

# Market Overview

as of: 31<sup>st</sup> August 2020

- **Copper:** The Madras HC upheld the decision to close Vedanta's copper smelter. The decision stated also, that the location of the copper smelting plant is erroneous as the spatial development plan does not provide for a special zone in this area for hazardous industrial activities. In 2018, during protests against the smelter's operations, the police opened fire on demonstrators, killing 13 people (*page 2*).
- **Precious metals:** Indian silver imports may decline by 40% y / y, reaching the lowest level in eight years. This is due to the record local price level of this metal, prompting investors to take profits. Lower imports by the world's biggest silver consumer could weigh on global prices (*page 5*).
- **Crude oil:** Indian silver imports may decline by 40% y / y, reaching the lowest level in eight years. This is due to the record local price level of this metal, prompting investors to take profits. Lower imports by the world's biggest silver consumer could weigh on global prices (*page 5*).
- **USA:** Fed will seek inflation that averages 2% over time, a step that implies allowing for price pressures to overshoot after periods of weakness. It also adjusted its view of full employment to permit labor-market gains to reach more workers (*page 7*).

## Key market prices

	Close price	2w chng.
<b>LME (USD/t)</b>		
▲ Copper	6 728.00	4.5%
▲ Nickel	15 414.00	6.0%
<b>LBMA (USD/troz)</b>		
▲ Silver	27.35	1.6%
▼ Gold (PM)	1 957.35	-0.8%
<b>FX</b>		
▲ EURUSD	1.1915	0.5%
▲ EURPLN	4.4043	0.3%
▼ USDPLN	3.6983	-0.3%
▼ USDCAD	1.3097	-0.8%
▼ USDCLP	784.27	-1.6%
<b>Stocks</b>		
▲ KGHM	136.65	0.5%

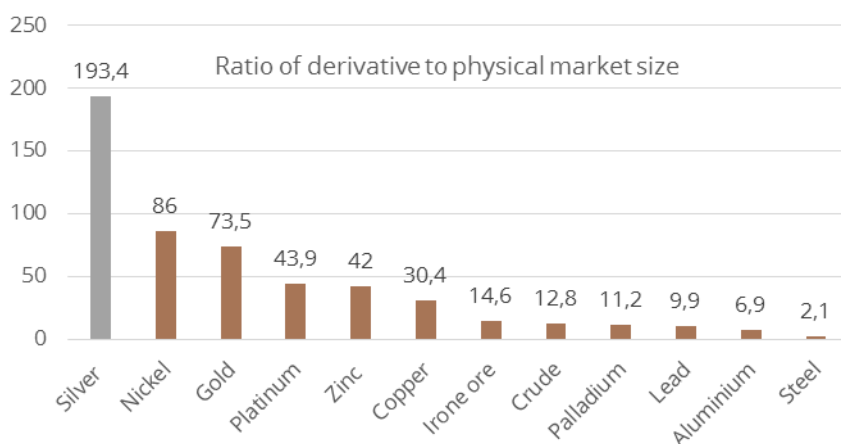
Source: Bloomberg, KGHM Polska Miedź S.A.; (*more on page 11*)

## Important macroeconomic data

Release	For	
 GDP (annlzd., qoq)	2Q	-31.7% ▲
 Industrial prod. (yoy)	Jul	1.1% ▲
 Retail sales (yoy)	Jul	2.7% ▲
 Composite PMI	Aug	51.7 ▼
 GDP (yoy)	2Q	-14.1% ▼

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

## Silver with the highest ratio of derivative to physical market size



Source: CME,LME,ICE,INE,SHFE,DCE,ZCE,SGE, SGX, Bloomberg, Macquarie, KGHM Polska Miedź S.A.

## Market Risk Unit

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## Base and precious metals | Other commodities

### Copper

**The Madras HC upheld the decision to close Vedanta's copper smelter. The decision stated also, that the location of the copper smelting plant is erroneous as the spatial development plan does not provide for a special zone in this area for hazardous industrial activities. In 2018, during protests against the smelter's operations, the police opened fire on demonstrators, killing 13 people.**

