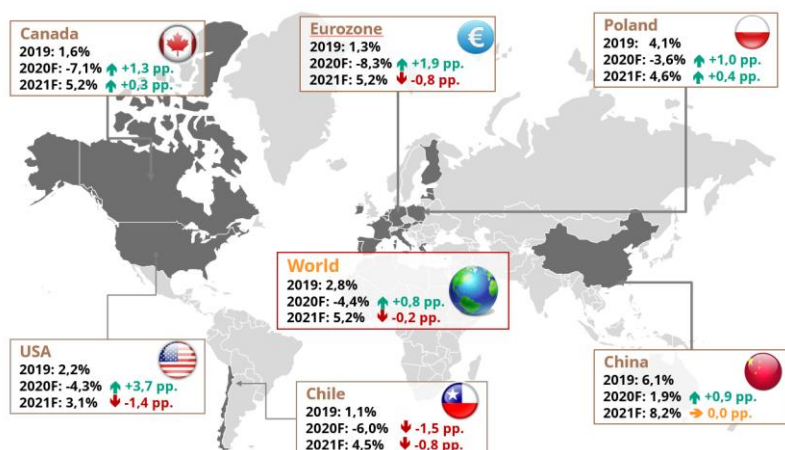


Market Overview

- Copper:** The main message from this year's LME Week was very positive for the copper market and its future prospects, but it is not so obvious in the published forecasts of analysts. According to most participants, the development of the electromobility and renewable energy sectors will support both copper and silver. Analysts also indicate that in order to determine the direction of a change in the price of copper, it is necessary to have a certain belief regarding the implementation of the deeper deficit scenario (*page 2*).
- Precious metals:** This year gold price rise means that the IMF's total gold reserves of 90.5 million ounces are now worth around \$175 billion. This is around a \$38 billion increase in value. If the IMF sold less than 7% of its total gold reserves, it would result in a \$12 billion profit, which would be enough to cancel debts of more than 70 poorest nations for the next 15 months (*page 5*).
- IMF:** Global growth is projected at -4.4% in 2020, 0.8 percentage point above the June 2020 WEO forecast. Growth in the advanced economy group is projected at -5.8% in 2020, 2.3 percentage points stronger than in the June 2020 WEO. Among emerging market and developing economies, growth is forecast at -3.3% in 2020, 0.2 percentage point weaker than in the June 2020 WEO, strengthening to 6% in 2021. Prospects for China are much stronger than for most other countries in this group, with the economy projected to grow by about 10% over 2020-21 (1.9% this year and 8.2% next year) (*page 7*).

IMF World Economic Outlook – October 2020



Source: IMF, KGHM Polska Miedź S.A.




as of: 26th October 2020

Key market prices

	Close price	2w chng.
LME (USD/t)		
▲ Copper	6 879.50	2.1%
▲ Nickel	15 768.00	5.2%
LBMA (USD/troz)		
▲ Silver	24.76	1.8%
▼ Gold (PM)	1 903.65	-1.0%
FX		
▲ EURUSD	1.1856	0.5%
▲ EURPLN	4.5772	2.3%
▲ USDPLN	3.8665	2.0%
▲ USDCAD	1.3140	0.0%
▼ USDCPL	781.41	-2.0%
Stocks		
▲ KGHM	126.50	5.5%

Source: Bloomberg, KGHM Polska Miedź S.A.; (*more on page 12*)

Important macroeconomic data

Release	For		
 Industrial prod. (yoy)	Sep	6.9%	▲
 Industrial prod. (yoy)	Sep	5.9%	▲
 Manufacturing PMI	Oct	58.0	▲
 GDP (yoy)	3Q	4.9%	▲
 Industrial prod. (mom)	Sep	-0.6%	▼

Source: Bloomberg, KGHM Polska Miedź S.A.; (*more on page 10*)

Market Risk Unit

marketrisk@kgm.com

Base and precious metals | Other commodities

Copper

The main message from this year's LME Week was very positive for the copper market and its future prospects, but it is not so obvious in the published forecasts of analysts. According to most participants, the development of the electromobility and renewable energy sectors will support both copper and silver. Analysts also indicate that in order to determine the direction of a change in the price of copper, it is necessary to have a certain belief regarding the implementation of the deeper deficit scenario.

LME Week key takeaways

2020's LME Week has not resembled the form we have always been used to - this year, due to the COVID-19 pandemic, the largest meeting of the non-ferrous metals industry participants of the year moved to the Internet. The lack of direct contact was a limiting factor, but the virtual nature of the presentation made logistical matters easier.

Most of the webinars and presentations were very positive for the copper market and its future prospects. This attitude could be partly due to the increase in copper price ahead of the LME Week to levels around 7,000 USD/t. The sentiment, however, does not seem to be unequivocal, as the aforementioned optimism is not visible in the forecasts of analysts, who predict considerable potential for further increases in copper prices. According to the majority of participants, the demand in the coming years will be generated mainly by industries and sectors related to electrification, electro-mobility and renewable energy. In the case of the latter, an important aspect emphasized by many analysts will also be silver, which will be used to very large extent when building solar farms.

More and more countries, mainly the largest economies in the world, declare that they will achieve carbon neutrality in the coming decades. Moreover, the recent readings of election polls show that Joe Biden is more and more likely to win. His election promises quite strongly support the willingness to implement "green" environmental policy in the USA.

