



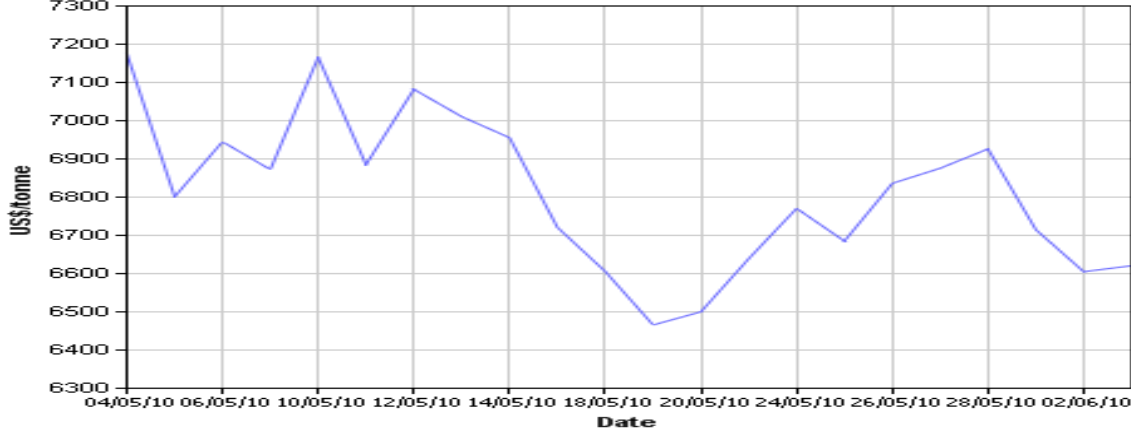
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# MONTHLY COPPER BULLETIN

