

Market Overview

as of: 22 June 2015

- Copper:** Copper lost another 4% in the last two weeks on the back of Chinese demand fears, and rumours that LME inventories decline is not customer driven, but merely sign of shuffling between warehouses. Mine disruptions so far are lower than in 2014, but broadly in line with expectations. In Indonesia, Freeport agreed to convert its mining license, what may soon be followed by other miners (*page 2*).
- Nickel:** Analysts at JP Morgan wrote in recent report that the window for Ni price appreciation in 2015 is closing due to continued weak global demand in H1 15 (traditionally seasonally strongest), continued elevated LME inventories, and recent increased imports into China of higher quality Philippine nickel pig iron feed stock ore (*page 4*).
- Precious metals:** In the last fortnight, we have seen more upticks in the gold market as a consequence of increasing Greek default risk and covering the shorts, as the FOMC participants show less hawkish attitude towards monetary policy in the next months (*page 5*).
- USA:** June FOMC meeting has shown more doubts among the participants about policy tightening. Chairwoman Yellen confirmed data-dependence, but mentioned also that rate increase this year is possible as the FOMC members already see data that would justify that move (*page 7*).

Key market prices

	Close price	2w chng.
LME (USD/t)		
▼ Copper	5 663.00	-4.4%
▼ Nickel	12 600.00	-2.1%
LBMA (USD/troz)		
▼ Silver	16.12	-0.2%
▲ Gold (PM)	1 203.40	3.3%
FX		
▲ EUR/USD	1.1299	0.7%
▲ EUR/PLN	4.1715	0.3%
▼ USD/PLN	3.6879	-0.2%
▼ USD/CAD	1.2279	-1.7%
▲ USD/CLP	629.59	0.2%
Stocks		
▼ KGHM	110.25	-2.6%

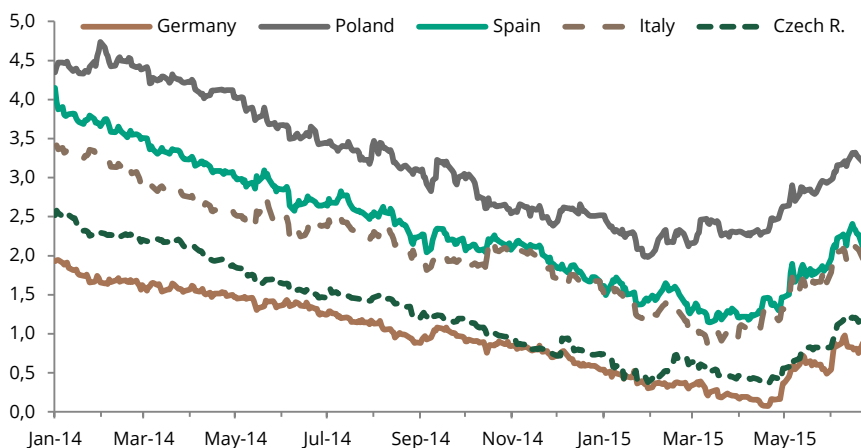
 Source: Bloomberg, KGHM; (*more on page 10*)

Important macroeconomic data

Release	For		
 CPI (yoy)	May	0.0%	▲
 Industrial prod. (yoy)	May	6.1%	▲
 CPI (yoy)	May	-0.9%	▲
 Industr. prod. (wda, yoy)	Apr	1.4%	▲
 Copper exports (\$)	May	2 853	▼

 Source: Bloomberg, KGHM; (*more on page 8*)

Eurozone governments' borrowing costs still on the rise (10y bonds yields)



Source: Bloomberg, KGHM

Market Risk Unit

marketrisk@kgbm.com

Grzegorz Laskowski

Łukasz Bielak

Marek Krochta

Wojciech Demski

Lech Chłopecki

in cooperation with

David Stypuła

Base and precious metals

Copper

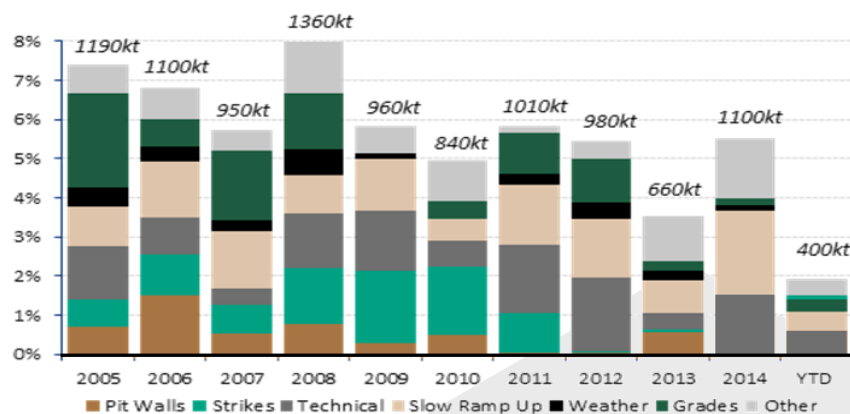
Copper lost another 4% in the last two weeks on the back of Chinese demand fears, and rumours that LME inventories decline is not customer driven, but merely shuffling between warehouses. Mine disruptions so far are lower than in 2014, but broadly in line with expectations. In Indonesia, Freeport agreed to convert its mining license, what may soon be followed by other miners.