#### Vedanta Moves SC Challenging Madras HC Refusal To Reopen Sterlite Copper Plant

**Sterlite Copper in Thoothukudi accounted for over a third of India's refined copper output before it was shut**

Vedanta moved the Supreme Court challenging the Madras High Court's order refusing to allow reopening of Sterlite Copper's smelter unit in Thoothukudi. The Madras HC on 18 August had upheld the May 2018 decision of the Tamil Nadu government to close down the copper smelting plant of Vedanta over allegations of polluting the environment in Thoothukudi. In the 815-page judgment, Justices had observed that the prohibitory orders had been rightly passed for violation of the laws relating to pollution control. The case was argued for 42 days in the High Court before the division bench dismissed the 10 writ petitions filed by Vedanta against the orders of the state government and the Tamil Nadu Pollution Control Board. The orders being challenged has refused reopening, the production, disconnected the electricity and had ordered to seal the premises. Police had in May 2018 fired at protesters, killing 13 people. A week after the bloodshed, the Tamil Nadu government ordered the smelter shut citing alleged pollution. The HC had also rejected Vedanta's argument that the closure of its copper plant was triggered due to the violence. Vedanta had submitted in its argument that it has spent substantial funds for environmental improvement projects. However, the HC observed, that this directly shows that Vedanta is a highly polluting industry and that these measures are required to be adopted to enable them to be termed as a "viable unit." Vedanta has consistently denied accusations of pollution, and as soon as the High court verdict was pronounced a lawyer for Vedanta said that the company plans to challenge the judgment in the Supreme Court. The HC order also stated that the Sterlite plant suffers from "zonal disqualification as there is no material to indicate that there was a special industrial and hazardous use zone in the area," in accordance with the Master Plan of Thoothukudi, in Meelavittan Village. Hence the location of the plant itself is erroneous. Sterlite Copper in Thoothukudi accounted for over a third of India's refined copper output before it was shut.

**After the miners' protests disrupting mining in the Grasberg mine, the company decided to ease a lockdown**

## Freeport Indonesia To Ease Mine Lockdown In Bid To End Protest

The Indonesian unit of Freeport-McMoran Inc said it would ease a lockdown at its Grasberg gold and copper mine after a protest by workers angry over not being able to leave the mountain-top mining complex for months. Mining operations have been disrupted after workers have blocked access to the world's second-largest copper mine in the easternmost region of Papua, demanding transport out of the mine resumes and to receive a bonus for working during the pandemic. Riza Pratama, a spokesman for PT Freeport Indonesia, said the company and the local government had agreed to ease curbs to allow workers to leave the mine area and visit the nearby town, but had yet to reach an agreement with workers on the policy implementation. Local authorities were allowing some workers to leave Grasberg each day when they passed rapid test screening for the coronavirus, he said. "They have to take rapid test when leaving, but there's only a limited number of tests at a time and the number of buses is also limited," he said. Pratama said 4,600 workers who had not taken any leave since April would be given priority, but a worker said the protest would go on until there was a written agreement. "We will open the access only when we have the inter-office (memo) from the management in our hands," said a worker. Freeport employs 13,000 people in Tembagapura, the closest town to the Grasberg mine. Out of these, 389 had tested positive for the coronavirus, with 361 of them now recovered.

## Other important information on copper market:

- The new Chinese solid waste law starting Sept. 1, 2020, and overseas COVID-19 pandemic could hit China's imported copper scrap trade, squeezing the mainland's copper scrap supply. China Construction Bank said in its August copper report, noting that diminishing use of copper scrap could hike copper cathode demand. Though now it's China's traditional slack copper buying season, the coming September-October boom buy season could recover cathode demand, supporting copper prices. China imported 75,113 mt copper scrap in July, down 92% year on year, Chinese customs data showed.
- Peru's deliveries of copper, zinc, lead, tin, gold and molybdenum all fell again in June as miners struggled to reopen operations after pandemic-related lockdown. Copper shipments fell 19.3% to 173,900 mt from 216,900 mt a year earlier. Gold exports plunged 44.5% to 301,600 oz from 543,200 oz a year ago. Silver shipments were little changed at 400,000 oz. Zinc shipments dropped 33.2% to 69,500 mt from 104,000 mt a year earlier. Lead exports fell 48% 44,700 mt from 85,800 mt. Molybdenum deliveries fell 23% to 2,500 mt. First-half copper exports fell 17.7% to 984,000 mt, 1.98 million oz of gold (down 36%), 12,500 mt of molybdenum (down 9%) and 2.1 million oz of silver (little changed).
- Democratic Republic of Congo gave mining companies an indefinite waiver to an export ban on cobalt hydroxide and carbonate, as well as tin, tungsten, and tantalum concentrates after meeting the country's biggest miners. The mines

ministry also announced an export ban waiver on copper concentrate, but said the duration of that waiver was still to be determined. Congo, the world's leading producer of cobalt and Africa's biggest copper producer, banned exports of copper and cobalt concentrates in 2013 to encourage miners to process and refine the ore in the country. But insufficient smelting capacity has driven it to repeatedly issue waivers, the most recent of which was set to expire on Saturday (29 August). The decision will come as a relief to cobalt, copper, and tin mining companies in Congo as well as smelters and refiners in Zambia, which process copper from Congo, and in China, where much of Congo's cobalt is processed.

