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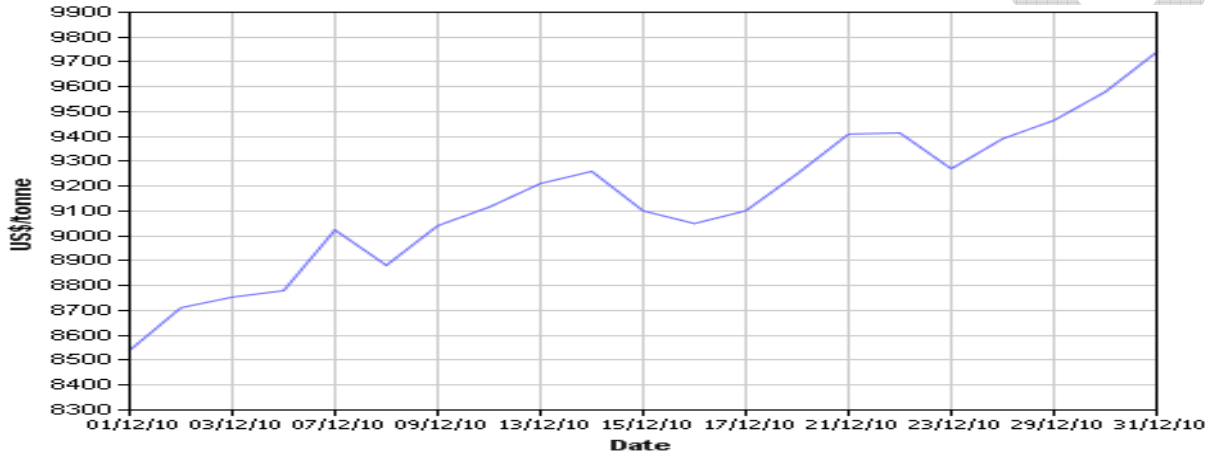
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# MONTHLY COPPER BULLETIN

