KGHM

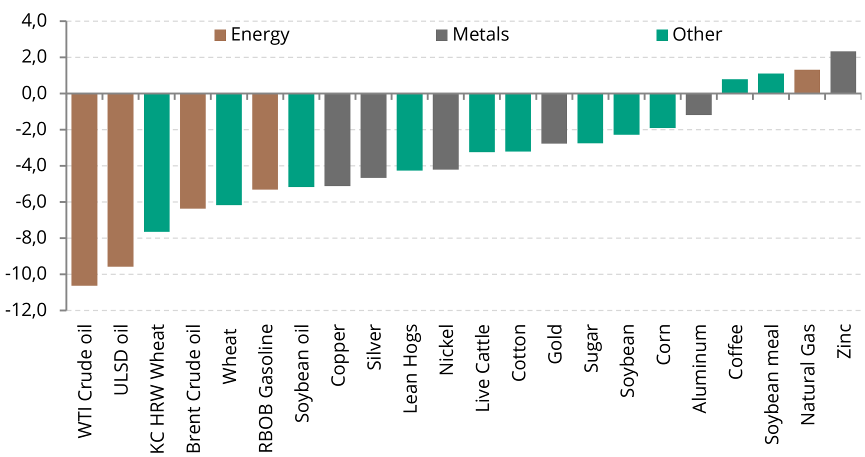
Market Overview

as of: 20 July 2015

- **Copper:** Commodities had hard time over the last fortnight with broad BBG index losing 4.2%, reflecting turmoil over China and Greece. Copper was no different and dropped 5.1%. Reuters reported another decline in spot TC/RCs in China *(page 2)*.
- **Gold:** Gold declined more than 5.3% in the early hours of Monday, July, 20th. The precious metal fell to its lowest level since 11th February 2010, i.e. 1088.05 USD/troz, marking a new 5-year low. Data show that gold imports have recovered in India, but still remain low. China became the fifth-largest holder of the metal *(page 3)*.
- **Nickel:** Nickel was no exception to general trend in commodities and lost 5.2% since July, 3rd. According to INSG, demand for the metal grew at faster pace than supply in Jan-May *(page 4)*.
- **China:** China's biggest state-owned banks have lent a combined RMB 1.3tn (USD 209bn) to the local margin finance agency in recent weeks to stop stock market sell-off, raising concerns about sustainability of the recent equities rebound *(page 6)*.
- **Poland:** National Bank of Poland (NBP) has published its quarterly survey on condition of Polish companies in 2q15. Overall assessment of current situation in enterprises sector is optimistic, although short term expectations are mixed *(page 6)*.

Latest prices declines in commodities were rather broad

(2w % change in prices; BBG Commodity Index constituents)



Source: Bloomberg, KGHM

Key market prices

		Close price	2w chng.
	LME (USD/t)		
▼	Copper	5 465.00	-5.1%
▼	Nickel	11 425.00	-5.2%
	LBMA (USD/troz)		
▼	Silver	15.01	-4.0%
▼	Gold (PM)	1 132.80	-3.0%
	FX		
▼	EUR/USD	1.0889	-1.9%
▼	EUR/PLN	4.1021	-2.1%
▼	USD/PLN	3.7676	-0.1%
▲	USD/CAD	1.2998	3.4%
▲	USD/CLP	643.07	0.9%
	Stocks		
▼	KGHM	101.90	-3.7%

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

Important macroeconomic data

Release	For		
GDP (yoy)	2Q	7.0%	-
Industrial prod. (yoy)	Jun	6.8%	▲
BoC rate decision	Jul	0.50%	▼
Industrial prod. (yoy)	Jun	7.6%	▲
Copper exports ($)	Jun	3 095	▲

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

Market Risk Unit

marketrisk@kghm.com

Grzegorz Laskowski

Łukasz Bielak

Marek Krochta

Wojciech Demski

Lech Chłopecki

in cooperation with

David Stypula

Please see important disclosures at the end of this document (page 12)

Base and precious metals | Other commodities

Copper

Commodities had hard time over the last fortnight with broad BBG index losing 4.2%, reflecting turmoil over China and Greece. Copper was no different and dropped 5.1%. Reuters reported another decline in spot TC/RCs in China.

Chinese smelters cut concentrate treatment charges

Spot TC/RCs dropped 10% qoq squeezing smelters' margins

Large copper smelters in China have lowered their minimum treatment charges for spot copper concentrate imports in the third quarter by 10% as global supply falls, according to Reuters' findings. Treatment and refining charges (TC/RCs) fall when supply declines or demand rises as smelters compete for material and may prompt Chinese factories to limit their refined copper production because of low margins.

