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MONTHLY COPPER BULLETIN

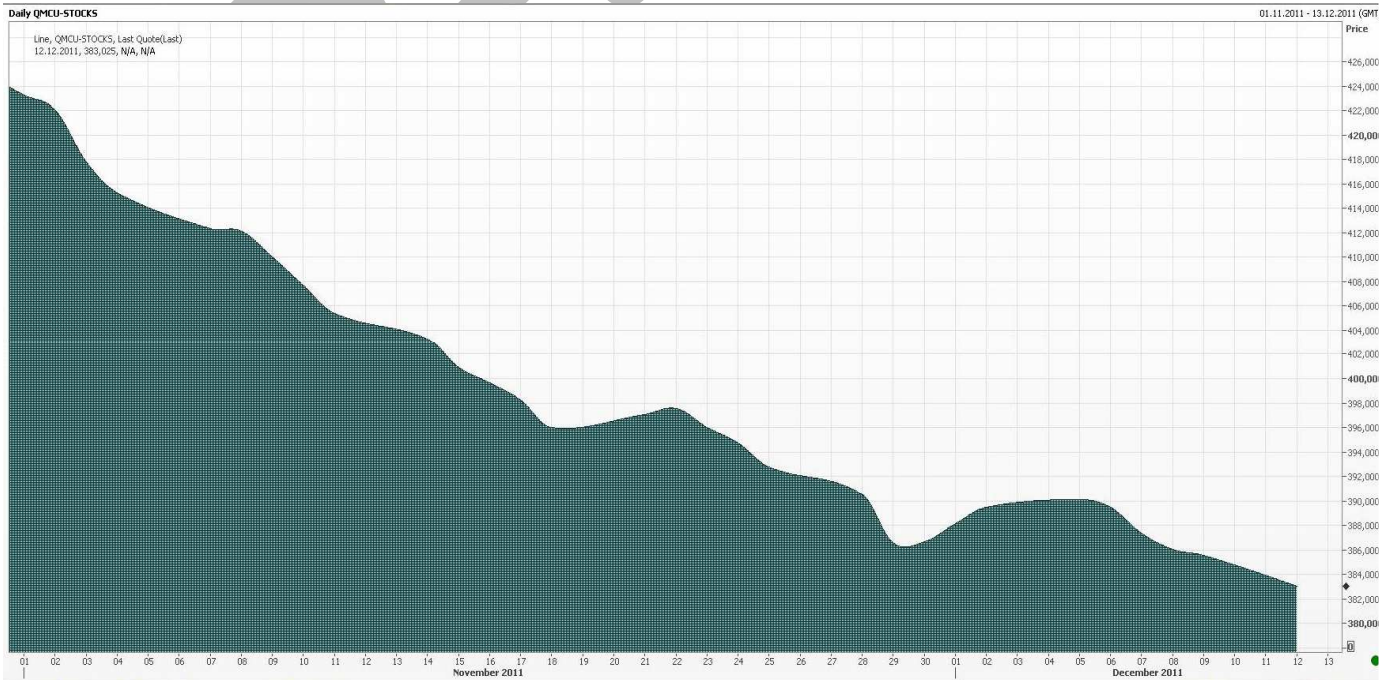
November-2011

14th December 2011

LME COPPER PRICES & EUR/USD (NOV 2011-DEC 2011)



LME COPPER STOCKS (NOV 2011-DEC 2011)



