

Market Overview



as of: 13th August 2018

- **Copper:** New questions appears over the future of metal markets in the light of increasing tensions between China and USA. Chinese demand remains strong, but at the same time new copper projects appear on horizon, with Chilean Chuquicamata conversion and new Kaz Mineral's project (*page 2*)
- **Precious metals:** Gold futures fell recently, closing at a more-than-one-year low, as trade tensions between the U.S. and China resurfaced a day after the Federal Reserve affirmed its intention to lift rates further in 2018. Both factors have given the U.S. dollar more buoyancy in recent trade, weighing on commodities pegged to the currency (*page 5*).
- **Bank of England:** The Bank of England (BoE) pushed interest rates above their financial crisis lows in the recent fortnight, but signalled it was in no hurry to raise them further as Britain heads for Brexit next year with no clear plan for leaving the European Union (*page 6*).

Key market prices

	Close price	2w chng.
LME (USD/t)		
▼ Copper	6 120.00	-1.1%
▼ Nickel	13 635.00	-0.5%
LBMA (USD/troz)		
▼ Silver	15.38	-0.7%
▼ Gold (PM)	1 214.40	-0.8%
FX		
▼ EURUSD	1.1456	-2.0%
▲ EURPLN	4.2942	0.2%
▲ USDPLN	3.7481	2.2%
▲ USDCAD	1.3113	0.7%
▲ USDCLP	645.95	0.4%
Stocks		
▼ KGHM	90.30	-5.9%

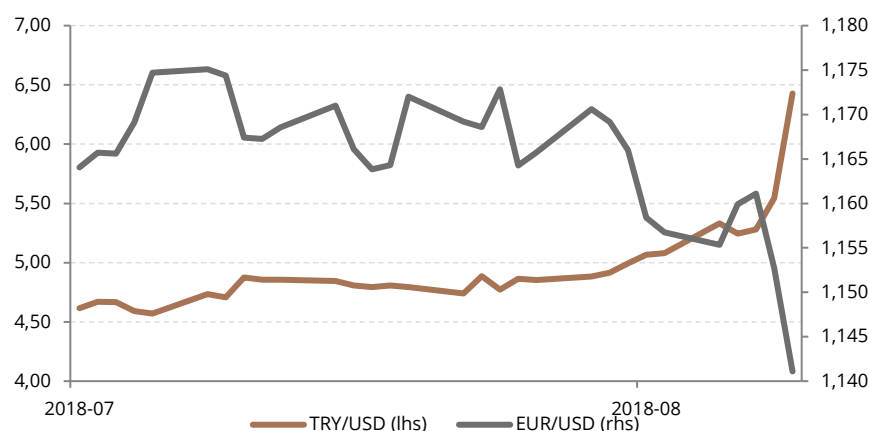
Source: Bloomberg, KGHM Polska Miedź; (*more on page 9*)

Important macroeconomic data

Release	For		
 GDP (sa, yoy)	2Q	2.1%	▼
 Manufacturing (yoy)	Jun	7.2%	▲
 Official manuf. PMI	Jul	51.2	▼
 ISM Manufacturing	Jul	58.1	▼
 BoE rate decision	Aug	0.75%	▲

Source: Bloomberg, KGHM Polska Miedź; (*more on page 7*)

[tytuł wykresu/komentarz opisujący wykres; max. 2 linijki]



Source:

Base and precious metals | Other commodities

Copper

New questions appears over the future of metal markets in the light of increasing tensions between China and USA. Chinese demand remains strong, but at the same time new copper projects appear on horizon, with Chilean Chuquicamata conversion and new Kaz Mineral's project.

Miners seen avoiding China tariff pain as traders bear brunt

Direct import of copper from USA to China is relatively small

China's plans to slap tariffs on U.S. shipments of metals, including copper, doesn't pose a big threat to American producers or global prices, although it may create headaches for traders. Investors took the latest measure in their stride, with mining companies' shares gaining. Analysts said the tariffs will have minimal impact on global supply and demand, and the largest U.S. copper producer shrugged off the news. Freeport-McMoRan Inc. doesn't see any "material direct impact," spokesman Eric Kinneberg said by email. "From time to time, we sell small quantities of concentrates on a spot basis to China but this is very limited." Freeport's copper concentrate shipments to China come from mines in Peru and Indonesia, he said. The company's shares gained along with the price of copper. Copper ore, concentrate and refined cathode from the U.S. will be taxed 25 percent. Nickel, zinc, some precious metals, lithium carbonate and steel products are also on the tariff lists that were disclosed by China on Friday. "Copper is a global market that depends much less on regional trade flows and therefore tariffs in any one region should not have a material impact on the market," Chris LaFemina, an analyst at Jefferies, said by telephone from New York. Rio Tinto Group's Kennecott is also a major U.S. copper operation.