Mine disruptions in line with 5% annual target

According to Morgan Stanley analysis, total copper mines disruptions from January to beginning of June are running at 397 kt, or just below 2% of bank's initial mine production estimation. This number is relatively low compared to last year's disruptions of 1,100 kt reported for whole calendar year, but broadly in line with bank's full-year 5% disruption forecast.

Disruptions ytd are running at 400 kt

Disruptions seem to be lower than last year, but broadly in line with expectations (disruptions as % of original production target)



Source: Wood Mackenzie, KGHM

Market participants will be closely watching few big supply-side projects in second half of 2015, but some of disruptions from first half can be already accounted for:

- Escondida – Due to lower grades, concentrate production is expected to drop sharply. This is already factored in and expected to lead to a much tighter concentrate market in second half, with small upside risk;
- Los Pelambres – The mine faced a 5-day stoppage earlier this year due to protests. Antofagasta, its owner, has been ordered to demolish a giant dam it has constructed in the region and now it is awaiting Chile's Court of

Appeal's verdict. Due to this situation Antofagasta will delay any new investment decisions until 2018;

- Caserones – floods and technical problems affected its ramp-up progress, which was expected to happen in 2h15;
- Weather – drought and torrential rains in Chile may still be a threat to local miners.

Freeport sings new mining licence in Indonesia

Freeport-McMoRan agreed with Indonesia's government to change its long-term mining contract before it expires, which may make it subject to higher taxes and obligations to divest more of its ownership.

Freeport converts Contract of Work into Special Mining Business Permit

Local Energy and Mineral Resources Ministry announced that Freeport will switch its Contract of Work (CoW), a type of mining contract introduced under a 1967 mining law, to a newer Special Mining Business Permit (*Izin Usaha Pertambangan Khusus*, IUPK). The change will take effect before the current contract expires in 2021, but specific date of transition was not disclosed. Conversion to a mining license introduced under a 2009 mining law means Freeport Indonesia will be subject to new taxes and royalties, as well as the need to divest part of its foreign ownership to Indonesian investors. Freeport, which operates the world's second-biggest copper mine at Grasberg in eastern Indonesia, has already agreed to sell a stake to the government as well as to build a smelter in Indonesia.

The change will allow certainty for Freeports' future investments

In January, Freeport announced that it plans to invest USD 17 bn to build a copper smelter and for long-term development of its underground gold and copper deposits in Papua. The new licence will grant the company certainty to start on the expansion of its underground mining operations. Without the IUPK in place, Freeport would have to rely on the next government of Indonesia to issue the IUPK when company's Contract of Work expires in 2021.

Others may follow shortly

After agreement with Freeport, the Energy and Mineral Resources Ministry started to persuade other mining companies to convert their CoWs into IUPKs. New licences will be able to secure 20-year operations and they can be extended twice for subsequent terms of 10 years.

Other important information on copper market:

- BHP Billiton informed about resuming operations at the Olympic Dam two months earlier than initially expected. According to Reuters, the Svedala mill was shut down on January 28 after an electrical fault damaged a motor coil and BHP advised in February that repairs would take six months. According to the company, the repair and remediation plan was implemented and this week the mill has recommenced operation, having passed all commissioning checks. Moreover, return to full production at Olympic Dam is expected by the end of July 2015. The outage would reduce copper output at Olympic Dam by between 60,000 tonnes and 70,000 tonnes.

- Bernstein Research named First Quantum as “the ideal target” for BHP Billiton and Rio Tinto as they look to diversify away from iron ore. The broker thinks that Glencore could also be interested in a deal, because it would be able to split production costs in Africa.
- Dubai Cable Co., the second-largest cable manufacturer in the Middle East, is building its first aluminum plant as customers seek cheaper alternatives to copper for power transmission. The USD 60 mn factory in Abu Dhabi in the UAE will have capacity to produce 50 kt of aluminum rod and overhead conductors annually.
- Zambia, Africa's second copper producer, plans to introduce a law banning the export of unfinished mineral products, according to local minister of mines.
- Collahuasi, a joint venture between Anglo American and Glencore, and one of the world's largest copper mines, that produced 470 kt of copper in 2014, faced a 24-hour strike on June, 15. The mine called the strike illegal, as it did not form part of a collective wage agreement, and fired 31 workers few days later.

Nickel

Analyst's at JP Morgan write in recent report that the window for Ni price appreciation in 2015 is closing due to continued weak global demand in H1 15 (traditionally seasonally strongest), continued elevated LME inventories and recent increased imports into China of higher quality Philippine nickel pig iron feed stock ore.

JPM sees window for Ni price appreciation narrowing in 2015

Nickel demand in all major regions has been weak in H1 15. In China, stainless steel production in the first four months of 2015 has only increased by 3% yoy, a much slower pace than 10% yoy growth over the same period of 2014. Outside of China, particularly in Europe and USA, elevated levels of stainless steel inventories at distributors have resulted in weak stainless steel production, flat stainless steel prices and consequently weak Ni demand. Recently enacted European anti-dumping duties on Asian stainless steel has exasperated imports into the USA, coupled with a strong USD, has cut into Ni demand in USA.