The price of copper has already climbed quite high from the end-March lows, which is why some banks and analytical institutions are trying to be cautious in formulating theses. One of the counterarguments to the prevailing hurraoptimism on the market is the accumulated number of long positions on the COMEX exchange, which hit the historical highs and may mean the desire to take profits and, consequently, greater pressure on the price from the sellers. In the physical market, a phenomenon can be noted in Chinese data, which in recent months imported the highest ever amount of copper (and other metals that they do not mine) on a monthly basis. At the same time, the level of physical

cathode premia remains quite low. According to analysts, we are currently dealing with a significant difference between real (final) consumption and apparent demand (i.e. demand, which is calculated on the basis of production, export and import data). More and more institutions on the market say that the increased consumption was influenced by the Chinese Strategic Reserves Agency (SRB), which may be responsible for 300-800 thousand tonnes of copper purchased in recent months.

On the supply side - this year the industry has experienced a lot of disruption due to COVID-19 (mainly Peru, which has completely stopped production for several weeks) - analysts expect that with the next wave of SARS-CoV-2 infections, a similar situation is unlikely to happen. Nevertheless, it was noted that the supply disruptions in 2020 were anyway smaller than expected at the start of the pandemic. This was due to many factors acting in opposite directions (postponing repairs in mines, increasing production capacity while minimizing the workforce, production "in reserve", even in the event of logistic downtime in transport and downtime in steel mills).

Analysts also indicate that in order to determine the direction of the copper price in the coming months, one should have a defined belief about the market balance. Currently, it is not certain whether the announced scenario of a deeper market deficit will materialize.

Further events on the copper market will be strongly dependent on the pandemic situation in the world and the impact of potential lockdowns, which have become louder in recent times. The number of infections is growing rapidly, so that both the supply and the demand side will be adversely affected by any governmental or economic decision on the business side. An important event and a litmus test for the further development of the situation will soon be the US presidential election, in which both candidates proclaim considerable support for renewable energy and infrastructure modernization, but theoretically, more momentum is to come after Joe Biden's victory, which leads in the polls.

China's Blueprint To Stockpile Copper Expected In 5-Year Plan

The prospect of China buying copper for its stockpiles is filtering through the market ahead of a meeting of the country's leaders to discuss its next five-year economic and social development plan. The meeting due to take place in the last week of October is expected to approve the stockpiling of commodities such as copper, which China has to import due to inadequate domestic resources of the metal used widely in the power and construction industries. The National Food and Strategic Reserves Administration, China's state stockpiler, said it was not aware of the situation, when asked about stockpiling plans. According to Citi analyst Max Layton, potential catalysts for stockpiling include deteriorating relations with the United States and the COVID-19 crisis highlighting the need to ensure China's stocks can withstand supply disruptions. "We would be comfortable making 700,000 tonnes of incremental state buying over the next five years, taking stocks to 90 days of net imports, our base case," Layton said.

"China imports around 80% of its annual copper consumption - 10.9 million tonnes of 13.5 million tonnes. Those imports represent more than one third of the copper market." The global copper market including scrap is estimated at between 28 and 30 million tonnes. China's imports of unwrought copper and products in the first nine months of 2020 were up 41% from a year earlier at 4.99 million tonnes, more than the amount imported in all of 2019. Some analysts say much of the copper exported to China this year has ended up with the state stockpiler, which typically buys copper to support local smelters when prices are low. "China's stockpiler is behaving differently this year. Copper prices had recovered by May, but from the import data, it looks as if the state has been buying into September," said Macquarie metals strategist Vivienne Lloyd. "China has 16% ownership of world copper mining output, but it consumes about 50% of refined production, a bit of a mismatch."

Other important information on copper market:

- Chile's Codelco has agreed with some European customers to keep its physical copper premium for 2021 unchanged from 2020 at \$98/mt on Oct. 15. The annual benchmark is a premium paid on top of the London Metal Exchange (LME) cash price, and is based on CIF Rotterdam cargoes. Codelco, the world's biggest copper producer, has yet to offer to Chinese buyers regarding its 2021 annual contract, but China-based market participants were reluctant to roll over the premium, which was at \$88/mt CIF China basis according to recent survey. In Europe, Aurubis the biggest copper smelter on continent, will offer 2021 copper premiums to its customers of \$96 per tonne above LME prices. This was unchanged compared to a premium of \$96 a tonne over LME in 2020.
- The global copper market should see a deficit of 52,000 tonnes this year and a surplus of 69,000 tonnes in 2021, the International Copper Study Group (ICSG) said on Monday. "After stagnant output in 2019, world refined copper production is expected to increase by about 1.5% in 2020 and 2021," the ICSG said in a release. The group forecast global demand for copper, excluding China, to fall by 9% this year due to COVID-19-related restrictions. "This is primarily due to anticipated falls of 8% and 6% in the EU and United States respectively and significant reductions in India, Japan and a number of ASEAN countries," ICSG said. "However, this decline is expected to be offset by a sharp rise in Chinese apparent refined usage." Next year, demand for the metal was expected to grow by 1% as world consumption, excluding China, grows by 5% as the global economy recovers, it added.
- Global copper smelting activity extended gains in September as Chinese operations came back online after maintenance closures, data from satellite surveillance of copper plants showed. North America, which rebounded in strongly in August, held at fairly strong levels, a joint statement from satellite service SAVANT and broker Marex Spectron said. The build-up of deferred maintenance in China that led to the weakness in August still appears to be not entirely completed so volatile readings out of China are expected to continue. Earth-i, which specialises in geospatial data, launched its SAVANT

service late last year, tracking more than 100 smelters representing 80% to 90% of global production. Its global dispersion index rose to an average of 50.2 in September, up from 44.2 a month earlier. SAVANT launched the dispersion index in June, with 50 points indicating smelters are operating at the average level of the last 12 months. The China dispersion index jumped to 50.2 in September after 39.3 in August, the lowest since March 2018, while the North America index dipped slightly to 56.5 from 58.7 a month earlier. September was the first month this year that China, North America and Europe were all indicating above average levels of activity. Europe recorded 51.7 in September, up from 46.6 in August.