TC/RCs stand at USD 90/t and USc 9/lb, well below 2015 term benchmark

The smelters have agreed to set bottom charge for spot shipments at USD 90/t and USc 9/lb in the third quarter, down from already-lowered USD 100/t and USc 10/lb three months before, according to Reuters' sources. The charges offered by global traders for spot standard-grade concentrate to China had fallen below USD 90/t and USc 9/lb this month, which compares with about USD 120/t and USc 12/lb in February. The latest quotations are well below the 2015 term benchmark of USD 107/t and USc 10.7/lb for standard-quality concentrate. This year's developments of TC/RCs reflect lower-than-expected global supply of clean, standard-grade concentrates as some mines cut output and global traders bought more standard-grade for mixing with low grades.

Demand for concentrate may rise as four large smelters finished maintenance

Demand for spot concentrate imports by China may rise in the third quarter as four large smelters had completed maintenance in May and June. The agreed minimum level is also below the USD 94/t and USc 9.4/lb TC/RC for a small shipment of standard-grade concentrate sold to China in late June.

Other important information on copper market:

- Cupric Canyon Capital, a private equity firm backed by a unit of Barclays, will spend USD 200mn to bring its copper-silver mine in Botswana to production. Construction of the mine, which will be built by Cupric's Botswana unit Khoemacau, is set to start in 2016 with the first output expected to be shipped to the markets in 2018. Cupric's Africa CEO estimates the mine would produce 50kt of copper and 1.8mn oz of silver annually.

- BHP Billiton Ltd., Teck Resources Ltd., HudBay Minerals Inc. and China Molybdenum Co. Ltd. are said to be among the companies that submitted final bids for Barrick Gold's Zaldivar copper mine in Chile. The final decision is expected by the first week of August. The copper mine, valued at more than USD 2bn, had proven and probable copper reserves as of 2014 end at 5.6bn pounds.

- Chilean state copper commission Cochilco lowered its forecasts of country's annual copper production in 2015 to 5.88mn tonnes from 5.94mn tonnes estimated in April.
- Indonesian Gresik copper smelter, located in eastern Java has been shut for at least ten days because of technical reasons – problems with the cooling water system. The plant has capacity of more than 300k tonnes per year.
- Teck has not restarted production of copper cathode at its Quebrada Blanca mine in northern Chile, after halting it late last month after an unexpected ground movement. The mining, however, has continued at the high-altitude, open pit operation. The mine produced 48kt of copper last year and was forecast to produce 45-50kt this year.
- According to Barclays, total global commodity assets under management fell to USD 266bn at the end of May from USD 268bn in April. Inflows into commodity investments in May were still positive overall but totalled less than USD 0.5bn. Inflows into ETPs (exchange traded products), the strongest segment of the market in early 2015, have now been negative for three consecutive months with an outflow of USD 0.6bn in May.

Gold

Gold declined more than 5.3% in the early hours of Monday, July, 20th. The precious metal fell to its lowest level since 11th February 2010, i.e. 1088,05 USD/troz, marking a new 5-year low. Data show that gold imports have recovered in India, but still remain low. China became the fifth-largest holder of the metal.

Indian imports stabilize after a sharp decline

New government restrictions on imports

Indian gold imports have recovered from the bashing they took from government intervention in 2013/2014 but remain lower than in previous years, and the government has announced some new schemes to reduce them further.

India has for generations played a crucial role in the world gold market as the main physical market. In recent years it has relinquished that top spot to China, partly because of the astonishing growth in that country's gold demand, but also because from early-2013 the Indian government made a number of serious interventions to curb imports: an increase in the import duty to 10% from 1% and restrictions on who and how much could bring into the country (through the "20:80" rule which required one-fourth of gold imported to be made available for export). This had a dramatic impact on India's imports of gold.

Weak 2013 and 2014 for import

Metal imports fell from an average of around 80t/month in 2011/2012 to less than 20t/month in mid-2013. Meanwhile exports, incentivised by the "20:80" rule imposed, picked up slightly. This situation prevailed for about one year, meaning (on a net basis) in the 12 months to mid-2014 imports fell to less than 400t, from around 1,000t/year before.

Indebted Barrick to sell more assets

Three additional mines likely to be sold

Barrick Gold Corp., nearing a deal for its Zaldivar copper mine, is likely to consider three other mines as leading candidates for sale as it works to cut the biggest debt in the gold industry. Among the remaining non-core mining operations that Barrick would examine selling are its 50 percent stake in Australia's Kalgoorlie mine, Canada's Hemlo and Bald Mountain in Nevada, according to analysts and investment bankers.

Barrick owes nearly USD 13 bn

The world's largest producer of gold has pledged to raise at least USD 3bn this year to reduce its USD 12.9bn debt. While Barrick has said it only wants to sell a 50 percent stake in the mine, some of the bidders were expected to have submitted bids for the whole operation, which is valued at more than USD 2bn. If completed, Zaldivar would mark the last of three deals Barrick has pledged to complete this year. In May, the company sold a 50 percent stake in its Porgera mine in Papua New Guinea to Zijin Mining Group Co. for USD 298mn. That came two days after it agreed to sell its Australian Cowal mine to Evolution Mining Ltd. for USD 550mn.