LME Ni inventories currently stand at 458,550 tonnes and have been slightly declining since June 4, 2015. However, total visible global inventories currently stand at 500,000 tonnes or approximately 13 weeks of global use. JP Morgan estimates that current level of visible Ni inventories are by far the largest relative to market size of LME base metals and offer a very sizeable stockpile to draw upon in the case of future market tightness.

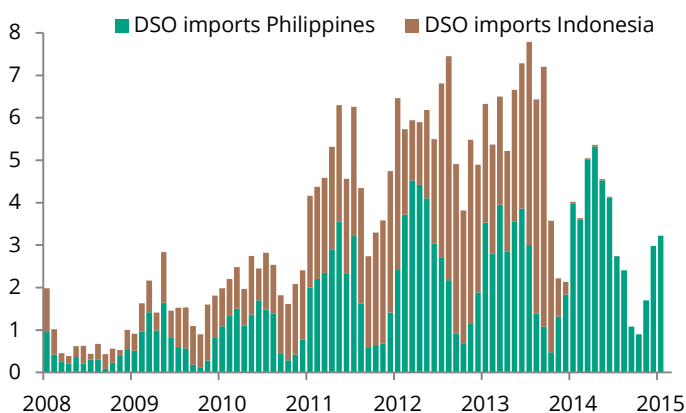
Demand have deteriorated further as a result of lower stainless steel production, lower USA demand and strong USD

According to JP Morgan, nickel pig iron production will decrease substantially in 2015

JP Morgan estimates that Chinese nickel pig iron production will decrease substantially in 2015 to approximately 350,000 tonnes from 470,000 tonnes in 2014 as a result of lower ore availability and closures of several nickel pig iron smelters in Q1 15. However, after dropping sharply in Q1 15, nickel pig iron production increased quarter on quarter in Q2 15 as some smelters reopened. Philippine nickel pig iron ore feedstock imports have increased in recent weeks, following an established seasonal pattern which peaks in July or August. Moreover, it is reported that the quality of ore imports from Philippines has been improving, with higher Ni content ore being shipped.

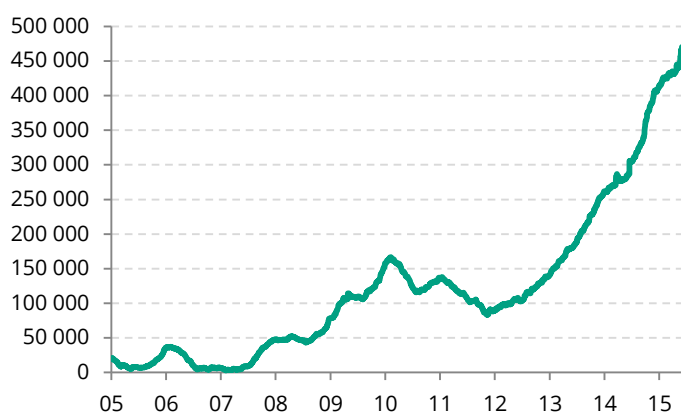
Taking these factors together, JP Morgan forecasts that the global Ni market be in a larger surplus than previously forecast at 21,000 tonnes in 2015 and in surplus of 5,000 tonnes in 2016. For balance to tighten and prices to improve, bank's analysts believe demand has to improve or marginal Ni producers will have to more significantly curtail production.

Philippine miners are benefiting from Indonesia exports ban (Chinese monthly nickel ore imports, mn tonnes)



Source: Bloomberg, KGHM

Nickel inventories have been rising since 2012 (LME stocks, mt)



Source: Thomson Reuters, KGHM

Precious metals

In the last fortnight, we have seen upticks in the gold market as a consequence of increasing Greek default risk and covering the shorts as the FOMC participants show less hawkish attitude towards monetary policy in the next months.

Chinese bank invited to LBMA's gold price mechanism

A Chinese bank will participate in setting gold prices in London for the first time ever as the nation strengthens its influence in the world's financial system. The London Bullion Market Association (LBMA) announced that Bank of China will join lenders including Goldman Sachs and Barclays that run the twice-daily auction system for pricing gold, a USD 20 bn market.

Bank of China will contribute to LBMA's gold price...

...as another step towards yuan internationalization

The process, which dates back to 1919, sets a benchmark level for gold that is used by mining companies, refiners and hedge funds. China, the world's second-largest economy, is expanding its presence in gold and currency markets worldwide as the country seeks to make the yuan a viable competitor to the dollar. The bank's motivation is to increase the link between China and international markets, and make the gold price better reflect Chinese supply and demand. The Middle Kingdom's internationalization ambitions are also reflected in ongoing negotiations with the International Monetary Fund (IMF) to include yuan in the IMF's Special Drawing Rights basket of reserve currencies.

Global economies | Foreign exchange markets

USA: Consensus has pushed the Fed funds hike forward

June FOMC meeting has shown more doubts among the participants about policy tightening. Chairwoman Yellen confirmed data-dependence but mentioned also that an increase this year is possible as the FOMC members already see data that would justify that move.

