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Economy

- **An increase in employment and wages.** An average salary in the enterprise sector increased by 4% y / y. and currently stands at PLN 4329.71. The number of employees amounts to 5791.5 thousand. This is an increase of 3.1% y / y.
- **The worst situation in the economy from 3 years.** GDP growth in Q4 2016 will decelerate to 1.8%, which is indicated by unofficial estimates of the Ministry of Finance. At the beginning of the year, GDP is expected to begin rapidly accelerating.
- **NBP: Since 2013 labor resources regularly decrease.** The report of the National Bank of Polish shows low, but growing dynamics of growing wage pressure. Unemployed expect higher and higher wages. For the first time since 2011 they are not in line with market wages.
- **Eurostat: Inflation slightly higher in November.** HICP inflation in annual terms in the euro area accelerated in November to 0.6%. In Poland, according to EU statisticians, inflation is 0.2% in annual terms.
- **PIU: Insurers paid out over PLN 27 million to victims.** This amount covers the time from the beginning of the year to the end of September. This is 4.4% more than in the same period a year earlier.

Financial institutions

- **Alior Bank is preparing redundancies. 2.5 thousand employees are expected to lose their jobs.** Exemptions will be carried out in the period from January 1st to December 31st 2017. Costs associated with the payment of benefits to employees who are fired will be included in the restructuring provision.
- **PZU does not have to pay PLN 56 million penalty.** In 2009 consumer and competition institution adjudged that PZU has created an illegal market-sharing agreement with Maximus Broker. It concerned the transfer of the services to Maximus Broker in a given province. In return, the broker was recommending customers an insurance in PZU. The Court of Appeal decided that it would consider the matter again.
- **The effects of acquisitions of Pekao SA by PZU.** After the takeover of the bank investment decisions will be taken in the country to a greater extent. The acquisition of the bank by the company under government control raises many doubts.

Economists fear that the government will designate bank authorities and determine its strategy.

- **Morawiecki does not rule out further acquisitions in the banking sector.** Deputy Prime Minister pointed out that Polish capital in the banking sector is to be more than 50% of the value of assets. This will be done after the acquisition of 32.8% shares of the bank Pekao by PZU operating in a consortium with the Polish Development Fund of UniCredit.

UniCredit adopted a new strategy. It covers about 14 thousand job cuts before 2019, which is to reduce costs by approx. EUR 1.7 billion per year and achieve a capital ratio CET 1 at approx. 12.5% in 2019. The decrease in other operating expenses will enable the Group to achieve a decrease in the cost base by approx. EUR 10.6 billion.

Financial markets

- **The EIB will provide over PLN 1 billion for new projects.** Regional Transport and Tauron Polish Energy as the first state-owned company will receive funding from the EIB under the so-called Juncker plan. EIB support worth a total of PLN 2.1 billion projects companies more than EUR PLN 1 billion.

WIG20		mWIG40	
WINER OF THE WEEK			
TAURONPE	+3.35	KERNER	+4.78
LOSER OF THE WEEK			
LPP	-2.20	POLNORD	-4.39

- **Future plans of PKN Orlen.** PKN Orlen's strategy for the years 2017-2021 envisages that the average level of investment will amount to PLN 5.4 billion in the years 2017 to 2018 to an estimated for 2016 PLN 5.1 billion. Average annual development expenditures are to take shape at the level of 3.3 billion to PLN 3 billion this year.
- **The strong appreciation of the USD after Wednesday's Fed decision.** US interest rates were hiked to the level of 0,50-0,75 % from 0.25-0.50 %. Surprising statement of the three increases in interest rates in 2017, caused an increase in the value of USD. PLN by the end of the year will remain relatively weak, although on Friday strengthened against other currencies in the region.
- **Brent crude rises to USD 55.32 per barrel.** The reason is to include countries outside OPEC to cut production. Copper and gold cheapened to USD 5 644 USD per ton and USD 1 136 USD per ounce respectively, due to the strong appreciation of the dollar after the rate hike in the US.


 MERRY CHRISTMAS
 AND HAPPY NEW YEAR!