- The London Metal Exchange (LME) aims to improve its electronic trading system because it expects the COVID-19 pandemic will keep its open-outcry ring closed for many more months. The 143-year-old exchange temporarily closed what is the last open-outcry trading floor in Europe in March because of coronavirus restrictions, shifting activity to its electronic system. The world's oldest and largest market for industrial metals has imposed three conditions for reopening the ring, including the end of social distancing in Britain and the broad rollout of a coronavirus vaccine. The LME is setting up a working group to look at improving electronic trading and examine the broader balance of electronic, ring and telephone trading, said LME CEO Matthew Chamberlain. The ring closure was the first since World War II and ended the theatre of arcane hand signals and frenzied shouting by traders.

Precious Metals

IMF not planning to sell its gold for debt relief: 'Gold reserves provide fundamental strength'

This year gold price rise means that the IMF's total gold reserves of 90.5 million ounces are now worth around \$175 billion. This is around a \$38 billion increase in value. If the IMF sold less than 7% of its total gold reserves, it would result in a \$12 billion profit, which would be enough to cancel debts of more than 70 poorest nations for the next 15 months.

Gold spot prices rose this year from \$1,500 an ounce to \$1,900 an ounce

There is pressure building on the International Monetary Fund (IMF) to sell some of its gold to provide debt relief for poorer nations. The Jubilee Debt Campaign is a U.K.-based charity organization with the goal of ending poverty caused by unjust debt. Growing debt concerns have been gaining attention as countries struggle to support their economies amid the coronavirus pandemic. The topic was one of the top items discussed during IMF annual meetings. Gold spot prices rose from \$1,500 an ounce to \$1,900 an ounce this year already, which means that the IMF's total gold reserves of 90.5 million ounces are now worth around \$175 billion. This is around a \$38 billion increase in value. If the IMF sold less than 7% of its total gold reserves, it would result in a \$12 billion profit, which would be enough to cancel debts of more than 70 poorest nations for the next 15 months. This would be less than the gain in value of the IMF's gold since the Covid crisis

began. The poorer nations don't have the monetary tools available to more developed countries to help them deal with the fallout from COVID-19, argues Jubilee Debt Campaign director Sarah-Jayne Clifton. However, despite the call, it is looking very unlikely that the IMF would be willing to sell any of its gold reserves, especially during such uncertain times. "The IMF has no plans to sell gold at this time," The Guardian quoted IMF spokesman Gerry Rice as saying. "Gold reserves provide fundamental strength to the IMF's balance sheet, enabling the Fund to lend safely and at low cost to its member countries. This is particularly important at present, when the IMF is undertaking exceptionally large support for its membership, including its poorest member countries, in the context of the Covid-19 pandemic." The World Gold Council (WGC) also said that gold will continue to play a key role in the IMF's portfolio. "The IMF views gold as an important component of its balance sheet, and it has expressed that it currently has no plans to sell gold," WGC head of Central Banks Relationships Shaokai Fan told. Moreover, the WGC sees gold playing a vital role for central banks around the world during this crisis despite the slowing demand this year. "We believe that central banks will continue to be net buyers of gold this year, although the quantity of purchases may not be as large as in previous years," said Fan. The official sector's gold purchases reached record levels in 2018 and 2019, seeing a total of 656 and 667 tons bought, respectively. So far, in 2020, central banks have bought just over 200 tonnes of gold.

Perth Mint Silver Bullion Sales in September Mark Fourth Highest Monthly Total on Record

The Mint's sales of silver coins and silver bars reached 1,677,383 ounces last month, marking gains of 17.2% from August and 24.3% from September of last year.

Australian bullion sales in September remained firm for gold products and soared for silver products, the latest figures from The Perth Mint show. Its silver sales ranked fourth highest for a month since CoinNews started tracking the data in February 2013. The stronger sales were attributed, in part, to the release of lunar-themed bullion coins dated for 2021, the Mint noted. The Mint's monthly bullion gains set against declining precious metals with LBMA prices in September dropping 3.6% for gold and 13.3% for silver. Perth Mint sales of gold coins and gold bars totaled 62,637 ounces last month, down 7.2% from August but 33.8% higher than in September 2019. Year-to-date gold sales at 579,466 ounces are 158.9% higher than the 223,821 ounces sold last year through nine months. The Mint's sales of silver coins and silver bars reached 1,677,383 ounces last month, marking gains of 17.2% from August and 24.3% from September of last year. The month's tally lags only behind: March 2020 sales of 1,736,409, March 2016 sales of 1,756,238 ounces, and September 2015 sales of 3,349,557 ounces. Silver sales for the year so far at 13,162,714 ounces are 69% higher than the 7,789,569 sold through the same period in 2019.