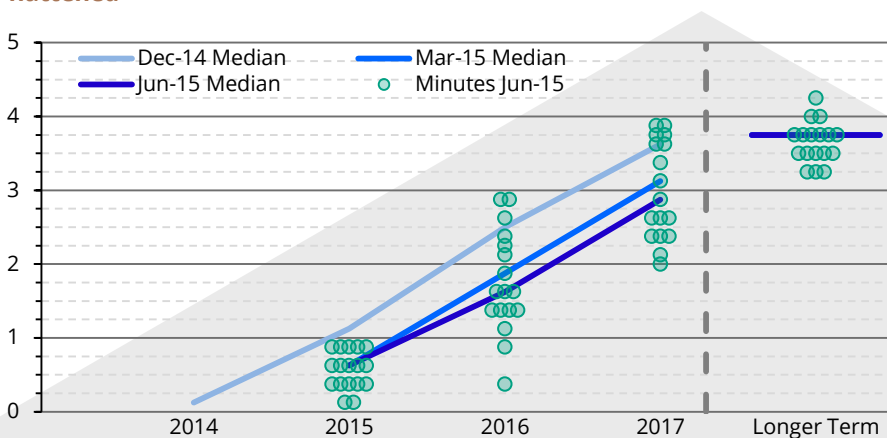
Assessment of economic activity has been upgraded in comparison to April statement

The Federal Open Market Committee (FOMC) chose to upgrade its assessment of economic activity, in line with the stronger pace of incoming data, but also left the remainder of the statement unchanged. Looking at the FOMC projections, however, it seems that the path of policy as expressed through the median of the "dot plot" has flattened.

Although the economic conditions look better, "the dots" show slower pace of monetary policy tightening

According to Barclays' research, the median Fed funds rate in 2015 remained at 50-75bp, but the median in 2016 fell by 25bp, to 150-175bp, and the median in 2017 also ticked lower by 25bp, to 275-300bp. As a consequence, it seems that two participants now project an end-2015 funds rate of 0-25bp and five expect a target range of 25-50bp. It might also suggest that seven participants expect no rate hike or only one rate hike this year, as opposed to April, when only three FOMC members expressed this view. Therefore, even though the policy path flattened and the median expectation is for two rate hikes in 2015, the updated set of projections suggests some slippage past a September take-off.

The path of policy as expressed through the median of the "dot plot" has flattened










Source: Bloomberg, Fed, KGHM

Macroeconomic calendar

Important macroeconomic data releases

Weight	Date	Event	For	Reading ¹	Previous	Consensus ²	
China							
☉☉	08-Jun	Trade balance (USD bn)	May	59.5 ▲	34.1	44.8	▲
☉☉	08-Jun	Exports (yoy)	May	-2.5% ▲	-6.4%	-4.4%	▲
☉☉☉☉	09-Jun	Consumer inflation CPI (yoy)	May	1.2% ▼	1.5%	1.3%	●
☉☉	09-Jun	Producer inflation PPI (yoy)	May	-4.6% -	-4.6%	-4.5%	●
☉☉☉☉	11-Jun	Industrial production (yoy)	May	6.1% ▲	5.9%	6.0%	▲
☉☉	11-Jun	Fixed assets investments (ytd, yoy)	May	11.4% ▼	12.0%	11.9%	●
☉	11-Jun	Retail sales (yoy)	May	10.1% ▲	10.0%	10.1%	●
☉	11-Jun	New yuan loans (CNY bn)	May	901 ▲	708	850	▲
Poland							
☉	12-Jun	M3 money supply (yoy)	May	7.7% ▲	7.2%	7.6%	▲
☉☉☉☉	15-Jun	Consumer inflation CPI (yoy)	May	-0.9% ▲	-1.1%	-0.7%	●
☉☉	15-Jun	Trade balance (EUR mn)	Apr	127 ▼	674	631	●
☉☉	15-Jun	Exports (EUR mn)	Apr	14 485 ▼	15 322	14 524	●
☉☉	15-Jun	Current account balance (EUR mn)	Apr	1 138 ▼	1 938	1 190	●
☉	15-Jun	Budget balance (ytd)	May	42.6% ▲	36.2%	--	
☉☉☉☉	16-Jun	Core CPI (excluding food and energy, yoy)	May	0.4% -	0.4%	0.4%	●
☉☉	17-Jun	Average gross salary (yoy)	May	3.2% ▼	3.7%	3.7%	●
☉	17-Jun	Employment (yoy)	May	1.1% -	1.1%	1.1%	●
☉☉☉☉	18-Jun	Sold industrial production (yoy)	May	2.8% ▲	2.3%	3.3%	●
☉☉☉	18-Jun	Retail sales (yoy)	May	1.8% ▲	-1.5%	1.7%	▲
☉☉	18-Jun	Producer inflation PPI (yoy)‡	May	-2.2% ▲	-2.7%	-2.2%	●
US							
☉☉	11-Jun	Retail sales (excluding autos, mom)	May	1.0% ▲	0.1%	0.8%	▲
☉☉	12-Jun	University of Michigan confidence index - preliminary data	Jun	94.6 ▲	90.7	91.2	▲
☉☉☉☉	15-Jun	Industrial production (mom)‡	May	-0.2% ▲	-0.5%	0.2%	●
☉	15-Jun	Capacity utilization‡	May	78.1% ▼	78.3%	78.3%	●
☉☉☉☉☉	17-Jun	FOMC base rate decision - upper bound (Fed)	Jun	0.25% -	0.25%	0.25%	●
☉☉☉☉☉	17-Jun	FOMC base rate decision - lower bound (Fed)	Jun	0.00% -	0.00%	0.00%	●
☉☉☉☉	18-Jun	Consumer inflation CPI (mom)	May	0.4% ▲	0.1%	0.5%	●
☉☉☉☉	18-Jun	Consumer inflation CPI (yoy)	May	0.0% ▲	-0.2%	0.1%	●
☉☉	18-Jun	Philadelphia Fed business outlook	Jun	15.2 ▲	6.7	8.0	▲
Eurozone							
☉☉☉☉☉	09-Jun	GDP (sa, yoy) - preliminary data	1Q	1.0% -	1.0%	1.0%	●
☉☉☉☉☉	09-Jun	GDP (sa, qoq) - preliminary data	1Q	0.4% -	0.4%	0.4%	●
☉☉☉	09-Jun	Gross fixed capital (qoq)	1Q	0.8% ▲	0.4%	0.6%	▲
☉☉☉	09-Jun	Households consumption (qoq)	1Q	0.5% ▲	0.4%	0.6%	●
☉☉☉☉	12-Jun	Industrial production (sa, mom)‡	Apr	0.1% ▲	-0.4%	0.4%	●
☉☉☉☉	12-Jun	Industrial production (wda, yoy)‡	Apr	0.8% ▼	2.1%	1.1%	●
☉	15-Jun	Trade balance (EUR mn)‡	Apr	24.9 ▲	23.0	22.5	▲
☉	16-Jun	ZEW survey expectations	Jun	53.7 ▼	61.2	--	
☉☉☉☉	17-Jun	Consumer inflation CPI (yoy) - final data	May	0.3% -	0.3%	0.3%	●
☉☉☉☉	17-Jun	Core CPI (yoy) - final data	May	0.9% -	0.9%	0.9%	●
☉☉	18-Jun	Labour costs (yoy)‡	1Q	2.2% ▲	1.2%	--	

