

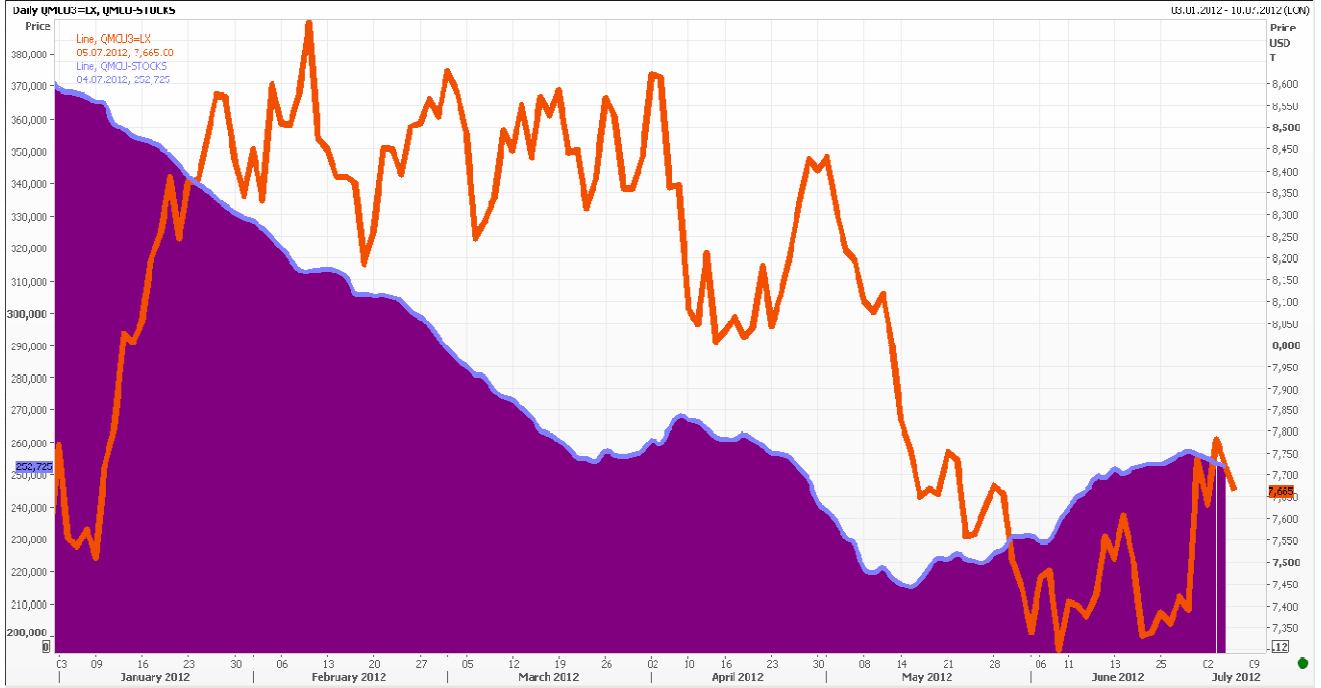


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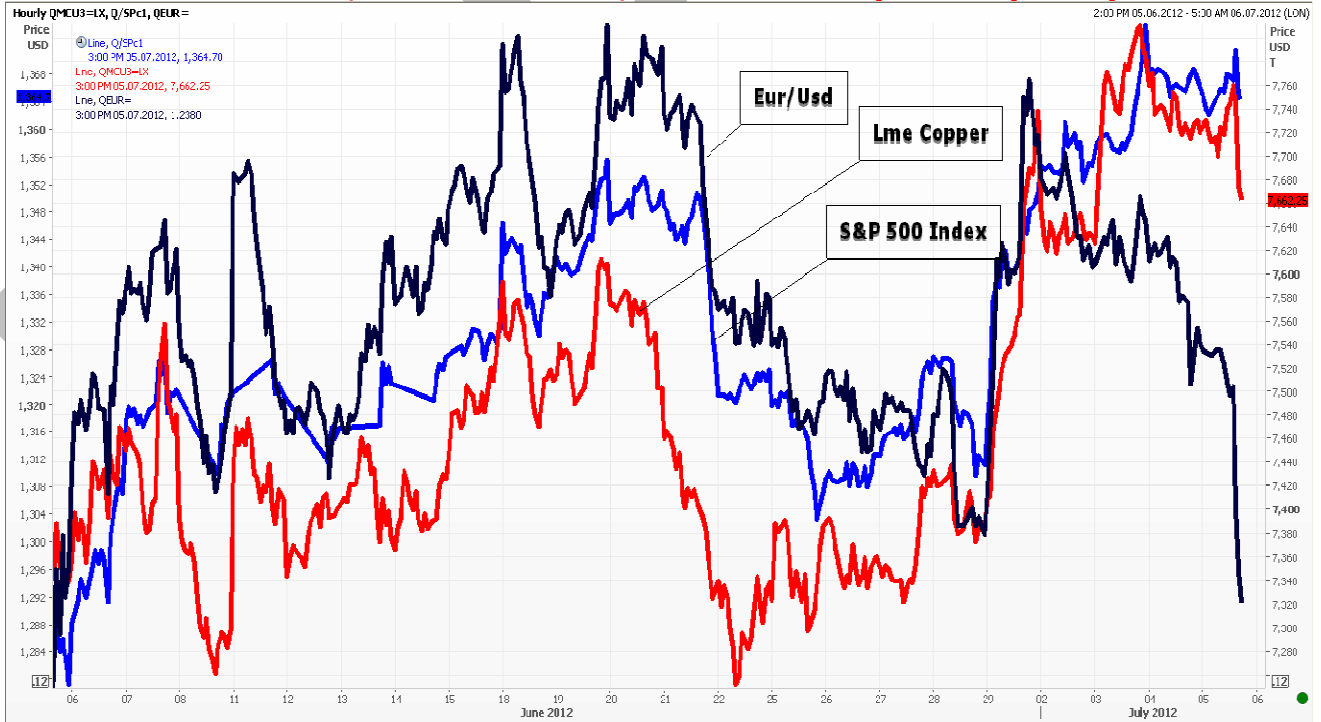
# MONTHLY COPPER BULLETIN

June-2012  
05<sup>th</sup> July 2012

## LME COPPER PRICE & STOCKS (January-July 2012)



## LME COPPER, EUR/USD PARITY, S&P 500 INDEX (June-July 2012)



ISO/TS 16949  
BUREAU VERITAS  
Certification  
N° 11859



ISO 14001  
BUREAU VERITAS  
Certification  
N° 30259



OHSAS 18001  
BUREAU VERITAS  
Certification  
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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
01.06.2012	7.364,00	5.975,82	4.808,67	7.712,40	-4,5%	-16,4%	230875	606,26	608,62
04.06.2012	-	-	-	-	-	-	-	-	-
05.06.2012	-	-	-	-	-	-	-	-	-
06.06.2012	7.459,50	5.969,99	4.816,00	7.570,30	-1,5%	-15,3%	231200	605,66	607,98
07.06.2012	7.480,50	5.941,62	4.804,12	7.570,30	-1,2%	-15,1%	229300	602,84	605,15
08.06.2012	7.251,50	5.818,89	4.697,78	7.570,30	-4,2%	-17,7%	229675	590,82	593,15
11.06.2012	7.396,00	5.897,46	4.760,25	7.397,17	0,0%	-16,1%	235200	597,35	599,66
12.06.2012	7.384,00	5.909,56	4.751,61	7.397,17	-0,2%	-16,2%	239550	599,12	601,44
