,98	547,48
12.08.2013	7246,00	5453,04	4681,48	7035,30	2,99%	-8,45%	589725	552,62	555,14
13.08.2013	7281,00	5480,62	4710,49	7035,30	3,49%	-8,01%	588450	555,34	557,86
14.08.2013	7272,50	5488,68	4693,45	7035,30	3,37%	-8,12%	584200	556,76	559,28
15.08.2013	7228,00	5435,81	4637,20	7035,30	2,74%	-8,68%	584075	551,80	554,32
16.08.2013	7335,50	5498,05	4693,52	7035,30	4,27%	-7,32%	577450	557,68	560,19
19.08.2013	7285,50	5455,67	4655,87	7272,60	0,18%	-7,95%	572525	553,10	555,60
20.08.2013	7265,50	5429,31	4638,05	7272,60	-0,10%	-8,21%	566925	550,52	553,02
21.08.2013	7236,00	5403,23	4611,27	7272,60	-0,50%	-8,58%	565500	548,15	550,65
22.08.2013	7340,50	5514,20	4710,58	7272,60	0,93%	-7,26%	564225	559,11	561,62
23.08.2013	7300,50	5465,67	4694,55	7272,60	0,38%	-7,76%	564225	554,30	556,81
23.08.2013	7300,50	5465,67	4694,55	7272,60	0,38%	-7,76%	576350	554,30	556,81
26.08.2013	-	-	-	-	-	-	-	-	-
27.08.2013	7300,50	5475,10	4708,18	7285,60	0,20%	-7,76%	574825	554,72	557,23
28.08.2013	7236,00	5421,85	4682,89	7285,60	-0,68%	-8,58%	577675	549,67	552,18
29.08.2013	7210,50	5439,01	4648,64	7285,60	-1,03%	-8,90%	588000	551,65	554,17
30.08.2013	7095,00	5359,98	4578,01	7285,60	-2,62%	-10,36%	589750	543,66	546,18
MONTHLY AVERAGES	7182,26	5397,15	4636,13					547,41	549,92



MARKET COMMENTARY

Copper mounted a respectable gain in August, wrapping up its biggest monthly gain in 11 months. However, most of the advance was concentrated in the first half of the month, as by the second half and going into the first week of September, we had a distinctly weaker tone set in. This was surprising given the better than expected Chinese macro numbers, coupled with the fact that Chinese cathode imports came in at a 10-month high in July. In addition, the LME stock picture looks modestly constructive, with stocks dropping from a June high of 678,225 tons to 603,000. Europe's recovery also seems to be gaining traction and US growth is steady, if not spectacular. We see prices trading between \$6900 – \$7400 in September, with the weaker side of the range setting in later in the month and after the Fed has moved.

The Euro traded within a narrow range of \$1.3200-\$1.3450 in August. Helping its steady tone, was the fact that there were no fresh blowups in the credit markets, while on macro side, European data has improved significantly. In this regard, over the last two weeks we have seen stronger-than-expected manufacturing and service activity, as both business and consumer confidence readings continue to push higher.

With Syrian action deferred and some easing of emerging market turmoil, base metals have been caught this week between positive PMI data and, until today, escalating bond yields. They are ending the week little changed, except fierce little tin, long our favourite for its supply-side issues. The broad trend since the LME's warehousing proposal of falling cancelled warrants, rising contangoes and, for aluminium, easing premiums continues. Syria will be back at centre stage next week, but support for base metals may come from a tapering of Fed taper expectations towards our house view.



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Copper held up better than most metals earlier last week and has bounced Friday to record a slim gain w/w. The contango forward curve has steepened further, notably at the front. Though down today, exchange stocks have risen 29kt in the last two weeks and the cancelled warrant share of LME stocks continues to ease below 50%.

Copper rose on Monday, helped by data from China that reinforced expectations of a rebound in demand for metals from the world's largest consumer, and hopes the U.S. Federal Reserve would keep its stimulus programme intact for longer. Three-month copper on the London Metal Exchange rose to \$7,235 a tonne, up from a close of \$7,160 on Friday. Copper was traded \$7080-\$7290 a tonne in last week.