Chinese reserves revealed

China has one of the largest reserves in the world now

China increased its gold reserves 57%, overtaking Russia as a country with the fifth-largest hoard, in its first disclosure in six years. The Asian nation boosted bullion assets to 53.31 million fine troy ounces (1,658 metric tons), the People's Bank of China said in a statement. That is an increase from 33.89 million fine troy ounces (1,054 tons) in 2009, when it last updated the figures. The biggest gold holders are the US with reserves at 8,133.5 tons, data from the World Gold Council show.

Nickel

Nickel was no exception to general trend in commodities and lost 5.2% since July, 3. According to INSG, demand for the metal grew at faster pace than supply in Jan-May.

Demand grew faster than supply in Jan-May

Global supply grew 1.1% yoy in Jan-May…

According to the International Nickel Study Group (INSG), global refined Ni production in Jan-May 2015 increased 1.1% yoy to 810.7kt. The main increases in regional refined metal production are:

- In Africa: Madagascar output has increased 26% yoy to 18.6kt due to ramp at Ambatovy; in South Africa production jumped 15.1% yoy to 16kt.

- In Americas, output has increased 5.3% yoy to 125.4kt, with higher production reported from Canada, Columbia, Cuba, Guatemala and Venezuela, offset by lower output in Brazil.

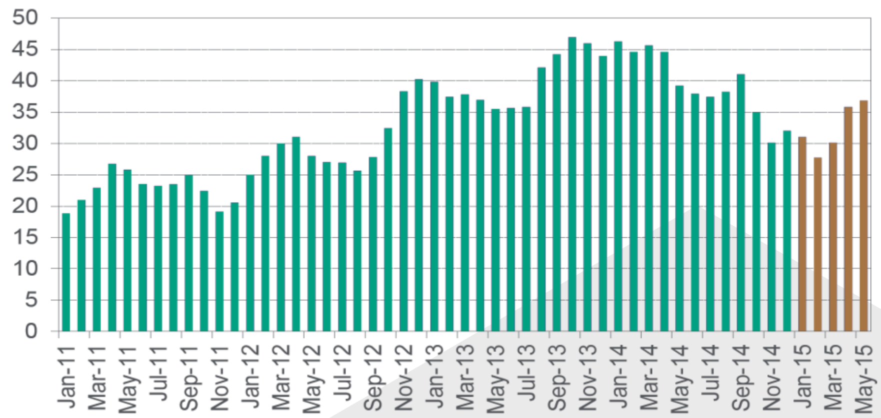
The main decreases in regional refined Ni production are:

- After rising for many years, output in Asia has contracted 1.4% yoy to 376kt due to cutbacks in China, with production down 8.6% yoy. This lower output has been partially offset by increased production in Japan, India, S. Korea and Myanmar.
- Output in Europe has declined 3.4% yoy largely due to declining production from Russia (-5.4% yoy), Greece (-16.7% yoy) and France (-18.1% yoy) partially offset by increase in Finland (31.2% yoy).
- Output in Oceania is estimated to have declined 3.2% yoy to 79.5kt due to declining production in Australia (-11.0% yoy), partially offset by increased output in New Caledonia (13.4% yoy).

...while demand increased by 1.3% yoy over the same period

The demand side of Ni market has shown modest improvement from Jan-May 2015, increasing 1.3% yoy to 796kt. Higher demand levels are identified in Americas (6.5% yoy), Japan (2% yoy), China (3.9% yoy) and rest of Asia (2.1% yoy). Lower interest in the metal has been noticed in Europe (-7.6% yoy) and in other regions (-4.3% yoy).

NPI (nickel pig iron) production has fallen 27% ytd to May compared with 2014 *(kt)*



Source: Citi, KGHM

Global economies | Foreign exchange markets

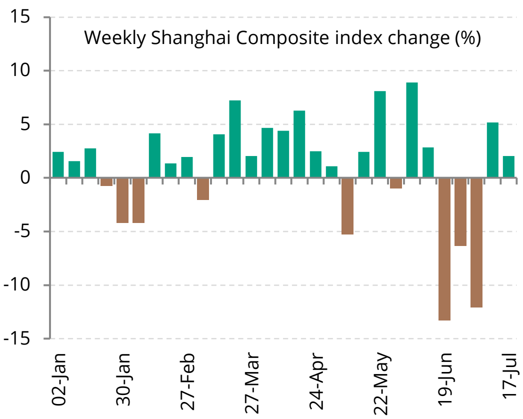
China: state banks rescue equities

China's biggest state-owned banks have lent a combined RMB 1.3tn (USD 209bn) to the local margin finance agency in recent weeks to stop stock market sell-off, raising concerns about sustainability of the recent equities rebound.