13.06.2012	7.397,50	5.896,77	4.751,73	7.397,17	0,0%	-16,0%	243425	598,86	601,18
14.06.2012	7.376,50	5.870,21	4.755,35	7.397,17	-0,3%	-16,3%	245075	595,46	597,77
15.06.2012	7.521,00	5.967,15	4.841,95	7.397,17	1,7%	-14,6%	249450	604,82	607,12
18.06.2012	7.475,50	5.924,00	4.777,59	7.415,00	0,8%	-15,2%	249125	600,58	602,88
19.06.2012	7.505,50	5.946,36	4.786,98	7.415,00	1,2%	-14,8%	251675	603,73	606,03
20.06.2012	7.555,50	5.940,79	4.789,54	7.415,00	1,9%	-14,2%	250350	604,1	606,39
21.06.2012	7.426,00	5.860,16	4.730,84	7.415,00	0,1%	-15,7%	252150	594,62	596,91
22.06.2012	7.320,00	5.832,20	4.691,71	7.415,00	-1,3%	-16,9%	252975	591,85	594,17
25.06.2012	7.342,50	5.879,17	4.721,56	7.456,50	-1,5%	-16,7%	253200	596,94	599,27
26.06.2012	7.347,00	5.883,72	4.703,28	7.456,50	-1,5%	-16,6%	253250	596,87	599,2
27.06.2012	7.354,00	5.886,03	4.709,27	7.456,50	-1,4%	-16,5%	254875	597,29	599,61
28.06.2012	7.421,00	5.970,23	4.769,59	7.456,50	-0,5%	-15,8%	256100	606,02	608,36
29.06.2012	7.604,50	6.040,59	4.874,05	7.456,50	2,0%	-13,7%	257150	613,21	615,52
<b>MONTHLY AVERAGES</b>	<b>7.420,11</b>	<b>5.916,35</b>	<b>4.765,36</b>					<b>600,34</b>	<b>602,65</b>



