

Economy

- **Lower butter prices, but off the stores.** Retail butter costs 30-40% more than in sales. Butter on the Polish market has been drastically increasing since the middle of the year.
- **The PIU: 160 billion zlotys invested by insurers in the Polish economy.** The insurance industry generates 2% of Polish GDP annually. It insures 60% of Polish companies' assets, more than 10 million homes and 23 million cars, generates PLN 36 billion of added value and employs 225 thousand people.
- **Polish economy with the fastest growth in 6 years.** The CSO reports that in the third quarter of 2017, annual growth was 4.7%. This is much higher than the expectations of economists.
- **NBP projections: accelerating GDP and inflation.** GDP growth is expected to accelerate to around 4.2%. (last year it was 2.9%). Inflation in 2017 is expected to reach 1.9 percent y/y.
- **KNF: lack of legal certainty causes slower development of financial innovation.** The lack of legal certainty causes slower development of financial innovation. The report says young consumers want innovative solutions using the Internet and mobile devices. However, the rapid development of FinTech is a major challenge for financial market regulators.
- **Analysts see a chance to end fuel price hikes.** Gasoline is cheaper in the wholesale world and oil production is growing in the Atlantic. Prices for individual fuel grades are as follows: PLN 4.67-4.78 per liter of 95 octane gasoline, diesel PLN 4.56-4.67 and PLN 2.14-2.20 per liter of autogas.
- **Orlen buys 90 thousand tons of oil from Kazakhstan.** Tanker is expected in Gdansk in early December. Delivery is part of Orlen's strategy to embrace various market strategies.

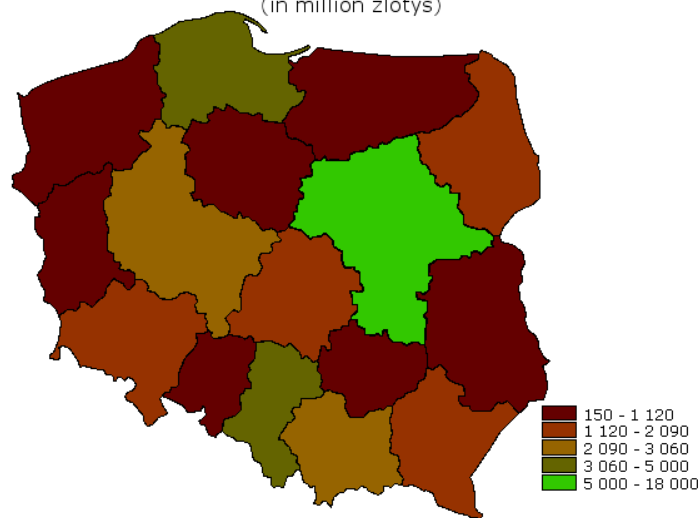
Financial institutions

- **Increase of recommendation of Pekao SA.** The current is "buy", and the stock price is 121,60 PLN, and the target price is 145 PLN.
- **KNF with a new capital requirement for PKO BP.** The Bank is to maintain its own funds to cover the additional capital requirement to hedge the risk of foreign currency mortgages of 0.66 percentage points above the value of the total capital ratio.
- **Open Finance plans to open 25 new franchise locations in the coming year.** Within five years the company wants to have 150 such branches. At the end of September, the company had about 130 own facilities.

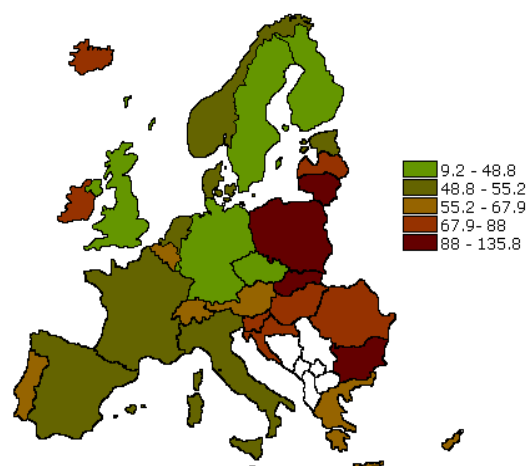
- **BOŚ SA with a net profit of PLN 13.6 million in the third quarter of 2017.** Cost / income ratio is 64.8%. The total capital ratio is 15.12%.

Economic maps

Revenues of construction companies in 1st. half of 2017
(in million zlotys)



Index of pollutants emitted from transport in 2016
(year 2000 = 100 points)



Financial Markets

- **Gold the most expensive from a month.** Gold futures ended the week at around \$ 1,294 an ounce. It was the highest price since 17 October. Among the reasons for the increase in the price of this bullion is the weakening dollar.

