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ENGLISH EDITION: Bartosz Golnik

Economy

- Lower chance for interest rates to increase before the end of this year.** According to Pekao SA, it is currently much lower than a few months ago. The main factor affecting the MPC decisions is lowering inflation in previous months.
- About 40 percent sale of apartments in 2017 are cash transactions.** This value is definitely above the norm, which in the average market conditions is around 10%. Dom Development achieved the best results.
- Nobody submitted the offer for military wagons for PKP Intercity.** The tender concerned 6 second-class non-compartment wagons for transporting soldiers and two second-class compartment wagons for convoy transport, which were to be delivered by December 1, 2019.
- At the end of 2017, in Poland there were 463,800 registered pieces of arms.** Poles are buying more and more. It's the highest number in years. The dynamics of the growth of weapons is also growing. In 2016, there were 424.7 thousand registered in Poland, pieces of arms.
- PLN 2.1 billion surplus in foreign trade in 2017.** The total value of exported goods is 870, 1 billion zlotys, and imported amounts to PLN 868 billion. Germany is still the largest trading partner of Poland.
- PKP PLK will spend PLN 10 billion on investments.** Last year, the company earmarked PLN 5 billion for this purpose. At the beginning of last year, the company had contracted contracts for PLN 8 billion, while currently it is PLN 26 billion.
- Higher frequency of flights on PLL LOT routes in the summer season.** More planes will fly on 25 routes, including to Berlin, Budapest, Tel Aviv, Chicago. The company will offer passengers about 20 more flights a day.
- CPI inflation below 2 percent** This is the first time since August 2017. In January it amounted to 1.9 percent yoy. For comparison, in December it was 2.1 percent yoy.

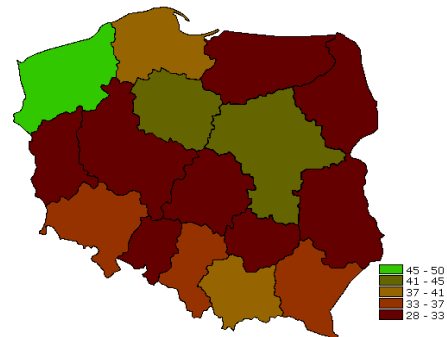
Financial institutions

- MBank's "security package" could have been unfair market practice.** UOKiK finds irregularities in the fact that after a free trial period customers had to give up the service themselves. Its cost is PLN 3.99 per month.
- Deutsche Bank announces the sale of BZWBK shares.** Deutsche Bank announced the sale of 1.2 million shares in BZWBK as part of the accelerated construction of the book of demand. The number of BZWBK shares put up for sale constitutes approximately 1.2% of the total share capital of this company.

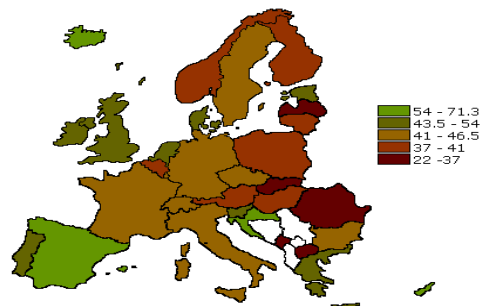
- Bank Ochrony Środowiska will issue 40 million new shares.** The shareholders of the bank agreed to issue shares as part of a private subscription, with the exclusion of the pre-emptive right of the current shareholders.

Economic maps

The occupancy rate of tourist accommodation establishment in 2016 (%)



The occupancy rate of tourist accommodation establishment in 2016 (%)



Financial Markets

- Changes in WIG Indexes.** After the session of February 15, Ursus was assigned to the mWIG40 index - it will replace Robyng, which intends to completely withdraw its shares from the stock exchange. Ursus in the sWIG80 index was taken over by Skarbiec.
- Report of Bank Handlowy for Q4 2017.** Net profit amounted to PLN 163.4 million (+25% y/y), net interest income PLN 290.3 million (+13% y/y), net fee and commission income PLN 144.8 million PLN (+7% y/y), total costs PLN 280 million (-7% y/y). The company's results were higher than market expectations - hence an increase in share valuation on the day of publication by 0.84%. In addition, the company announced no changes in the dividend policy for 2018.
- Lotus wants to open a new fund.** Lotus plans to open in 2018 a Corporate Venture Capital (CVC) fund with an estimated value of EUR 50 million. This fund aims to support

innovation and expand cooperation opportunities with innovative start-ups.