It didn't immediately provide a comment on the impact of Chinese tariffs. A key question is if the tariffs apply to metal shipped directly from the U.S., or if they would also affect shipments that enter China through intermediary countries, Jeremy Sussman, an analyst at Clarksons Platou, said by phone. "It's too early to speculate that it's anything other than regulated to mines in the U.S., in which case there shouldn't be much of an impact," Sussman said in an emailed response to questions. China imports about 120,000 metric tons of copper in concentrates from the U.S., which is about 3 percent of China's total imports, according to Vivienne Lloyd, an analyst at Macquarie Group in London. It's a larger impact on the U.S., which exported a total of about 237,000 tons in 2017, according to the World Bureau of Metal Statistics. U.S. Census Bureau data show only 70,000 tons shipped directly to China. "There's a small amount of trade flows between China and the U.S., but it doesn't seem to be particularly important with the Chinese market," Lloyd said. "They probably wouldn't struggle to find it from an alternate seller." Tariffs on cathode is more difficult to assess because refined metals tends to move in and out of global warehouses. "I would say cathode could have a modest impact on U.S. based companies," Sussman said. "It really

would be too early to signal which ones and ultimately the market is big enough that there would be workarounds and any impact would be temporary.”

Codelco revises plans to convert Chuquicamata copper mine

Chile's state copper firm Codelco on Wednesday announced a \$4.881 billion investment to convert its open cast Chuquicamata mine into an underground facility. Codelco, the world's top copper miner, said its plans represented a scaled-back version of an earlier blueprint to reflect the fluctuating copper price and ongoing high operating costs. Combined with previous spending, the new figure would take to \$5.550 billion the amount it planned to spend in total to convert the Chuquicamata mine, its second-largest, in the world's largest copper producer. The plans for Chuquicamata form part of a 10-year, \$39 billion overhaul of Codelco's key operations as it seeks to maintain production despite rapidly falling ore grades at its deposits. The investment, which was approved by its board in a meeting on Tuesday, would be spread over the coming 74 months and extend the life of the mine by another 50 years, Codelco said. The announcement comes after Chile's government said in June that it would provide Codelco with \$1 billion in "extraordinary" capitalization to help it prevent its aging mines from running dry.

Codelco said when the plans were first drawn up in 2012 at the height of the copper boom, it had planned for the mine to be spread over four levels, but had revised its plans to three, to save investment and operational costs. Codelco signed 27-month contracts in December 2016 with six labor unions at Chuquicamata after relatively quick talks. But workers last month staged a one-day walkout, blocking access to the mine, to protest over what they described as the unjustified layoffs of two workers. Codelco described the walkout as "illegal." Workers have also lamented the company's plans to convert the mine, saying Codelco's plans failed to address the concerns of the division's 5,664-strong workforce. Chuquicamata produced 330,900 tonnes of copper in 2017, out of Codelco's total of 1.734 million tonnes.

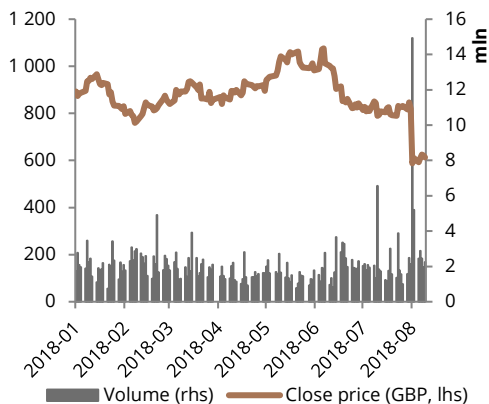
Other important information on copper market:

- China's monthly imports of copper concentrate rose to a record in July as Chinese smelters ramped up purchases to feed their growing capacity and take advantage of high processing charges. China, the world's biggest copper consumer, imported 1.845 million tonnes of copper ores and concentrates last month, according to data released by the General Administration of Customs on Wednesday. That was up 31.8 percent from a year earlier, beating the previous record of 1.78 million tonnes in November 2017, and also 5.4 percent higher than the revised figure of 1.75 million tonnes imported in June. "China is adding new smelting capacity and it is also the case that the copper price is going down and the spot treatment and refining charges (TC/RCs) are going higher, so that is maybe the reason smelters are importing more concentrate to process," said Helen Lau, an analyst at Argonaut Securities in Hong Kong. Miners pay copper smelters the TC/RCs,

which Lau said were currently in the high \$80s per tonne, to process ore into refined metal. The TC/RCs fall when supply decreases, which could soon be the case amid the prospect of a labour strike at the Escondida copper mine, the world's largest, in Chile. Meanwhile, China's unwrought copper imports - which include anode, refined, alloy and semi-finished copper products - rose by 2.7 percent from a month ago to 452,000 tonnes in July, customs said. The imports were up 15.9 percent year-on-year.

- Aurubis AG, Europe's biggest copper smelter, said on Thursday it is confident its plan to sell its flat rolled copper products unit to Germany's Wieland-Werke AG will be approved despite EU antitrust regulators on Wednesday saying the deal may hurt competition. The European Commission on Wednesday opened an in-depth investigation to examine the impact of the deal on the companies' customers and consumers. It will decide by Dec. 10 whether to clear the takeover. "The decision by the EU competition authorities to open a second examination phase, which can take up to 90 days, can be attributed to the complexity and size of the transaction," a Wieland spokeswoman said. "We are optimistic that we will see the second phase completed before the end of the year with a positive decision." Aurubis wants to sell the unit, with turnover around 1.3 billion euros (\$1.5 billion) and output of around 230,000 tonnes of copper and alloyed products in its last business year, as part of its strategy to expand into other metals besides copper.

