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MONTHLY COPPER BULLETIN

November-2015

07th December 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
02.11.2015	5137,50	4655,22	3320,51	5101,00	-0,93%	-19,21%	267850	476,20	479,06
03.11.2015	5149,00	4689,86	3345,90	5101,00	-0,71%	-19,03%	266225	475,73	478,59
04.11.2015	5165,50	4724,69	3351,17	5101,00	-0,39%	-18,77%	263125	479,21	482,08
05.11.2015	5053,00	4644,73	3305,42	5101,00	-2,56%	-20,54%	269525	482,51	485,39
06.11.2015	5000,00	4599,39	3304,47	5101,00	-3,58%	-21,37%	266100	474,48	477,38
09.11.2015	4990,00	4630,66	3307,04	4910,40	-2,18%	-21,53%	261125	473,34	476,27
10.11.2015	4933,50	4610,32	3263,11	4910,40	-3,28%	-22,42%	258625	470,94	473,89
11.11.2015	4931,00	4601,53	3249,21	4910,40	-3,33%	-22,46%	256275	470,49	473,43
12.11.2015	4872,50	4544,82	3208,34	4910,40	-4,48%	-23,38%	261025	464,60	467,54
13.11.2015	4825,00	4479,62	3171,00	4910,40	-5,41%	-24,12%	258700	458,54	461,47
16.11.2015	4765,00	4440,82	3135,90	4686,80	-2,96%	-25,07%	262250	454,70	457,64
17.11.2015	4700,00	4406,94	3090,07	4686,80	-4,28%	-26,09%	258500	450,87	453,82
18.11.2015	4669,00	4376,64	3069,09	4686,80	-4,92%	-26,58%	255275	448,13	451,09
19.11.2015	4610,00	4309,62	3020,77	4686,80	-6,12%	-27,50%	255050	441,73	444,68
20.11.2015	4690,00	4388,51	3075,81	4686,80	-4,49%	-26,25%	252325	449,17	452,12
23.11.2015	4515,50	4250,28	2983,88	4577,30	-3,65%	-28,99%	251125	435,17	438,13
24.11.2015	4527,00	4251,50	3001,59	4577,30	-3,41%	-28,81%	250675	435,43	438,39
25.11.2015	4541,00	4285,18	3008,88	4577,30	-3,11%	-28,59%	247925	439,43	442,40
26.11.2015	4667,00	4397,85	3091,75	4577,30	-0,42%	-26,61%	244800	450,22	453,19
27.11.2015	4636,00	4379,78	3078,15	4577,30	-1,08%	-27,10%	243350	448,65	451,63
30.11.2015	4595,50	4344,39	3062,03	4593,10	0,40%	-27,73%	244375	444,87	447,85
MONTHLY AVERAGES	4808,24	4.476,78	3.164,00	4.808,12				458,31	461,24



MARKET COMMENTARY

Copper lost substantial ground in November, off some \$600/ton and sinking to a 6-year low in the process, although there has been a degree of stabilization setting over the last few days on account of dollar weakness.

The complex was weighed down earlier in the month by fund selling, a stronger dollar, weaker Chinese demand, a steep Chilean cut in refined premiums (to \$98 from \$133) and skepticism about whether announced cuts so far are enough to tighten the supply/demand balance going into 2016. Since then, there have been additional cuts announced, including by nine Chinese producers last week wherein 350,000 tons of output is supposed to come off in 2016. In a 20 mln ton market, this is not significant and neither are we certain that these cuts will not reappear if prices rebound.

More significant, is what Chile will do – or not do. At CESCO-Asia, a Codelco executive said his company was not contemplating cuts, but was instead focused on lowering costs. Since then, the official line has changed, with the company now saying that cuts are under consideration should

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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

prices continue to deteriorate, which it suspects they will. In the meantime, latest Chilean monthly production numbers for October has output at 500,000 tons, up 1% from a year ago, so we have yet to see reductions start. More broadly, the ICSG sees overall mine output growing by 1.2% this year and by a more substantial 4.2% next year. This is outpacing 2016 consumption, which it thinks will remain essentially flat going into 2016.

Copper prices slipped on Monday as worries about weak demand growth in top consumer China and expectations of surplus metal were reinforced by a strong dollar.

Benchmark copper on the London Metal Exchange was untraded in official rings but bid 0.4 percent lower at \$4,595 a tonne. A higher dollar makes commodities more expensive for non-U.S. firms, a relationship used by funds to trade copper.

Hedge funds and money managers added to their net short position in COMEX copper contracts in the shortened holiday week to Dec. 1, U.S. Commodity Futures Trading Commission data showed on Friday. The managed net short position is the biggest net short since April 2013.

China accounts for nearly half of global copper consumption estimated at about 23 million tonnes this year. Analysts estimate demand growth for copper in China has slowed this year to around 2.5 percent from more than 7 percent last year.

"The market is focused on the demand side. We will have better clues of what is going on with Chinese data later this week," SP Angel analyst Sergey Raevskiy said. "Producers need to cut more to try to balance the market, but that isn't happening." China's trade data is due on Tuesday and investment and industrial production numbers for November are due on Saturday.

U.S. employment increased at a healthy pace in November, in another sign of the economy's resilience, and will most likely be followed by the first Federal Reserve interest rate rise in a decade later this month.



