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MONTHLY COPPER BULLETIN

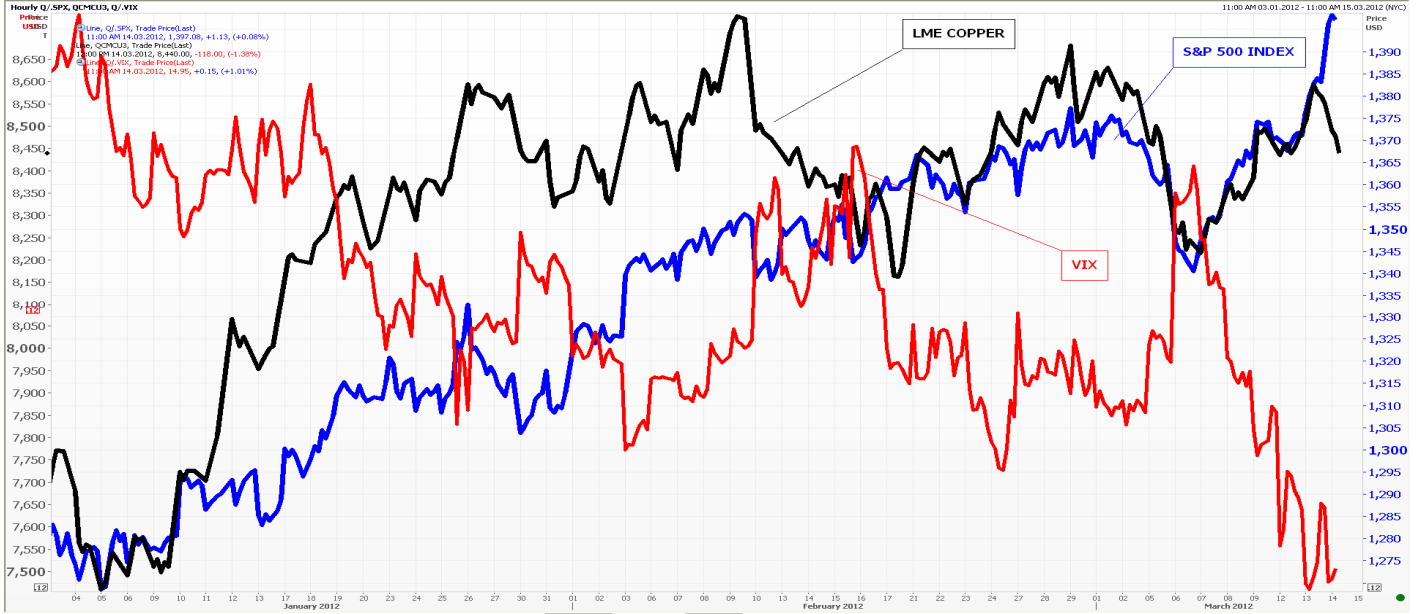
February-2012

15th March 2012



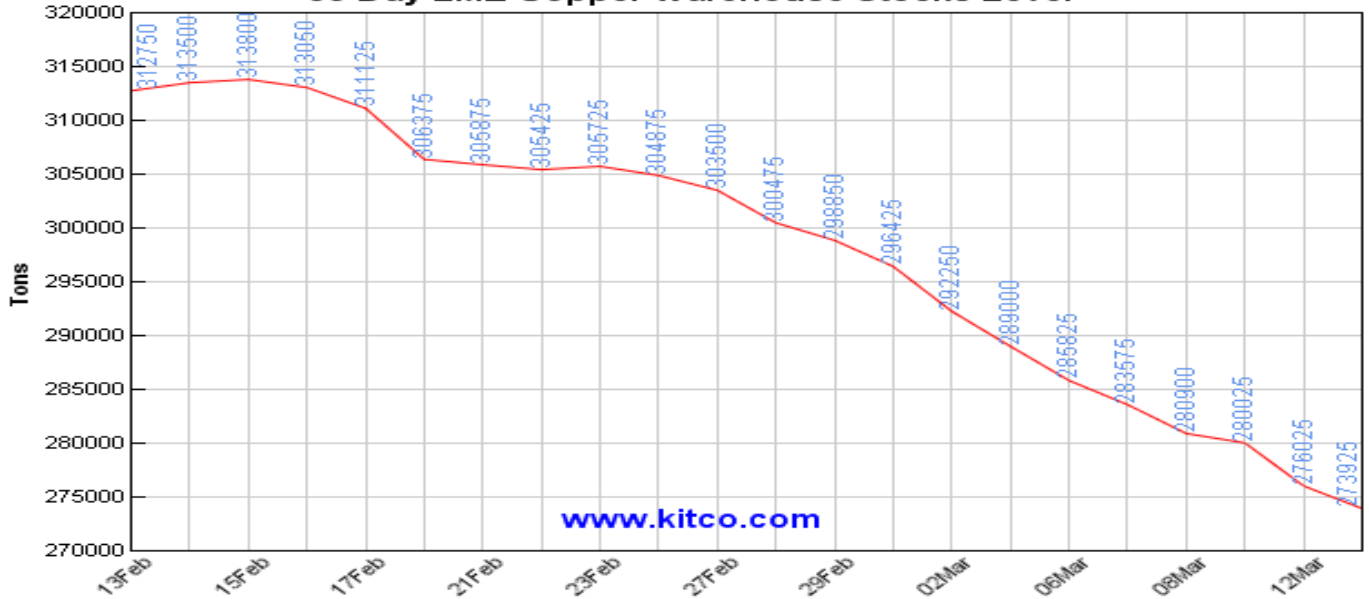
Stand No: 10C61

S&P 500 INDEX & LME COPPER PRICES & VIX (JAN 2012-MARCH 2012)



LME WAREHOUSE COPPER STOCKS (FEB 2012-MARCH 2012)

30 Day LME Copper Warehouse Stocks Level



ISO/TS 16949

BUREAU VERITAS
Certification

N° 11859



ISO 14001

BUREAU VERITAS
Certification

N° 30259



OHSAS 18001

BUREAU VERITAS
Certification

N° 30280



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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
01.02.2012	8351,50	6335,53	5267,76	8408,20	-0,7%	9,5%	329.300	644,54	646,75
02.02.2012	8339,00	6361,76	5267,85	8408,20	-0,8%	9,4%	328.675	643,24	645,45
03.02.2012	8320,00	6325,07	5258,83	8408,20	-1,1%	9,2%	326.100	640,66	642,87
06.02.2012	8463,00	6477,61	5369,24	8379,00	1,0%	10,7%	323.150	656,56	658,79
07.02.2012	8335,50	6359,58	5273,96	8379,00	-0,5%	9,4%	320.000	643,86	646,07
08.02.2012	8586,00	6469,75	5399,66	8379,00	2,4%	12,0%	316.350	654,74	656,93
09.02.2012	8520,50	6429,60	5373,68	8379,00	1,7%	11,3%	313.600	651,27	653,47
