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Economy

- **Economic growth has increased to 4%.** In this respect it is the best quarter of the Polish economy for over a year. In the last quarter of 2016, economic growth was 2.5%.
- **Innovative companies from Eastern Poland will have PLN 195 million allocated from state budget.** One third of this amount is to be used to invest in business projects in medium-sized cities of the macroregion. According to the ministry, priority for middle-market companies in the POPF is part of a package of measures to reverse unfavorable trends in these areas.
- **Deloitte: 71% of financial directors in Poland confirm high economic uncertainty.** For comparison in Western Europe 61% CFO share this opinion. The latest edition of the study was conducted from February to March. Results show the net optimism of Polish financial managers to be the lowest since 2013.
- **More exceptions from trade restrictions on Sunday.** The originators suggest, for example, the possibility of trading on stock exchanges, in ports and at airports. The civic project assumes unlimited trade for seven Sundays a year.
- **Puls Biznesu: Stationary stores position is firm.** They become more and more filled with electronics. These include, among others, shopping subscription systems, smartphone pay apps, smart lighting, and interactive mirrors with ads.
- **KUKE: About 20.4 percent less bankruptcies in April y/y.** As compared to March, their number increased by 2.4%. Between May 2016 and April 2017, 569 businesses finished operation.

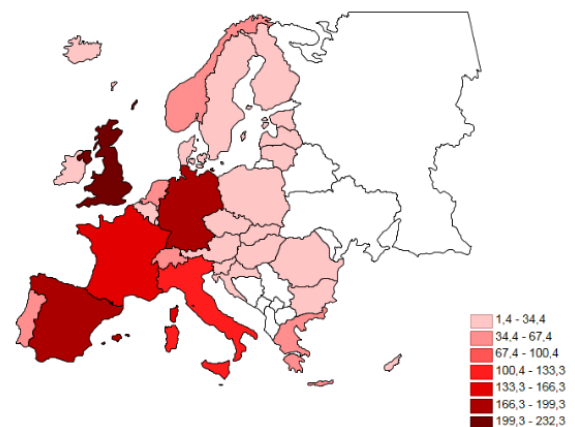
Financial institutions

- **Restructuring of Credit Union “Nike”.** Banks interested in participating in the restructuring process of CU Nike can submit their offers to the Financial Supervision Commission until May 30th, 2017. The Commission has canceled the takeover of Nike Credit Union by CU. The FSC is guided by the need to ensure the openness and competitiveness of participation in the restructuring process.
- **The Financial Supervision Commission has accepted Paweł Surówka President of PZU.** The Supervisory Board of PZU has already appointed him for this position on 13th April. Paweł Surówka was a financial advisor to Bank of America Merrill Lynch and later served as a member of the board of Boryszew. Until January 2016, he was an advisor to the president of PKO Bank Polski and director of corporate and investment banking for Germany. From mid-2016 to April 2017 he was the president of PZU Życie.

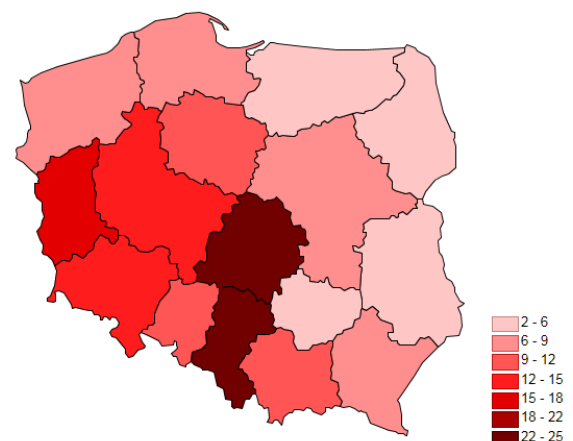
- **Banks are one of the largest employers in the country, despite their deteriorating situation.** The network of branches is shrinking and the sector is losing jobs. According to the Financial Supervision Commission, at the end of the Q1 2017, 167 thousand workers worked in the sector. It is 3 thousand less than in Q1 2016. Since 2011, when banks hired a record number of employees, market shrank for about 10 thousand positions. Such changes are due to the development of mobile and Internet banking and the adjustment of business to low interest rates.
- **The decline in net profit of banks.** In January-March 2017 period, net profits amounted to PLN 2.84 billion. This is a decrease of 11.4% per year. The net interest income amounted to PLN 10.13 billion (up 10.1% y/y) while net commission income amounted to PLN 3.26 billion (up 4.3% y/y).
- **The European Commission withdraws the complaint from the Court of Justice.** The case concerned non-implementation of EU regulations on the repair and restructuring and orderly liquidation of banks.