December-2010

10<sup>th</sup> January 2011

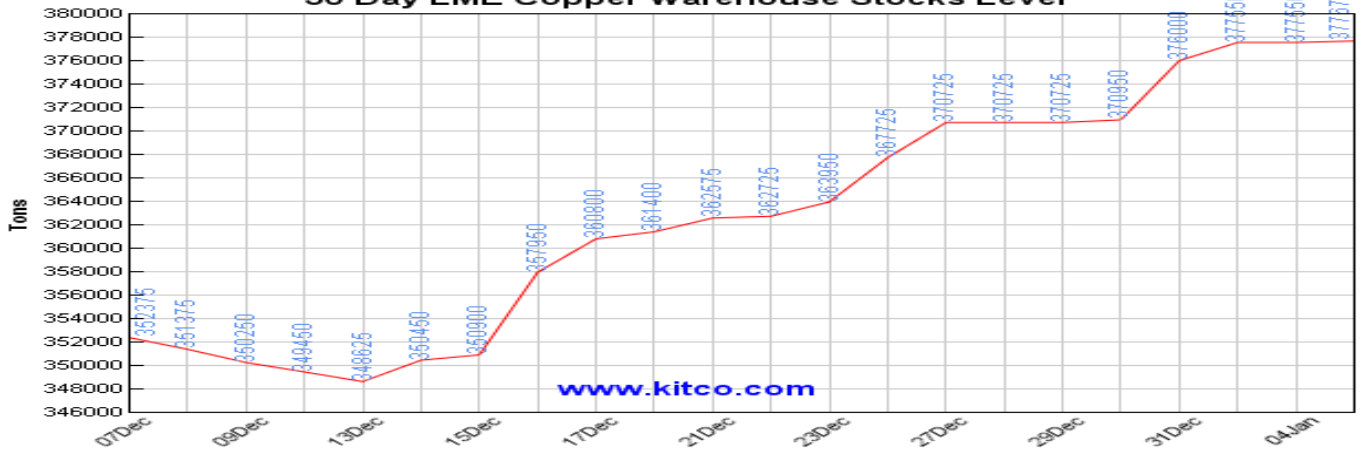
## LME CASH SETTLEMENT – CASH SELLER AND SETTLEMENT, DECEMBER 2010



## LME CASH SETTLEMENT – CASH SELLER AND SETTLEMENT, 2010



## 30 Day LME Copper Warehouse Stocks Level



ISO/TS 16949  
BUREAU VERITAS  
Certification  
N° 11859



ISO 14001  
BUREAU VERITAS  
Certification  
N° 30259



OHSAS 18001  
BUREAU VERITAS  
Certification  
N° 30260



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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 NOTICE (€/100Kg)	DEL NOTICE HIGH
01.12.2010	8.540,0	6.518,59	5.474,36	8.277,40	3,17%	16,25%	354.850	659,17	667,43
02.12.2010	8.711,5	6.619,68	5.594,34	8.277,40	5,24%	18,59%	352.425	669,52	677,75
03.12.2010	8.754,0	6.608,29	5.603,99	8.277,40	5,76%	19,17%	353.625	668,18	676,35
06.12.2010	8.780,0	6.607,96	5.598,78	8.540,00	2,81%	19,52%	352.375	669,59	677,75
07.12.2010	9.024,0	6.752,97	5.721,53	8.540,00	5,67%	22,84%	351.375	682,97	691,07
08.12.2010	8.882,0	6.726,75	5.627,57	8.540,00	4,00%	20,91%	350.250	678,99	687,17
09.12.2010	9.041,5	6.843,40	5.735,54	8.540,00	5,87%	23,08%	349.450	691,97	700,16
10.12.2010	9.116,0	6.880,52	5.763,42	8.540,00	6,74%	24,09%	348.625	696,19	704,37
13.12.2010	9.211,0	6.941,22	5.856,43	8.968,70	2,70%	25,39%	350.450	701,47	709,63
14.12.2010	9.260,0	6.873,01	5.837,85	8.968,70	3,25%	26,05%	350.900	695,41	703,45
15.12.2010	9.101,0	6.808,56	5.809,40	8.968,70	1,48%	23,89%	357.950	690,56	698,68
16.12.2010	9.050,0	6.834,83	5.796,45	8.968,70	0,90%	23,20%	360.800	691,35	699,53
17.12.2010	9.101,5	6.862,84	5.843,66	8.968,70	1,48%	23,90%	361.400	693,31	701,46
20.12.2010	9.250,0	7.036,36	5.957,36	9.144,70	1,51%	25,92%	362.575	710,37	718,59
21.12.2010	9.410,0	7.151,54	6.084,71	9.144,70	2,90%	28,10%	362.725	723,05	731,28
22.12.2010	9.414,5	7.164,22	6.091,16	9.144,70	2,95%	28,16%	363.950	723,89	732,12
23.12.2010	9.270,0	7.080,66	6.011,28	9.144,70	1,37%	26,19%	367.725	715,98	724,25
24.12.2010	9.391,0	7.155,59	6.086,20	9.144,70	2,69%	27,84%	370.725	723,64	731,89
29.12.2010	9.465,0	7.204,29	6.154,90	9.347,10	1,26%	28,85%	370.950	728,9	737,15
30.12.2010	9.580,0	7.220,92	6.208,28	9.347,10	2,49%	30,41%	376.000	730,82	738,99
31.12.2010	9.739,5	7.282,41	6.273,83	9.347,10	4,20%	32,58%	377.550	730,82	738,99
<b>MONTHLY AVERAGES</b>	<b>9.147,26</b>	<b>6.913,08</b>	<b>5.863,38</b>					<b>698,86</b>	<b>707,05</b>



## MARKET COMMENTARY

At the beginning of December, driving the market was a step in the right direction by the ECB, generally encouraging economic data and a slightly stronger EUR/USD. Base metals raised across the board on 2<sup>nd</sup> of December, especially copper were gained strongly. Last days of November, the most important subject (speculation) was reported by Wall Street Journal. According to news on Wall Street Journal, speculation abounds about the identity of the participant who controls 80-90% of the cash warrants on the LME at present.