10.02.2012	8591,00	6512,28	5443,89	8379,00	2,5%	12,1%	312.750	657,10	659,30
13.02.2012	8512,00	6421,73	5387,34	8499,20	0,2%	11,3%	313.500	650,53	652,73
14.02.2012	8405,00	6376,12	5346,35	8499,20	-1,1%	10,1%	313.800	645,32	647,52
15.02.2012	8395,50	6394,62	5342,35	8499,20	-1,2%	10,0%	313.050	647,11	649,32
16.02.2012	8209,50	6322,78	5240,33	8499,20	-3,5%	8,0%	311.125	640,05	642,28
17.02.2012	8370,00	6355,84	5280,76	8499,20	-1,5%	9,7%	336.375	645,41	647,62
20.02.2012	8234,00	6204,97	5189,71	8378,40	-1,8%	8,3%	305.425	629,03	631,22
21.02.2012	8325,00	6300,14	5263,66	8378,40	-0,6%	9,3%	305.725	638,81	641,01
22.02.2012	8391,00	6337,13	5352,09	8378,40	0,2%	10,0%	304.875	643,13	645,33
23.02.2012	8408,00	6324,66	5348,94	8378,40	0,4%	10,2%	303.500	640,83	643,01
24.02.2012	8441,00	6294,09	5340,38	8378,40	0,7%	10,5%	300.475	637,45	639,62
27.02.2012	8436,00	6296,46	5326,09	8359,80	0,9%	10,5%	298.850	637,84	640,01
28.02.2012	8658,00	6436,22	5461,08	8359,80	3,4%	12,8%	298.850	652,40	654,56
29.02.2012	8585,00	6389,07	5387,85	8359,80	2,6%	12,0%	292.250	646,91	649,07
MONTHLY AVERAGES	8422,69	6367,86	5329,61				312.749	645,09	647,28