- Nevada Copper has restarted copper production at its Pumpkin Hollow project in Nevada after operations were temporarily suspended in April in response to coronavirus pandemic-related restrictions. Pumpkin Hollow's mill will immediately begin processing about 160,000 mt of previously-mined stockpile ore material, and additional ore will be supplied from the site's underground mine. Nevada Copper CEO Evan Spencer said "Our full workforce has been mobilized and we have transitioned our operations back into production smoothly". As part of its ramp-up plans in the coming months, Nevada Copper will complete work on Pumpkin Hollow's main shaft to increase ore supply, with completion of the shaft scheduled for the fourth quarter. Nevada Copper commenced copper production at Pumpkin Hollow in December with an expected annual copper equivalent output of 65 million lb.
- Global copper smelting activity tumbled to the lowest levels in over two years in July, data from satellite surveillance of copper plants showed. The weak showing appeared to be partly due to increased maintenance work at smelters, a joint statement from satellite service SAVANT and broker Marex Spectron said. Global dispersion index declined to an average of 41.5 in July, the lowest since March 2018 and down from 50.7 a month earlier. 50 points indicating smelters are operating at the average level of the last 12 months. It also has a second index showing the percentage of active smelters. Guy Wolf, global head of analytics at Marex, which helped develop SAVANT said "What is particularly striking is the sustained period of exceptionally low activity readings from North America." The China dispersion index dropped to 43.1 in July, the lowest since December 2019, while the North America index sank to 26.2, a fresh record low, down from 34.2 a month earlier.

## Precious Metals

**Indian silver imports may decline by 40% y / y, reaching the lowest level in eight years. This is due to the record local price level of this metal, prompting investors to take profits. Lower imports by the world's biggest silver consumer could weigh on global prices.**

**India fulfills most of its silver requirements through imports. The country imported 5,598 tonnes of silver in 2019**

### India's silver imports could tumble as scrap supplies surge

India's silver imports are likely to fall by more than 40 percent from a year ago to the lowest level in eight years, with investors booking profit by selling stocks after local prices rallied to a record high this month, leading importers said. Lower imports by the world's biggest silver consumer could weigh on global prices that have risen more than 50% so far in 2020. "Investors, who bought silver at higher levels, got an opportunity to exit after a long time. For some, even after a decade," said Chirag Thakkar, CEO of Amrapali Group Gujarat. Their selling will reduce import requirement for 2020 to 3,000 tonnes, the lowest since 2012. India imported 5,598 tonnes of silver in 2019, according to data compiled by Refinitiv GFMS. The country fulfills most of its silver requirement through imports. Investors are sceptical whether silver will hold recent gains, said Prithviraj Kothari, managing director of RiddiSiddhi Bullions. "There is rush from sellers but very few buyers are there. Sellers are forced to accept hefty discount," he said. India's silver imports in the first seven months of the year nearly halved from a year ago to 1,900 tonnes and it is unlikely to rise again unless prices correct sharply, said a Mumbai based dealer with a bullion importing bank. Demand from jewellery and industry is negligible as millions of people have lost or have to accept a pay cut, said the dealer.

## Crude oil

**Hurricane Laura will impact some 40 percent of domestic refining capacity and close to 100 percent of the Gulf of Mexico crude oil production. Refiners have halted processing at facilities that typically handle at least 1.8 million barrels a day.**

### Oil Steady In Face Of Hurricane Laura, Predicting Damage Difficult

**In all, roughly 8 million barrels a day in throughput capacity is at risk from Hurricane Laura's trajectory**

Laura is the season's first major hurricane and could hit Category Four as it approaches the Gulf coast. The hurricane has the potential to be the worst storm to hit the Gulf Coast oil industry since Hurricane Katrina in 2005, which rocked the U.S. oil industry. Up to 90 percent of the Gulf's daily crude oil production of 1.5 million barrels a day, and 57 percent of natural gas output (1.5 billion cubic feet per day) was offline as of Tuesday (25.08). The storms have also forced the evacuation of at least half of the crews on the oil and gas platform facilities in the Gulf as of midday Monday (24.08). Hurricane Laura could make landfall somewhere between Houston and Lake Charles, Louisiana, with sustained winds

of 115 mph and gusts up to 140 miles per hour, and a storm surge of 13 feet. The industry hasn't seen a storm of this ferocity since Katrina. The Gulf Coast is the heart of the U.S. refining system and the storm will impact some 40 percent of domestic refining capacity and close to 100 percent of the Gulf of Mexico crude oil production. Refiners have halted processing at facilities that typically handle at least 1.8 million barrels a day, 10 percent of the nation's total refining capacity. Several massive facilities are in the Laura's path, including Motiva's 607,000 barrel a day Port Arthur, Texas, plant—the nation's largest—as well as Marathon Petroleum's Galveston Bay refinery and Exxon Mobil Baytown facility. In all, roughly 8 million barrels a day in throughput capacity is at risk from Hurricane Laura's trajectory. Refiners that shut down ahead of the storm could require a week or two to resume operations, with that timeline potentially lengthening if the storm gathers strength. Port closures are also important now that the United States is a substantial exporter of crude and refined products. Ports at New Orleans, Baton Rouge, Venice, St. Bernard and Plaquemines in Louisiana are closed and others may join. Beside exports, ports are key to supporting offshore exploration and production operations. Also closed is a key artery for the petrochemical industry, the Gulf Intracoastal Waterway. Petrochemicals have remained a strong source of demand through Covid-19 crisis for the industry. While upstream shut-ins provide support to oil prices, refinery closures would exacerbate demand weakness for crude. The net effect of a Katrina-like storm could be bearish for crude, but only time will tell. Pandemic demand weakness complicates matters, as global demand is running at about 88 percent of pre-virus level—around 88 million barrels a day. Markets know that the hurricane shut-ins are usually transient, and it's a bit too early to know whether the current ones will have a prolonged bearish effect on prices or not. Overall, the hurricane may limit supply in short term, helping prices maintain but the market will soon again focus on Covid-19. The demand recovery is what will affect how prices move on the long term and indications of how the pandemic develops are what will really determine the direction of the market.

