



ER-BAKIR
elektrolitik bakır mamulleri a.ş.

MONTHLY COPPER BULLETIN

December-2015

07th January 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
01.12.2015	4619,00	4357,14	3065,23	4593,10	0,91%	-27,36%	243025	446,20	449,18
02.12.2015	4589,00	4329,65	3053,63	4593,10	0,26%	-27,83%	239200	442,87	445,84
03.12.2015	4525,00	4242,85	3022,51	4593,10	-1,14%	-28,84%	239250	434,43	437,38
04.12.2015	4637,00	4261,56	3066,19	4593,10	1,30%	-27,08%	237625	435,49	438,39
07.12.2015	4592,50	4248,77	3048,25	4603,80	-0,01%	-27,78%	235750	435,12	438,04
08.12.2015	4567,50	4203,87	3049,68	4603,80	-0,56%	-28,17%	235725	430,18	433,08
09.12.2015	4620,00	4224,19	3062,65	4603,80	0,59%	-27,35%	232700	432,39	435,27
10.12.2015	4572,00	4174,96	3020,21	4603,80	-0,46%	-28,10%	231925	427,92	430,80
11.12.2015	4667,00	4258,21	3077,48	4603,80	1,61%	-26,61%	232675	436,33	439,20
14.12.2015	4640,00	4229,72	3070,81	4601,80	0,79%	-27,03%	232200	432,56	435,43
15.12.2015	4586,00	4170,99	3026,46	4601,80	-0,39%	-27,88%	232650	427,37	430,24
16.12.2015	4583,00	4198,42	3055,33	4601,80	-0,45%	-27,93%	231775	429,32	432,20
17.12.2015	4550,00	4190,84	3047,56	4601,80	-1,17%	-28,45%	231475	429,92	432,83
18.12.2015	4650,00	4291,25	3119,97	4601,80	1,00%	-26,88%	231825	439,35	442,26
21.12.2015	4691,00	4318,73	3148,74	4677,25	1,94%	-26,23%	232175	441,74	444,64
22.12.2015	4672,50	4270,63	3141,39	4677,25	1,54%	-26,52%	232350	436,75	439,63
23.12.2015	4680,00	4284,54	3144,10	4677,25	1,70%	-26,40%	233675	438,88	441,76
24.12.2015	4665,50	4262,29	3129,53	4677,25	1,38%	-26,63%	235200	436,31	439,19
25.12.2015	-	-	-	-	-	-	-	-	-
28.12.2015	-	-	-	-	-	-	-	-	-
29.12.2015	4685,00	4269,96	3161,06	4700,67	0,17%	-0,26	237075	437,89	440,77
30.12.2015	4715,00	4315,79	3184,95	4700,67	0,81%	-0,26	236975	441,68	444,56
31.12.2015	4702,00	4320,50	3172,31	4700,67	0,53%	-0,52	236225	442,06	444,96
MONTHLY AVERAGES	4629,00	4258,33	3088,95	4629,11				435,94	438,84



MARKET COMMENTARY

Copper ended down 25% lower in 2015 on account of declining Chinese demand, exacerbated by few signs of producer cutbacks. Granted, Chinese refined imports held up quite well in 2015 and will likely finish the year essentially unchanged, but the strong inflows do not tally up with what macro indicators are telling us. All this suggests that imported copper may either be getting stored, arbitrated, or perhaps surreptitiously financed in dark corners of China's shadow banking system.

In addition, the fact that nine Chinese smelters said last month that they will cut refined output by as much as 550,000 tons in Q1 tells us that demand may not be as great as the import figures suggest. Moreover, we don't know whether the cuts will be reinstated if prices recover. Also, with treatment charges still attractive, other nonparticipating smelters could pick up the slack. More troubling, is that we are not seeing any cuts from Chile, responsible for 30% of global copper supply.

Here, refined output is expected to hold steady this year and the latest November numbers even show a y-o-y gain of almost 2%. Out of Peru, the government expects output to rise 65.5% in 2016 to about



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2.5 million tons after Las Bambas starts producing next month. Meanwhile, Cochilco sees global mine production rising by 3.2% in 2015, while the ICSG is more upbeat, seeing a 4.2% gain, outpacing 2016 consumption growth, which it expects to remain essentially flat.

Copper prices tumbled in this session, hitting their lowest in nearly seven years, as plunging China equities highlighted the country's economic problems and reinforced concern about demand for industrial metals. Benchmark copper on the London Metal Exchange was down 2.9 percent at \$4,486 a tonne at 1505 GMT. The metal, used in power and construction, had earlier touched \$4,430, its lowest since May 2009.

China's stock markets were suspended for the day less than half an hour after opening as a new circuit-breaking mechanism was tripped for a second time this week. Shanghai stocks slid 7.3 percent to trigger the halt, a repeat of Monday's losses. "Chinese equities, some of the economic data this week have spooked the market. China is the dominant consumer of pretty much every commodity," said Investec analyst Marc Elliot.

Data published this week showed China's manufacturing sector shrank for the 10th month running in December, while activity in services fell to a 17-month low.

China's central bank allowed the yuan to fall to its lowest level against the dollar since March 2011, a sign analysts said was an acknowledgement of weak growth.

"The Chinese stock market still has much more room to fall considering that for all the weakness we saw in the Chinese economy last year, the general Shanghai stock market was still up 9 percent last year," INTL FCStone's Edward Meir said in a note.

Some support for copper could come from China's state stockpiling agency, the State Reserve Bureau, which is expected to start buying domestic copper supply this month after local smelters urged it to intervene, industry sources said.