Weight	Date	Event	For	Reading ¹	Previous	Consensus ²	
Germany							
⊕⊕⊕⊕	08-Jun	Industrial production (wda, yoy)‡	Apr	1.4% ▲	0.2%	0.9%	▲
⊕⊕⊕⊕	16-Jun	Harmonized consumer inflation HICP (yoy) - final data	May	0.7% -	0.7%	0.7%	○
⊕⊕⊕⊕	16-Jun	Consumer inflation CPI (yoy) - final data	May	0.7% -	0.7%	0.7%	○
France							
⊕⊕⊕⊕	10-Jun	Industrial production (yoy)‡	Apr	-0.1% ▼	1.8%	1.0%	◡
⊕⊕⊕⊕	11-Jun	Harmonized consumer inflation HICP (yoy)	May	0.3% ▲	0.1%	0.3%	○
⊕⊕⊕⊕	11-Jun	Consumer inflation CPI (yoy)	May	0.3% ▲	0.1%	0.3%	○
Italy							
⊕⊕⊕⊕	10-Jun	Industrial production (wda, yoy)‡	Apr	0.1% ▼	1.4%	1.0%	◡
⊕⊕⊕⊕	15-Jun	Harmonized consumer inflation HICP (yoy) - final data	May	0.2% -	0.2%	0.2%	○
UK							
⊕⊕⊕⊕	10-Jun	Industrial production (yoy)‡	Apr	1.2% ▲	1.1%	0.6%	▲
⊕⊕⊕⊕	16-Jun	Consumer inflation CPI (yoy)	May	0.1% ▲	-0.1%	0.1%	○
⊕⊕	17-Jun	Unemployment rate (ILO, 3-months)	Apr	5.5% -	5.5%	5.5%	○
Japan							
⊕⊕⊕⊕⊕	08-Jun	GDP (annualized, qoq) - final data	1Q	3.9% ▲	2.4%	2.8%	▲
⊕⊕⊕⊕⊕	08-Jun	GDP (qoq, sa) - final data	1Q	1.0% ▲	0.6%	0.7%	▲
⊕⊕⊕⊕	12-Jun	Industrial production (yoy) - final data	Apr	0.1% ▲	-0.1%	--	
Chile							
⊕⊕⊕⊕	08-Jun	Consumer inflation CPI (yoy)	May	4.0% ▼	4.1%	4.0%	○
⊕⊕⊕	08-Jun	Copper exports (USD mn)	May	2 853 ▼	2 882	--	
⊕⊕⊕⊕⊕	11-Jun	BCCh overnight rate target	Jun	3.00% -	3.00%	3.00%	○
Canada							
⊕⊕⊕	11-Jun	Capacity utilization‡	1Q	82.7% ▼	83.5%	83.0%	◡
⊕⊕⊕⊕	19-Jun	Consumer inflation CPI (yoy)	May	0.9% ▲	0.8%	0.8%	▲

¹ Reading difference to previous release: ▲ = higher than previous; ▼ = lower than previous; = = equal to previous.