**MAY-2010**

04<sup>th</sup> June 2010

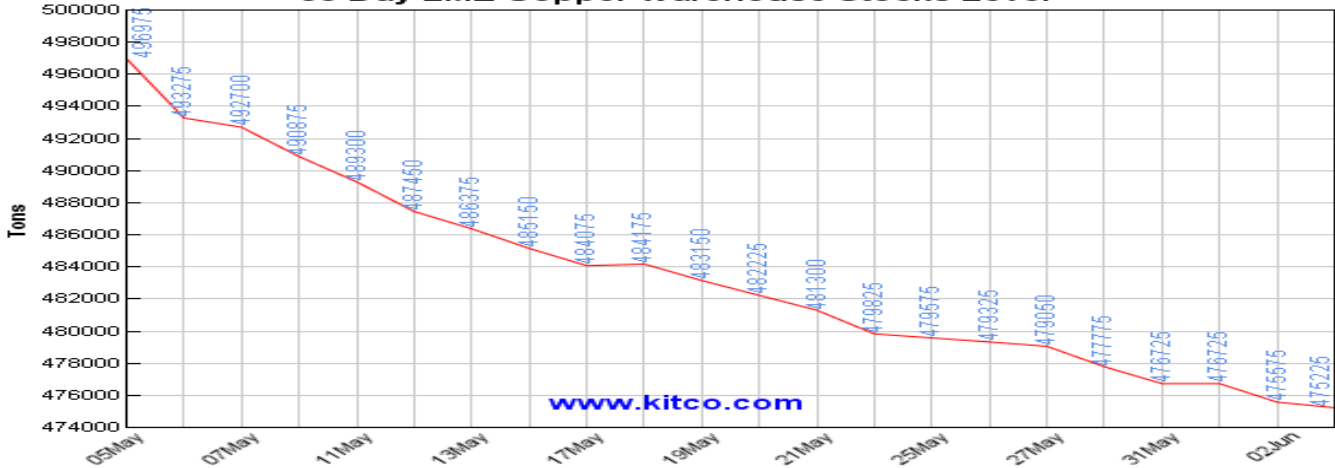
**LME CASH SETTLEMENT – CASH SELLER AND SETTLEMENT, MAY 2010**



**LME CASH SETTLEMENT – CASH SELLER AND SETTLEMENT, LAST 3 MONTHS**



**30 Day LME Copper Warehouse Stocks Level**



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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 NOTICE (€/100Kg)	DEL NOTICE HIGH
04.05.2010	7.175,50	5.479,15	4.729,75	7.515,10	-4,52%	-2,32%	496975	554,32	562,57
05.05.2010	6.801,00	5.261,08	4.496,53	7.515,10	-9,50%	-7,42%	493275	533,08	541,45
06.05.2010	6.945,00	5.455,19	4.606,35	7.515,10	-7,59%	-5,46%	492700	550,89	559,36
07.05.2010	6.872,00	5.397,42	4.685,03	7.515,10	-8,56%	-6,45%	490875	545,00	553,47
10.05.2010	7.165,50	5.522,12	4.773,50	6.948,38	3,12%	-2,46%	489300	559,02	567,36
11.05.2010	6.885,00	5.431,10	4.661,16	6.948,38	-0,91%	-6,28%	487450	550,64	559,17
12.05.2010	7.082,00	5.583,41	4.740,93	6.948,38	1,92%	-3,59%	486375	567,02	575,57
13.05.2010	7.010,50	5.565,66	4.746,77	6.948,38	0,89%	-4,57%	485150	564,71	573,31
14.05.2010	6.955,50	5.573,76	4.769,27	6.948,38	0,10%	-5,32%	484075	565,78	574,47
17.05.2010	6.721,00	5.440,78	4.646,71	7.019,70	-4,26%	-8,51%	484175	553,65	562,44
18.05.2010	6.605,50	5.315,44	4.563,07	7.019,70	-5,90%	-10,08%	483150	540,24	548,97
19.05.2010	6.465,50	5.294,38	4.532,10	7.019,70	-7,89%	-11,99%	482225	538,64	547,52
20.05.2010	6.500,00	5.262,31	4.546,73	7.019,70	-7,40%	-11,52%	481300	534,83	543,61
21.05.2010	6.639,00	5.297,22	4.618,11	7.019,70	-5,42%	-9,62%	479825	538,55	547,21
24.05.2010	6.770,50	5.468,46	4.715,49	6.586,20	2,80%	-7,83%	479575	554,56	563,30
25.05.2010	6.685,00	5.474,57	4.664,06	6.586,20	1,50%	-9,00%	479325	555,97	564,84
26.05.2010	6.836,00	5.550,50	4.747,55	6.586,20	3,79%	-6,94%	479050	562,92	571,71
27.05.2010	6.875,50	5.605,33	4.739,11	6.586,20	4,39%	-6,40%	477775	566,78	575,58
28.05.2010	6.926,00	5.578,29	4.747,09	6.586,20	5,16%	-5,72%	476725	565,96	574,68
<b>MONTHLY AVERAGES</b>	<b>6.837,68</b>	<b>5.450,32</b>	<b>4.669,96</b>					<b>552,77</b>	<b>561,40</b>



## MARKET COMMENTARY

LME copper fell almost 13 percent in May 2010 when compared to LME average of April 2010 that Chinese demand growth will disappoint and that the eurozone debt crisis will spread.

Copper outlook is now weak after sharp technical sell-off. London metals dropped sharply late on 03 June 2010, with copper going from \$4 up to \$140 lower in the final 30 minute of the open outcry kerb session. "Copper hit stops at \$6,600 and got hammered in the kerb. Technical pressure is building for these markets. We reckon we could see more weakness, targeting \$6,415 and possibly \$4,700," a trader in Sydney said. "The signals out of China are fairly negative. There is too much trouble in the world for copper to trade at \$7,000."

Three-month copper on the London Metal Exchange rose \$45 to \$6,570 by 0334 GMT today, while benchmark third-month Shanghai copper ended the morning session 1.7 percent weaker at 52,960 yuan. LME copper is on track for a weekly loss of more than 5 percent, the market's seventh decline in eight weeks. Weaker-than-expected U.S. retail sales data added to existing worries that efforts by China to curb growth would undermine demand for raw materials. However, other data came in more strongly. U.S. private sector employers added jobs in May and the economy's dominant services sector increased payrolls for the first time in more than two years, building evidence that the labour market was picking up steam.

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## MONTHLY REVIEW & INDUSTRY NEWS