MONTHLY REVIEW & INDUSTRY NEWS

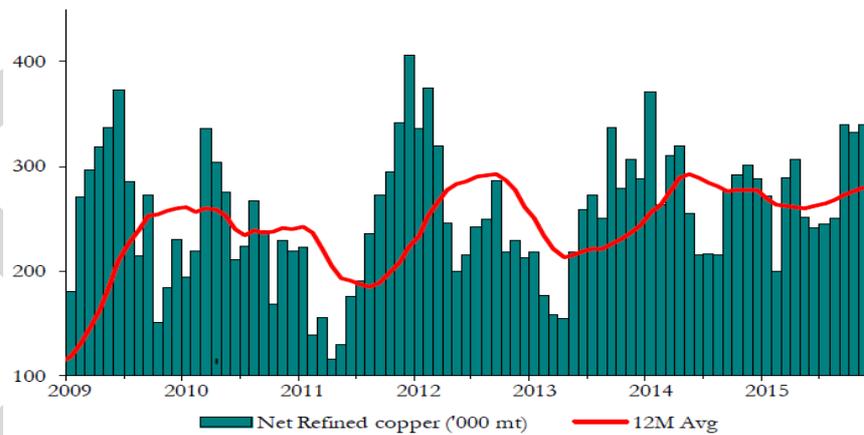
- China's state stockpiling agency is expected to start buying up domestic copper supply in January 2016 after local smelters urged it to intervene in order to support prices, industry sources said. The State Reserves Bureau plans to buy as much as 150,000 tonnes of copper, said the source.
- First Quantum Minerals Ltd. has told the Zambian government it plans to fire 730 workers at its Sentinel copper mine because it's not getting enough power to keep operations running. The shortages have hit mines, which are also under pressure to cut costs and shed jobs to cope with a decline in commodity prices.
- Indonesia may relax rules on the export of metal concentrates following the collapse in metals prices, while keeping a ban on raw ore shipments, according to Energy and Mineral Resources Minister Sudirman Said.
- Saudi Arabian mining company Ma'aden has begun producing copper in concentrate at the Jabal Sayed mine of its affiliate Ma'aden Barrick Copper Co., the company said. The estimated production capacity of Jabal Sayed is 45,000-60,000 tonnes/year of copper in concentrate; commercial production is expected to begin in the first quarter of 2016.



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- Chile, the world's largest producer of copper, produced 486,128 tonnes of copper in November, up 1.7 percent from 477,779 tonnes in the same month of last year, according to figures published by the country's statistics institute INE.
- Nine large copper smelters in China have agreed to cut sales of spot metal by as much as 200,000 tonnes in the first quarter of 2016 to counter low prices, an executive at one of the smelters said. The amount is equal to about 10 percent of China's first-quarter refined copper production in 2015.
- The plan to limit spot sales adds to an earlier decision by smelters to cut production next year by at least 350,000 tonnes in an effort to support prices that are troughing around six-year lows.
- Chinese copper consumption in 2015 is expected to increase by 2.56 percent to 10 million-11 million tonnes, thanks to the multi-billion dollars of investment the country has poured into electricity network development, according to a report released by China Nonferrous Metals Industry Association.
- Japan's copper cable shipments including sales and exports in November rose 1.2 percent from a year earlier to 61,800 tonnes on an estimated basis, the Japan Electric Wire and Cable Makers' Association said.
- The global world refined copper market showed a 26,000 tonnes deficit in September, compared with a 77,000 tonnes surplus in August, the International Copper Study Group (ICSG) said in its latest monthly bulletin. For the first 9 months of the year, the market was in a 35,000 tonnes surplus compared with a 452,000 tonnes deficit in the same period a year earlier, the ICSG said.
- China November refined copper imports up 12 percent year on year 358.700 metric tonnes, highest in 22 months.



- China imported 3.82 million tonnes of copper and copper products in the first ten months of 2015, representing a decrease of 4.2 percent compared to the corresponding period of last year, according to official statistics. The country's refined copper production was 6.456 million tonnes in the first ten months of 2015, up 6.8 percent compared to the corresponding period of last year.
- Macquarie cuts 2016 copper price forecast to \$5,050 per tonne.
- Commodity trading group Trafigura expects the copper market to be in balance during most of 2016 before a surplus emerges at the end of the year, it said.

- ANZ cuts 2016 copper price forecast by 18.5 percent to \$4,839 per tonne, cuts 2017 forecast by 11.1 percent to \$5,664 per tonne.
- Goldman Sachs says "we see the risks surrounding our 3/6/12-months copper price forecasts of \$4,800 per tonne, \$4,800 per tonne and \$4,500 per tonne, respectively, as skewed to the downside.
- Here is the summary of 2015 for LME copper prices.

2015 Copper Statistical Summary

		High		Low	
3M closing price - EOY	\$4,705.00				
3M closing price - EOY 2014	\$6,300.00				
3M price		\$6,480.00	15-May	\$4,490.00	23-Nov
cash settlement average price	\$5,487.92				
3M settlement average price	\$5,480.56				
cash-3M spread	\$68.00 b	\$84.00 b	12-Jan	\$31.00 c	15-Jun
	EOY				
3M price ranges					
2014		\$7,352.50	15-Jan	\$6,290.00	29-Dec
2013		\$8,346.00	4-Feb	\$6,602.00	25-Jun
2012		\$8,765.00	9-Feb	\$7,219.00	22-Jun
2011		\$10,190.00	15-Feb	\$6,635.00	3-Oct
Record		\$10,190.00	15-Feb-11	\$1,336.00	31-Dec-01
LME Select 3M Volume					
5-year high		53,042 lots	14-Jan-15		
2014 average		17,271 lots			
LME stocks	178,425 mt	2-Jan			
	236,225 mt	31-Dec			
cancelled warrants	25,125 mt	2-Jan			
	40,330 mt	31-Dec			

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