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# MONTHLY COPPER BULLETIN



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**March-2016**

**06<sup>th</sup> April 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
01.03.2016	4726,00	4344,55	3379,09	4791,80	2,91%	-98,00%	193475	443,16	446,10
02.03.2016	4780,00	4402,69	3411,12	4791,80	2,91%	-97,98%	190750	448,78	451,73
03.03.2016	4830,00	4428,35	3427,48	4791,80	2,91%	-97,96%	187725	451,52	454,45
04.03.2016	4918,00	4483,14	3474,15	4791,80	2,91%	-97,92%	186700	456,70	459,62
07.03.2016	5000,00	4566,63	3533,82	4955,50	3,42%	-97,88%	185225	464,90	467,82
08.03.2016	4980,50	4521,97	3506,41	4955,50	3,42%	-97,89%	184850	459,97	462,87
09.03.2016	4935,50	4499,09	3471,55	4955,50	3,42%	-97,91%	181975	458,17	461,09
10.03.2016	4920,50	4536,70	3475,91	4955,50	3,42%	-97,92%	178575	461,68	464,63
11.03.2016	4941,00	4452,55	3457,42	4955,50	3,42%	-97,91%	175975	453,83	456,72
14.03.2016	4994,00	4488,99	3476,26	4998,20	0,86%	-97,89%	174175	457,42	460,29
15.03.2016	4920,00	4426,05	3469,68	4998,20	0,86%	-97,92%	170075	451,17	454,05
16.03.2016	4945,00	4460,18	3516,07	4998,20	0,86%	-97,91%	167025	455,26	458,15
17.03.2016	5029,00	4449,65	3490,66	4998,20	0,86%	-97,87%	160925	452,75	455,57
18.03.2016	5103,00	4523,13	3521,25	4998,20	0,86%	-97,84%	158275	460,59	463,43
21.03.2016	5079,50	4509,50	3529,39	5035,25	0,74%	-97,85%	155275	458,83	461,67
22.03.2016	5070,00	4516,70	3559,64	5035,25	0,74%	-97,85%	151975	460,40	463,25
23.03.2016	5060,50	4531,25	3576,58	5035,25	0,74%	-97,86%	150675	461,24	464,10
24.03.2016	4931,00	4416,88	3489,24	5035,25	0,74%	-97,91%	151375	450,33	453,20
25.03.2016	-	-	-	-	-	-	-	-	-
28.03.2016	-	-	-	-	-	-	-	-	-
29.03.2016	4939,50	4410,66	3456,85	4903,75	-2,61%	-97,91%	149125	449,48	452,34
30.03.2016	4940,00	4357,41	3425,08	4903,75	-2,61%	-97,91%	145450	444,37	447,19
31.03.2016	4855,50	4263,70	3373,51	4903,75	-2,61%	-97,94%	144750	434,56	437,37
<b>MONTHLY AVERAGES</b>	<b>4947,55</b>	<b>4456,66</b>	<b>3477,20</b>	<b>4942,28</b>				<b>454,05</b>	<b>456,94</b>



## MARKET COMMENTARY

Copper bounced in March, with much of the move tracking the dollar, as the fundamentals of the complex remain dreary. Chinese demand is sluggish, manifesting itself in the surge we are seeing in Shanghai stocks, which recently got to 400,000 tons, more than double year-end 2015 levels. And although LME stocks have fallen by 90,000 tons so far in 2016 (the lowest since Feb. 2015), investors suspect the drawdown is feeding mostly into arb and/or finance-related trading. The latter may also explain the rise in Chinese imports, with Jan/Feb intake totaling 652,000 tons, 28% higher y-o-y and well in excess of any demand bounce that could justify such an increase.