Information about new investment dragged down Kaz Minerals shares



Source: Bloomberg, KGHM Polska Miedź

- Kaz Minerals shares plunged after it said it was expanding into Russia with a deal to buy a copper project in Baimskaya for \$900 million from a group of investors including Chelsea soccer club owner Roman Abramovich. Miners are especially keen for new copper mines to meet demand for the conductor used in electric vehicles and grids, but many have ruled out Russia as too politically complicated. Baimskaya was one of the world's most significant undeveloped copper prospects and the deal was part of the transformation of the firm, Kaz Minerals, which until now has focused on low-cost copper production in Kazakhstan, said on Thursday. Once onstream, which should be in around 2026, it will bring the company's copper output to an estimated 500,000 tonnes per year. This is equivalent to the amount of copper Rio Tinto's giant underground extension in Mongolia is expected to add to supplies from the next decade. Baimskaya holds 9.5 million tonnes of copper and 16.5 million ounces of gold. It is expected to yield average annual output of 250,000 tonnes of copper and 400,000 ounces of gold over its first decade of production and have a 25-year life. Novachuk told Reuters the harsh climate conditions of developing low-cost, open-pit mining in Kazakhstan, often using Russian workers, was perfect preparation for Russia's far east. Analysts at UBS said in a note that Baimskaya was transformational for Kaz Minerals, but it viewed the risks as greater than in Kazakhstan.
- Chile produced 479,094 mt of copper in June, up 6% from the same month last year, government statistics showed Tuesday. The rise reflected increased throughput and higher grades at some of the country's largest copper mines, said statistics agency INE. Production during the first six months of the year totaled 2.864 million mt, up 12%. The result partly reflects the low base of

comparison last year when production was hit by the lengthy strike at the BHP-controlled Escondida mine and adverse winter conditions. This year production at Escondida has risen sharply thanks to the recommissioning of a third concentrator plant at the open pit copper mine, the world's largest. According to BHP, the mine produced around 630,000 mt of copper in cathode and concentrate during the first six months of the year, an almost twofold increase from the same period last year.

Precious Metals

Gold futures fell recently, closing at a more-than-one-year low, as trade tensions between the U.S. and China resurfaced a day after the Federal Reserve affirmed its intention to lift rates further in 2018. Both factors have given the U.S. dollar more buoyancy in recent trade, weighing on commodities pegged to the currency.

Turkish Gold purchases advance sharply during June

Turkey's central bank further increased gold reserves, albeit at a slightly slower pace. Country's net purchases of gold totalled 38.1 tons, an increase of 82% year-on-year, after net purchases of 8.3 tons, down 60% year-on-year, in Q2, according to the World gold Council.

Despite the lower level of purchases in recent months, Turkey retains its strategic commitment to gold. Gold reserves totalled 240.2t at the end of June, 107% higher than when net purchases began in May 2017.

Global central banks added 89.4 tons (on a net basis) to global gold reserves in the second quarter of this year, down 7% year-on-year. While the pace of purchasing lags that of recent years, volumes remain healthy. Looking at the first half of this year, a net purchase has totalled 193.3 tons, 8% higher than the same period last year.

Turkey adds up to its gold reserves

Global economies | Foreign exchange markets

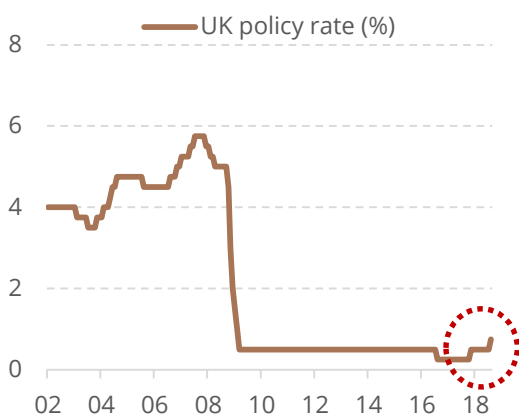
BoE raises interest rates to highest level since 2009

The Bank of England (BoE) pushed interest rates above their financial crisis lows in the recent fortnight, but signalled it was in no hurry to raise them further as Britain heads for Brexit next year with no clear plan for leaving the European Union.

The Bank of England (BoE) pushed interest rates above their financial crisis lows

The BoE's nine rate-setters unexpectedly voted unanimously to raise rates to 0.75 from 0.50 percent, the level at which they have spent most of the past decade, apart from a period after the 2016 Brexit vote when they were cut even lower. But sterling fell against the dollar and the euro and British government bond prices rose after BoE Governor Mark Carney stressed the gradual path for rate hikes ahead. "Policy needs to walk — not run — to stand still," he said as he explained a new BoE estimate of neutral interest rates for Britain's economy, which the central bank believes will gradually rise against a backdrop of strong global growth.