MARKET COMMENTARY

While base metals have drawn support from generally positive macro developments, a weakening in the Chinese physical market so far in 2012 has given the complex pause for thought. Investors believe short-term price action will continue to reflect the tension between softer trends out of the Chinese market versus improving global growth momentum. As the Chinese economy reaccelerates from Q2 onwards, they generally anticipate a more positive period for price levels.

As last month's focus highlights, the medium-term outlook for the base metals complex offers a somewhat differentiated picture. The most significant change of tack is expected in the lead and zinc markets, which will likely move from surplus to deficit. Conversely, the nickel market is expected to have the most significant weakening in fundamentals and, hence, a constrained price outlook. Copper and tin, the metals offering the most bullish stories of the past few years, will likely remain in this camp, albeit with a critical degree of supply tightness, as is currently the case.

Demand performance is anticipated to be generally stable across the complex over the next three years. An assumed stabilisation in the global economy will prevent any significant erosion in Western World demand levels, while historical per capita consumption trends suggest the rebalancing of China's economy from investment to consumption will support solid demand growth for the majority of the base metals. Influences such as miniaturisation, substitution and end-product developments cannot be ignored, but do not appear to be overtly critical to market balances in this period.



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The medium-term outlook for the copper market can be characterised as a mild easing in fundamental tightness. While 2012 is anticipated to see another market deficit, some brokerage companies expect a balanced market in 2013 and then surplus the year after. This headline story should not be depicted as bearish per se, given that the stocks-to-consumption ratio for the refined market will remain close to a record low of just above two weeks, which should in turn maintain relatively good support for prices close to the \$9,000/t level.

Copper has risen around 11 percent so far this year, after a 21 percent slide in 2011, on a brightening economic outlook in the United States and hopes that easy monetary policies around the world would buoy asset prices. But the demand from China, which consumes 40 percent of the world's copper, is key to the outlook for prices. "The demand this year is not looking particularly good, as the cycle of rapid economic growth driven by fixed asset investment is over and export-driven growth is also easing," said Zhu Bin, an analyst at Nanhua Futures in the eastern Chinese city of Hangzhou.

Copper prices increased 5 percent in Feb and steadied on 15th of March, recovering after a 1 percent drop in the previous session, but concerns about the outlook for demand from top consumer China weighed on sentiment and kept prices within a tight trading range.

Prices for the metal used in power and construction have seesawed between around \$8,400 and \$8,600 this week, as investors weigh an overall improved global economic growth outlook against the disappointing copper demand recovery in China. "On the fundamental side you have two opposite forces - you have the U.S economy which is improving and on the other hand the demand in China is still weak so there is a lack of fundamental drivers," said Gianclaudio Torlizzi, partner at T-Commodity. Helping keep copper prices from falling further was a rebound in the euro, which bounced off one-month lows against the dollar, while European shares paused near eight-month highs. A weak dollar makes commodities priced in the U.S. unit cheaper for holders of other currencies.

On the technical side LME copper may fall to \$8,342 per tonne, the 61.8 percent Fibonacci retracement on the rise from \$8,176.75 to \$8,608.75. A rebound from the current level may be capped at \$8,481.50.