## MARKET COMMENTARY

The month of June in the markets could be best described as one of “false starts”, as repeated attempts to rally faltered-- until the very end. We first had something of a buildup at the start of the month-- ahead of Federal Reserve Chief Ben Bernanke’s testimony -- with many hoping that the chairman would finally acknowledge growing signs of economic weakness in the US economy and perhaps signal that additional easing was imminent. However, markets fell sharply in the aftermath of his remarks, as no such a green light was given. Next, European finance ministers huddled over the weekend of June 9-10, and announced a greater-than-expected €100 billion loan for wobbly Spanish banks, but the subsequent buying barely lasted a few hours in Asian traded before it fizzled as well. The bulls then thought they would get something going heading into the Greek elections held on June 17th, and when the results showed a relatively solid win for the pro-bailout parties, there was an initial burst of buying, but that barely lasted a day before the selling returned.

Copper ended June near a one-month high, but was down nearly 11% on the quarter, its worst showing since Q3 of 2011. Gold also finished at a one-month high, but was down 4% on the quarter, its biggest decline since September 2008. In the currency markets, the Euro ended the month higher, as did US equities, while US bond prices tumbled.

Last week’s European leadership summit resulted in a number of modest achievements, which surprised investors given the disarray evident in the run-up to the meeting. German Chancellor Angela Merkel was particularly adamant that austerity measures previously negotiated remain in place, but once the meeting started, she could not hold her ground. Her opponents bluntly told her they would withhold their agreement on other issues until they got concessions on lower



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borrowing costs and help for their banks. Not having French support -- previously provided by ex-President Sarkozy -- also took its toll on the German leader. By the end of the meeting, Merkel accepted a demand that European bailout funds could be used to recapitalize struggling banks, although she made this conditional on an acceptable banking supervisory body being put in place.

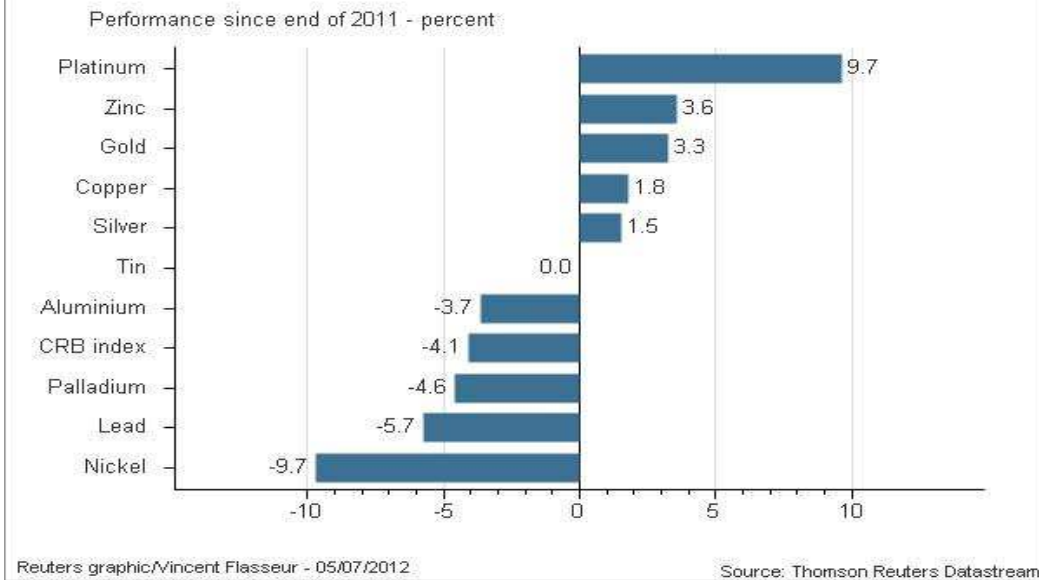
Last Friday copper had a stunning move, surging 4% for its biggest one day advance since November, but this was not enough to prevent the second quarter ending down by some 9%. Although we have seen further gains this week, the short-term outlook calls for some caution. For one thing, Chinese growth is slowing, with calculations by Reuters showing implied consumption down a sharp 5.5% in May. The latest Chinese copper import numbers were up from April, while Shanghai premiums have also pushed higher, but we don't see either uptick as being solely demand-driven, as other variables (like the arbitrage and financing needs) are likely at play. Moreover, LME stocks have stopped declining over the course of June, as Shanghai holdings have moved out to take advantage of favorable differentials. Despite this mildly bearish backdrop, exogenous variables, such as a temporary reprieve in the European debt situation, coupled with increased anticipation about possible global easing, could propel prices higher over the short-term. So we can see a trading range of \$7500 – \$8000 over the course of July.