Bank of England hiked interest rates for the second time since over a decade



Source: Bloomberg, KGHM Polska Miedź





Carney later told the BBC that one rate rise a year for the next few years was a good rule of thumb for the public, as long as there is no major Brexit shock for the economy. Growth in Britain, the world's fifth-biggest economy, has slowed since the referendum decision in 2016 to leave the EU. But the BoE pushed ahead with its rate hike because it believes the economy is operating almost at its "speed limit", or full capacity, raising the prospect of more home-grown inflation pressure ahead. The increase in borrowing costs looks minimal compared with the average 5 percent rate before the financial crisis.








With less than eight months to go, London and Brussels — as well as key members of the government — remain far apart about the future Britain-EU trading relationship. Carney played down fears the BoE would be forced into a U-turn on rates, saying the central bank was sticking to its assumption that there would be a smooth Brexit transition. "The mistake is to always wait, wait, wait until you have perfect certainty," he said.

The BoE's backed up its message of gradual and limited rate increases with its forecasts for inflation only a fraction above its 2 percent target over the next few years. The central bank said inflation in two years' time was most likely to be 2.09 percent. Markets now price in a greater than 50 percent chance that the BoE will raise rates again by May next year, shortly after Britain is due to leave the EU. The BoE forecast that Britain's economy would grow by 1.4 percent this year, unchanged from its view in May, but it nudged up its 2019 forecast to 1.8 percent from 1.7 percent.

Macroeconomic calendar

Important macroeconomic data releases

Weight	Date	Event	For	Reading ¹	Previous	Consensus ²	
China							
🔴🔴🔴	31-Jul	Official manufacturing PMI	Jul	51.2 ▼	51.5	51.3	🔴
🔴🔴🔴	01-Aug	Caixin's manufacturing PMI	Jul	50.8 ▼	51.0	50.9	🔴
🔴	07-Aug	Foreign reserves (USD bn)	Jul	3 118 ▲	3 112	3 107	🟢
🔴🔴	08-Aug	Trade balance (USD bn)‡	Jul	28.1 ▼	41.5	38.9	🔴
🔴🔴	08-Aug	Exports (yoy)‡	Jul	12.2% ▲	11.2%	10.0%	🟢
🔴🔴🔴🔴	09-Aug	Consumer inflation CPI (yoy)	Jul	2.1% ▲	1.9%	2.0%	🟢
🔴🔴	09-Aug	Producer inflation PPI (yoy)	Jul	4.6% ▼	4.7%	4.5%	🟢
Poland							
🔴🔴🔴🔴	31-Jul	Consumer inflation CPI (yoy) - preliminary data	Jul	2.0% -	2.0%	2.0%	🟡
🔴🔴🔴	01-Aug	Manufacturing PMI	Jul	52.9 ▼	54.2	54.0	🔴
US							
🔴	30-Jul	Dallas Fed manufacturing activity	Jul	32.3 ▼	36.5	31.0	🟢
🔴🔴🔴🔴	31-Jul	Consumer spending inflation PCE (mom)	Jun	0.1% ▼	0.2%	0.1%	🟡
🔴🔴🔴🔴	31-Jul	Consumer spending inflation PCE (yoy)‡	Jun	1.9% -	1.9%	2.0%	🔴
🔴🔴	31-Jul	Personal income (sa, mom)	Jun	0.4% -	0.4%	0.4%	🟡
🔴🔴	31-Jul	Personal spending (sa, mom)‡	Jun	0.4% ▼	0.5%	0.4%	🟡
🔴	31-Jul	S&P/CaseShiller home price index‡	May	212 ▲	210	--	🟢
🔴🔴🔴🔴🔴	01-Aug	FOMC base rate decision - upper bound (Fed)	Aug	2.00% -	2.00%	2.00%	🟡
🔴🔴🔴🔴🔴	01-Aug	FOMC base rate decision - lower bound (Fed)	Aug	1.75% -	1.75%	1.75%	🟡
🔴🔴🔴	01-Aug	Manufacturing PMI - final data	Jul	55.3 ▼	55.5	55.5	🔴
🔴🔴	01-Aug	ISM Manufacturing	Jul	58.1 ▼	60.2	59.4	🔴
🔴🔴	02-Aug	Durable goods orders - final data	Jun	0.8% ▼	1.0%	--	🔴
🔴🔴🔴	03-Aug	Composite PMI - final data	Jul	55.7 ▼	55.9	--	🔴
🔴🔴🔴	03-Aug	PMI services - final data	Jul	56.0 ▼	56.2	56.2	🔴
🔴🔴	03-Aug	Change in non-farm payrolls (ths)‡	Jul	157 ▼	248	193	🔴
🔴🔴	03-Aug	Underemployment rate (U6)	Jul	7.5% ▼	7.8%	--	🔴
🔴🔴	03-Aug	Unemployment rate	Jul	3.9% ▼	4.0%	3.9%	🟡
🔴	03-Aug	Average hourly earnings (yoy)	Jul	2.7% -	2.7%	2.7%	🟡
🔴🔴🔴🔴	10-Aug	Consumer inflation CPI (mom)	Jul	0.2% ▲	0.1%	0.2%	🟡
🔴🔴🔴🔴	10-Aug	Consumer inflation CPI (yoy)	Jul	2.9% -	2.9%	2.9%	🟡
Eurozone							
🔴	30-Jul	Economic confidence	Jul	112 ▼	112	112	🟢
🔴	30-Jul	Industrial confidence	Jul	5.8 ▼	6.9	6.7	🔴
🔴	30-Jul	Consumer confidence - final data	Jul	-0.6 -	-0.6	-0.6	🟡
🔴	30-Jul	Business climate indicator‡	Jul	1.3 ▼	1.4	1.4	🔴
🔴🔴🔴🔴🔴	31-Jul	GDP (sa, yoy) - estimation	2Q	2.1% ▼	2.5%	2.2%	🔴
🔴🔴🔴🔴🔴	31-Jul	GDP (sa, qoq) - estimation	2Q	0.3% ▼	0.4%	0.4%	🔴
🔴🔴🔴🔴	31-Jul	Core CPI (yoy) - estimation	Jul	1.1% ▲	0.9%	1.0%	🟢
🔴🔴🔴🔴	31-Jul	CPI estimate (yoy)	Jul	2.1% ▲	2.0%	2.0%	🟢
🔴🔴	31-Jul	Unemployment rate‡	Jun	8.3% -	8.3%	8.3%	🟡
🔴🔴🔴	01-Aug	Manufacturing PMI - final data	Jul	55.1 -	55.1	55.1	🟡
🔴🔴	02-Aug	Producer inflation PPI (yoy)	Jun	3.6% ▲	3.0%	3.5%	🟢
🔴🔴🔴	03-Aug	Composite PMI - final data	Jul	54.3 -	54.3	54.3	🟡
🔴🔴🔴	03-Aug	Services PMI - final data	Jul	54.2 ▼	54.4	54.4	🔴
🔴🔴	03-Aug	Retail sales (yoy)‡	Jun	1.2% ▼	1.6%	1.4%	🔴