China Securities Finance has been used to channel rescue funds

The Shanghai Composite index has recovered about 15% since its low point on July 10, but the magnitude of state support suggests the rally is largely a government stimulation. According to Caijing, a well-known Chinese financial magazine, Chinese authorities used China Securities Finance Corp. (CSF), an entity established in 2011 to lend to securities brokerages to support their margin lending to stock investor, to inject rescue funds into the stock market.

Shanghai Composite rebounded somewhat



Source: Bloomberg, KGHM

Caijing reported that the country's sixth-largest lender by assets, China Merchants Bank, provided the largest single loan: RMB 186bn. Five largest banks — Industrial and Commercial Bank of China, China Construction Bank, Agricultural Bank of China, Bank of China and Bank of Communications — each granted more than RMB 100bn. In total, 17 banks launched interbank loans worth about RMB 1.3tn through July 13, the magazine reported.

The People's Bank of China (PBoC) had previously stated it was "actively assisting" CSF to obtain liquidity through interbank lending, bond issuance and other methods. The central bank later confirmed it had provided loans directly to CSF, but no specific amount has been disclosed. The agency also issued bonds worth RMB 800bn in the interbank market recently, where commercial banks are the biggest investors. Combined with the loans, that brings CSF's total available financing to over RMB 2tn even without including direct loans from the central bank.

The Caijing report suggests the PBoC is seeking to minimise its direct role in lending to CSF. Instead, the central bank prefers to rely on commercial banks to provide funds for the stock market rescue.

Poland: enterprises' conditions improved in 2q15

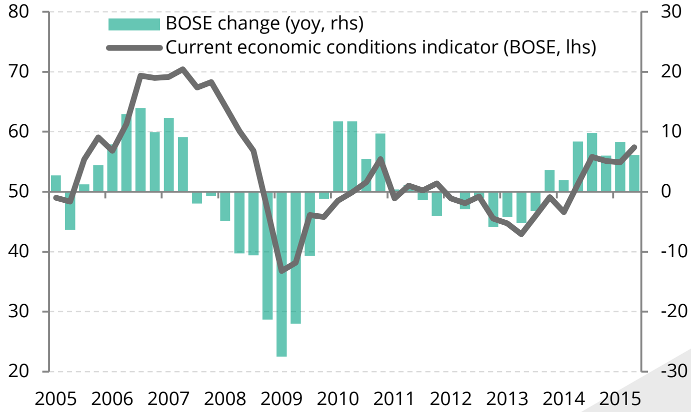
National Bank of Poland (NBP) has published its quarterly survey on condition of Polish companies in 2q15. Overall assessment of current situation in enterprises sector is optimistic, although short term expectations are mixed.

NBP surveyed 1,572 enterprises in few fields. Key takeaways are:

- **Economic conditions:** The overall conditions perception is good and stable in second quarter, and noticeably better than in previous survey. In short term, however, the results are mixed: on one side enterprises expect slower improvement in orders and are more hesitant to increase production but at the same time they continue to raise employment, and number of investors increases.

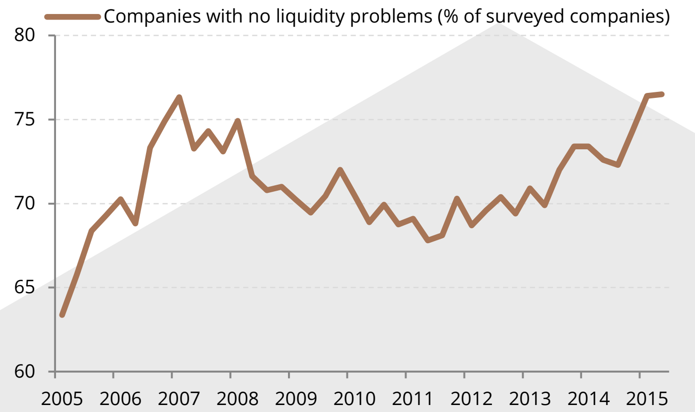
- **Demand, orders, production:** Enterprises see relatively few problems with finding buyers for their goods or services. Forecasts point to slight decrease in sales growth, despite improved exports outlook.
- **Employment and salaries:** Trends from second quarter are expected to be maintained. In spite of lower unemployment rate, no strong wage pressures are visible.
- **Investments:** Despite increased uncertainty and expected lower sales growth, investment activity remains high and the trend is expected to continue. One of key factors encouraging higher spending are accumulation of cash flows (more cash available) and good profitability of exports production.
- **Bank loans:** Overall, enterprises are not interested in leverage increase and are able to finance their operations with own assets. Increased demand for financing is visible in construction sector, but due to its high default risk the availability of credit is limited.
- **Liquidity:** The level of liquidity is high, close to maximum levels seen in 2007-2008. Also, it did improve in construction sector.
- **Prices and margins:** No breakthrough shall be expected in pricing. Less companies decreased prices of their products and services than previously, but the competition is high enough to sustain customers' price pressure. Due to lower inputs' prices, deflation’s net effect is still positive.

Assessment of current economic conditions is still improving...