Global economies | Foreign exchange markets

IMF World Economic Outlook October 2020 – excerpt

Global growth is projected at –4.4% in 2020, 0.8 percentage point above the June 2020 WEO forecast. Growth in the advanced economy group is projected at –5.8% in 2020, 2.3 percentage points stronger than in the June 2020 WEO. Among emerging market and developing economies, growth is forecast at –3.3% in 2020, 0.2 percentage point weaker than in the June 2020 WEO, strengthening to 6% in 2021. Prospects for China are much stronger than for most other countries in this group, with the economy projected to grow by about 10% over 2020–21 (1.9% this year and 8.2% next year).

More than one million lives have been lost to COVID-19 since the start of the year and the toll continues to rise. Many more have suffered serious illness. Close to 90 million people are expected to fall into extreme deprivation this year. IMF projects a somewhat less severe though still deep recession in 2020, relative to our June forecast. The revision is driven by second quarter GDP outturns in large advanced economies, which were not as negative as projected; China's return to growth, which was stronger than expected; and signs of a more rapid recovery in the third quarter. Outturns would have been much weaker if it weren't for sizable, swift, and unprecedented fiscal, monetary, and regulatory responses that maintained disposable income for households, protected cash flow for firms, and supported credit provision. Collectively these actions have so far prevented a recurrence of the financial catastrophe of 2008-09.

While the global economy is coming back, the ascent will likely be long, uneven, and uncertain. Indeed, compared to IMF forecasts in June, prospects have worsened significantly in some emerging market and developing economies where infections are rising rapidly. Consequently, emerging market and developing economies, excluding China, are projected to incur a greater loss of output over 2020-21 relative to the pre-pandemic projected path when compared to advanced economies. These uneven recoveries significantly worsen the prospects for global convergence in income levels.

Moreover, recovery is not assured while the pandemic continues to spread. A key aspect of combating the health crisis is to ensure that all innovations, be they in testing, treatments, or vaccines, are produced at scale for the benefit of all countries. Advance purchase commitments for vaccines under trial can help spur this process for manufacturers who may otherwise hesitate to bear the upfront cost. This effort should include a strong multilateral component to help distribute doses to all countries at affordable prices. More generally, the global community will need to continue helping countries with limited health care capacity through sharing equipment, know-how, and through financial support from international health agencies.

At the national level, governments have already responded with a variety of fiscal countermeasures that include efforts to cushion income losses, incentivize hiring, expand social assistance, guarantee credit, and inject equity into firms. These measures have prevented widespread firm bankruptcies and have helped employment rebound partially. Employment and labor force participation, however, remain well below pre-pandemic levels, and many more millions of jobs are at risk the longer this crisis continues. To preserve jobs, it is important for governments, where possible, to continue to support viable but still vulnerable firms with moratoria on debt service and equity-like support. Over time, once the recovery has taken a strong hold, policies should shift gradually to facilitating reallocation of workers from sectors likely to shrink on a long-term basis (travel) to growing sectors (e-commerce). Along the transition, workers will need to be supported, including through income transfers, retraining, and reskilling programs.

Global growth is projected at -4.4% in 2020, 0.8 percentage point above the June 2020 WEO forecast. The stronger projection for 2020 reflects the net effect of two competing factors: the upward impetus from better-than-anticipated second quarter GDP outturns (mostly in advanced economies) versus the downdraft from persistent social distancing and stalled reopenings in the second half of the year. Recovery has taken root in the third quarter of 2020. It is expected to strengthen gradually over 2021. The recovery is likely to be characterized by persistent social distancing until health risks are addressed and countries may have to again tighten mitigation measures depending on the spread of the virus. Global growth is projected at 5.2% in 2021, 0.2 percentage point lower than in the June 2020 WEO. The projected 2021 rebound following the deep 2020 downturn implies a small expected increase in global GDP over 2020-21 of 0.6 percentage point relative to 2019.














































Growth in the advanced economy group is projected at -5.8% in 2020, 2.3 percentage points stronger than in the June 2020 WEO. The upward revision reflects, in particular, the better-than-foreseen US and euro area GDP outturns in the second quarter. In 2021 the advanced economy growth rate is projected to strengthen to 3.9%, leaving 2021 GDP for the group some 2% below what it was in 2019. The US economy is projected to contract by 4.3%, before growing at 3.1% in 2021. A deeper contraction of 8.3% is projected for the euro area in 2020, reflecting a sharper downturn than in the United States in the first half of the year. The growth bounce-back of 5.2% projected for 2021 is accordingly stronger from a lower base. Asian advanced economies are projected to have somewhat more moderate downturns than those of Europe, in light of the more contained pandemic, also reflected in smaller GDP declines during the first half of 2020.








Among emerging market and developing economies, growth is forecast at -3.3% in 2020, 0.2 percentage point weaker than in the June 2020 WEO, strengthening to 6% in 2021. Prospects for China are much stronger than for most other countries in this group, with the economy projected to grow by about 10% over

2020–21 (1.9% this year and 8.2% next year). Revisions to the forecast are particularly large for India, where GDP contracted much more severely than expected in the second quarter. As a result, the economy is projected to contract by 10.3% in 2020, before rebounding by 8.8% in 2021. Growth for emerging market and developing economies excluding China is projected at –5.7% for 2020 and 5% for 2021. The projected rebound in 2021 is not sufficient to regain the 2019 level of activity by next year. Growth among low-income developing countries is projected at –1.2% in 2020, strengthening to 4.9% in 2021. Higher population growth and low starting levels of income imply that even this more modest contraction compared with most emerging market economies will take a very heavy toll on living standards, especially for the poor.