Weight	Date	Event	For	Reading ¹	Previous	Consensus ²	
Germany 							
⊕⊕⊕⊕	30-Jul	Harmonized consumer inflation HICP (yoy) - preliminary data	Jul	2.1%	-	2.1%	2.1% ⊕
⊕⊕⊕⊕	30-Jul	Consumer inflation CPI (yoy) - preliminary data	Jul	2.0%	▼	2.1%	2.1% ◡
⊕⊕⊕	31-Jul	Retail sales (yoy)	Jun	3.0%	▲	-1.6%	1.5% ▲
⊕⊕	31-Jul	Unemployment rate	Jul	5.2%	-	5.2%	5.2% ⊕
⊕⊕⊕	01-Aug	Manufacturing PMI - final data	Jul	56.9	▼	57.3	57.3 ◡
⊕⊕⊕	03-Aug	Composite PMI - final data	Jul	55.0	▼	55.2	55.2 ◡
⊕⊕⊕	06-Aug	Factory orders (wda, yoy)	Jun	-0.8%	▼	4.4%	3.4% ◡
⊕⊕⊕⊕	07-Aug	Industrial production (wda, yoy)‡	Jun	2.5%	▼	3.0%	3.0% ◡
France 							
⊕⊕⊕⊕	31-Jul	Harmonized consumer inflation HICP (yoy) - preliminary data	Jul	2.6%	▲	2.3%	2.4% ▲
⊕⊕⊕⊕	31-Jul	Consumer inflation CPI (yoy) - preliminary data	Jul	2.3%	▲	2.0%	2.2% ▲
⊕⊕⊕	01-Aug	Manufacturing PMI - final data	Jul	53.3	▲	53.1	53.1 ▲
⊕⊕⊕	03-Aug	Composite PMI - final data	Jul	54.4	▼	54.5	54.5 ◡
⊕⊕⊕⊕	10-Aug	Industrial production (yoy)‡	Jun	1.7%	▲	-0.6%	1.4% ▲
Italy 							
⊕⊕⊕⊕⊕	31-Jul	GDP (wda, yoy) - preliminary data	2Q	1.1%	▼	1.4%	1.3% ◡
⊕⊕⊕⊕⊕	31-Jul	GDP (wda, qoq) - preliminary data	2Q	0.2%	▼	0.3%	0.2% ⊕
⊕⊕⊕⊕	31-Jul	Harmonized consumer inflation HICP (yoy) - preliminary data	Jul	1.9%	▲	1.4%	1.4% ▲
⊕⊕	31-Jul	Unemployment rate - preliminary data	Jun	10.9%	▲	10.7%	10.8% ▲
⊕⊕⊕	01-Aug	Manufacturing PMI	Jul	51.5	▼	53.3	53.0 ◡
⊕⊕⊕⊕	03-Aug	Industrial production (wda, yoy)‡	Jun	1.7%	▼	2.2%	1.5% ▲
⊕⊕⊕	03-Aug	Composite PMI	Jul	53.0	▼	53.9	53.4 ◡
UK 							
⊕⊕⊕	01-Aug	Manufacturing PMI (sa)‡	Jul	54.0	▼	54.3	54.2 ◡
⊕⊕⊕⊕⊕	02-Aug	BoE base rate decision	Aug	0.75%	▲	0.50%	0.75% ⊕
⊕⊕⊕⊕	02-Aug	BoE asset purchase target (GBP bn)	Aug	435	-	435	435 ⊕
⊕⊕⊕	03-Aug	Composite PMI	Jul	53.6	▼	55.2	54.9 ◡
⊕⊕⊕⊕⊕	10-Aug	GDP (yoy) - preliminary data	2Q	1.3%	▲	1.2%	1.3% ⊕
⊕⊕⊕⊕⊕	10-Aug	GDP (qoq) - preliminary data	2Q	0.4%	▲	0.2%	0.4% ⊕
⊕⊕⊕⊕	10-Aug	Industrial production (yoy)‡	Jun	1.1%	▼	1.2%	0.7% ▲
Japan 							
⊕⊕⊕⊕	31-Jul	Industrial production (yoy) - preliminary data	Jun	-1.2%	▼	4.2%	0.6% ◡
⊕⊕⊕	01-Aug	Manufacturing PMI - final data	Jul	52.3	▲	51.6	--
⊕⊕⊕	03-Aug	Composite PMI	Jul	51.8	▼	52.1	--
⊕⊕⊕⊕⊕	10-Aug	GDP (annualized, qoq) - preliminary data‡	2Q	1.9%	▲	-0.9%	1.4% ▲
⊕⊕⊕⊕⊕	10-Aug	GDP (qoq, sa) - preliminary data	2Q	0.5%	▲	-0.2%	0.3% ▲
Chile 							
⊕⊕⊕	31-Jul	Total copper production (metric tons)	Jun	479 094	▼	498 423	--
⊕⊕⊕	31-Jul	Manufacturing (yoy)‡	Jun	7.2%	▲	1.9%	4.5% ▲
⊕⊕⊕⊕	06-Aug	Economic activity (yoy)	Jun	4.9%	-	4.9%	5.3% ◡
⊕⊕⊕	07-Aug	Copper exports (USD mn)	Jul	3 004	▼	3 261	--
⊕⊕	07-Aug	Nominal wages (yoy)	Jun	2.7%	▼	3.2%	3.2% ◡
⊕⊕⊕⊕	08-Aug	Consumer inflation CPI (yoy)	Jul	2.7%	▲	2.5%	2.7% ⊕
Canada 							
⊕⊕⊕⊕⊕	31-Jul	GDP (yoy)	May	2.6%	▲	2.5%	2.3% ▲
⊕⊕⊕	10-Aug	Net change in employment (thrs)	Jul	54.1	▲	31.8	17.0 ▲