Company of the week

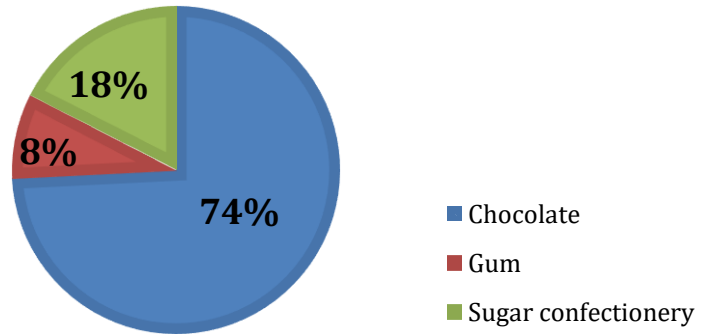
Work Service SA is the largest company involved in HR, in particular personnel consulting, HR restructuring and employee's outsourcing services. In pursuing its activities, the company provides jobs for more than 300 000 people each year. It has representative offices in 17 European countries, creating a network of local offices and personal advisors. Work Service for

its work has been awarded the titles of Business Cheetah 2015 Good Brand 2015, or the Listed Company of the Year in 2014. The company entered the Warsaw Stock Exchange in May 2012, and from 2016 has been listed on the London Stock Exchange. Its current market value is over PLN 650 million.

Confectionery market in Poland in 2015

CONFECTIONERY MARKET, POLAND, 2015

According to Canadean, sales of confectionery market in Poland in 2015 amounted to PLN 9.4 billion (an increase of 4.7% y/y). The market is on its uptrend and the total value of sales is expected to increase by approx. 5.5% by 2017. Chocolate is the most popular (e.g. Lindt, Alpen Gold) and it accounts for 74.2% of total sales. The sector of gum (i.a. Hubba Bubba, Orbit) and sugar confectionery (e.g. caramels, jellies) note a growing trend. Their forecasted compound annual growth rate (CAGR) amount to 5.5% (2015-2020).



Source: Confectionery Market in Poland: Market Snapshot to 2020.

Statistical data

Macroeconomic indicators

Indicator	Value	Date
GDP y/y	3.1%	Q2 2016
CPI	-0.2%	2016.10
Unemployment rate	8.2%	2016.10
Average monthly salary	4 218 PLN	2016.09
Industrial production	10.4%	2016.09
NBP reference rate	1.5%	2016.02

FX exchange rates

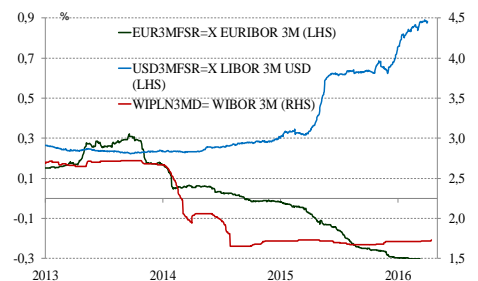
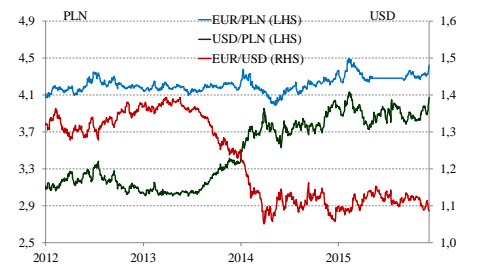
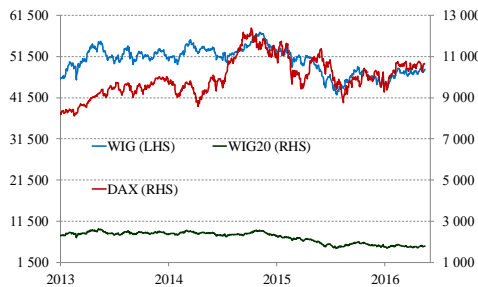
Rate	Value	1W Δ %
EUR/PLN	4.49	0.22
USD/PLN	4.23	0.71
CHF/PLN	4.12	-0.96
EUR/USD	1.04	-2.80

Rates (%)

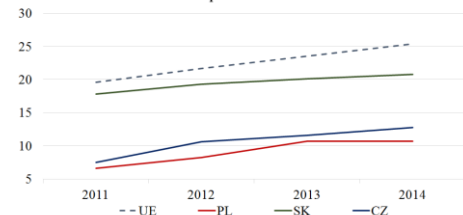
Rate	Value	1W Δ bps
WIBOR 3M	1.73	0.00
EURIBOR 3M	-0.32	-0.40
LIBOR CHF 3M	-0.74	0.18

Stock markets (points)

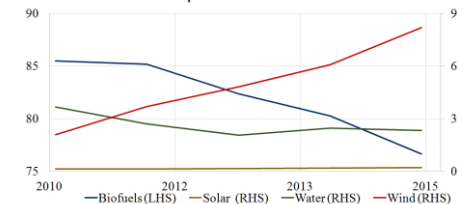
Index	Value	1W Δ %
WIG	51 115	1.46
WIG 20	1 919	1.59
DAX	11 404	3.80
FTSE	6 944	0.35
DJI	19 843	1.50
SP500	2 258	0.76



% The share of renewable energy in total electrical energy production



The structure of renewable energy by sources of production in Poland



Share of electrical energy from water