² Reading difference to consensus: ▲ = higher than consensus; ◡ = lower than consensus; ○ = equal to consensus.

mom = month-on-month; yoy = year-on-year; qoq = quarter on quarter; ytd year-to-date; sa = seasonally adjusted; wda = working days adjusted; ‡ = previous data after revision.

Source: Bloomberg, KGHM

Key market data

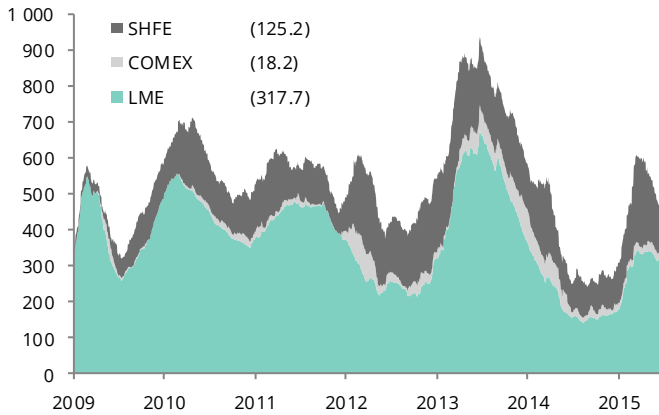
Key base & precious metal prices, exchange rates and other important market factors

(as of: 19-Jun-15)

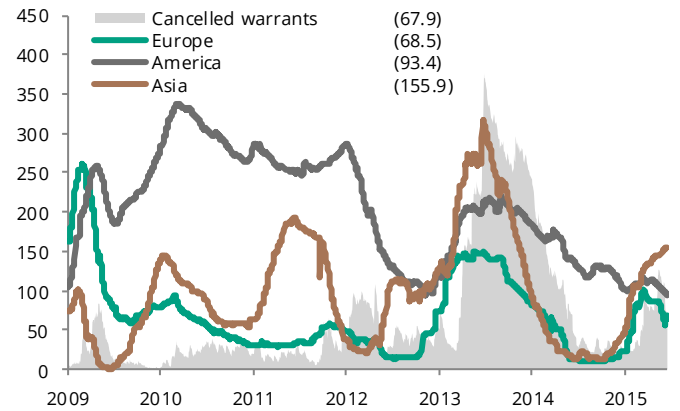
	Price	Price change °					From year beginning ²		
		2W	QTD	YTD	1Y	Average	Min	Max	
LME (USD/t)									
Copper	5 663.00	▼ -4.4%	▼ -6.4%	▼ -10.9%	▼ -15.9%	5 940.96	5 390.50	6 448.00	
Molybdenum	14 900.00	▼ -11.3%	▼ -19.5%	▼ -29.0%	▼ -54.8%	17 944.44	14 900.00	21 500.00	
Nickel	12 600.00	▼ -2.1%	▲ 1.1%	▼ -15.6%	▼ -31.7%	13 762.86	12 260.00	15 455.00	
Aluminum	1 650.50	▼ -2.5%	▼ -7.7%	▼ -9.9%	▼ -10.5%	1 789.87	1 650.50	1 919.00	
Tin	15 180.00	▼ -0.5%	▼ -9.3%	▼ -22.2%	▼ -32.8%	17 145.73	14 430.00	19 750.00	
Zinc	2 040.00	▼ -4.3%	▼ -1.7%	▼ -5.9%	▼ -4.6%	2 140.39	1 985.00	2 405.00	
Lead	1 785.00	▼ -6.2%	▼ -1.3%	▼ -3.7%	▼ -14.9%	1 879.35	1 696.00	2 140.00	
LBMA (USD/troz)									
Silver	16.12	▼ -0.2%	▼ -2.9%	▲ 0.9%	▼ -19.2%	16.59	15.47	18.23	
Gold ¹	1 203.40	▲ 3.3%	▲ 1.4%	▲ 0.3%	▼ -6.9%	1 207.42	1 147.25	1 295.75	
LPPM (USD/troz)									
Platinum ¹	1 085.00	▼ -0.6%	▼ -3.9%	▼ -10.3%	▼ -25.6%	1 164.38	1 073.00	1 285.00	
Palladium ¹	718.00	▼ -4.4%	▼ -1.5%	▼ -10.0%	▼ -13.5%	777.49	718.00	831.00	
FX ³									
EUR/USD	1.1299	▲ 0.7%	▲ 5.0%	▼ -6.9%	▼ -17.0%	1.1155	1.0552	1.2043	
EUR/PLN	4.1715	▲ 0.3%	▲ 2.0%	▼ -2.1%	▲ 0.6%	4.1388	3.9822	4.3335	
USD/PLN	3.6879	▼ -0.2%	▼ -3.3%	▲ 5.2%	▲ 20.6%	3.7143	3.5550	3.9260	
USD/CAD	1.2279	▼ -1.7%	▼ -3.2%	▲ 5.8%	▲ 13.4%	1.2353	1.1728	1.2803	
USD/CNY	6.2094	▲ 0.1%	▲ 0.2%	▲ 0.1%	▼ -0.3%	6.2212	6.1883	6.2747	
USD/CLP	629.59	▲ 0.2%	▲ 0.4%	▲ 3.7%	▲ 12.6%	620.30	597.10	642.18	
Money market									
3m LIBOR USD	0.281	▲ 0.00	▲ 0.04	▲ 0.10	▲ 0.23	0.269	0.251	0.288	
3m EURIBOR	-0.014	▲ 0.08	▼ -1.74	▼ -1.18	▼ -1.07	0.022	-0.014	0.076	
3m WIBOR	1.720	▲ 0.02	▲ 0.04	▼ -0.17	▼ -0.36	1.773	1.650	2.060	
5y USD interest rate swap	1.710	▼ -0.08	▲ 0.12	▼ -0.03	▼ -0.03	1.624	1.313	1.909	
5y EUR interest rate swap	0.511	▲ 0.01	▲ 1.09	▲ 0.42	▼ -0.26	0.328	0.176	0.590	
5y PLN interest rate swap	2.593	▲ 0.02	▲ 0.40	▲ 0.33	▼ -0.14	1.995	1.563	2.643	
Fuel									
WTI Cushing	59.61	▲ 0.8%	▲ 25.2%	▲ 11.9%	▼ -44.0%	52.86	43.46	61.43	
Brent	60.78	▼ -2.3%	▲ 13.9%	▲ 9.0%	▼ -47.1%	57.84	45.25	66.37	
Diesel NY (ULSD)	186.57	▼ -0.2%	▲ 8.5%	▲ 2.3%	▼ -38.9%	186.56	161.84	233.64	
Others									
VIX	13.96	▼ -0.02	▼ -0.09	▼ -0.27	▲ 0.31	15.15	12.11	22.39	
BBG Commodity Index	99.84	▼ -0.4%	▲ 1.7%	▼ -4.3%	▼ -26.7%	101.59	96.96	105.49	
S&P500	2 109.99	▲ 0.8%	▲ 2.0%	▲ 2.5%	▲ 7.7%	2 082.22	1 992.67	2 130.82	
DAX	11 040.10	▼ -1.4%	▼ -7.7%	▲ 12.6%	▲ 10.4%	11 273.12	9 469.66	12 374.73	
Shanghai Composite	4 478.36	▼ -10.8%	▲ 19.5%	▲ 38.4%	▲ 121.3%	3 911.78	3 075.91	5 166.35	
WIG 20	2 299.35	▼ -2.8%	▼ -4.0%	▼ -0.7%	▼ -6.6%	2 394.94	2 242.42	2 549.40	
KGHM	110.25	▼ -2.6%	▼ -8.1%	▲ 1.3%	▼ -12.2%	116.78	100.95	131.00	