## Global economies | Foreign exchange markets

### Powell's Fed Shift Allows for Higher Employment and Inflation

**Fed will seek inflation that averages 2% over time, a step that implies allowing for price pressures to overshoot after periods of weakness. It also adjusted its view of full employment to permit labor-market gains to reach more workers.**

Since the Fed set its inflation target at 2% in 2012, the preferred measure of price increases has consistently fallen short of that objective, averaging just 1.4%






Federal Reserve Chair Jerome Powell unveiled a new approach to setting U.S. monetary policy, letting inflation and employment run higher in a shift that will likely keep interest rates low for years to come. Powell said the Fed will seek inflation that averages 2% over time, a step that implies allowing for price pressures to overshoot after periods of weakness. It also adjusted its view of full employment to permit labor-market gains to reach more workers. The new strategy is being undertaken to tackle years of too-low inflation. "They really are not going to be raising interest rates any time soon," said James Knightley, chief international economist at ING Financial Markets. "The Fed is saying rates will be lower for longer, but don't worry inflation is not going to be picking up." The shift Powell announced is a product of an unprecedented review of the Fed's strategies, tools and approach to communications that began in early 2019. Fed officials said they will now conduct such reviews about every five years. Since the central bank officially set its inflation target at 2% in 2012, the Fed's preferred measure of price increases has consistently fallen short of that objective, averaging just 1.4%. Low inflation contributes to low interest rates, which reduces the Fed's ability to fight off economic downturns -- potentially making them deeper and longer. Indeed, the strategy document pointed out that this limitation on their policy rate means downward risks to employment and inflation have increased. Powell noted the risk, saying that "if excessive inflationary pressures were to build or inflation expectations were to ratchet above levels consistent with our goal," the central bank wouldn't hesitate to act. Fed officials also altered the strategy document to include a section acknowledging that financial stability can also affect their ability to reach their longer-run goals. Powell has emerged an unexpected change agent in the role of chairman. While he isn't a Ph.D. economist, his first speech at Jackson Hole in 2018 discussed the risks and uncertainties around the basic parameters of policy making. As President Donald Trump's pick to helm the central bank, he engaged the Fed in a dialogue with moderate and low-income communities across the U.S. and steered the economy toward lower rates of unemployment that benefited Black and Hispanic communities. He aggressively expanded the Fed's emergency lending authority as the coronavirus took hold in March, slashing rates to zero, and extending aid to municipalities, small- and medium-sized companies as well as large corporations. Achieving an overshoot of inflation in the near term will be difficult. Unemployment is above 10%, and the economy is still recovering from the shock of virus shutdowns that inflicted the steepest recession on record. Powell left the matter of how tactically they would aim for







higher inflation for future Federal Open Market Committee meetings. With the new strategy in place, Goldman Sachs Chief Economist Jan Hatzius said he now expects “changes to the forward guidance and asset purchase program to come at the September” policy meeting. In the new statement on longer-run goals, the Fed said its decisions would be informed by its assessment of “shortfalls of employment from its maximum level.” The previous version had referred to “deviations from its maximum level.” The change de-emphasizes previous concerns that low unemployment can cause excess inflation. After first fluctuating on the news, U.S. stocks resumed their record-breaking rally.