Source: National Bank of Poland (NBP), KGHM

...surely helped by lack of liquidity problems



Source: National Bank of Poland (NBP), KGHM

Macroeconomic calendar

Important macroeconomic data releases

Weight	Date	Event	For	Reading ¹		Previous	Consensus ²
		China					
✪✪✪✪	09-Jul	Consumer inflation CPI (yoy)	Jun	1.4%	▲	1.2%	1.3%
✪✪	09-Jul	Producer inflation PPI (yoy)	Jun	-4.8%	▼	-4.6%	-4.6%
✪✪	13-Jul	Trade balance (USD bn)	Jun	46.5	▼	59.5	56.7
✪✪	13-Jul	Exports (yoy)	Jun	2.8%	▲	-2.5%	1.0%
✪	14-Jul	Foreign reserves (USD bn)	Jun	3 690	▼	3 730	3 703
✪✪✪✪✪	15-Jul	GDP (yoy)	2Q	7.0%	-	7.0%	6.8%
✪✪✪✪✪	15-Jul	GDP (sa, qoq)‡	2Q	1.7%	▲	1.4%	1.6%
✪✪✪✪	15-Jul	Industrial production (yoy)	Jun	6.8%	▲	6.1%	6.0%
✪✪	15-Jul	Fixed assets investments (ytd, yoy)	Jun	11.4%	-	11.4%	11.2%
✪	15-Jul	Retail sales (yoy)	Jun	10.6%	▲	10.1%	10.2%
		Poland					
✪✪✪✪✪	08-Jul	NBP base rate decision	Jul	1.50%	-	1.50%	1.50%
✪✪	14-Jul	Trade balance (EUR mn)‡	May	946	▲	119	22.0
✪✪	14-Jul	Exports (EUR mn)‡	May	14 131	▼	14 503	13 968
✪✪	14-Jul	Current account balance (EUR mn)‡	May	1 184	▲	1 129	349
✪	14-Jul	M3 money supply (yoy)‡	Jun	8.3%	▲	7.6%	7.8%
✪✪✪✪	15-Jul	Consumer inflation CPI (yoy)	Jun	-0.8%	▲	-0.9%	-0.8%
✪	15-Jul	Budget balance (ytd)	Jun	56.7%	▲	42.6%	--
✪✪✪✪	16-Jul	Core CPI (excluding food and energy, yoy)	Jun	0.2%	▼	0.4%	0.3%
✪✪	16-Jul	Average gross salary (yoy)	Jun	2.5%	▼	3.2%	4.1%
✪	16-Jul	Employment (yoy)	Jun	0.9%	▼	1.1%	1.1%
✪✪✪✪	17-Jul	Sold industrial production (yoy)	Jun	7.6%	▲	2.8%	7.0%
✪✪✪	17-Jul	Retail sales (yoy)	Jun	3.8%	▲	1.8%	3.6%
✪✪	17-Jul	Producer inflation PPI (yoy)‡	Jun	-1.6%	▲	-2.1%	-1.9%
		US					
✪✪✪	06-Jul	Composite PMI - final data	Jun	54.6	-	54.6	--
✪✪✪	06-Jul	PMI services - final data	Jun	54.8	-	54.8	54.9
✪✪	14-Jul	Retail sales (excluding autos, mom)‡	Jun	-0.1%	▼	0.8%	0.5%
✪✪✪✪	15-Jul	Industrial production (mom)	Jun	0.3%	▲	-0.2%	0.2%
✪	15-Jul	Capacity utilization‡	Jun	78.4%	▲	78.2%	78.1%
✪✪	16-Jul	Philadelphia Fed business outlook	Jul	5.7	▼	15.2	12.0
✪✪✪✪	17-Jul	Consumer inflation CPI (mom)	Jun	0.3%	▼	0.4%	0.3%
✪✪✪✪	17-Jul	Consumer inflation CPI (yoy)	Jun	0.1%	▲	0.0%	0.1%
✪✪	17-Jul	University of Michigan confidence index - preliminary data	Jul	93.3	▼	96.1	96.0
		Eurozone					
✪✪✪✪	14-Jul	Industrial production (sa, mom)‡	May	-0.4%	▼	0.0%	0.2%
✪✪✪✪	14-Jul	Industrial production (wda, yoy)‡	May	1.6%	▲	0.9%	2.0%
✪	14-Jul	ZEW survey expectations	Jul	42.7	▼	53.7	--
✪✪✪✪	16-Jul	Consumer inflation CPI (yoy) - final data	Jun	0.2%	-	0.2%	0.2%
✪✪✪✪	16-Jul	Core CPI (yoy) - final data	Jun	0.8%	-	0.8%	0.8%
✪	16-Jul	Trade balance (EUR mn)	May	18.8	▼	24.9	21.8
✪✪✪✪✪	16-Jul	ECB main refinancing rate	Jul	0.05%	-	0.05%	0.05%
✪✪✪✪✪	16-Jul	ECB deposit facility rate	Jul	-0.2%	-	-0.2%	-0.2%