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

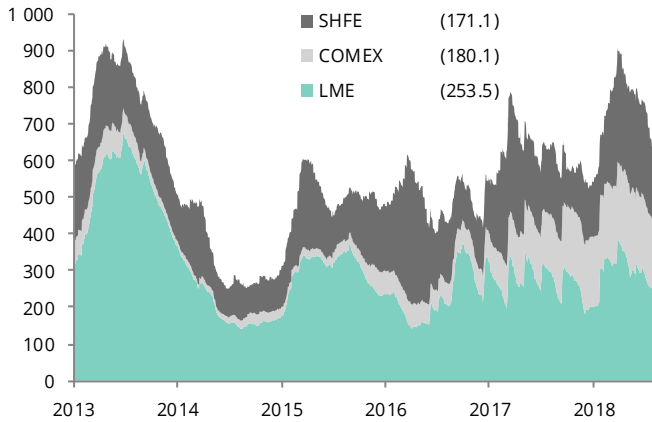
Key base & precious metal prices, exchange rates and other important market factors

<i>(as of: 10-Aug-18)</i>		Price change ¹				From year beginning ²		
	Price	2W	QTD	YTD	1Y	Average	Min	Max
LME (USD/t)								
Copper	6 120.00	▼ -1.1%	▼ -7.9%	▼ -14.5%	▼ -4.6%	6 781.10	5 982.00	7 262.50
Molybdenum	26 000.00	- 0.0%	- 0.0%	▲ 62.5%	▲ 62.5%	22 648.39	16 000.00	26 000.00
Nickel	13 635.00	▼ -0.5%	▼ -8.6%	▲ 11.2%	▲ 26.6%	13 842.52	12 415.00	15 750.00
Aluminum	2 039.00	▼ -0.7%	▼ -6.6%	▼ -9.0%	▲ 0.7%	2 184.24	1 967.00	2 602.50
Tin	19 560.00	▼ -2.2%	▼ -0.6%	▼ -1.6%	▼ -3.9%	20 813.77	19 405.00	22 105.00
Zinc	2 552.50	▼ -1.4%	▼ -13.4%	▼ -22.9%	▼ -13.0%	3 148.38	2 527.00	3 618.00
Lead	2 092.00	▼ -1.9%	▼ -14.0%	▼ -16.2%	▼ -11.3%	2 403.91	2 073.00	2 683.00
LBMA (USD/troz)								
Silver	15.38	▼ -0.7%	▼ -4.1%	▼ -8.8%	▼ -10.0%	16.46	15.26	17.52
Gold ²	1 214.40	▼ -0.8%	▼ -2.9%	▼ -6.3%	▼ -5.5%	1 301.13	1 209.55	1 354.95
LPPM (USD/troz)								
Platinum ²	828.00	▲ 0.2%	▼ -2.7%	▼ -10.7%	▼ -15.7%	919.90	798.00	1 020.00
Palladium ²	911.00	▼ -1.8%	▼ -4.4%	▼ -13.7%	▲ 0.8%	991.76	886.00	1 129.00
FX ³								
EURUSD	1.1456	▼ -2.0%	▼ -1.7%	▼ -4.5%	▼ -2.4%	1.2018	1.1456	1.2493
EURPLN	4.2942	▲ 0.2%	▼ -1.5%	▲ 3.0%	▲ 0.5%	4.2383	4.1423	4.3978
USDPLN	3.7481	▲ 2.2%	▲ 0.1%	▲ 7.7%	▲ 2.9%	3.5287	3.3173	3.7759
USDCAD	1.3113	▲ 0.7%	▼ -0.4%	▲ 4.5%	▲ 3.2%	1.2840	1.2288	1.3310