# Macroeconomic calendar

## Important macroeconomic data releases

Weight	Date	Event	For	Reading <sup>1</sup>	Previous	Consensus <sup>2</sup>
<b>China</b> 						
⊕⊕	27-Aug	Industrial profits (yoy)	Jul	19.6% ▲	11.5%	--
<b>Poland</b> 						
⊕⊕⊕⊕	17-Aug	Core CPI (excluding food and energy, yoy)	Jul	4.3% ▲	4.1%	4.2% ▲
⊕⊕	19-Aug	Average gross salary (yoy)	Jul	3.8% ▲	3.6%	2.9% ▲
⊕	19-Aug	Employment (yoy)	Jul	-2.3% ▲	-3.3%	-3.0% ▲
⊕⊕⊕⊕	20-Aug	Sold industrial production (yoy)	Jul	1.1% ▲	0.5%	-1.2% ▲
⊕⊕	20-Aug	Producer inflation PPI (yoy)	Jul	-0.6% ▲	-0.8%	-0.6% ○
⊕⊕⊕	21-Aug	Retail sales (yoy)	Jul	2.7% ▲	-1.9%	-0.4% ▲
⊕	24-Aug	M3 money supply (yoy)	Jul	16.8% ▼	18.1%	18.5% ▼
⊕⊕	25-Aug	Unemployment rate	Jul	6.1% -	6.1%	6.1% ○
<b>US</b> 						
⊕⊕	20-Aug	Philadelphia Fed business outlook	Aug	17.2 ▼	24.1	20.8 ▼
⊕⊕⊕	21-Aug	Composite PMI - preliminary data	Aug	54.7 ▲	50.3	--
⊕⊕⊕	21-Aug	Manufacturing PMI - preliminary data	Aug	53.6 ▲	50.9	52.0 ▲
⊕⊕⊕	21-Aug	PMI services - preliminary data	Aug	54.8 ▲	50.0	51.0 ▲
⊕	25-Aug	Richmond Fed manufacturing index	Aug	18.0 ▲	10.0	10.0 ▲
⊕	25-Aug	S&P/CaseShiller home price index‡	Jun	225 ▲	225	--
⊕⊕	26-Aug	Durable goods orders - preliminary data‡	Jul	11.2% ▲	7.7%	4.8% ▲
⊕⊕⊕⊕⊕	27-Aug	GDP (annualized, qoq) -	2Q	-31.7% ▲	-32.9%	-32.5% ▲
⊕⊕⊕⊕	28-Aug	Consumer spending inflation PCE (mom)‡	Jul	0.3% -	0.3%	0.5% ▼
⊕⊕⊕⊕	28-Aug	Consumer spending inflation PCE (yoy)‡	Jul	1.3% ▲	1.1%	1.2% ▲
⊕⊕	28-Aug	Personal income (sa, mom)‡	Jul	0.4% ▲	-1.0%	-0.2% ▲
⊕⊕	28-Aug	Personal spending (sa, mom)‡	Jul	1.9% ▼	6.2%	1.6% ▲
⊕⊕	28-Aug	University of Michigan confidence index - final data	Aug	74.1 ▲	72.8	72.8 ▲
<b>Eurozone</b> 						
⊕⊕⊕⊕	19-Aug	Consumer inflation CPI (yoy) - final data	Jul	0.4% -	0.4%	0.4% ○
⊕⊕⊕⊕	19-Aug	Core CPI (yoy) - final data	Jul	1.2% -	1.2%	1.2% ○
⊕⊕⊕	21-Aug	Composite PMI - preliminary data	Aug	51.6 ▼	54.9	55.0 ▼
⊕⊕⊕	21-Aug	Manufacturing PMI - preliminary data	Aug	51.7 ▼	51.8	52.7 ▼
⊕⊕⊕	21-Aug	Services PMI - preliminary data	Aug	50.1 ▼	54.7	54.5 ▼
⊕	21-Aug	Consumer confidence - estimation	Aug	-14.7 ▲	-15.0	-15.0 ▲
⊕	27-Aug	M3 money supply (yoy)	Jul	10.2% ▲	9.2%	9.2% ▲
⊕	28-Aug	Economic confidence‡	Aug	87.7 ▲	82.4	85.0 ▲
⊕	28-Aug	Industrial confidence	Aug	-12.7 ▲	-16.2	-13.0 ▲
⊕	28-Aug	Consumer confidence - final data	Aug	-14.7 -	-14.7	--
<b>Germany</b> 						
⊕⊕⊕	21-Aug	Composite PMI - preliminary data	Aug	53.7 ▼	55.3	55.0 ▼
⊕⊕⊕	21-Aug	Manufacturing PMI - preliminary data	Aug	53.0 ▲	51.0	52.3 ▲
⊕⊕⊕⊕⊕	25-Aug	GDP (yoy) - final data	2Q	-11.3% ▲	-11.7%	-11.7% ▲
⊕⊕⊕⊕⊕	25-Aug	GDP (sa, qoq) - final data	2Q	-9.7% ▲	-10.1%	-10.1% ▲
⊕⊕	25-Aug	IFO business climate‡	Aug	92.6 ▲	90.4	92.1 ▲
⊕⊕	28-Aug	GfK consumer confidence‡	Sep	-1.8 ▼	-0.2	1.0 ▼