Weight	Date	Event	For	Reading [1]		Previous	Consensus [2]	
		Germany						
✪✪✪	06-Jul	Factory orders (wda, yoy)‡	May	4.7%	▲	1.3%	3.8%	◠
✪✪✪✪	07-Jul	Industrial production (wda, yoy)‡	May	2.1%	▲	1.1%	2.6%	◡
✪✪✪✪	14-Jul	Harmonized consumer inflation HICP (yoy) - final data	Jun	0.1%	▪	0.1%	0.1%	○
✪✪✪✪	14-Jul	Consumer inflation CPI (yoy) - final data	Jun	0.3%	▪	0.3%	0.3%	○
		France						
✪✪✪✪	10-Jul	Industrial production (yoy)‡	May	2.8%	▲	0.2%	2.4%	◠
✪✪✪✪	15-Jul	Harmonized consumer inflation HICP (yoy)	Jun	0.3%	▪	0.3%	0.4%	◡
✪✪✪✪	15-Jul	Consumer inflation CPI (yoy)	Jun	0.3%	▪	0.3%	0.3%	○
		Italy						
✪✪✪✪	10-Jul	Industrial production (wda, yoy)	May	3.0%	▲	0.1%	1.2%	◠
✪✪✪✪	14-Jul	Harmonized consumer inflation HICP (yoy) - final data	Jun	0.2%	▪	0.2%	0.2%	○
		UK						
✪✪✪✪	07-Jul	Industrial production (yoy)	May	2.1%	▲	1.2%	1.6%	◠
✪✪✪✪✪	09-Jul	BoE base rate decision	Jul	0.50%	▪	0.50%	0.50%	○
✪✪✪✪	09-Jul	BoE asset purchase target (GBP bn)	Jul	375	▪	375	375	○
✪✪✪✪	14-Jul	Consumer inflation CPI (yoy)	Jun	0.0%	▼	0.1%	0.0%	○
✪✪	15-Jul	Unemployment rate (ILO, 3-months)	May	5.6%	▲	5.5%	5.5%	◠
		Japan						
✪✪✪✪	13-Jul	Industrial production (yoy) - final data	May	-3.9%	▲	-4.0%	--	
		Chile						
✪✪✪✪	06-Jul	Economic activity (yoy)	May	0.8%	▼	1.7%	1.5%	◡
✪✪✪	07-Jul	Copper exports (USD mn)	Jun	3 095	▲	2 853	--	
✪✪	07-Jul	Nominal wages (yoy)	May	6.2%	▼	6.4%	--	
✪✪✪✪	08-Jul	Consumer inflation CPI (yoy)	Jun	4.4%	▲	4.0%	4.2%	◠
✪✪✪✪✪	14-Jul	BCCh overnight rate target	Jul	3.00%	▪	3.00%	3.00%	○
		Canada						
✪✪✪	10-Jul	Net change in employment (ths)	Jun	- 6.4	▼	58.9	- 10.0	◠
✪✪✪✪✪	15-Jul	BoC base rate decision	Jul	0.50%	▼	0.75%	0.50%	○
✪✪✪✪	17-Jul	Consumer inflation CPI (yoy)	Jun	1.0%	▲	0.9%	1.0%	○

