Copper traded roughly within a $6000/ton range between early December to mid-January, with prices fluctuating between $5725–$6199 in January. No doubt, the more optimistic tone generated by the recently concluded US/Chinese trade talks have helped stabilize copper of late, although growing macro weakness in China will likely keep a more significant rally in check. The latest Chinese PMI numbers (both the official and private readings) have dipped into contraction territory for the first time in years. These are correlate quite significantly with copper prices, perhaps better than almost any other indicator we have seen.
Meanwhile, the latest ICSG numbers has the global refined copper market in a 595,000-ton deficit through September of last year compared with a 226,000-ton-deficit in the same period a year earlier. The ICSG’s deficit reading to be excessively high and expect the 2018 number to fall from where the ICSG has it once the year is complete.

In other key developments, Chile's copper production recovered nicely in 2018, increasing 6% year-to-date through November. Given that China has been reducing its scrap imports considerably for much of the past two years, we suspect that Chilean refined units will find a ready home going into China as substitute material for scrap and so the increase in Chilean production should readily be absorbed China imported 4.87 million tons of unwrought copper in the first eleven months of 2018, an increase of 14.9% from a year earlier; ores and conc imports reached 18.25 million year-to-date through November, up 16.4% year-on-year.

The ShFE was closed between 04.02.2019-08.02.2019 session for China's Lunar New Year holiday, re-opening today (on Feb. 11). LME Copper prices were supported by easing U.S.-China trade tension. The first week of Feb copper reached $6,289.5 a tonne although concerns over slowing factory activity in China limited gains (while China was closed). The trade volume was very low. LME closed down 0.83 % at $6,201.5 a tonne on Friday after U.S. President Donald Trump said he did not plan to meet China's Xi Jinping before a March 1 deadline for the two countries to achieve a trade deal. LME copper closed first week of Febuary with 1% weekly gain.

Today Chinese trader turn back and copper edged down 1.02 % on profit taking. There are no ECB and FED meetings on February. We have been waiting March 1 deadline for the two countries (China and US) to achieve a trade deal. If China and the US agree on March 1, we expect a bullish trend on copper.
MONTHLY REVIEW & INDUSTRY NEWS

Kaz Minerals produced 294,000 tonnes of copper cathode in 2018, up 14% percent from 2017, from the six copper-producing mines it operates, five of which are in Kazakhstan and the other in Kyrgyzstan.

Yunus Saefulhak, director of minerals at the Indonesian Energy and Mineral Resources Ministry, said that the government expects exports of copper concentrate from Indonesia to fall by 300,000 to 800,000 tonnes in 2019, as Grasberg’s output declines from 2.1 million tonnes of concentrate in 2018 to 1.2 million tonnes in 2019. Grasberg is the fourth-largest copper mine in the world (at 2017 production levels).

Miner and trader Glencore’s copper output in 2018 jumped 11% percent and hit 1.453 million tonnes. The company’s copper output in 2019 is projected to reach 1.54 million tonnes.

Antofagasta, a UK-headquartered copper mining firm’s copper output grew by 3% to 725,300 tonnes in 2018. Antofagasta estimated that its copper production will increase to between 750,000 tonnes and 790,000 tonnes this year.

The Kazakhmys Holding increased the output of cathode copper 2.2% to 238,858 tonnes in 2018, the company said.

Chilean state copper miner Codelco saw a 1.9% drop in its output in 2018, at 1.8 million tonnes.

Production at the world’s largest copper mine, Escondida, shot up 34% in the same year, Chile’s copper commission said. Production at Escondida, controlled by BHP Group Ltd, rose to 1.24 million tonnes because of a low base of comparison due to the impact in 2017 of a workers strike that lasted for 44 days.

Chile’s second-largest copper mine, Collahuasi - a joint venture between Glencore Plc and Anglo American Plc with Japanese firms - recorded growth of 6.7% in its production to 559,200 tonnes last year.

Norilsk Nickel increased copper production by 18% to 473,654 tonnes in 2018, and expects to produce 430 - 450 thousand tonnes of copper in 2019.