Weight	Date	Event	For	Reading <sup>1</sup>	Previous	Consensus <sup>2</sup>
<b>France</b> 						
🔔🔔🔔	21-Aug	Composite PMI - preliminary data	Aug	51.7 ▼	57.3	57.0 📉
🔔🔔🔔	21-Aug	Manufacturing PMI - preliminary data	Aug	49.0 ▼	52.4	53.0 📉
🔔🔔🔔🔔	28-Aug	GDP (yoy) - final data	2Q	-18.9% ▲	-19.0%	-19.0% 📈
🔔🔔🔔🔔	28-Aug	GDP (qoq) - final data	2Q	-13.8% =	-13.8%	-13.8% 🟡
🔔🔔🔔🔔	28-Aug	Harmonized consumer inflation HICP (yoy) - preliminary data	Aug	0.2% ▼	0.9%	0.2% 🟡
🔔🔔🔔	28-Aug	Consumer inflation CPI (yoy) - preliminary data	Aug	0.2% ▼	0.8%	0.1% 📈
<b>Italy</b> 						
<i>No major data in the period</i>						
<b>UK</b> 						
🔔🔔🔔🔔	19-Aug	Consumer inflation CPI (yoy)	Jul	1.0% ▲	0.6%	0.6% 📈
🔔🔔🔔	21-Aug	Manufacturing PMI (sa) - preliminary data	Aug	55.3 ▲	53.3	54.0 📈
🔔🔔🔔	21-Aug	Composite PMI - preliminary data	Aug	60.3 ▲	57.0	56.9 📈
<b>Japan</b> 						
🔔🔔🔔🔔🔔	17-Aug	GDP (annualized, qoq) - preliminary data‡	2Q	-27.8% ▼	-2.5%	-26.9% 📉
🔔🔔🔔🔔🔔	17-Aug	GDP (qoq, sa) - preliminary data	2Q	-7.8% ▼	-0.6%	-7.5% 📉
🔔🔔🔔🔔	17-Aug	Industrial production (yoy) - final data	Jun	-18.2% ▼	-17.7%	--
🔔🔔🔔🔔	21-Aug	Consumer inflation CPI (yoy)	Jul	0.3% ▲	0.1%	0.3% 🟡
🔔🔔🔔	21-Aug	Composite PMI - preliminary data	Aug	44.9 =	44.9	--
🔔🔔🔔	21-Aug	Manufacturing PMI - preliminary data	Aug	46.6 ▲	45.2	--
<b>Chile</b> 						
🔔🔔🔔🔔🔔	18-Aug	GDP (yoy)‡	2Q	-14.1% ▼	0.2%	-14.0% 📉
<b>Canada</b> 						
🔔🔔🔔🔔	19-Aug	Consumer inflation CPI (yoy)	Jul	0.1% ▼	0.7%	0.5% 📉
🔔🔔🔔🔔🔔	28-Aug	GDP (yoy)	Jun	-7.8% ▲	-13.8%	-9.0% 📈
🔔🔔🔔🔔🔔	28-Aug	GDP (annualized, qoq)	2Q	-38.7% ▼	-8.2%	-39.6% 📉

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

<sup>2</sup> 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 Polska Miedź

## Key market data

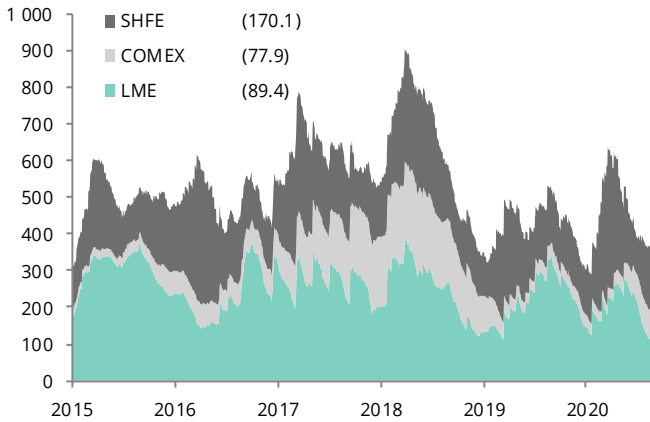
### Key base & precious metal prices, exchange rates and other important market factors