- **The loss of the game maker 11Bit Studios.** In the third quarter, the company generated PLN 0.67 million in losses and generated 2.73 million revenue from games sold. This result is much weaker than in the analogous period of the previous year, ie PLN 2.23 million respectively and PLN 5.23 million revenue from games sold. The cause of worse results is that for more than 3 years, from the release of this game "This War of Mine" the company has not issued any significant product.

- **Bad series of trading companies.** Emperia, one of the owners of the famous network of shops "Stokrotka" announced the results of the third quarter. EBITDA of the company in the third quarter amounted to PLN 19.4 million, ie by as much as 40% less than in the

corresponding period of the previous year. Operating profit was PLN 6.64 million and net profit was PLN 3.4 million (down by 79% y / y). Despite weak results for the third quarter, the company's valuation remained unchanged.

- **Rise in US oil reserves.** Despite considerable uncertainty over last week's Brent oil market, this week marked a slight drop in oil prices from \$ 63.5 to \$ 62.7 a barrel (at Friday's close). This calmness is due, on the one hand, to the expectation of lower oil production by the OPEC countries and, on the other hand, an increase in the rate of production and stocks of this raw material in the USA. The pace of production has reached the highest level in about 30 years and amounted to 9.65 million barrels a day.

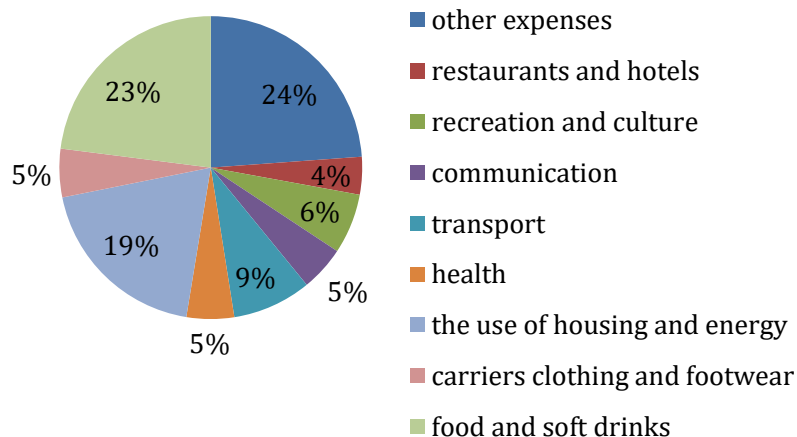
Company of the week

WAWEL SA - one of the oldest producers of sweets in Poland, established by Adam Piasecki in 1898 in Krakow. Wawel offers such products as: chocolates, candy bars, candy boxes, and waffles etc., which are sold mainly on the domestic market (approx. 95% of the sales). The products are sold via network of supermarkets such as Tesco, Carrefour, Makro Cash and Carry, Real, Auchan. Wawel is listed on the Warsaw Stock Exchange since 1992. Currently it is situated among medium-sized companies included to

mWIG40 index. The largest shareholders are: Hosta International AG, Nationale Nederlanden OFE and Metlife OFE. In 2016 the company achieved revenues of PLN 645 mn, net profit of PLN 85.1 mn, the profitability of the core business of 15.5% and the ROA of 15.6%. The current (as of Nov. 17, 2017) share price is PLN 965, and the indexes: the price/income (P/E) 12.98, the price/sales (P/S) 2.33, the price to book value (P/BV) 2.41, the ROE 20.17%. The market value of the company equals to PLN 317 mn.

Structure of monthly expenses per person in households in 2015

- Mostly Poles spend money on food and non-alcoholic beverages. Then there are utility items for housing and energy carriers, less significant cost are: communications - 5%, clothing and shoes - 5% and recreation and culture - 6%. The remaining categories included expenditures such as pocket money, education, alcoholic beverages and tobacco products.



Statistical data

Macroeconomic indicators			Rates (%)		1W Δ bps	Markets (points)		1W Δ %
GDP y/y	4,7%	Q3 2017	WIBOR 3M	1.73	0.00	WIG	63 047	1,20
CPI	2,1%	2017.10	EURIBOR 3M	-0.33	0.00	WIG 20	2 443	1,36
Unemployment rate	6,6%	2017.10	LIBOR CHF 3M	-0.73	0.00	DAX	13 010	-0,28
Average monthly salary	4 574 PLN	2017.10	EUR/PLN	4.24	-0,03	FTSE	7 383	-0,08
Industrial production	4,3%	2017.09	USD/PLN	3.59	-0,02	DJI	23 374	-0,36
NBP reference rate	1,5%	Since 03.2015	CHF/PLN	3.63	0,23	SP500	2 581	-0,16
			EUR/USD	1.18	0,14			