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MONTHLY COPPER BULLETIN

August-2015

09th September 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
03.08.2015	5176,50	4729,56	3324,88	5172,80	-1,18%	-18,60%	346525	482,81	485,69
04.08.2015	5215,50	4749,57	3338,77	5172,80	-0,44%	-17,98%	347500	485,40	488,27
05.08.2015	5171,50	4752,34	3308,49	5172,80	-1,28%	-18,67%	350825	485,37	488,27
06.08.2015	5165,00	4741,14	3334,19	5172,80	-1,40%	-18,78%	351600	484,68	487,58
07.08.2015	5135,50	4696,82	3309,81	5172,80	-1,97%	-19,24%	352325	479,50	482,39
10.08.2015	5150,00	4698,05	3324,30	5139,40	-0,44%	-19,01%	354125	480,00	482,87
11.08.2015	5140,00	4654,95	3295,93	5139,40	-0,63%	-19,17%	354950	474,97	477,82
12.08.2015	5103,00	4577,91	3272,41	5139,40	-1,35%	-19,75%	350000	467,39	470,22
13.08.2015	5148,00	4630,75	3293,67	5139,40	-0,48%	-19,04%	350075	473,38	476,22
14.08.2015	5156,00	4615,52	3297,73	5139,40	-0,32%	-18,92%	350325	471,47	474,29
17.08.2015	5101,00	4596,74	3264,85	5042,90	-0,75%	-19,78%	350650	469,53	472,37
18.08.2015	5000,50	4521,25	3186,25	5042,90	-2,70%	-21,36%	353600	462,14	464,99
19.08.2015	5006,50	4534,87	3196,39	5042,90	-2,59%	-21,27%	354200	463,48	466,33
20.08.2015	5060,50	4526,79	3230,86	5042,90	-1,54%	-20,42%	353625	462,42	465,24
21.08.2015	5046,00	4475,78	3219,34	5042,90	-1,82%	-20,65%	353825	462,42	465,24
24.08.2015	4888,00	4248,22	3105,07	5000,60	-3,07%	-23,13%	356200	434,79	437,53
25.08.2015	5032,00	4374,89	3187,23	5000,60	-0,22%	-20,87%	355550	446,96	449,70
26.08.2015	4959,00	4346,57	3182,72	5000,60	-1,66%	-22,02%	369025	444,64	447,40
27.08.2015	5029,00	4448,47	3251,86	5000,60	-0,28%	-20,92%	370425	455,49	458,29
28.08.2015	5095,00	4522,46	3311,45	5000,60	1,03%	-19,88%	371250	462,00	464,79
31.08.2015	-	-	-	-	-	-	-	-	-
MONTHLY AVERAGES	5088,93	4572,13	3261,81	5088,93				467,44	470,28



MARKET COMMENTARY

Copper made fresh lows in August, breaking the psychologically important \$5,000 mark and getting to a low of \$4855 at one point. However, the extent of the decline was not as steep as what we saw in July, although this is of little consolation to producers. Basically, China-related concerns are weighing on prices, as in addition to the exogenous shocks of imploding equity markets and a devalued currency, there are serious concerns about Chinese end-user demand. Estimates we are seeing on the Chinese rate of growth in copper demand are in the low single digits and some are even speculating about negative numbers when 2015 is finally put to bed.

Whatever the case, producers are starting to respond. In this regard, Freeport McMoran said last month that it would shut one of its mines in Arizona and reduce output at two others as well, while also slashing capital spending. The DRC warned about cost-cutting by mining companies, while Poland's KGHM said it would postpone or suspend some of its projects. For its part, Codelco said it is reworking a plan to expand its key Andina mine due to falling prices and protests about the project's impact on the environment, but surprisingly, Chilean production has

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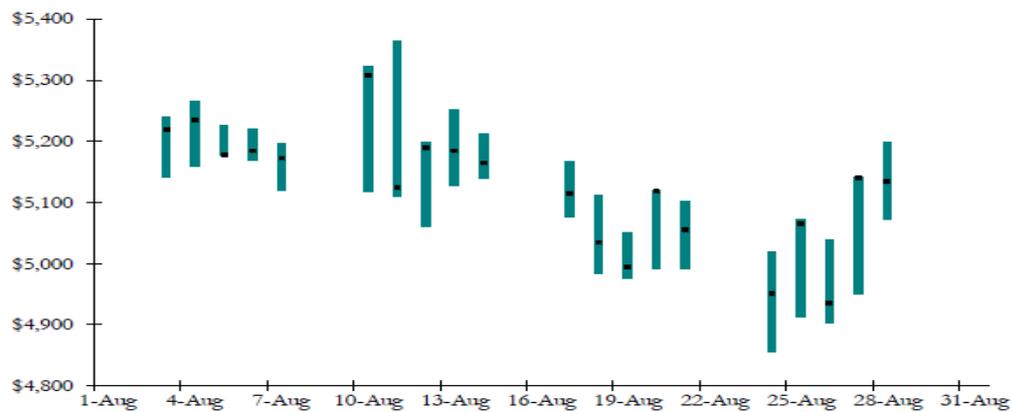


Fabrika : A. Nuri ERİKOĞLU
Cad. 20085 Gümüşler / DENİZLİ
Vergi Dairesi : Gökpınar
Vergi No : 336 006 27 21

Tel : +90 (258) 295 19 00 Pbx
Faks : +90 (258) 371 21 94
e-posta : erbakir@erbakir.com.tr
Web : www.erbakir.com.tr

remained virtually on track for much of the year. In this regard, although July output was off 2.5% vs. a year ago (mainly due to strikes), output for the first seven months of the year is still up some 1.7% from a year earlier.