<i>(as of: 28-Aug-20)</i>		Price change <sup>1</sup>					From year beginning <sup>2</sup>		
	Price	2W	QTD	YTD	1Y	Average	Min	Max	
<b>LME (USD/t; Mo in USD/lbs)</b>									
Copper	6 728.00	▲ 4.5%	▲ 11.4%	▲ 9.3%	▲ 17.6%	5 735.43	4 617.50	6 728.00	
Molybdenum	7.70	▼ -4.9%	▲ 4.3%	▼ -16.3%	▼	8.60	7.00	10.90	
Nickel	15 414.00	▲ 6.0%	▲ 20.5%	▲ 10.1%	▼ -5.7%	12 832.95	11 055.00	15 414.00	
Aluminum	1 762.00	▲ 2.5%	▲ 10.0%	▼ -2.1%	▲ 2.8%	1 617.92	1 421.50	1 810.50	
Tin	17 801.00	▲ 2.1%	▲ 5.7%	▲ 5.6%	▲ 13.3%	16 428.03	13 400.00	18 195.00	
Zinc	2 529.50	▲ 5.3%	▲ 23.0%	▲ 10.3%	▲ 10.7%	2 105.36	1 773.50	2 529.50	
Lead	1 976.50	▲ 1.0%	▲ 10.5%	▲ 2.8%	▼ -4.1%	1 789.39	1 576.50	2 027.00	
<b>LBMA (USD/troz)</b>									
Silver	27.35	▲ 1.6%	▲ 53.3%	▲ 51.6%	▲ 48.0%	18.38	12.01	28.33	
Gold <sup>2</sup>	1 957.35	▼ -0.8%	▲ 10.7%	▲ 28.5%	▲ 27.1%	1 710.98	1 474.25	2 067.15	
<b>LPPM (USD/troz)</b>									
Platinum <sup>2</sup>	930.00	▼ -2.1%	▲ 14.3%	▼ -4.2%	▲ 0.8%	860.15	593.00	1 017.00	
Palladium <sup>2</sup>	2 176.00	▼ -1.2%	▲ 14.2%	▲ 13.3%	▲ 46.7%	2 121.19	1 557.00	2 781.00	
<b>FX<sup>3</sup></b>									
EURUSD	1.1915	▲ 0.5%	▲ 6.4%	▲ 6.1%	▲ 7.6%	1.1176	1.0707	1.1933	
EURPLN	4.4043	▲ 0.3%	▼ -1.4%	▲ 3.4%	▲ 0.5%	4.4178	4.2279	4.6044	
USDPLN	3.6983	▼ -0.3%	▼ -7.1%	▼ -2.6%	▼ -6.6%	3.9575	3.6732	4.2654	
USDCAD	1.3097	▼ -0.8%	▼ -3.9%	▲ 0.8%	▼ -1.5%	1.3583	1.2970	1.4496	
USDCNY	6.8655	▼ -1.0%	▼ -2.8%	▼ -1.4%	▼ -3.9%	7.0186	6.8598	7.1671	
USDCLP	784.27	▼ -1.6%	▼ -3.9%	▲ 5.3%	▲ 8.3%	806.12	748.74	867.83	
<b>Money market</b>									
3m LIBOR USD	0.241	▼ -0.03	▼ -0.06	▼ -1.67	▼ -1.89	0.866	0.234	1.900	
3m EURIBOR	-0.477	▲ 0.00	▼ -0.06	▼ -0.09	▼ -0.05	-0.382	-0.491	-0.161	
3m WIBOR	0.230	-	▼ -0.03	▼ -1.48	▼ -1.49	0.885	0.230	1.710	
5y USD interest rate swap	0.338	▼ 0.00	▲ 0.01	▼ -1.39	▼ -1.00	0.681	0.243	1.693	
5y EUR interest rate swap	-0.363	▲ 0.01	▼ -0.01	▼ -0.25	▲ 0.16	-0.292	-0.453	-0.090	
5y PLN interest rate swap	0.723	▲ 0.10	▲ 0.19	▼ -1.06	▼ -0.80	0.964	0.480	2.050	
<b>Fuel</b>									
WTI Cushing	42.97	▲ 0.2%	▲ 9.4%	▼ -29.6%	▼ -24.2%	37.90	-37.63	63.27	
Brent	44.67	▲ 0.7%	▲ 9.2%	▼ -32.7%	▼ -26.2%	41.48	17.32	69.02	
Diesel NY (ULSD)	121.75	▲ 0.3%	▲ 2.9%	▼ -39.9%	▼ -34.8%	124.65	60.67	206.01	
<b>Others</b>									
VIX	22.96	▲ 1.61	▼ -7.47	▲ 9.18	▲ 5.08	30.86	12.10	82.69	
BBG Commodity Index	73.14	▲ 1.6%	▲ 12.6%	▼ -9.6%	▼ -5.6%	68.12	59.48	81.64	
S&P500	3 508.01	▲ 3.7%	▲ 13.2%	▲ 8.6%	▲ 19.9%	3 068.58	2 237.40	3 508.01	
DAX	13 033.20	▲ 0.9%	▲ 5.9%	▼ -1.6%	▲ 10.1%	12 012.47	8 441.71	13 789.00	
Shanghai Composite	3 403.81	▼ -1.0%	▲ 14.0%	▲ 11.6%	▲ 17.7%	3 019.87	2 660.17	3 451.09	
WIG 20	1 829.79	▼ -1.7%	▲ 4.0%	▼ -14.9%	▼ -11.6%	1 798.92	1 305.73	2 200.10	
KGHM	136.65	▲ 0.5%	▲ 50.3%	▲ 43.0%	▲ 81.0%	91.31	49.40	139.35	