The metal used in power and construction has risen by around 9 percent since touching three-year lows in June on mounting evidence that the slowdown in the Chinese economy may be bottoming out. Data on the weekend showed China's exports rose by a forecast-beating 7.2 percent in August from a year earlier, while in-line inflation figures on Monday reflected tame consumer prices. China is the world's largest consumer of refined copper, accounting for around 40 percent of global demand. Data also showed China's copper imports fell to 387,564 tonnes in August from a 14-month high in the previous month, but analysts said the trend still showed healthy demand as the monthly figure represented the second highest shipment this year and was 8.9 percent higher than last year.

"What we are seeing generally is that Chinese data has been surprising on the upside and that's something that base metals have been taking their cue from," said Christin Tuxen, analyst at Danske Bank. "Overall we could see a short-term revival in base metals but that will require that Chinese data continues to improve and also that the Fed is not too aggressive in its (stimulus measures) tapering process."

Economists polled by Reuters still mostly expect the bank to scale back its stimulus at its policy meeting on Sept. 17-18. Two Federal Reserve officials over the weekend suggested the "tapering" plan is still on track. U.S. stock index futures signalled that Wall Street was likely to start the day on a positive note, aided by signs of renewed growth in China's economy.



MONTHLY REVIEW & INDUSTRY NEWS

- ✚ "Our Q4 price forecast for copper is \$7,050 average, so we are not far off the current price range, the reasons for that are a combination of the improved macro demand outlook and supply" said analyst Matt Fusurelli of AME Group in Sydney.
- ✚ "The longer it takes to resolve Syria the more sapping of confidence we'll see that will eventually drag on copper," said Jonathan Barratt, chief executive of Sydney-based commodity research firm Barratt's Bulletin., adding that he expects copper to remain in a broader \$7,000-\$7,500 range for now.
- ✚ Workers at Chile's Escondida mine have approved a company offer for better conditions, putting an end to the threat of a new strike at the world's biggest copper deposit, a union leader said on 6th Sept.
- ✚ China's arrivals of anode, refined copper, alloy and semi-finished copper products fell to 387,564 tonnes in August, down 5.6 percent from July's 14-month high, confounding market expectations of an increase.

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- ✚ For the period between January and May, the global copper market was in a surplus of 228,000 tonnes compared to a deficit of 480,000 tonnes last year, the International Copper Study Group (ICSG) said.
 - ✚ Refined copper production exceeded demand by 338,000 metric tons in the first six months this year, compared with a surplus of 235,000 tons for all of last year, according to the World Bureau of Metal Statistics.
 - ✚ World No. 1 copper producer Chile produced 480,440 tonnes of copper in July, a 16 percent jump from a year before, boosted by a low base of comparison, higher output from new mines and better ore grades.
 - ✚ Underground production at Freeport McMoRan Copper and Gold Inc's Indonesian unit will likely not be back at full capacity until the middle of 2014, a company spokeswoman said.
- Production at Grasberg in Indonesia, the world's second-largest copper mine, may be 20 percent below this year's target after a deadly tunnel accident in May suspended work.
- ✚ Mexican miner and infrastructure company Grupo Mexico expects to produce 820,000 tonnes of copper in 2013, down 3.5 percent from its previous estimate, the president of the company's Minera Mexico subsidiary said.
 - ✚ Glencore Xstrata's copper production from its own mines jumped 20% year on year to 673,400 mt over January-June.
 - ✚ Codelco, the world's largest copper miner, said that its output in the first half of the year fell one percent to about 758,000 tonnes because of dwindling ore grades and harder mineral in its deposits.
 - ✚ Africa's top copper producer Zambia saw a 13.3% year-on-year increase in output in the first half of the year. Copper output averaged 79,548 tonnes per month during the first half of 2013, compared with 70,213 tonnes in the corresponding period in 2012.
 - ✚ Katanga Mining, which operates in the Democratic Republic of Congo, produced 31,674 mt of copper in metal and concentrate in the second quarter, up 30% year on year.
 - ✚ China's Jiangxi Copper produced 558,800 mt of refined copper in the first half of 2013, up 12% year on year.
 - ✚ China's Yunnan Copper produced 197,709 mt of refined copper in the first half of 2013, down 3.2% year on year. Yunnan Copper produced 433,540 mt of refined copper in 2012.

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