MONTHLY REVIEW & INDUSTRY NEWS

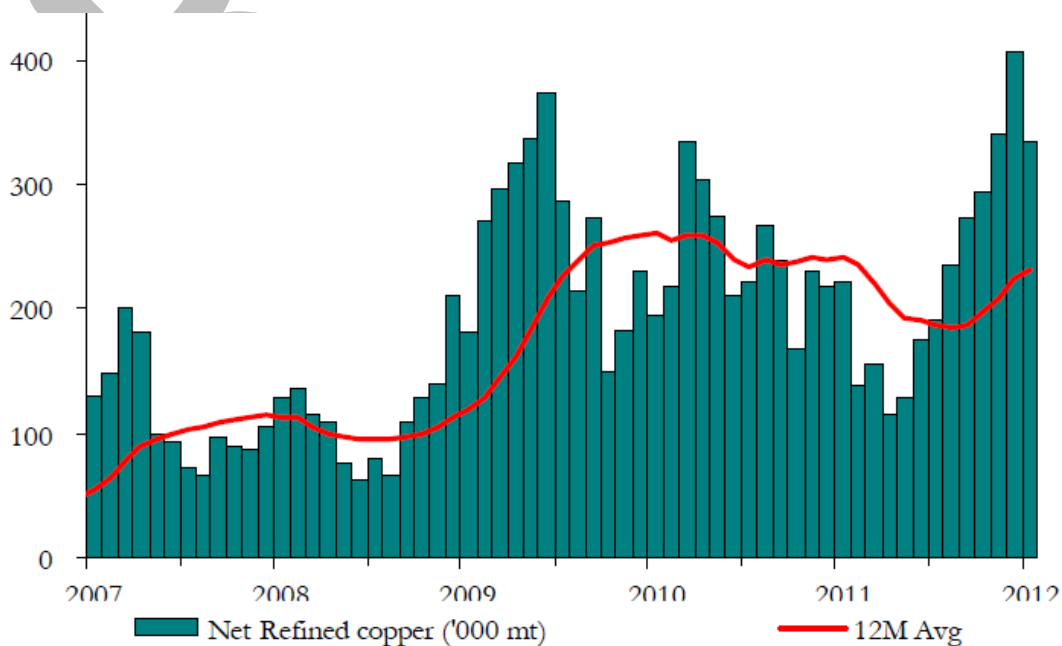
- ✚ Copper will average \$4.1 a pound in 2012, while prices are unlikely to average less than \$3.8 a pound in the next five years, according to a mining-studies group in Chile, the biggest producer. Copper supply will fall short of demand by 200,000 metric tons this year, while the deficit in 2013 will be smaller, Juan Carlos Guajardo, executive director of the Center for Copper and Mining Studies, said in an interview in London.
- ✚ Glencore International Plc, the world's largest publicly traded commodities supplier, agreed to buy Xstrata Plc in a deal that values the target at 39.1 billion pounds (\$62 billion) in the biggest mining takeover.
- ✚ Rio Tinto Copper group's underlying earnings of \$1,932 million were 24 per cent lower than 2010, reflecting lower volumes from lower grades at Kennecott Utah Copper, Escondida and Grasberg, higher cash costs and an increase in evaluation expenditure partly offset by higher Prices.