Copper prices rose during the second week of December supported by Chinese buying and a firmer euro, discounting potential Chinese policy tightening and the end of a strike at a big Chilean copper mine. Moreover, on 7th of December copper broke through the psychological \$9,000 mark and reached an all time high at \$9,044.

The most significant data released by the General Administration of Customs of China on 12th of December. Monthly copper imports unexpectedly rose almost 30 percent in November, rebounding after a sharp fall in October and setting the stage for solid inflows in December too. Despite a significant amount of negative news about European zone debt crisis and the USA economy, copper got support from Chinese data, and hit its new record price at \$9.211 a tone on 13th of December. Goldman Sachs added metals prices will diverge to follow their own fundamentals during 2011 as emerging market economies drive ahead and demand recovers in developed countries, pushing copper above \$11,000.

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As did copper in the market, Crude oil hit the record price in December, 2010. Oil steadied above \$91 a barrel on 29th of December ahead of U.S. inventory data expected to show a drawdown in crude and distillate stocks due to severe weather in the world's largest oil user. Bullish money managers have stormed into the oil market, setting a fresh record high for net long crude positions on the New York Mercantile Exchange. When we evaluate the global markets, as everyone knows gold is the biggest winner. Gold gained 28 percent in 2010, and gold at \$1,421.40 an ounce rose to record settlement price on 31th of December.

London copper increased almost 8 percent in December, 2010 at \$9.147 a tonne, when compared to LME average of November 2010. Also, LME (London Metal Exchange) copper futures gained 31 percent in 2010. Copper stocks in LME approved warehouses increased by 19.800 mt or %5, 6 during to course of December.

Now, looking ahead into 2011, the price direction of copper will likely hinge on supply, and mostly China demand, but it also depends on a couple of new market factors emerged just within the last year or so. According to some researchers, traders and hedgers, copper most likely will see a correction in the first quarter with some profit taking after the New Year, followed by some buying on the dip. Then, there would be a pullback in summer followed by a run-up towards the end of 2011.

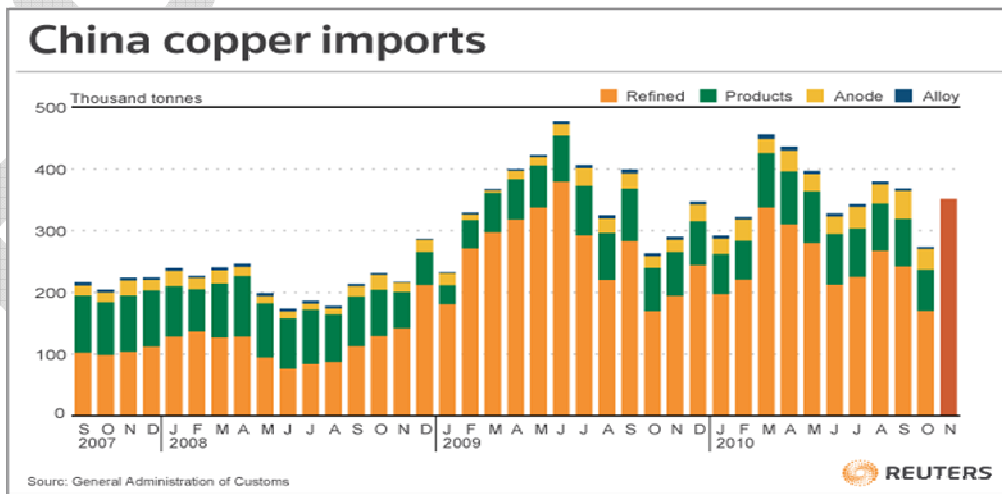
The current level of resistance is \$9,560 and support is \$9,150. We are on the lookout for consumer price and industrial production index on 14<sup>th</sup> of January and other data for 2010.