- **Budimex wins the tender for the modernization of the Idzikowice railway station.** This project is the next stage of the construction of the Central Railway Bus implemented by TLK. Modernization of the station and surrounding tracks will allow passenger trains to reach speeds of up to 230km / h. The cost of modernization is PLN 158 million.

- **The price of oil within two days gained 3.5 percent, reaching USD 64.94 per barrel, despite an increase in crude oil stocks in the US by more than 1.8 million barrels.** The West Texas Intermediate barrel on the New York Stock Exchange, priced in delivery for March at \$ 61.25 (after a 65 cents increase).

- **Copper prices have already been the 4th session at**

the London metal exchange. This metal is for USD 7,191 per ton (an increase of 0.4 percent). Analysts believe that this situation causes depreciation to be a price.

- **Friday's gold price reached USD 1,361.50, an increase of 0.4% compared to the date of purchase.** This is the fifth increase in royal prices due to the weakening US currency.

- **The zloty exchange rate strengthened due to favorable macroeconomic data (GDP for the fourth quarter and the situation on the labor market).** The dollar's exchange rate is depreciating due to concerns about fiscal deficit and current account growth. The euro exchange rate remains stable this week. Strengthened in tandem with the dollar, however, it is caused by the weakness of the American currency.

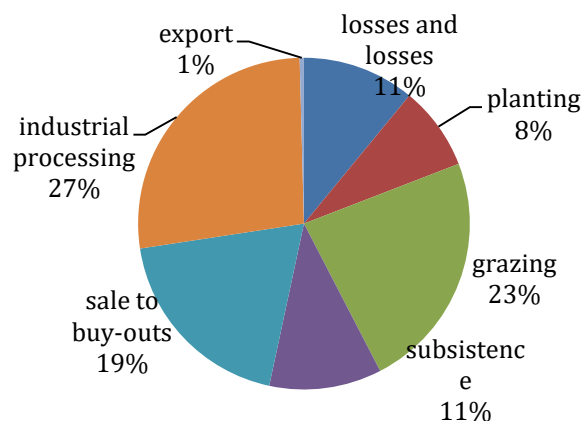
Company of the week

PKO BP - a group that is one of the largest financial institutions in Central and Eastern Europe, primarily in Poland. It is a leader in the country in terms of the scale of operations, equity, assets, number of clients and the size of the distribution network. It offers its services mainly to retail clients, but is also an important partner for small and medium-sized enterprises as well as large corporations. It also has a significant share in the market of services offered to communes and voivodships. In addition to its strictly banking operations, the PKO Bank

Polski Group provides specialized services and deals in the sale of financial products (pension funds), leasing companies, investment fund units and electronic payment services. After the acquisition of the Nordea group companies, the group strengthens its position in the insurance industry. The company made its debut on the Warsaw Stock Exchange in 2004, and currently (18/02/2018) the share price is PLN 41.96. Indicators: ROA 1.08%, ROE 9.5%, price/book value (P/BV) 1.61, price/profit (P/E) 18.25.

Distribution of domestic potato resources. Season 2017/2018

In the 2017/18 season, market turnover with potatoes amounted to approx. 4.47 million tonnes and are similar to last year. Potato processing for French fries, chips and spirits will increase. In total, industrial use of potatoes can be about 4% higher than in the previous season. Despite low prices, the consumption of potatoes is likely to decline, and their sales for direct consumption will be lower than in the previous season and will amount to approx. 1.85 million tonnes. Also, the self-supply will be smaller than last year and will amount to approximately 1.05 million tons. In the 2017/18 season, market channels (purchase, wholesale, market-sale, export) will be distributed around 45% of the market



Statistical data

Macroeconomic indicators	Date
GDP y/y	5,1% Q4 2017
CPI	1,9% 2018.01
Unemployment rate	6,6% 2017.10
Salary av. enterprises	4 973 zł 2017.12
Industrial production	2,70% 2017.12
NBP reference rate	1,5% Since 2015.03

Rates (%)	1W Δ bps
WIBOR 3M	1,72 0,00
EURIBOR 3M	-0,328 0,00
LIBOR CHF 3M	-0,7474 0,00
EUR/PLN	4,16 0,18
USD/PLN	3,34 0,58
CHF/PLN	3,61 -0,25
EUR/USD	1,24 -0,44

Markets (points)	1W Δ %
WIG	62 818 -0,41
WIG 20	2 406 -0,69
DAX	12 453 0,87
FTSE	7 287 0,73
DJI	25 338 0,55
SP500	2 744 0,48