Economic maps

Total number of passengers transported by air in 2015 (Number of passengers in mln)



Length of expressways and motorways in 2015 (km per 1000 km² of area)



Financial Markets

■ **Asseco Poland signed a contract with WSE.** It refers to the implementation and launch of a Promak TS system. The system, which meets requirements of a EU directive MIFID II, supports trade of financial instruments. It is going to be started in the first session day of 2018.

WIG20		mWIG40	
WINER OF THE WEEK			
PKNORLEN	+3.05	UNIWHEELS	+3.17
LOSER OF THE WEEK			
ALIOR	-2.02	POLIMEXMS	-5.12

■ **Profitable shares of game producers.** Despite the overall price decrease, DM Vestor analytics advise to buy 11 bit studios shares. They evaluate shares of the company on 255,80 zł, while the WSE rate is below 200 zł. Share price is supposed to raise thanks to the premier of a new production of the "Frostpunk" company in IV quarter of 2017.

■ **Great investment in EC Żerań.** Electrical power and heating station will be expanded. There will be new gas-steam block build. Project will be carried out by Polimex-Mostostal and Mitsubishi Hitachi and will cost around 1,5 bln zł (1,1 bln zł and 111,9 bln euro). Thanks to the investment all of the old coal boilers will be removed, which will allow to improve energetic safety of Warsaw.

■ **Stokrotka's development.** Emperia Holding supports the plan. 90 stores will be open in 2017 in Poland. Accumulation of openings will be happening in the II quarter of the year. 23 shops have been already opened in the first quarter. It is also planned to built a distribution center in Lublin.

■ **Brent rebounds to 52,6 USD.** It is caused by predictable cutting production process in OPEC countries. Copper stays at 5 587 USD per tonne. It may be explained by concerns about economic downturn of China, which caused temporary drop of copper price in the second half of the week. Gold rebounds to 1 225 USD per ounce because of political tension in the United States and expected low level of increase of interest rates.

Company of the week

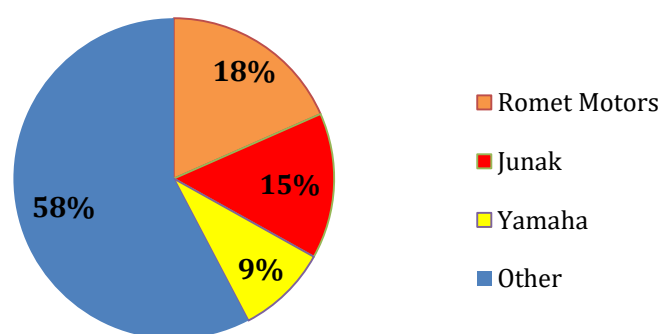
PBG SA produces natural gas and petroleum installation and modernize warehouses. It has already carried out realisation on the National Stadium in Warsaw and PGE Arena in Gdańsk. The company got lots of honorable mentions for its activity: Investment Leader, Safe Building or Bulls and bears award. By

taking the initiative like protection of white-tailed eagle, trees planting or protection of honorary blood donation it pursue the policy of social responsibility of companies. The company entered the Warsaw Stock Exchange in August 2004 and its current value is 2 821 mln zł.

Motorcycle sales in Poland in 2016

In 2016 sales of motorcycles fell in Poland. In October alone it decreased by 5.5% compared to the previous year. This may be due to the introduction of new regulations: newly registered motorcycles must meet Euro 4 emission standards, and motorcycles over 125cc must be equipped with an anti-lock braking system. The leading brands are Romet Motors Junak and Yamaha, which represent 42% of the market share.

Motorcycle sales in Poland in 2016



Statistical data

Macroeconomic indicators		Date
GDP y/y	4%	Q1 2017
CPI	2%	2017.03
Unemployment rate	8, %	2017.03
Average monthly salary	4 578 PLN	2017.03
Industrial production	11.1%	2017.03
NBP reference rate	1.5%	2016.02

FX exchange rates		1W Δ %
EUR/PLN	4.23	0.24
USD/PLN	3.80	-1.55
CHF/PLN	3.88	0.78
EUR/USD	1.16	6.13

Rates (%)		1W Δ bps
WIBOR 3M	1.73	0.00
EURIBOR 3M	-0.33	0.00
LIBOR CHF 3M	-0.73	0.00

Stock markets (points)		1W Δ %
WIG	59 901	-2.75
WIG 20	2 295	-3.12
DAX	12 590	-1.41
FTSE	7 448	0.57
DJI	20 663	-1.12
SP500	2 364	-1.07