° change over: 2W = two weeks; QTD = quarter-to-day; YTD = year-to-date; 1Y = one year. ¹ based on daily closing prices. ² latest quoted price. ³ central banks' fixing rates (Bank of China HK for USD/CNY). ⁴

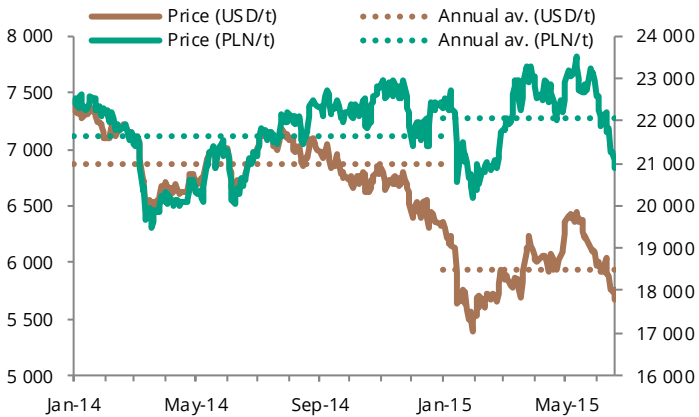
Source: Bloomberg, KGHM

Copper: official exchange stocks (thousand tonnes)


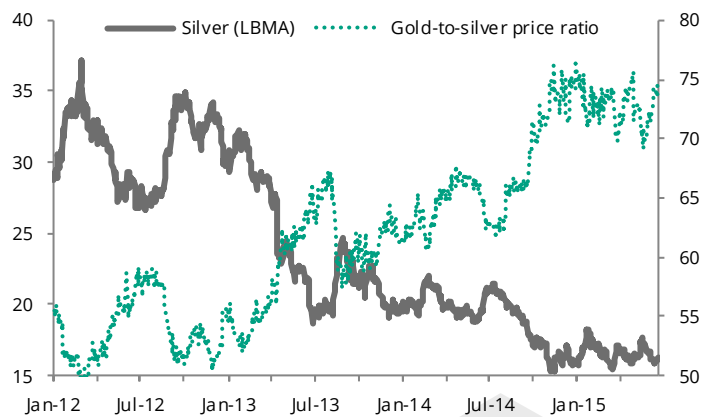
Note: Latest values in brackets. Source: Bloomberg, KGHM

Copper: official LME stocks (thousand tonnes)