## MONTHLY REVIEW & INDUSTRY NEWS

- ✚ The global copper market was in a surplus of 68,000 tonnes in the first 10 months of 2010 versus a surplus of 164,000 tonnes in the same period of 2009, the World Bureau of Metal Statistics (WBMS) said in December. Moreover, world copper mine production in January to October was 13.18 million tonnes, just 1 percent higher than year-ago levels.
- ✚ According to latest monthly copper bulletin published by the International Copper Study Group (ICSG), world refined copper consumption exceeded production by 436,000 tonnes between January and September in 2010, compared with a deficit of 56,000 tonnes in the same year-ago period. World refined copper output in January to September reached 14.242 million tonnes, while consumption amounted to 14.678 million tonnes, the Lisbon-based ICSG said.
- ✚ According to Bloomberg, copper demand will outpace supply by 367,500 metric tons in 2011.
- ✚ Chile's state copper think tank, Cochilco, raised its 2011 average copper price forecast to a range of \$3.40-\$3.50 per pound (7.606 \$/ton) from \$3.30 per pound (7.275 \$/ton) due to expectations of a deeper supply deficit.
- ✚ UniCredit raised its copper-price forecast for 2011 to \$9,000 a ton from \$8,400 and boosted the following year's estimate to \$9,600 from \$8,700.
- ✚ According to a research report prepared by Macquarie Bank Ltd., the global copper market is estimated to have a 550,000-metric ton deficit in 2011, as falling stockpiles push prices to \$5 a pound (11.023 \$/ton).

- According to Trafigura Beheer BV, the world's second-largest trader of industrial metals, copper supplies will cover demand for at least the next two years with prices peaking over \$10,000 a metric ton in the second quarter next year. Moreover, the trader adds that copper will move from a balanced market in 2010 to shortages of 800,000 tons in both 2011 and 2012 at current prices.
- Bank of America-Merrill Lynch sees copper as the top performing commodity of 2011, stretching to yet more record highs as demand from emerging market powerhouses' places further strain on a projected supply deficit. The bank expects copper will continue to go to new record highs and will average \$11,250/t next year.
- Credit Suisse is predicting the copper market will be in deficit to the tune of 700,000 tons in 2011 and total copper inventories as a share of global consumption are approaching record lows.
- Diego Hernandez, CEO of Codelco, expects prices to average near \$4 a pound (8.818 \$/ton) next year as demand rises.
- Standard Bank sees the roughly 20 million tonnes copper market in a 385,000-tonne deficit for 2011, widening to a 562,000-tonne deficit the following year.
- Kazakhstan, one of the biggest copper producers, produced 299,190 tonnes of refined copper in the first 11 months of 2010, up 3.6 percent year-on-year, state statistics data released in December. The Central Asian country produced 24,212 tonnes in November alone, up 6.3 percent on the previous month.
- National Bureau of Statistics of China stated data in December that the country's monthly production of refined copper rose 10.8 percent in November due to an increase in supply of raw materials and strong metal prices. The world's leading copper consumer produced 443,000 tonnes of refined copper in November, up 43,000 tonnes from the previous month.
- According to data from the General Administration of Customs of China, the country's imports of copper rose 28.5 percent to 351,597 tonnes in November from 273,511 tonnes in the previous month.



- ✚ Kazakhstan, one of the top copper producers, plans to invite either Rio Tinto or Vale to develop a copper deposit in the centre of the Central Asian country.
- ✚ According to Central Bank of Chile's data, the country's copper export revenue totaled \$3.840 billion in November, up 32 percent from \$2.902 billion in the same month of 2010.
- ✚ Europe's second largest copper producer KGHM plans to increase its copper output by 27 percent to 700,000 tonnes annually by 2018.
- ✚ Japan's refined copper exports fell 11.4 percent in November, 2010 from a year earlier to 34,233 tonnes, with 42 percent of that going to China, Ministry of Finance data showed.
- ✚ Chile's copper output dipped 0.3 percent in November from a year earlier to 467,478 tonnes, the National Statistics Institute (INE) stated in December.

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