- Europe's use of recycled copper increased in 2008 and accounted for 43% of copper needs. Compared with 41.3% in 2007, the International Copper Study Group said. The figure includes Russia. The European Union member countries recycled copper use accounted for 40% of demand in 2008 compared with 38% the year before. Worldwide, the use of recycled copper reached 20% in the five years to 2008. In 2008 it fell slightly by 2.6% from 2007. The largest individual consumer country of recycled copper was China which consumed 2.4mmt of recycled copper, 38% of its total copper consumption.
- The copper market recorded a surplus of 135kmt in January to March 2010 which compares with a surplus of 338kmt in the whole of 2009 and an excess of production of 146.1 in the first quarter of 2009, according to the World Bureau of Metal Statistics. World mine production in January to March 2010 was 3.78mmt which was 1.6% higher than in the same months of 2009. In the first three months of 2010, refined production rose to 4.71mmt, up 4.8% compared to the same months last year. Global consumption for the first quarter 2010 was 4.58mmt and the 2009 calendar year total was 18.26mmt. In March 2010, refined copper production was 1,599.2kmt and consumption was 1,713.7kmt.
- Copper demand will grow over the next decade at the same time as supply tightens, according to Rio Tinto copper group CEO Andrew Harding. "The medium term copper demand is positive largely driven by China. With India poised to follow China, the outlook for underlying demand for copper is very positive" according to Harding. Existing copper supply will not be able to keep up with the growth in demand, leaving a widening gap that copper producers will have to know how to cope with.
- China's April 2010 refined net copper imports were down 4% year on year to 305kmt, copper scrap imports were down 7% year on year to 371kmt and copper concentrate imports were higher year on year by 17% to 606kmt.
- Demand for copper in Spain has not recovered as economic conditions in the country remain fragile, the president of Spain based smelter Atlantic Copper said. "The global economy is recovering, but Spain's economy is not recovering yet. At some point yes we'll recover but I'm not optimistic about this year." Atlantic Copper is part of McMoRan Copper & Gold, which produces just over 1mmt of refined copper a year, making it the world's second largest producer after Chile's Codelco. Atlantic itself produces roughly 250kmt of copper a year.
- KME Group, one of the world's leading makers of copper and copper alloy products, said its first quarter output rose 10.5% as demand picked up on the back of general economic improvement. Milan-listed KME said its output of semi-finished copper, copper alloy and special products rose to 126kmt in the first three months of 2010 from 114kmt in the same period of 2009. The rise was in line with forecasts of KME's senior executive Domenico Cova who also told Reuters last month the group's full year output was likely to rise 10-12%.
- Polish miner KGHM expects copper prices to head lower in the coming months due to falling demand, the head of its hedging unit said. There is no possibility for China to make up the drop in demand for copper in the West according to Marcim Mostowy at KGHM.
- Antofagatsa reports that copper production in the 1Q10 was 117,700mt, ahead of the quarterly average for 2009 of 110,600mt.

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- ✚ Xstrata's 1Q10 total mined copper production was 3% higher in the 1Q10 compared to the corresponding period last year, due to increased production at Collahuasi and Alumbreira as a result of improved mining rates, grades and metallurgical recoveries at both operations.
- ✚ Codelco said first quarter production rose to 383,280mt. Output climbed from 371,355mt a year earlier.
- ✚ Copper output at First Quantum Minerals fell 4.9% year on year in the first quarter with the company attributing the drop to operational disruption and power shortages. First Quantum produced 85,062mt in the first quarter compared with 89,440mt in the corresponding period in 2009. Lower grades from the Kansanshi mine in Zambia, the Frontier mine in the Democratic Republic of Congo, and the Guelb mine in Mauritania, also contributed to the lower copper production.
- ✚ China's Yunnan Copper plans to increase production capacity at its unit in the southern province of Guangdong to 500kmt in three to five years. The first phase of the plant, with an annual capacity of 100kmt, is scheduled to be launched on the 1st July 2010.
- ✚ Japanese copper wire and cable shipments rose to an estimated 55.8kmt in April, up 6.5% from a year earlier. It was down 7.2% from 60.145kmt in March, the Japanese Electric Wire and Cable Makers' Association data showed.
- ✚ Japanese copper exports this year look firm despite an easing of Chinese demand after last year's aggressive buying to bolster its national reserves, a Japan Mining Industry Association official said. A recovery in Japanese domestic demand as well as robust growth in Asia will help absorb any impact from the declining exports to China, keeping the level of copper exports more or less about the same level as last year. Japanese copper output in 2010 is estimated at around 1.5mmt, with the possibility of an additional 100kmt, while demand is expected to improve to 1mmt.
- ✚ Codelco, Chile's giant copper miner, plans to expand production in the next five to six years to 2.1 million tonnes from current annual output of 1.7 million tonnes to address what it sees as growing global demand. "In total, we have a portfolio of \$15 billion for the next eight years to develop current mine projects -- some to replace resources that have been exhausted, some to increase production," Chief Executive Officer Diego Hernandez told Reuters. The new CEO, who took up his post on May 19, also said he expects copper prices to remain volatile for the rest of this year, adding that the industry sees long-term prices below current levels around \$3 a pound. To expand less competitive projects it would need a higher long-term price view. Pegging the current consensus long-term price outlook at \$2.20, he said, "At that price, you will probably see some projects going on. But if the market was a bit more optimistic about the long-term price, say around \$2.50 or \$2.60, then that would trigger more projects that could satisfy demand."

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