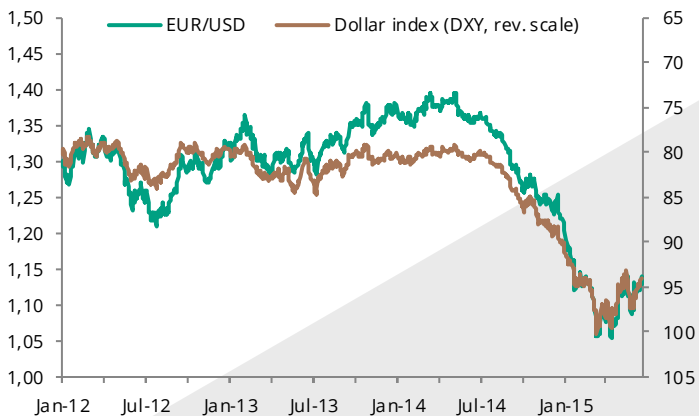
Note: Latest values in brackets. Source: Bloomberg, KGHM

Copper: price in USD (lhs) and PLN (rhs) per tonne


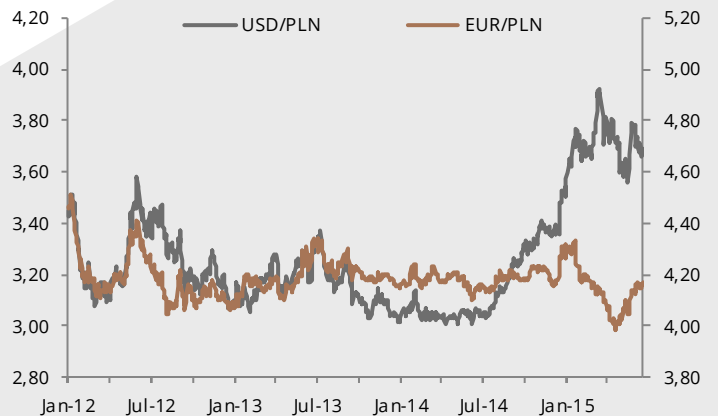
Source: Bloomberg, KGHM

Silver: price (lhs) and gold ratio (rhs)


Source: Bloomberg, KGHM

USD: dollar index (lhs) and ECB-based EUR/USD (rhs)


Source: Bloomberg, KGHM

PLN: NBP-fixing based rate vs. USD (lhs) and EUR (rhs)


Source: Bloomberg, KGHM

Legal note

This document has been prepared based on the below listed reports, among others, published in the following period: **8 June – 22 June 2015.**

- “Commodities Comment” Macquarie Research Metals and Mining, ▪ “Commodities Daily” Standard Bank, ▪ “Commodities Weekly” Barclays Capital Research, ▪ “Metals Market Update” Morgan Stanley, ▪ “Daily Copper Wrap” Mitsui, ▪ “Base and Precious Metals Daily” JPMorgan, ▪ „Codziennik” BZ WBK, ▪ „Tygodnik Ekonomiczny” BZ WBK, ▪ „Raport dzienny” mBank, ▪ „Biuletyn Dzienny” Bank PEKAO S.A., ▪ „Dragonomics: China Research” Gavekal

Moreover, additional information published here was acquired in direct conversations with market dealers, from financial institution reports and from the following websites: ▪ lme.co.uk, ▪ lbma.org.uk, ▪ economy.com/dismal, ▪ thebulliondesk.com, ▪ lbma.org.uk/stats, ▪ crumonitor.com, ▪ metalbulletin.com, ▪ nbportal.pl, ▪ nbp.pl, as well as data providing systems: Thomson Reuters and Bloomberg.

Official metals prices are available on following websites:

- base metals: www.lme.com/dataprices_products.asp (charge-free logging)
- silver and gold: www.lbma.org.uk/pricing-and-statistics
- platinum and palladium: www.lppm.com/statistics.aspx

DISCLAIMER

This document reflects the market view of the staff of KGHM Polska Miedz (Polish Copper)’s Market Risk Unit employees on the economy, commodity as well as financial markets. Although, according to the our best of our knowledge, all the facts presented in this publication come from or are based on reliable sources, we do not guarantee their correctness. Moreover, they may be incomplete or shortened. All the opinions and forecasts are backed by diligently-performed analyses valid as of the publishing date and may be subject to change. KGHM Polska Miedz (Polish Copper) S.A. is not obligated to announce any subsequent change of these opinions or forecasts. This document’s purpose is solely informative and must not be interpreted as an offer or advice with regards to the purchase/sale of any mentioned financial instrument, nor it is part of such offer or advice.

Re-printing or using this publication or itsin whole or part requires prior written consent from KGHM. To acquire that such consent please contact the Communications and CSR Department of Communication (Departament Komunikacji I CSR) of and CSR KGHM Polska Miedz SA.

In case of questions or comments please contact us:

KGHM Polska Miedz (Polish Copper) S.A.

Departament Zarządzania Ryzykiem Rynkowym i Kredytowym (Market and Credit Risk Management Department)

Wydział Ryzyka Rynkowego (Market Risk Unit)

ul. M. Skłodowskiej-Curie 48

59-301 Lubin, Poland