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

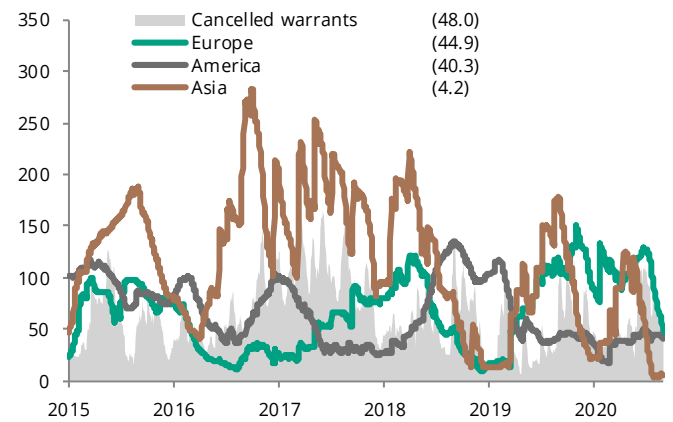
Source: Bloomberg, KGHM Polska Miedź

**Copper: official exchange stocks (thousand tonnes)**



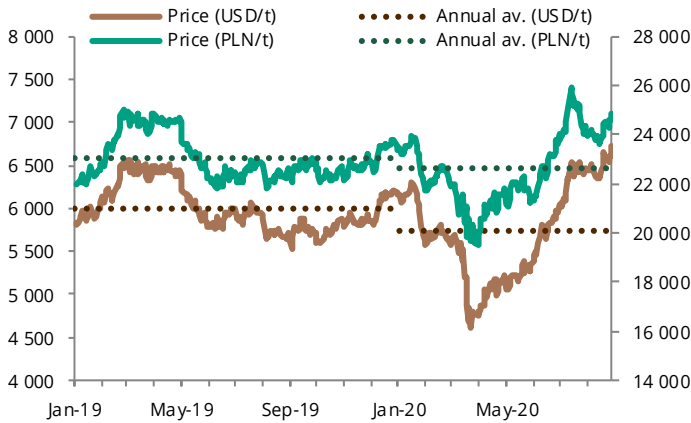
Note: Latest values in brackets. Source: Bloomberg, KGHM

**Copper: official LME stocks (thousand tonnes)**



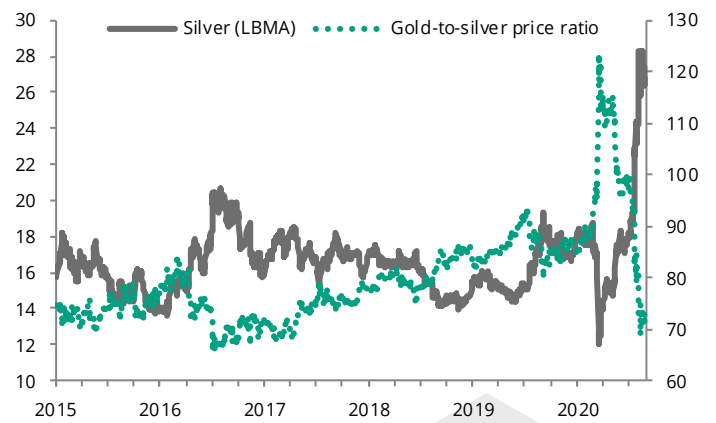
Note: Latest values in brackets. Source: Bloomberg, KGHM

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



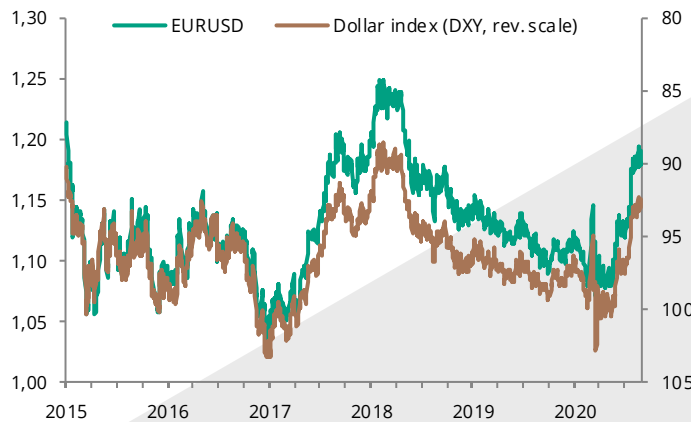
Source: Bloomberg, KGHM Polska Miedź

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



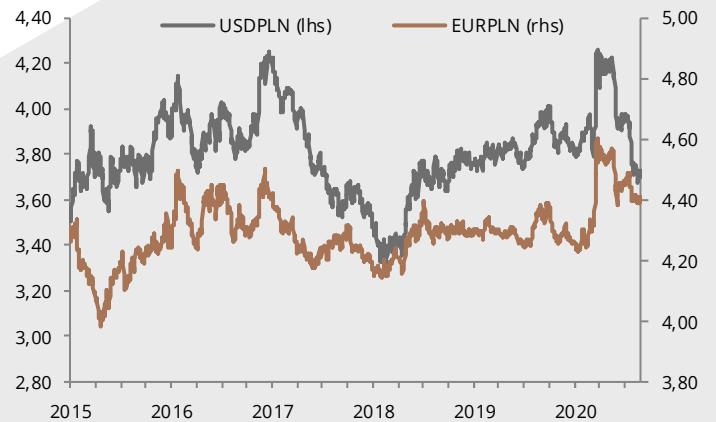
Source: Bloomberg, KGHM Polska Miedź

**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:  
**17 - 30 August 2020.**

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

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