Copper dipped on Thursday on a stronger dollar, retreating from gains after a surprise rate cut by China and a similar move by the European Central Bank that had been widely expected. Metals initially climbed after China's second rate cut in a month, with investors hoping it would revive declining growth and metals demand in the world's biggest consumer of raw materials. But a slide in the euro against the dollar to a one-month low pressured metals priced in dollars, making it more expensive for investors in other currencies.

The slide came after the ECB cut interest rates to a record low but steered clear of more dramatic measures such as buying government bonds or flooding banks with fresh liquidity. Three-month copper on the London Metal Exchange fell 0.89 percent to \$7,656 a tonne by 1434 GMT after earlier rising as much as 0.8 percent to a session high of \$7,790 after the Chinese rate cut. "The market is trying to hunt for direction and using the same data to justify prices going one way or the other. It shows how uncertain the market is," said Standard Bank analyst Leon Westgate. "OK the Chinese cut rates (but) it takes several months to feed through, and the ECB has done what's expected so the focus has switched back to non-farm payrolls tomorrow."

U.S. data out earlier indicated Friday's non-farm payrolls report might beat forecasts. The data showed private employers added a surprise 176,000 jobs in June, while the number of Americans filing new claims for unemployment benefits last week fell by the most in two months. But analysts said a good number might dissuade the Federal Reserve from easing monetary policy further. Copper has rebounded about 4 percent since last Thursday, lifted by a European agreement on a surprise euro zone rescue deal and expectations that weak economic data would lead to fresh stimulus measures by global central banks. Some investors may have been disappointed at a lack of further stimulus measures by the ECB. "Today's ECB interest rate cut does little to alter the bleak economic outlook and the bank is unlikely to announce any bolder unconventional measures for now," said Jennifer McKeown, senior European economist at Capital Economics. Investors are also keeping an eye on Friday's key monthly U.S. jobs report for clues on whether the Fed will take additional easing steps. Non-farm payrolls were expected to see an addition of 90,000 workers in June, with the unemployment rate holding steady at 8.2 percent.

## Metals price performance in 2012



### MONTHLY REVIEW & INDUSTRY NEWS

- ABN Amro cut its base metals price forecasts for this year, saying conditions in metals markets are deteriorating because of the weak performance of euro zone economies and slowing growth in China.

The bank cut its 2012 copper price forecast to \$8,200 per tonne from \$8,300 per tonne and its 2012 price projection for aluminium to \$2,100 per tonne from \$2,200.

- Chile C Bank says lowers 2012 average copper price forecast to \$7,827 per tonne from previous view \$8,157 per tonne and lowers 2013 average copper price forecast to \$7,496 per tonne from previous view \$7,936 per tonne.

- Minmetals says copper output will be %30 higher this year.