ISO/TS 16949

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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
01.11.2011	7660,00	5617,48	4813,37	7742,60	-1,07%	-21,35%	424.750	568,27	570,76
02.11.2011	7912,00	5738,32	4941,91	7742,60	2,19%	-18,76%	423.275	582,59	585,06
03.11.2011	7845,00	5689,73	4892,42	7742,60	1,32%	-19,45%	422.125	576,67	579,13
04.11.2011	7930,00	5740,14	4949,44	7742,60	2,42%	-18,58%	417.850	581,74	584,20
07.11.2011	7775,50	5650,80	4841,53	7849,50	-0,94%	-20,17%	415.325	573,92	576,40
08.11.2011	7820,50	5670,32	4866,22	7849,50	-0,37%	-19,70%	412.325	576,65	579,12
09.11.2011	7672,00	5618,04	4798,60	7849,50	-2,26%	-21,23%	412.150	571,32	573,82
10.11.2011	7456,00	5468,68	4671,39	7849,50	-5,01%	-23,45%	410.025	556,71	559,22
11.11.2011	7451,00	5459,81	4679,39	7849,50	-5,08%	-23,50%	407.700	554,99	557,49
14.11.2011	7731,50	5665,35	4855,55	7635,00	1,26%	-20,62%	405.400	574,43	576,93
15.11.2011	7632,00	5635,80	4810,29	7635,00	-0,04%	-21,64%	403.300	572,34	574,86
16.11.2011	7592,00	5626,62	4800,81	7635,00	-0,56%	-22,05%	400.925	572,22	574,75
17.11.2011	7501,50	5558,31	4756,52	7635,00	-1,75%	-22,98%	399.625	565,69	568,22
18.11.2011	7582,50	5582,76	4786,93	7635,00	-0,69%	-22,15%	398.250	566,20	568,71
21.11.2011	7301,00	5426,64	4663,98	7607,90	-4,03%	-25,04%	395.975	551,55	554,08
22.11.2011	7398,00	5462,20	4727,76	7607,90	-2,76%	-24,04%	397.075	554,44	556,95
23.11.2011	7176,00	5360,42	4610,05	7607,90	-5,68%	-26,32%	397.525	544,54	547,09
24.11.2011	7271,50	5437,45	4679,21	7607,90	-4,42%	-25,34%	395.975	551,44	553,99
25.11.2011	7196,50	5439,94	4652,51	7607,90	-5,41%	-26,11%	394.725	552,11	554,69
28.11.2011	7381,00	5527,18	4744,18	7268,60	1,55%	-24,22%	392.775	560,73	563,28
29.11.2011	7448,00	5582,37	4768,86	7268,60	2,47%	-23,53%	390.525	565,62	568,17
30.11.2011	7405,50	5567,21	4745,90	7268,60	1,88%	-23,96%	386.625	564,94	567,50
MONTHLY AVERAGES	7551,77	5569,34	4775,31						



MARKET COMMENTARY

Another month, another EU Summit – the 12th now aimed at addressing the two-year old European crisis. Another deal was struck, but once again there was no magic bullet. The crisis rumbles on and the region continues to sink into recession. China is another concern, however, although struggling export markets and pockets of weakness in certain domestic sectors have seen manufacturing officially contract, the government has started to ease monetary policy now and we still think a soft landing will be successfully engineered. Elsewhere, the US economy has remained remarkably robust, and it now looks like a recession will be avoided.

Another supportive theme that has increasingly established itself over the past month is a surprisingly robust and resilient US economy. Although we thought that the US would fare better than Europe, we had previously considered that the likelihood of a mild US recession was 50/50. However, with the resilience demonstrated by a run of positive macroeconomic data, we think the risk of recession has diminished. Together with China having now paused its tightening cycle and perhaps already embarked on a monetary easing cycle, we have fewer worries about the demand side of the copper market in the short to medium term, at least outside Europe. Assuming the European crisis starts to eventually be brought under control and that a credit event can be averted, we still expect to see a gradual improvement in prices for copper and all the base metals during 2012, as sentiment and risk appetite improve and the bullish underlying fundamentals in this market start to reassert themselves.

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LME copper fell almost 3 percent on 14th of Dec as worries increased among investors that credit rating agencies might downgrade European countries as EU leaders have so far been unable to tackle a debt crisis which is denting metals demand prospects.

Risk aversion also pushed up the U.S. dollar, generally perceived as a safe-haven asset, putting more pressure on industrial metals prices. Copper fell almost 3.6 percent to trade at \$7,305 a tonne, the weakest since Nov. 30, down from a close at \$7,600 a tonne on 13th of Dec. The metal used in power and construction has lost almost a fourth of its value so far this year, after gaining for the last two years.

"The market remains substantially sceptical after the EU leaders' manoeuvre last Friday and it is still unclear whether the rating agencies will downgrade European countries and this is putting some pressure on metals," said Gianclaudio Torlizzi, a partner at metals consultancy T-Commodity. "However this price drop offers a good buying opportunity. This price level is very interesting for a short-term trade. What can cap prices though is the uncertain exchange rate," Torlizzi said.

Downgrades worries also made the euro slide to an 11-month low against the dollar. A stronger U.S. currency makes dollar-priced commodities such as base metals costlier for holders of other units. "The euro is taking a beating again and this is affecting copper; the outlook is negative at the moment " said an LME ring broker.