[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

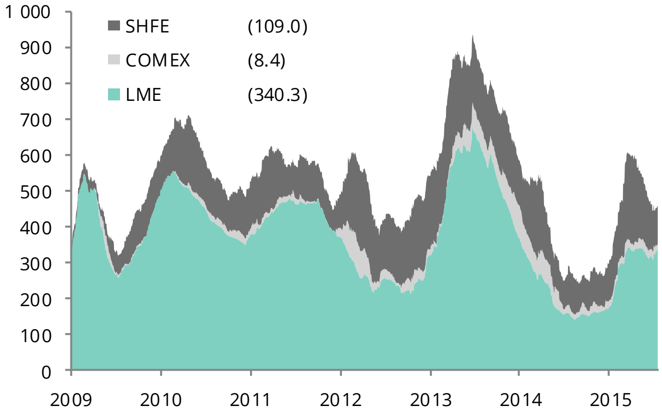
Key market data

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

(as of: 17-Jul-15)		Price change °				From year beginning ²		
	Price	2W	QTD	YTD	1Y	Average	Min	Max
LME (USD/t)								
Copper	5 465.00	-5.1%	-4.5%	-14.1%	-22.3%	5 895.36	5 375.00	6 448.00
Molybdenum	12 800.00	-4.1%	-6.9%	-39.0%	-55.9%	17 247.45	9 250.00	21 500.00
Nickel	11 425.00	-5.2%	-2.2%	-23.5%	-40.1%	13 477.15	10 900.00	15 455.00
Aluminum	1 663.50	-1.3%	1.0%	-9.2%	-15.5%	1 771.04	1 620.00	1 919.00
Tin	15 675.00	10.6%	12.1%	-19.6%	-29.0%	16 769.96	13 980.00	19 750.00
Zinc	2 053.00	2.0%	3.0%	-5.3%	-10.3%	2 123.10	1 955.00	2 405.00
Lead	1 824.50	3.9%	4.0%	-1.5%	-15.6%	1 864.83	1 696.00	2 140.00
LBMA (USD/troz)								
Silver	15.01	-4.0%	-4.4%	-6.0%	-27.8%	16.44	14.93	18.23
Gold ¹	1 132.80	-3.0%	-3.3%	-5.5%	-13.0%	1 201.00	1 132.80	1 295.75
LPPM (USD/troz)								
Platinum ¹	998.00	-7.8%	-7.4%	-17.5%	-33.3%	1 147.67	998.00	1 285.00
Palladium ¹	621.00	-9.3%	-8.3%	-22.2%	-29.9%	761.75	621.00	831.00
FX ³								
EUR/USD	1.0889	-1.9%	-2.7%	-10.3%	-19.5%	1.1145	1.0552	1.2043
EUR/PLN	4.1021	-2.1%	-2.2%	-3.8%	-0.9%	4.1441	3.9822	4.3335
USD/PLN	3.7676	-0.1%	0.1%	7.4%	23.2%	3.7214	3.5550	3.9260
USD/CAD	1.2998	3.4%	4.2%	12.0%	20.9%	1.2389	1.1728	1.2998
USD/CNY	6.2095	0.1%	0.1%	0.1%	0.1%	6.2194	6.1883	6.2747
USD/CLP	643.07	0.9%	1.3%	5.9%	15.6%	623.07	597.10	652.40
Money market								
3m LIBOR USD	0.292	0.03	0.03	0.14	0.25	0.271	0.251	0.292
3m EURIBOR	-0.019	0.27	0.36	-1.24	-1.09	0.016	-0.019	0.076
3m WIBOR	1.720	0.00	0.00	-0.17	-0.36	1.765	1.650	2.060
5y USD interest rate swap	1.792	0.01	0.00	0.01	0.03	1.646	1.313	1.909
5y EUR interest rate swap	0.447	-0.10	-0.11	0.24	-0.27	0.353	0.176	0.590
5y PLN interest rate swap	2.180	-0.11	-0.14	0.12	-0.24	2.051	1.563	2.643
Fuel								
WTI Cushing	50.89	-10.6%	-14.4%	-4.5%	-50.7%	53.21	43.46	61.43
Brent	56.34	-5.4%	-8.2%	1.0%	-47.3%	58.00	45.25	66.37
Diesel NY (ULSD)	165.54	-9.5%	-11.8%	-9.3%	-42.0%	185.28	161.84	233.64
Others								
VIX	11.95	-0.29	-0.34	-0.38	-0.18	15.17	11.95	22.39
BBG Commodity Index	97.57	-4.2%	-5.0%	-6.5%	-24.9%	101.34	96.96	105.49
S&P500	2 126.64	2.4%	3.1%	3.3%	8.6%	2 083.43	1 992.67	2 130.82
DAX	11 673.42	5.6%	6.7%	19.0%	19.7%	11 272.40	9 469.66	12 374.73
Shanghai Composite	3 957.35	7.3%	-7.5%	22.3%	92.5%	3 924.85	3 075.91	5 166.35
WIG 20	2 285.03	0.3%	-1.4%	-1.3%	-4.9%	2 379.38	2 216.39	2 549.40
KGHM	101.90	-3.7%	-4.4%	-6.4%	-20.8%	115.09	99.04	131.00

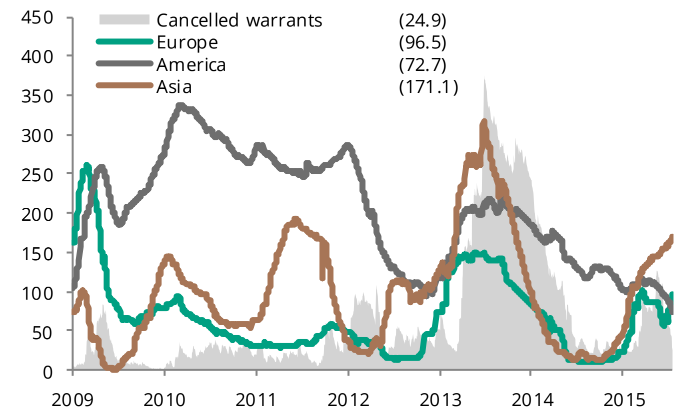
° change over: 2W = two weeks; QTD = quarter-to-day; YTD = year-to-date; 1Y = one year. [1] based on daily closing prices. [2] latest quoted price. [3] central banks' fixing rates (Bank of China HK for USD/CNY). [4].
Source: Bloomberg, KGHM