MONTHLY REVIEW & INDUSTRY NEWS

- China's 10 major copper producers have asked the government to buy metal for its strategic stockpile, joining a growing chorus in the country's stricken base metal industry that is pleading for state intervention to shore up prices that are near multi-year lows.

The group of smelters also said they will cut output next year by 350,000 tonnes. But so far price response has been muted amid some scepticism that smelters, around 90 percent of which are still profitable, may be slow to act.

- Trade volumes on the London Metal Exchange fell 3 percent in the first nine months of 2015 compared to the same period last year due to a slowdown in global growth and weak commodity prices.
- The refined copper market had a production surplus for the first eight months of 2015 at about 70,000 tonnes, and a seasonally adjusted surplus of about 100,000 tonnes. That compares to a production deficit of around 460,000 tonnes, and a seasonally adjusted deficit at roughly 430,000 tonnes for the same period of 2014, the International Copper Study Group said.

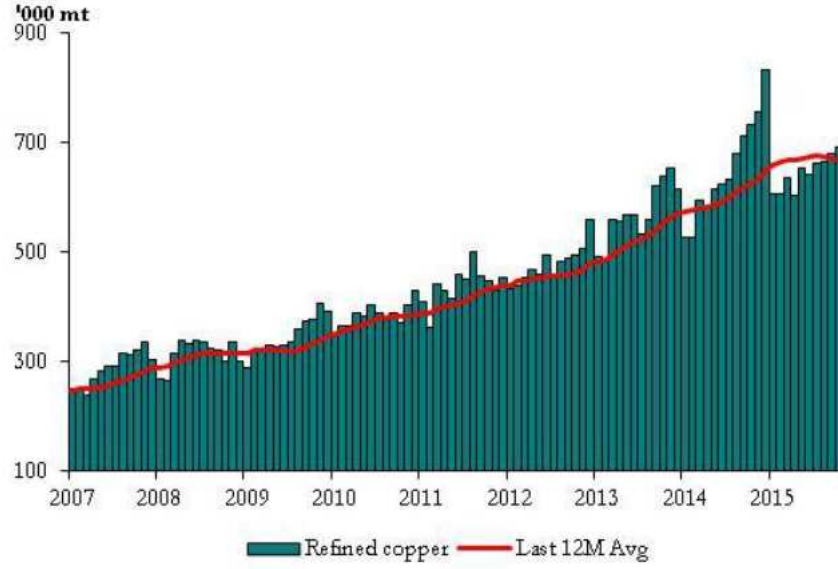


Fabrika : A. Nuri ERİKOĞLU
Cad. 20085 Gümüşler / DENİZLİ
Vergi Dairesi : Gökpınar
Vergi No : 336 006 27 21

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

- ✚ The increasing penetration of electric vehicles across the transportation industry is expected to increase copper demand over the next decade, Gianni Kovacevic at Copperbank told Platts at the Mines and Money conference in London.
- ✚ National Australia Bank says forecast continuously depressed price levels for copper in 2016, at around \$4700 per tonne.
- ✚ Global copper market supply and demand will be closer to balance in 2016, with output reduced by 2 million tonnes or more as smaller producers cut production, according to Antofagasta Minerals SA chief executive officer Ivan Arriagada.
- ✚ Copper prices are likely to stay around \$5,500 a tonne in 2016 before rising slightly into the end of 2017 as the global market tips into deficit, a Chilean government official said.
- ✚ Glencore raises copper output cuts from 400,000 tonnes and says copper output cuts to be 455,000 tonnes by end-2017.
- ✚ Barclays raises 2015 copper price forecast to \$5,504 per tonne from \$5473 per tonne and sees 2016 copper price forecast at \$5,625 per tonne.
- ✚ BHP has said it expects to produce 1.5 million tonnes in the 2016 financial year, down from 1.7 million tonnes in 2015.
- ✚ Chile produced 500,720 tonnes of copper in October, up 1.1 percent from 495,436 tonnes in the year-ago month, the country's statistics institute INE said. Production in the first 10 months of the year totalled 4.81 million tonnes up 0.6 percent from 4.78 million tonnes in the same period of last year.
- ✚ Japan's output of rolled copper product fell to 64,132 tonnes in October on a seasonally adjusted basis, down 10 percent from a year earlier, preliminary data showed
- ✚ Democratic Republic of Congo lowered its 2015 economic growth forecast to 7.7 percent from an earlier prediction of 8.4 percent due to weak commodity prices and lower mining output.
- ✚ Peru's September copper shipments rose 3.6 percent to 132,100 tonnes from 127,500 tonnes a year earlier.
- ✚ Mongolia exported around 1.2 million mt of copper concentrate in January-October, increasing 10% year on year.
- ✚ Codelco produced 1.26 million tonnes of copper during the period from January to September, a 2 percent rise from the previous year.
- ✚ Chile's copper miner Antofagasta Minerals, which trimmed its 2015 output target to 635,000 tonnes, is likely to produce about 3 percent more metal in 2016 due to a new mine and improvements at existing mines, its chief executive officer said
- ✚ Codelco slashed the premium it charges Chinese buyers by 26 percent, the most since the global financial crisis, as it seeks to sustain sales to the world's largest consumer amid weakening demand.
- ✚ China's October refined copper imports up 12.3 percent to 343,473 tonnes, year on year.

- ✚ China's refined copper output rose 0.6 percent in October from a year ago to 693,180 tonnes, data from the statistics bureau showed.



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