Elsewhere, the ICSG sees the global refined market remaining "essentially balanced" in 2016/2017 compared with its previous forecast of a 175,000-ton surplus for this year. "Downward revisions have been made for both production and usage in view of a weaker economic outlook, project delays and price-related production cuts" the ICSG said. World mine production is seen rising 1.5% this year by 2.5% in 2017, well below the 4%-5% increase the Group was calling for just six month



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ago. Refined copper production is expected to move up by just 0.5% this year compared with 1.6% in 2015. However, the ICSG data may have been compiled when prices were much lower and the mine numbers could change if we get to \$5,000 or above, as at that level, the vast majority of producers would be profitable.

Copper clung to small overnight gains today supported by a weaker dollar, but it remained within striking distance of a one-month low on concerns over demand from top consumer China.

Copper rallied in the beginning of the year along with other commodities, but has fallen nearly 7 percent since hitting a four-month peak in mid-March. Analysts say the price rally was overdone and that physical demand has not risen.

Three-month copper on the London Metal Exchange was little changed at \$4,770 a tonne by 1432 GMT. The metal hit a one-month low of \$4,751 on Tuesday before closing the session up 0.3 percent.

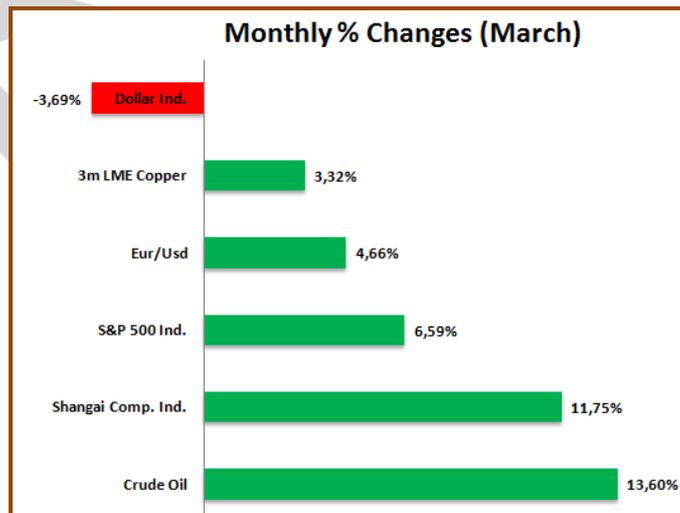
"We are forecasting the price to go down mainly because the demand growth is weaker this year," said Chunlan Li of consultancy CRU in Beijing. "Demand has picked up month-on-month, but is still low as compared with the same period last year," she said. Li expects Chinese copper demand to grow 0.6 percent this year, lower than the 3.8-percent growth seen last year.

Copper prices are expected to slide below January's 6-1/2 year lows, hit by a lack of production cutbacks and weak demand in the world's biggest metals consumer China, said GFMS analysts at Thomson Reuters. Data on Wednesday showed that activity in China's service sector strengthened in March, but employment fell for the first time in over 2.5 years, sending mixed signals on the health of a sector, which Beijing is counting on to offset prolonged weakness in manufacturing. For now, copper was supported by a softer dollar that makes the greenback-denominated commodities cheaper for holders of other currencies.



## MONTHLY REVIEW & INDUSTRY NEWS

Here is the performance of some instruments in March.



Barclays says sees average copper prices at \$4,417 per tonne for 2016.