Copper: official exchange stocks (thousand tonnes)



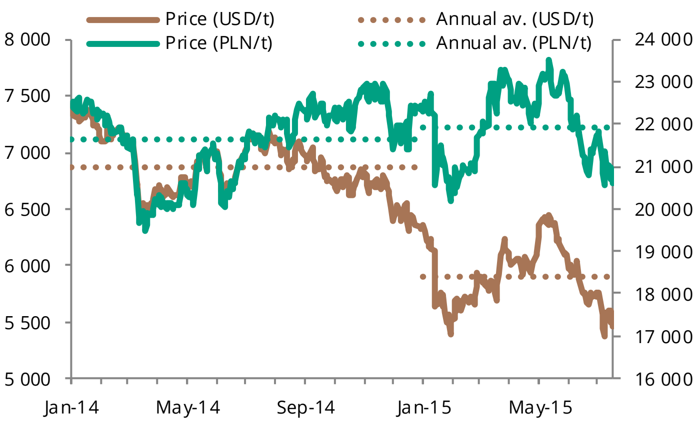
Note: Latest values in brackets. Source: Bloomberg, KGHM

Copper: official LME stocks (thousand tonnes)



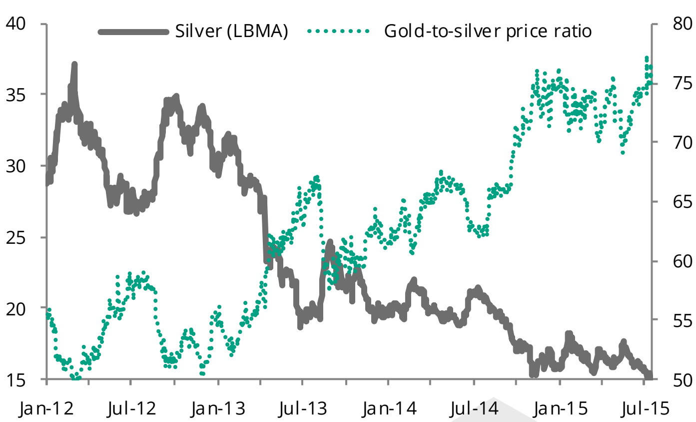
Note: Latest values in brackets. Source: Bloomberg, KGHM

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



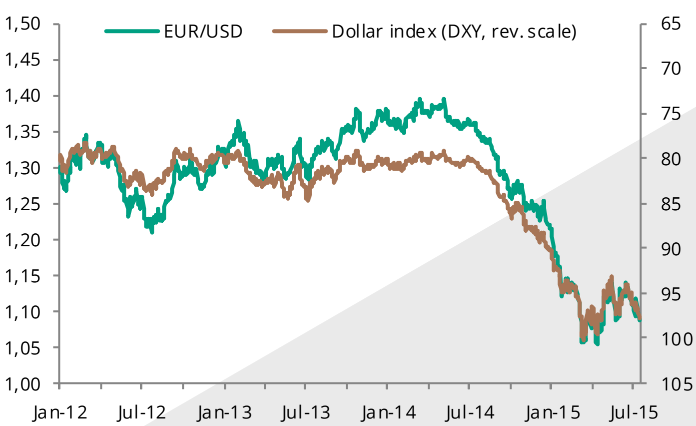
Source: Bloomberg, KGHM

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



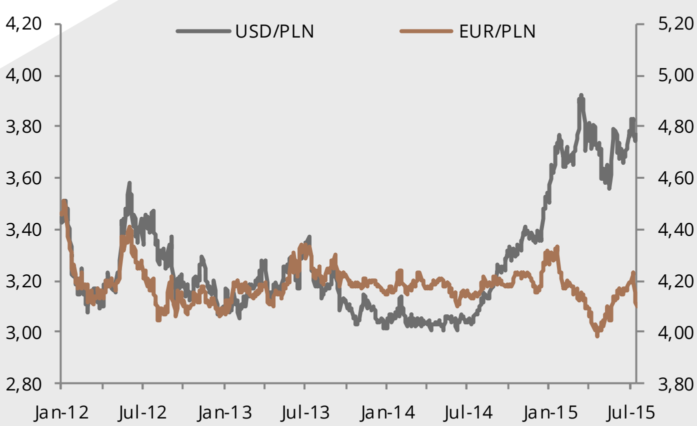
Source: Bloomberg, KGHM

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



Source: Bloomberg, KGHM

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



Source: Bloomberg, KGHM

Legal note

This document has been prepared based on the below listed reports, among others, published in the following period: **6 July – 19 July 2015.**

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

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

Official metals prices are available on following websites:

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

DISCLAIMER

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

In case of questions or comments please contact us:

KGHM Polska Miedz (Polish Copper) S.A.

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

Wydzial Ryzyka Rynkowego (Market Risk Unit)

ul. M. Sklodowskiej-Curie 48

59-301 Lubin, Poland