MONTHLY REVIEW & INDUSTRY NEWS

- ✚ Copper prices will likely remain high in 2012, as demand for the metal is expected to continue to outpace supply, the chief executive of Chilean state mining giant Codelco said.
- ✚ In September 2011, refined copper production was 1667.2 kt and consumption was 1678.3 kt.
- ✚ The global copper market showed a deficit of nearly 45,000 mt in August, according to preliminary data released Tuesday by the International Copper Study Group in Lisbon. The apparent refined copper balance for the first eight months of the year, including revisions to previous data, indicates a production deficit of 161,000 mt (a seasonally adjusted surplus of 23,000 mt), the ICSG said. That compares with a production deficit of 339,000 mt (a seasonally adjusted deficit of 145,000 mt) for the same period of 2010.
- ✚ Xstrata Plc, a producer of metals and coal from Europe to Australia, said growth in mined copper output this year will be the lowest since 2002 as declining ore grades, bad weather and strikes restrict volumes. Production will rise by an estimated 40,000 metric tons, about 1 million tons less than planned.
- ✚ Glencore International Plc, the largest publicly traded commodities company, reported copper production from the company's own sources rose to 98,700 tons from 74,200 tons, a 33% increase.
- ✚ Codelco produced 1.25 million tonnes of copper in the nine months to September, up 3.5 percent from the same period last year.

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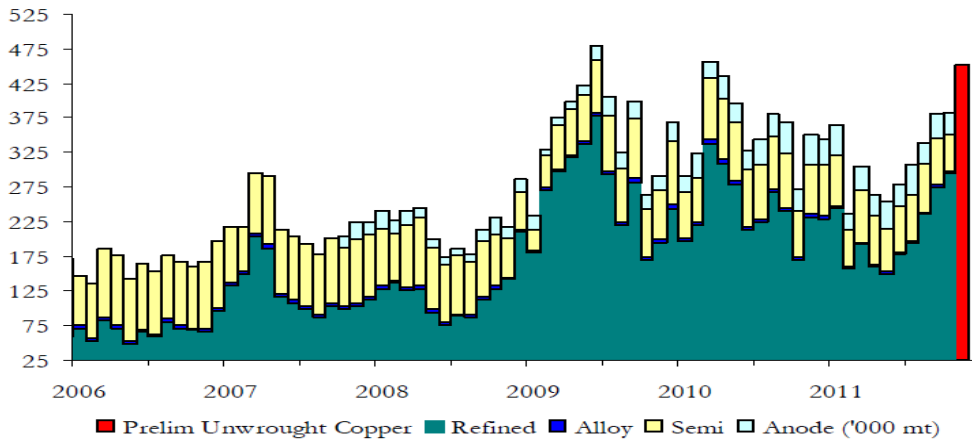
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- ✚ Anglo American Plc expects to more than double production at the Los Bronces copper mine. Anglo American has delivered the first copper from an expansion project at the mine. The additional capacity will reach full output within a year.
- ✚ Production at the Escondida mine in Chile, the world's largest copper mine, dropped by 25.4% year-on-year in the first three quarters of this year on lower ore grades, industrial action at the mine and adverse weather conditions. Output of the red metal fell to 599,522 tonnes.
- ✚ Canada-based First Quantum Minerals Ltd. is considering building a copper smelter in Zambia capable of producing over 300,000 metric tons a year. The smelter would process copper concentrate produced at the company's operations in the African country.
- ✚ China's annual copper output will pass 5 million tonnes for the first time in 2011, fuelled by capacity expansions that have put pressure on treatment and refining charges. Production of refined copper is likely to reach 5.27 million tonnes this year, Yang Changhua, an analyst with Antaika said
- ✚ China's national refined copper smelting capacity is expected to hit 7.13 million mt/year by the end of December, up almost 20% from 5.98 million mt/year in December last year, state-run metals consultancy, Beijing Antaika, said.
- ✚ Replacement of copper with other materials in China may reach 1.08 million metric tons by 2015, up from about 660,000 tons last year, on high prices, according to Antaika.
- ✚ General Cable reported its Q3 sales were up 2% YoY, significantly less than the 5-6% estimated in the Q311 outlook.
- ✚ Benchmark copper premiums in the United States are expected to be flat to slightly lower for next year's supply contracts, according to market participants.
- ✚ China's prelim Nov copper imports at 452,022 mt, up 22% yoy.



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