USDCNY	6.8463	▲ 0.5%	▲ 3.4%	▲ 5.2%	▲ 3.0%	6.4473	6.2690	6.8535
USDCLP	645.95	▲ 0.4%	▼ -0.3%	▲ 5.0%	▼ -0.5%	618.95	588.28	662.43
Money market								
3m LIBOR USD	2.319	▼ -0.02	▼ -0.02	▲ 0.62	▲ 1.01	2.171	1.696	2.369
3m EURIBOR	-0.319	- 0.00	▲ 0.00	▲ 0.01	▲ 0.01	-0.325	-0.329	-0.319
3m WIBOR	1.700	- 0.00	- 0.00	▼ -0.02	▼ -0.03	1.706	1.700	1.720
5y USD interest rate swap	2.878	▼ -0.10	▼ -0.01	▲ 0.63	▲ 1.02	2.793	2.283	3.036
5y EUR interest rate swap	0.274	▼ -0.05	▲ 0.00	▼ -0.04	▲ 0.08	0.372	0.224	0.509
5y PLN interest rate swap	2.458	▼ -0.04	▲ 0.00	▼ -0.04	▲ 0.08	2.472	2.280	2.740
Fuel								
WTI Cushing	67.63	▼ -3.6%	▼ -8.8%	▲ 11.9%	▲ 39.2%	66.36	59.19	74.15
Brent	72.06	▼ -3.3%	▼ -8.3%	▲ 7.8%	▲ 40.1%	71.40	62.33	79.18
Diesel NY (ULSD)	213.72	▼ -1.5%	▼ -3.2%	▲ 3.5%	▲ 31.2%	207.91	183.32	229.33
Others								
VIX	13.16	▼ -1.10	▼ -2.93	▲ 2.12	▼ -2.88	15.65	9.15	37.32
BBG Commodity Index	84.23	▼ -1.3%	▼ -3.6%	▼ -4.5%	▲ 0.8%	87.93	82.82	91.57
S&P500	2 833.28	▲ 1.1%	▲ 4.2%	▲ 6.0%	▲ 16.2%	2 734.70	2 581.00	2 872.87
DAX	12 424.35	▼ -2.9%	▲ 1.0%	▼ -3.8%	▲ 3.4%	12 643.15	11 787.26	13 559.60
Shanghai Composite	2 795.31	▼ -2.6%	▼ -1.8%	▼ -15.5%	▼ -14.3%	3 128.86	2 705.16	3 559.47
WIG 20	2 247.15	▼ -3.5%	▲ 5.2%	▼ -8.7%	▼ -5.7%	2 313.52	2 098.75	2 630.37
KGHM	90.30	▼ -5.9%	▲ 2.6%	▼ -18.8%	▼ -25.1%	97.63	84.20	115.00

° 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

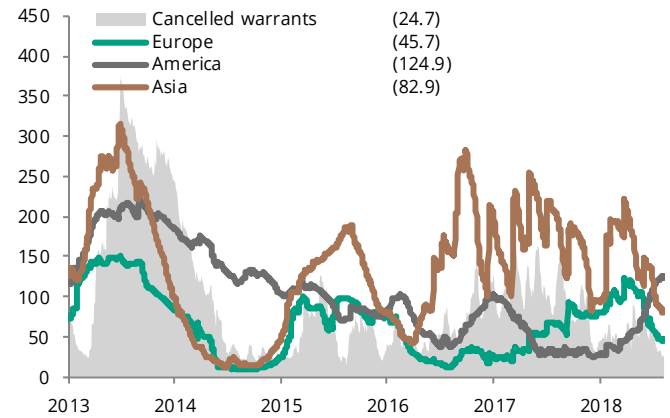
Source: Bloomberg, KGHM

Copper: official exchange stocks (thousand tonnes)