Macroeconomic calendar

Important macroeconomic data releases

Weight	Date	Event	For	Reading ¹	Previous	Consensus ²	
China							
⊕⊕	13-Oct	Trade balance (USD bn)	Sep	37.0 ▼	58.9	60.0	
⊕⊕	13-Oct	Exports (yoy)	Sep	9.9% ▲	9.5%	10.0%	
⊕	14-Oct	New yuan loans (CNY bn)‡	Sep	1 900 ▲	1 278	1 700	
⊕⊕⊕⊕	15-Oct	Consumer inflation CPI (yoy)	Sep	1.7% ▼	2.4%	1.9%	
⊕⊕	15-Oct	Producer inflation PPI (yoy)	Sep	-2.1% ▼	-2.0%	-1.8%	
⊕⊕⊕⊕⊕	19-Oct	GDP (yoy)‡	3Q	4.9% ▲	3.2%	5.5%	
⊕⊕⊕⊕⊕	19-Oct	GDP (sa, qoq)‡	3Q	2.7% ▼	11.7%	3.3%	
⊕⊕⊕⊕	19-Oct	Industrial production (yoy)	Sep	6.9% ▲	5.6%	5.8%	
⊕⊕	19-Oct	Fixed assets investments (ytd, yoy)	Sep	0.8% ▲	-0.3%	0.9%	
⊕	19-Oct	Retail sales (yoy)	Sep	3.3% ▲	0.5%	1.6%	
Poland							
⊕⊕	14-Oct	Trade balance (EUR mn)‡	Aug	735 ▼	818	823	
⊕⊕	14-Oct	Exports (EUR mn)‡	Aug	17 730 ▼	19 553	18 082	
⊕⊕	14-Oct	Current account balance (EUR mn)‡	Aug	947 ▼	1 012	1 307	
⊕⊕⊕⊕	15-Oct	Consumer inflation CPI (yoy) - final data	Sep	3.2% -	3.2%	--	
⊕⊕⊕⊕	16-Oct	Core CPI (excluding food and energy, yoy)	Sep	4.3% ▲	4.0%	4.2%	
⊕⊕	19-Oct	Average gross salary (yoy)	Sep	5.6% ▲	4.1%	4.4%	
⊕	19-Oct	Employment (yoy)	Sep	-1.2% ▲	-1.5%	-1.1%	
⊕⊕⊕⊕	20-Oct	Sold industrial production (yoy)	Sep	5.9% ▲	1.5%	3.7%	
⊕⊕	20-Oct	Producer inflation PPI (yoy)‡	Sep	-1.6% ▼	-1.3%	-1.5%	
⊕⊕⊕	21-Oct	Retail sales (yoy)	Sep	2.7% ▲	0.4%	2.4%	
⊕	22-Oct	M3 money supply (yoy)	Sep	17.0% ▲	16.2%	16.1%	
⊕⊕	23-Oct	Unemployment rate	Sep	6.1% -	6.1%	6.1%	
US							
⊕⊕⊕⊕	13-Oct	Consumer inflation CPI (mom)	Sep	0.2% ▼	0.4%	0.2%	
⊕⊕⊕⊕	13-Oct	Consumer inflation CPI (yoy)	Sep	1.4% ▲	1.3%	1.4%	
⊕⊕	15-Oct	Philadelphia Fed business outlook	Oct	32.3 ▲	15.0	14.8	
⊕⊕⊕⊕	16-Oct	Industrial production (mom)	Sep	-0.6% ▼	0.4%	0.5%	
⊕⊕	16-Oct	Retail sales (excluding autos, mom)‡	Sep	1.5% ▲	0.5%	0.4%	
⊕⊕	16-Oct	University of Michigan confidence index - preliminary data	Oct	81.2 ▲	80.4	80.5	
⊕	16-Oct	Capacity utilization‡	Sep	71.5% ▼	72.0%	71.8%	
⊕⊕⊕	23-Oct	Composite PMI - preliminary data	Oct	55.5 ▲	54.3	--	
⊕⊕⊕	23-Oct	Manufacturing PMI - preliminary data	Oct	53.3 ▲	53.2	53.5	
⊕⊕⊕	23-Oct	PMI services - preliminary data	Oct	56.0 ▲	54.6	54.6	
Eurozone							
⊕	13-Oct	ZEW survey expectations	Oct	52.3 ▼	73.9	--	
⊕⊕⊕⊕	14-Oct	Industrial production (sa, mom)‡	Aug	0.7% ▼	5.0%	0.8%	
⊕⊕⊕⊕	14-Oct	Industrial production (wda, yoy)‡	Aug	-7.2% ▼	-7.1%	-7.0%	
⊕⊕⊕⊕	16-Oct	Consumer inflation CPI (yoy) - final data	Sep	-0.3% -	-0.3%	-0.3%	
⊕⊕⊕⊕	16-Oct	Core CPI (yoy) - final data	Sep	0.2% -	0.2%	0.2%	
⊕	16-Oct	Trade balance (EUR mn)‡	Aug	14.7 ▼	27.7	--	
⊕	22-Oct	Consumer confidence - estimation	Oct	- 15.5 ▼	- 13.9	- 15.0	
⊕⊕⊕	23-Oct	Composite PMI - preliminary data	Oct	49.4 ▼	50.4	49.2	
⊕⊕⊕	23-Oct	Manufacturing PMI - preliminary data	Oct	54.4 ▲	53.7	53.0	