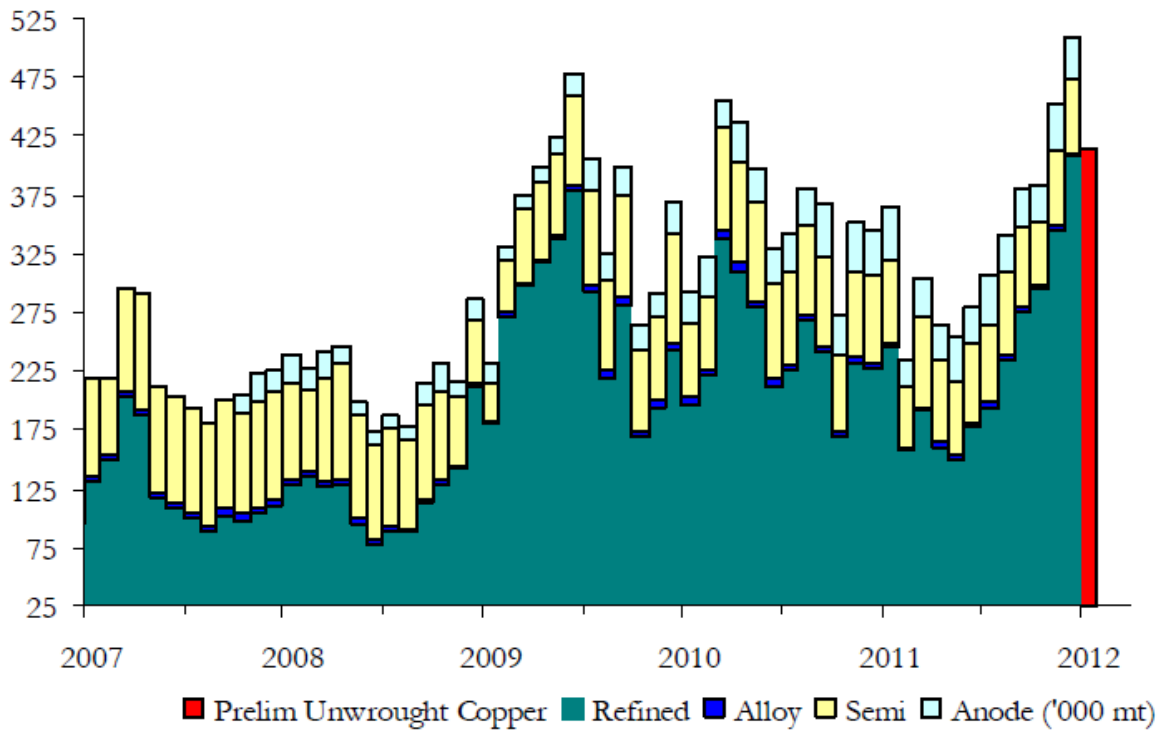
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- Xstrata's mined copper production of 889,000 tonnes was 3% down on the previous year. Higher production from Antamina, Ernest Henry, Tintaya and Lomas Bayas mines was offset by challenging operating conditions and lower grades at Collahuasi, Alumbreira, Mount Isa and Kidd mines.
- Chile exported \$4.17 billion worth of copper in January, a rise of 12% compared with the same month of 2011, according to figures released by the country's central bank.
- Chile, which mines a third of the world's copper, will boost supply of the metal by 9.6 percent this year, easing global shortages, state-run copper commission Cochilco said. Chile's supply will increase to 5.75 million metric tons.
- Mitsubishi Corp. plans to almost double its copper output in 2012 (from 140K mt to 250K mt) after spending \$5.39 billion to buy a minority stake in Anglo American Plc's Chilean unit.
- Southern Copper Corp produced 155,098 tonnes of refined copper last year, up 41.9%, while rod production rose to 28,387 tonnes, a four-fold increase over the previous year.
- Russia's refined copper production rose 1.1% and copper wire production grew 49.6% in 2011. Refined copper production grew 9.2% year-on-year in December and was up 9.8% from November 2011.
- In 2011 Prominent Hill produced 107,744 tonnes of copper. Production for 2012 is expected to remain within the range of 100,000 to 110,000 tonnes.
- Kazakhmys resumed mining at Konyrat, where work stopped in 2008, targeting the extraction of 3.5 million metric tons of copper ore this year.
- Mitsubishi Materials Corp, plans to increase production 0.8 percent this year at its Gresik smelter in Indonesia. The company's Indonesian unit will produce 259,000 metric tons of copper in 2012.
- China January refined copper imports down 17.6% mom at 335k mt.



China's prelim January copper imports at 413,964 mt, up 13.8% yoy.



- KME Group, a major maker of semi-finished copper and copper alloy products, hopes to have stable output in 2012 after a 5 percent drop last year, while it puts a strategic focus on making high-margin items.
- French cable maker Nexans said it was confident of maintaining sales growth this year as the euro zone crisis has yet to dampen its activities, after swinging to a net loss in 2011 on a provision for an anti-cartel probe. The group met its targets for sales and operating margin in 2011.
- Demand for refined copper in China, the world's top consumer, is likely to increase as more manufacturers seek alternative feeds amid falling supplies of cheaper copper scrap.
- Grupo Mexico SAB, the world's fifth-largest copper producer, increased the 2015 output target for its Buenavista mine to 488,000 tons of copper from 475,000 tons as it expands, Chief Financial Officer Daniel Muniz said.

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