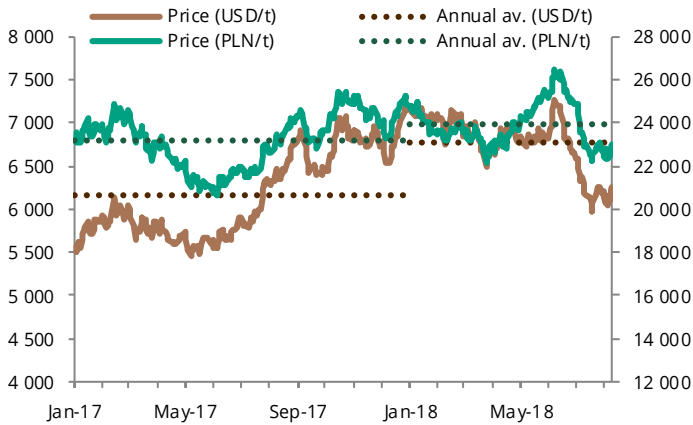
Note: Latest values in brackets. Source: Bloomberg, KGHM

Copper: official LME stocks (thousand tonnes)



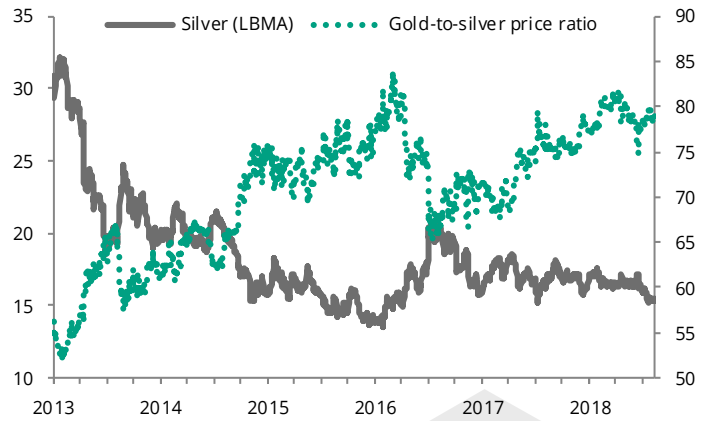
Note: Latest values in brackets. Source: Bloomberg, KGHM

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



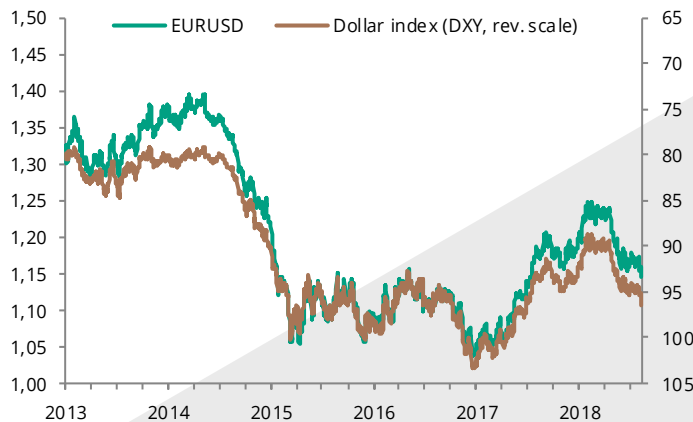
Source: Bloomberg, KGHM Polska Miedź

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



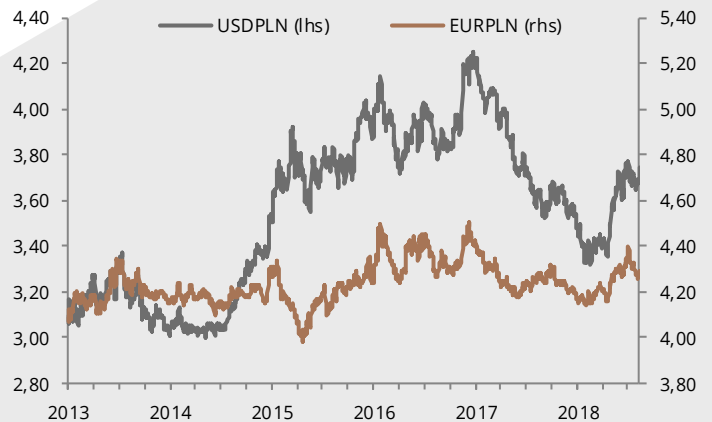
Source: Bloomberg, KGHM Polska Miedź

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



Source: Bloomberg, KGHM Polska Miedź

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



Source: Bloomberg, KGHM Polska Miedź

Legal note

This document has been prepared based on the below listed reports, among others, published in the following period:
30th July – 12th August 2018.

- Barclays Capital, ▪ BofA Merrill Lynch, ▪ Citi Research, ▪ CRU Group, ▪ Deutsche Bank Markets Research,
- GavekalDragonomics, ▪ Goldman Sachs, ▪ JPMorgan, ▪ Macquarie Capital Research, ▪ Mitsui Bussan Commodities,
- Morgan Stanley Research, ▪ SMM Information & Technology, ▪ Sharps Pixley.

Moreover, additional information published here was acquired in direct conversations with market dealers, from financial institution reports and from the following websites: ▪ thebulliondesk.com, ▪ lbma.org.uk, ▪ lme.co.uk, ▪ metalbulletin.com, ▪ nbp.pl, , also: Bloomberg and Thomson Reuters.

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

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