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MONTHLY COPPER BULLETIN

October-2015

04th November 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
01.10.2015	5178,00	4641,86	3421,21	5065,40	0,92%	-18,57%	320400	474,20	477,03
02.10.2015	5081,00	4552,87	3351,14	5065,40	-0,97%	-20,10%	319425	465,21	468,04
05.10.2015	5144,50	4581,44	3388,55	5207,90	1,56%	-19,10%	317600	467,72	470,52
06.10.2015	5175,00	4609,01	3411,11	5207,90	2,16%	-18,62%	312225	470,93	473,74
07.10.2015	5241,00	4651,22	3424,59	5207,90	3,47%	-17,58%	308100	475,04	477,84
08.10.2015	5160,00	4575,69	3374,75	5207,90	1,87%	-18,86%	305475	468,35	471,15
09.10.2015	5319,00	4681,81	3467,86	5207,90	5,01%	-16,35%	305225	477,89	480,66
12.10.2015	5335,00	4689,29	3471,73	5297,50	2,44%	-16,10%	303200	478,83	481,60
13.10.2015	5260,50	4624,21	3452,45	5297,50	1,01%	-17,27%	300600	472,24	475,01
14.10.2015	5278,00	4627,79	3434,41	5297,50	1,35%	-17,00%	297175	472,28	475,05
15.10.2015	5344,00	4673,78	3453,09	5297,50	2,61%	-15,96%	293650	476,86	479,61
16.10.2015	5270,00	4644,40	3413,65	5297,50	1,19%	-17,13%	292950	473,66	476,43
19.10.2015	5240,00	4626,93	3384,79	5236,70	-1,09%	-17,60%	293575	472,14	474,92
20.10.2015	5189,00	4561,76	3353,37	5236,70	-2,05%	-18,40%	289075	465,99	468,77
21.10.2015	5185,50	4566,71	3355,88	5236,70	-2,11%	-18,45%	284050	466,47	469,24
22.10.2015	5274,00	4658,60	3409,62	5236,70	-0,44%	-17,06%	280275	475,98	478,77
23.10.2015	5295,00	4772,85	3435,19	5236,70	-0,05%	-16,73%	277600	487,71	490,55
26.10.2015	5233,00	4750,36	3413,57	5185,60	-0,07%	-17,71%	277950	485,31	488,17
27.10.2015	5219,50	4723,10	3405,21	5185,60	-0,33%	-17,92%	274075	481,90	484,75
28.10.2015	5179,00	4671,24	3386,30	5185,60	-1,10%	-18,56%	273350	477,20	480,04
29.10.2015	5161,00	4720,14	3383,60	5185,60	-1,45%	-18,84%	270200	482,32	485,20
30.10.2015	5135,50	4665,24	3347,13	5185,60	-1,93%	-19,24%	267775	476,20	479,06
MONTHLY AVERAGES	5222,61	4648,65	3406,33	5216,79				474,75	477,55



MARKET COMMENTARY

Copper had a quiet month, with its range even more compressed than in September. Prices fluctuated between \$5000-\$5350 in October. The sideways drift was attributable to two variables, the first being the strength in the dollar caused in large part on renewed conviction (emerging last week) that the Fed will indeed raise rates before year-end. The second has to do with a stream of weak macro numbers coming out of China.

Although LME stocks have been dropping (off by some 50,000 tons in October), an open arb has prompted refined copper imports to rise sharply in September (up 22% y-on-y), replenishing Shanghai inventories to the tune of 30,000 tons in October.

Moving to the supply side, there is little evidence that Chilean production is retracing meaningfully in light of weaker Chinese demand; Cochilco reported last week that output is forecast to come in at 5.68 million tons in 2015, down only 1.2% y-on-y before it resumes its uptrend in 2016. For its part, the ICSG sees the refined market as being in an 8,000-ton surplus

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(as of July) and in a 10,000 ton excess year-to-date.

Copper prices rose 1 percent on Wednesday, supported by bets that demand in top consumer China is set to improve thanks to government stimulus, and by news that mining giant Glencore will deepen cuts in its output of the metal.

Glencore said it expects to cut 455,000 tonnes of copper output by the end of 2017. In September, it suspended copper output at two mines in Africa, removing 400,000 tonnes of cathode from the market.

In China, equities posted their biggest daily gain in seven weeks, after President Xi Jinping made economy-friendly comments and the government unveiled proposals for a five-year financial market reform plan.