Weight	Date	Event	For	Reading ¹	Previous	Consensus ²	
Germany 							
🔴🔴🔴🔴	13-Oct	Harmonized consumer inflation HICP (yoy) - final data	Sep	-0.4% -	-0.4%	-0.4%	🟡
🔴🔴🔴🔴	13-Oct	Consumer inflation CPI (yoy) - final data	Sep	-0.2% -	-0.2%	-0.2%	🟡
🔴🔴	22-Oct	GfK consumer confidence‡	Nov	- 3.1 ▼	- 1.7	- 3.0	🔴
🔴🔴🔴	23-Oct	Composite PMI - preliminary data	Oct	54.5 ▼	54.7	53.3	🟢
🔴🔴🔴	23-Oct	Manufacturing PMI - preliminary data	Oct	58.0 ▲	56.4	55.0	🟢
France 							
🔴🔴🔴🔴	15-Oct	Harmonized consumer inflation HICP (yoy) - final data	Sep	0.0% -	0.0%	0.0%	🟡
🔴🔴🔴🔴	15-Oct	Consumer inflation CPI (yoy) - final data‡	Sep	0.0% -	0.0%	0.1%	🔴
🔴🔴🔴	23-Oct	Composite PMI - preliminary data	Oct	47.3 ▼	48.5	48.0	🔴
🔴🔴🔴	23-Oct	Manufacturing PMI - preliminary data	Oct	51.0 ▼	51.2	51.0	🟡
Italy 							
🔴🔴🔴🔴	16-Oct	Harmonized consumer inflation HICP (yoy) - final data	Sep	-1.0% ▼	-0.9%	-0.9%	🔴
UK 							
🔴🔴	13-Oct	Unemployment rate (ILO, 3-months)	Aug	4.5% ▲	4.1%	4.3%	🟢
🔴🔴🔴🔴	21-Oct	Consumer inflation CPI (yoy)	Sep	0.5% ▲	0.2%	0.6%	🔴
🔴🔴🔴	23-Oct	Manufacturing PMI (sa) - preliminary data	Oct	53.3 ▼	54.1	53.1	🟢
🔴🔴🔴	23-Oct	Composite PMI - preliminary data	Oct	52.9 ▼	56.5	54.0	🔴
Japan 							
🔴🔴🔴🔴	14-Oct	Industrial production (yoy) - final data	Aug	-13.8% ▼	-13.3%	--	
🔴🔴🔴🔴	23-Oct	Consumer inflation CPI (yoy)	Sep	0.0% ▼	0.2%	0.0%	🟡
🔴🔴🔴	23-Oct	Composite PMI - preliminary data	Oct	46.7 ▲	46.6	--	
🔴🔴🔴	23-Oct	Manufacturing PMI - preliminary data	Oct	48.0 ▲	47.7	--	
Chile 							
🔴🔴🔴🔴🔴	15-Oct	BCCh overnight rate target	Oct	0.50% -	0.50%	0.50%	🟡
Canada 							
🔴🔴🔴🔴	21-Oct	Consumer inflation CPI (yoy)	Sep	0.5% ▲	0.1%	0.5%	🟡

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 Polska Miedź

Key market data

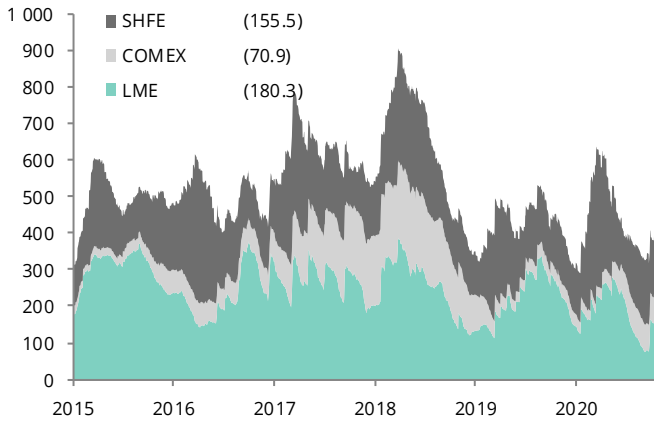
Key base & precious metal prices, exchange rates and other important market factors