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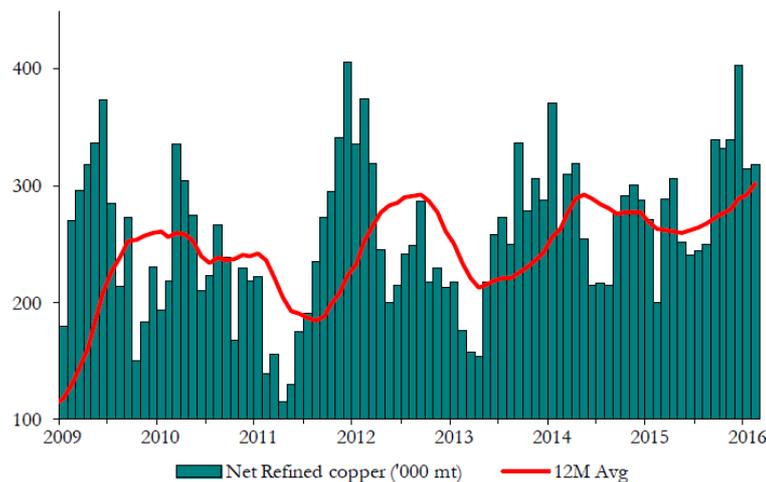
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- ✚ Copper output in Peru jumped 70 percent to 169,114 tonnes in February from the same month in 2015 as Freeport McMoRan Inc's Cerro Verde deposit displaced Antamina as the country's top mine for the second month, the government.
- ✚ World No. 1 copper producer Chile produced 449,539 tonnes of copper in February, a 0.2 percent increase from the year before, due partly to calendar factors, the government said.
- ✚ Chile's Codelco raised copper production in 2015 but suffered a historic loss as sharply lower metals prices squeezed margins and forced large writedowns of major assets, the state-owned mining company said Thursday. Codelco produced 1.732 million mt of copper in 2015, an increase of 3.6% from 2014.
- ✚ Japan's copper cable shipments, including sales and exports, in February fell 2.6 percent from the previous year to 58,300 tonnes, the Japan Electric Wire and Cable Makers' Association said.
- ✚ Mongolia exported a total 273,800 mt of copper concentrate over January-February, up 33% on year, according to data released by the National Statistical Office of Mongolia.
- ✚ China's February refined copper imports up 55.66 percent year-on-year at 328,604 tonnes.



- ✚ Chile's second-biggest copper mine Collahuasi, produced 455,300 tonnes in 2015, a 3.2 percent year-over-year drop, according to data from Chile's state copper commission Cochilco.
- ✚ The Toromocho mine in central Peru which commenced commercial operation in June 2015 produced a total 763,500 mt of copper concentrates for the year, Chinalco Mining Corporation International said.
- ✚ Antofagasta is not planning to make production cuts but would close down unprofitable capacity if necessary, its ceo said. "At current prices we can go through this period without cutting capacity. But if we have an operation that is not paying for its costs, we will shut it down," Diego Hernandez told Metal Bulletin.
- ✚ Japan's Mitsubishi Materials Corp said on Friday it plans to produce 169,650 tonnes of refined copper during April-September, up 4 percent from the same period last year.

- ✚ Sumitomo Metal Mining Co Ltd, Japan's No.2 copper smelter, plans to boost its copper output in the financial year that started on Friday by 6.1 percent o 445,200 tonnes from a year earlier when production was affected due to a maintenance activity.
- ✚ China's Yunnan Copper Co produced 537,329 mt of refined copper in 2015, up 4 percent year on year.
- ✚ China's Jinchuan Group International Resources produced 47,782 mt of copper in 2015, down 12% from the previous year.
- ✚ China Nonferrous Mining Corp. produced 68,464 mt of copper cathodes in 2015, up 21.2% from 2014, but its copper concentrates and blister copper dropped sharply from its operations in Zambia and Congo.
- ✚ Jiangxi Copper Co, China's biggest integrated copper producer, said it plans to cut refined copper output by 6.7 percent this year, in line with a proposal by the country's big smelters to reduce output to support prices. The move would cut production by 80,000 tonnes to 1.175 million tonnes, and follows a pledge by No. 2 producer Tongling Nonferrous Metals Group to reduce output by 110,000 tonnes (1.2 million tonnes in 2016, from 1.31 million tonnes last year,).
- ✚ Nine of China's large copper smelters agreed last year to cut output by at least 350,000 tonnes in 2016, and said they could deepen the cuts if prices and profitability deteriorate. Economic conditions could restrict demand growth for nonferrous metals this year, Jiangxi said, but forecast a 6 percent rise in global copper mine production, adding pressure to prices.
- ✚ Australian miner MMG set an output target of 415,000-477,000 mt copper and 120,000-135,000 mt zinc output for 2016, it said.

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