"We're already seeing tentative signs that things will pick up (in China) but the market is on hold waiting for data next week on China's trade, which will give an indication on whether the strong (September) figures will be sustained," said Caroline Baine, senior commodities economist at Capital Economics.

Three-month copper on the London Metal Exchange climbed 1.1 percent to \$5,213 a tonne by 1233 GMT. The price hit the weakest in a month at \$5,086.50 on Monday, but has held above a six-year low of \$4,855 reached in late August.

Elsewhere, the dollar inched towards 2-1/2-month highs against a basket of currencies, capping gains in dollar-priced metals by making them costlier for non-U.S. investors. The dollar is being buoyed by returning expectations of a rise in U.S. interest rates and better growth globally, with markets awaiting Friday's U.S. non-farm payrolls report for more clues on the outlook.



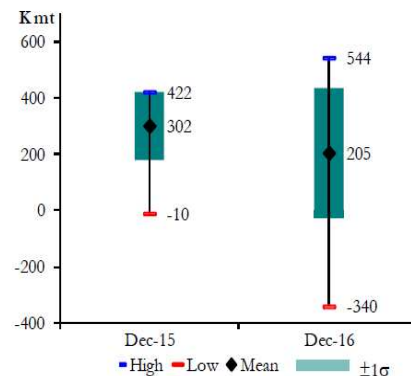
MONTHLY REVIEW & INDUSTRY NEWS

Here is the copper balances of Reuters poll for the year-end of 2015 and 2016.

Copper Balance Forecast Poll - Year-end 2015, 2016

	2015 Forecast	2016 Forecast
STD	120636	228477
Highest	422000	544000
Lowest	-10000	-340000
Mean	302091	205300
Median	349000	211000
Count	11	10

Forecast For:	High	Low	Mean
Dec-15	422000	-10000	302091
Dec-16	544000	-340000	205300



For the first 7 months of the year, the market was in a 8,000 tonnes surplus compared with a 563,000 tonnes deficit in the same period a year earlier, the ICSG said.

Metal forecast to average \$2.36/pound this quarter and \$2.43 next year, according to Cochilco's (Chile govt's copper commission) semi-annual survey of 15 specialists. 2016 average down 46 cents from previous survey on China slowdown, normalization of U.S. monetary policy.

- ✚ Macquarie says sees average copper price forecast at \$5,663 per tonne (4.1 pct downward revision) for 2015, \$5,713 per tonne (5 pct downward revision) for 2016; \$5,725 per tonne (11.6 pct downward revision) for 2017.
- ✚ Codelco has offered its copper cathode customers in Europe a contractual premium of \$92 for 2016. The offer is down \$20 on the benchmark number it offered in 2015, and is in line with the contractual premium offered by Aurubis earlier.
- ✚ Japan's Mitsubishi Materials Corp plans to produce 166,518 tonnes of refined copper during the October- March second half, up 24.7 percent from the same period last financial year.
- ✚ Total copper production for the September 2015 quarter decreased by 3 percent to 377,000 tonnes as strong operating performance across the business was offset by grade decline at Escondida, as anticipated. Guidance for the 2016 financial year remains unchanged at 1.5 M tonnes.
- ✚ Pan Pacific Copper, Japan's biggest copper smelter, plans to produce 271,600 tonnes of refined copper in its October-March second half of the 2015 financial year, down 7.5 percent from the same period a year earlier.
- ✚ Vale's copper output reached 99,300 tonnes in third quarter 2015, 5.3 percent lower than in second quarter and in third quarter 2014, as a result of a planned maintenance shutdown in Sudbury.
- ✚ Chile's second-biggest copper mine Collahuasi, owned by Anglo American and Glencore will cut output by 30,000 tonnes, becoming the latest major producer to protect itself against sinking prices in the Biggest rout in years. The cut represents 7 percent of the mine's output last year of 470,000 tonnes.
- ✚ Chinese authorities approved the construction of four new railway lines stretching over 2,000 km, at a total investment of 253.3 billion yuan (\$39.6 billion).
- ✚ Chile will produce 5.68 million mt of copper this year, down 1.2% from 2014, as mines reduce output in the face of six-year lows in the price of the metal, according to Cochilco. Also expected to produce some 5.85 million tonnes of copper in 2016 the same in 2015.
- ✚ Zambia is expected to produce 600,000 tonnes of copper this year, down 15 percent from 708,000 tonnes in 2014 due to low copper demand and prices, coupled with electricity constraints.
- ✚ Kazakhstan's refined copper output rose by 38.1 percent to 287,141 tonnes in January-September from the same period last year

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