(as of: 23-Oct-20)		Price change ¹					From year beginning ²		
	Price	2W	QTD	YTD	1Y	Average	Min	Max	
LME (USD/t; Mo in USD/lbs)									
Copper	6 879.50	▲ 2.1%	▲ 4.1%	▲ 11.8%	▲ 17.2%	5 917.93	4 617.50	6 953.00	
Molybdenum	8.60	▲ 1.3%	▲ 5.5%	▼ -6.5%	▼	8.56	7.00	10.90	
Nickel	15 768.00	▲ 5.2%	▲ 9.6%	▲ 12.6%	▼ -7.0%	13 238.42	11 055.00	16 064.00	
Aluminum	1 829.00	▲ 1.3%	▲ 5.3%	▲ 1.6%	▲ 6.6%	1 646.53	1 421.50	1 865.50	
Tin	18 530.00	▲ 1.8%	▲ 6.1%	▲ 10.0%	▲ 11.0%	16 737.36	13 400.00	18 750.00	
Zinc	2 565.50	▲ 6.2%	▲ 6.3%	▲ 11.9%	▲ 1.9%	2 167.75	1 773.50	2 565.50	
Lead	1 792.50	▲ 0.7%	▼ -0.5%	▼ -6.8%	▼ -20.0%	1 798.15	1 576.50	2 027.00	
LBMA (USD/troz)									
Silver	24.76	▲ 1.8%	▲ 4.4%	▲ 37.2%	▲ 41.2%	19.67	12.01	28.89	
Gold ²	1 903.65	▼ -1.0%	▲ 0.9%	▲ 25.0%	▲ 27.2%	1 749.34	1 474.25	2 067.15	
LPPM (USD/troz)									
Platinum ²	917.00	▲ 2.8%	▲ 3.7%	▼ -5.6%	▼ -1.1%	866.71	593.00	1 017.00	
Palladium ²	2 394.00	▼ -2.3%	▲ 2.5%	▲ 24.7%	▲ 35.7%	2 160.25	1 557.00	2 781.00	
FX ³									
EURUSD	1.1856	▲ 0.5%	▲ 1.3%	▲ 5.5%	▲ 6.5%	1.1293	1.0707	1.1987	
EURPLN	4.5772	▲ 2.3%	▲ 1.1%	▲ 7.5%	▲ 6.9%	4.4322	4.2279	4.6044	
USDPLN	3.8665	▲ 2.0%	▲ 0.0%	▲ 1.8%	▲ 0.6%	3.9295	3.6707	4.2654	
USDCAD	1.3140	▲ 0.0%	▼ -1.5%	▲ 1.2%	▲ 0.5%	1.3514	1.2970	1.4496	
USDCNY	6.6868	▼ -0.1%	▼ -1.5%	▼ -4.0%	▼ -5.4%	6.9766	6.6510	7.1671	
USDCLP	781.41	▼ -2.0%	▼ -0.4%	▲ 4.9%	▲ 7.6%	801.62	748.74	867.83	
Money market									
3m LIBOR USD	0.217	▼ -0.01	▼ -0.02	▼ -1.69	▼ -1.72	0.746	0.209	1.900	
3m EURIBOR	-0.512	▼ 0.00	▼ -0.01	▼ -0.13	▼ -0.11	-0.404	-0.512	-0.161	
3m WIBOR	0.220	- 0.00	- 0.00	▼ -1.49	▼ -1.50	0.758	0.220	1.710	
5y USD interest rate swap	0.446	▲ 0.03	▲ 0.10	▼ -1.28	▼ -1.12	0.621	0.243	1.693	
5y EUR interest rate swap	-0.457	▼ -0.01	▼ -0.03	▼ -0.35	▼ -0.18	-0.318	-0.490	-0.090	
5y PLN interest rate swap	0.518	▼ -0.03	▲ 0.01	▼ -1.26	▼ -1.19	0.889	0.463	2.050	
Fuel									
WTI Cushing	39.67	▼ -2.3%	▼ -1.4%	▼ -35.0%	▼ -29.2%	38.28	-37.63	63.27	
Brent	41.07	▼ -1.1%	▲ 0.3%	▼ -38.2%	▼ -32.6%	41.42	17.32	69.02	
Diesel NY (ULSD)	115.63	▼ -3.4%	▲ 0.8%	▼ -43.0%	▼ -41.9%	122.73	60.67	206.01	
Others									
VIX	27.55	▲ 2.55	▲ 1.18	▲ 13.77	▲ 13.84	30.23	12.10	82.69	
BBG Commodity Index	73.57	▲ 0.4%	▲ 3.8%	▼ -9.1%	▼ -7.3%	68.88	59.48	81.64	
S&P500	3 465.39	▼ -0.3%	▲ 3.0%	▲ 7.3%	▲ 15.1%	3 132.03	2 237.40	3 580.84	
DAX	12 645.75	▼ -3.1%	▼ -0.9%	▼ -4.6%	▼ -1.8%	12 185.06	8 441.71	13 789.00	
Shanghai Composite	3 278.00	▲ 0.2%	▲ 1.9%	▲ 7.5%	▲ 11.5%	3 069.51	2 660.17	3 451.09	
WIG 20	1 645.32	▼ -3.2%	▼ -3.9%	▼ -23.5%	▼ -25.5%	1 782.40	1 305.73	2 200.10	
KGHM	126.50	▲ 5.5%	▲ 7.2%	▲ 32.3%	▲ 55.4%	98.18	49.40	139.35	

° 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

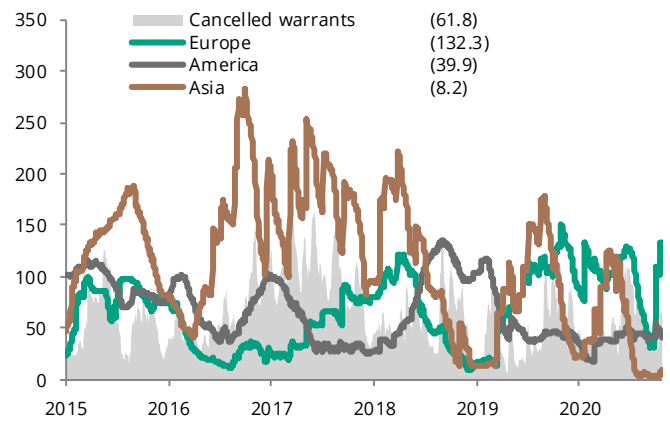
Source: Bloomberg, KGHM Polska Miedź

Copper: official exchange stocks (thousand tonnes)