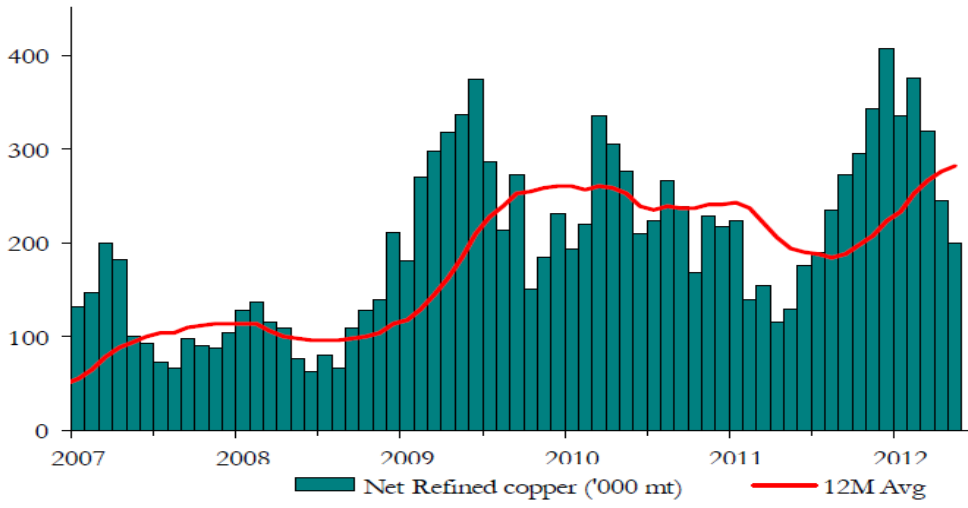
- Copper production lagged behind demand by 135,000 metric tons in March, the International Copper Study Group said.

During the first quarter, global usage grew 9 percent with China's apparent demand up 32 percent over the same period a year earlier, the Lisbon-based ICSG said in a report on its website.

- The copper market is tight and demand from top-metals-consumer China is strong, the head of Xstrata's copper unit Charlie Sartain said, as Europe's crisis and fears of a slowdown in the Asian giant spook markets.

- Investors pulled the most money in eight months from commodities in May amid mounting global-growth concerns, according to Barclays Plc. Outflows totaled \$8.2 billion last month, the highest since a record \$9.8 billion in September, Barclays analysts Suki Cooper, Kevin Norrish and Amrita Sen said in an e-mailed report.

- # Demand for copper from top consumer China is expected to remain soft as the country's growth cools, but strong fundamentals are likely to keep copper prices elevated, Europe's biggest copper producer Aurubis said.
- # Copper held in bonded warehouses in China has probably declined to about 500,000 metric tons, Aurubis AG, Europe's biggest producer of refined copper, said in a report distributed.
- # The miner expects to see its copper output dip slightly in the first half of the year, as the world No. 3 copper mine Collahuasi, in which it has a stake, battles declining ore grades and freak weather, Sartain told Reuters in an interview.
- # Kazakhmys Plc is upgrading its Balkhash copper-ore processing plant to triple the facility's annual capacity as Kazakhstan's biggest producer of the industrial metal seeks to increase shipments to China.
- # Glencore International Plc will meet with Qatar's sovereign wealth fund in London today to try to revive a 16 billionpound(\$25 billion) takeover of Xstrata Plc, three people with knowledge of the situation said.
- # BHP Billiton Ltd., the world's biggest mining company, has to spend \$4 billion to raise annual copper output at its Escondida mine to 1.3 million metric tons, said Peter Beaven, the company's head of base metals.
- # China's Anhui Xinke New Materials expects to complete a 120,000 mt/year copper rod plant in Wuhu city, central Anhui province, by mid-2013, a company source said.
- # The joint venture developing the Konkola North Copper project in Zambia will begin initial production in November instead of 2014 as originally planned, it said.
- # Japan's copper wire and cable shipments increased 5.9 percent in May, climbing for a third month in four as demand from the auto and electric-machinery industries grew, an industry group said.
- # Japan's exports to China nearly doubled to 17,014 tonnes during the month from 8,645 tonnes a year earlier, helping to push up Japan's overall refined copper exports, including billet and other products, by 94 percent to 46,124 tonnes.
- # Peruvian output of copper increased by 7.7% to 95,389 tonnes in April.
- # China and Chile plan to double their trade to \$60 billion by 2015, Chinese Premier Wen Jiabao said during an official visit to Chile.
- # China's 2012 domestic output of copper products is expected to grow 10-15% from 2011, less than the 18% growth seen last year, Beijing Antaika, the state-run metals research company said.
- # China's copper concentrate output is forecast to total 1.32 million mt in 2012, up 5% from 1.25 million mt produced in 2011, state-run metals research agency Beijing Antaika said.
- # China May net refined copper imports down 18.7% MoM at 199.6K mt.



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