In other news, the ICSG sees copper in a 4,000-ton surplus (through May) compared to a 537,000-ton deficit in 2014. For its part, Reuters-GFMS sees the copper market to be in a 477,000 surplus this year, a staggering number -- and quite a difference.



Start of month	End of month	1M change	High	Low
\$5,218.5	\$5,135	-95 or -1.82%	\$5,363.5	\$4,855

Today copper scaled a seven-week high on expectations of tighter supplies, though the rally could be short-lived without improvements in demand from top consumer China or more substantial production cuts. Benchmark copper on the London Metal Exchange traded at \$5,351 a tonne in official rings, from \$5,345 at the close on Tuesday. The metal used in power and construction had risen earlier to \$5,434.50.

A gain of about 5 percent so far this week was triggered by London-listed mining giant Glencore's plan to suspend 400,000 tonnes of copper output from Africa. "It's mostly short-covering; some of these guys did not expect such a move to cut copper output," said Carsten Menke, commodities research analyst at Julius Baer. "It's price supportive, but the cut does not mean a market deficit. The recovery will probably run out of steam."

Price pressure is still being exerted by weak economic and demand growth in China, which accounts for about half of global consumption, and by the U.S. dollar. A stronger dollar makes commodities more expensive for non U.S. firms.

The U.S. Federal Reserve is expected to keep interest rates steady at its Sept. 16-17 meeting, but many observers think it will tighten policy this year, which could reinforce dollar strength.

Over the next couple of weeks the market will discover how China's economy fared in August, with the release of a data including industrial production and investment figures. "We believe the multi-year slowdown in China continues and, given the lack of an immediate catalyst that could bring the entrenched bear market to an end for many raw materials, commodities including copper and iron ore should keep falling next year," Bank of America Merrill Lynch said in a note.

The bank said there is a risk that copper could hit \$4,000 a tonne the final quarter of next year, though it added that such a decline is likely to prompt accelerated mine closures that should ultimately realign supply with demand.



MONTHLY REVIEW & INDUSTRY NEWS

- Bank of America Merrill Lynch says cuts copper price forecast by 3.3 percent for 2015 to \$5,602 per tonne, 9.2 percent to \$4,513 per tonne for 2016.
- Standard Chartered Banksays sees 2015 average copper price forecast at \$5,490 per tonne, 2016 price at \$5,325, and \$6,500 a tonne for 2017.
- Barclays says "we have lowered our 2016 view to \$5,625 per tonne.
- Peru's production of copper rose 29.6 percent year in year to 155,313tonnes in July.
- China's imports of copper flat from month ago to 350,000 tonnes in August, data from the General Administration of Customs showed.
- 200 small mines have closed in Chile following this year's drop in the copper price, and another 1,200 are still operating in part thanks to the subsidies offered by the mining development agency.
- Zambia is worried about the economic slowdown in China, a key consumer of its copper, and expects a further decline in revenue due to sharply lower prices for the commodity, a senior official said.
- China imported 1.86 million mt of copper concentrate from Chile over January-July, up 14.2 percent year on year, data released by the General Administration of Customs showed.
- Chile's annual output would rise 33 percent from last year to as much as 7.7m tonnes in 2024., Cochilco said.
- Kazakhstan's refined copper and gold output grew sharply in January-July compared with the same period of last year. Production of refined copper rose by 38.1 percent to 217,879 tonnes and gold by 23.3 percent to 17.5 tonnes.
- Global copper markets could flip into a structural shortage within two to three years as demand from power stations makes it the first commodity to come out of a glut, Rio Tinto said.
- World No.1 copper producer Codelco produced 831,000 tonnes of copper from its fully owned projects in the first six months of 2015, up 5.5 percent on 2014, boosted by new projects like Ministro Hales.
- China's Jiangxi Copper posted a 2.23 percent increase in copper cathode output for the first six months of this year to 581,700 tonnes, compared to 569,000 tonnes in the same period of 2014.

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Fabrika : A. Nuri ERİKOĞLU
Cad. 20085 Gümüşler / DENİZLİ
Vergi Dairesi : Gökpınar
Vergi No : 336 006 27 21

Tel : +90 (258) 295 19 00 Pbx
Faks : +90 (258) 371 21 94
e-posta : erbakir@erbakir.com.tr
Web : www.erbakir.com.tr