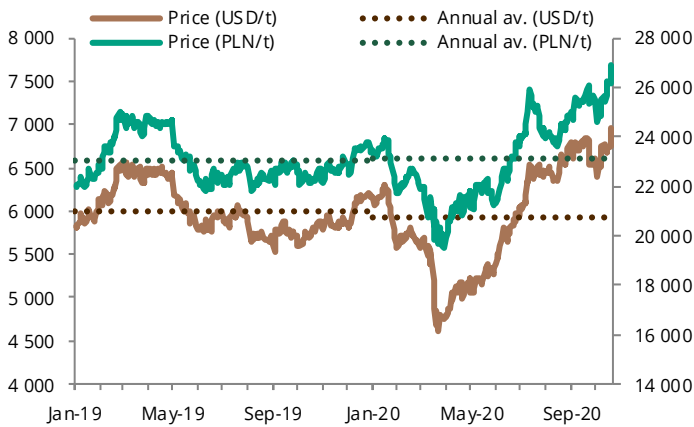
Note: Latest values in brackets. Source: Bloomberg, KGHM

Copper: official LME stocks (thousand tonnes)



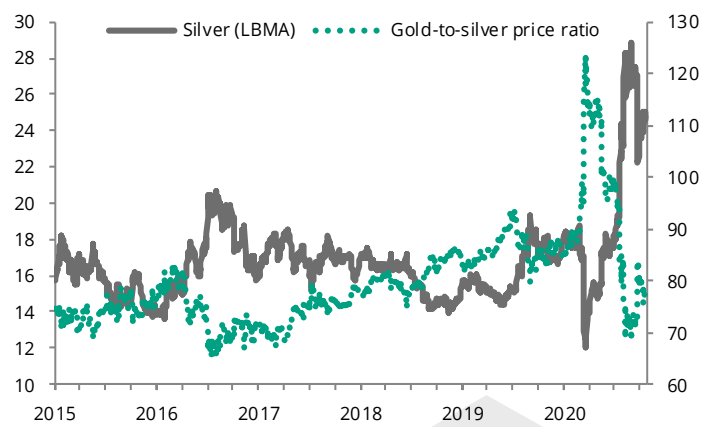
Note: Latest values in brackets. Source: Bloomberg, KGHM

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



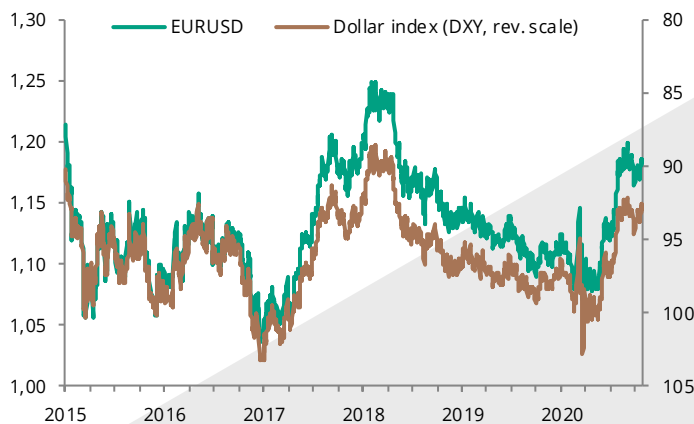
Source: Bloomberg, KGHM Polska Miedź

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



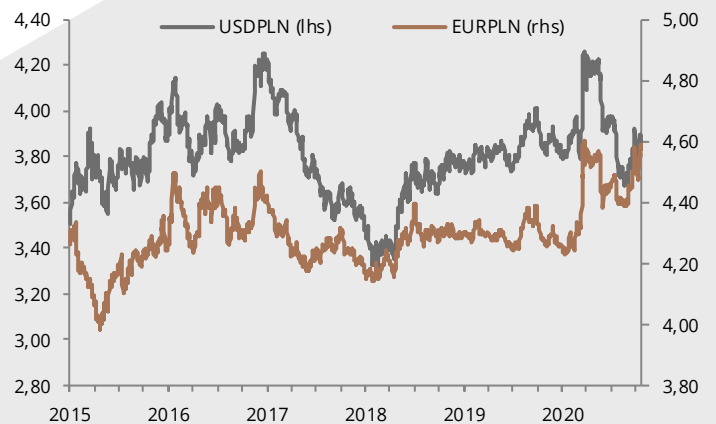
Source: Bloomberg, KGHM Polska Miedź

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:
12 -25 October 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 (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 its in whole or part requires prior written consent from KGHM. To acquire that such consent please contact the Communication Department KGHM Polska Miedz SA.

In case of questions or comments please contact us:

KGHM Polska Miedz (Polish Copper) S.A.
Departament Ryzyka Finansowego i Rynkowego (Financial and Market Risk Department)
Wydział Ryzyka Rynkowego (Market Risk Unit)
ul. M. Skłodowskiej-Curie 48
59-301 Lubin, Poland