India’s Top Court Orders Tamil Nadu State To Give Power Supply To Vedanta’s South Indian Copper Smelter Immediately. The smelter, which has 400,000 tonnes capacity a year, has been out of order since May.

Chilean state-owned Codelco, the world's largest copper producer, shut the flash smelter, with capacity to produce 320,000 tonnes per year of cathodes, in December because it did not comply with new stricter emission requirements.

Planned maintenance at major copper smelters this year is expected to reduce supply of the refined metal used widely in the power and construction industries, further tightening the market and pushing premiums higher:
China's December refined copper output rose by 4.5% year-on-year to 839,000 tonnes, its highest monthly total in 2018, the National Bureau of Statistics said. China’s 2018 refined copper up 8 percent year-on-year at 9.03 million tonnes.

China's imports of copper fell 4.7% from November to 429,000 tonnes in December, data from the General Administration of Customs showed.

Kazakhstan's 2018 refined copper output rose 2.8% year-on-year to 438,233 tonnes.

Japan’s cathode copper exports edged up 18.5% to 559,637 tonnes in 2018.

Last year, Chile's total copper production rose by 6% to 5.83 million tonnes, according to figures from the commission, known as Cochilco.

Copper production in Democratic Republic of Congo, Africa's top producer, rose 12.9% in 2018 to 1.2 million tonnes, the Chamber of Commerce said in a presentation on Wednesday.

INTL FCStone forecasts prices fluctuating between $5,650 and $7,200 per tonne in 2019. For the year as a whole, it sees prices averaging $6,190.

The global refined copper deficit reached an estimated 545,000 tonnes in the first 10 months of 2018, the International Copper Study Group (ICSG) said.

Marcin Chludzinski, CEO of KGHM, on copper prices in 2019, "We refer to lower end of copper price range forecast by analysts and we assume an average copper price at $6,100-$6,300 per tonne. I think this is realistic, today the price has neared $6,000,"

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>LOCATION/NAME</th>
<th>PROCESSING CAPACITY P/A</th>
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<tr>
<td>Pan Pacific Copper</td>
<td>Saganoseki, Japan</td>
<td>450,000 tonnes</td>
<td>Three-four weeks around Nov 2019</td>
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<tr>
<td>Sumitomo Metal Mining</td>
<td>Toyo smelter, Japan</td>
<td>450,000 tonnes</td>
<td>Three weeks around Nov 2019</td>
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<td>Mitsubishi Materials</td>
<td>Naoshima, Japan</td>
<td>234,000 tonnes</td>
<td>Feb 13-March 15 2019</td>
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<td>Shandong Xiangguang</td>
<td>Yanggu, China</td>
<td>400,000 tonnes</td>
<td>50 days in May and June 2019</td>
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<td>Aurubis</td>
<td>Pirdop, Bulgaria</td>
<td>230,000 tonnes</td>
<td>May-June 2019, 18 days</td>
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<tr>
<td>Aurubis</td>
<td>Lunen, Germany</td>
<td>190,000 tonnes</td>
<td>17 and 25 days in March and Sept 2019</td>
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<tr>
<td>Codelco</td>
<td>Ventanas, Chile</td>
<td>470,000 tonnes</td>
<td>Oct 2019, 28 days</td>
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Citigroup turns bullish on copper, saying it expects the metal to rally by 10%, to hit $6,700 a tonne, over the next 3 – 6 months on expectations of a U.S. trade deal with China and increasing confidence in a global economic recovery.

Copper and other base metals prices will recover only modestly this year as an economic slowdown in top metals consumer China subdues demand, a Reuters poll showed.

According to the same Reuters Poll, The LME cash copper price is expected to average $6,307 a tonne this year and $6,709 a tonne in 2020, a median forecast of 30 analysts. Analysts expect a copper market deficit of 64,000 tonnes in 2019, deficit of 114,000 tonnes in 2020.

Chile's Cochilco state copper commission maintained its average price prediction of $3.05 per pound for 2019, rising to $3.08 for 2020, amid the continuing U.S.-China trade war and further potential volatility because of Brexit.

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