

COUNSELLOR: Dr hab. Sylwester Kozak, prof. SGGW

EDITOR: Bartosz Golnik

WRITERS: Łukasz Brynczak (FX market) • Bartosz Golnik (Economy, Financial institutions) • Łukasz Grzęda (Economic sector) • Konrad Hornowski (Financial markets) • Izabela Kruszewska (Company of the week) • Bartłomiej Zegadło (Economic maps)

ENGLISH EDITION: Bartosz Golnik

Economy

- The ban on trade on Sunday respected by most shops.** PIP announced that the owners or members of their families worked in small stores, and the large outlets were closed. Only about a quarter of the 341 reports of violation of the ban were qualified as justified.
- Lotos will remain a separate entity after the merger with Orlen.** The stock exchange value of the combined companies would exceed PLN 50 billion. One of the goals of the merger will be to create an entity with a better market position in negotiations with foreign contractors.
- Central Statistical Office: PLN 2 billion deficit in foreign trade in January.** The value of exports in current prices is PLN 69.4 billion and import PLN 71.4 billion. In the corresponding period of the previous year, the balance was positive and amounted to PLN 1.9 billion.
- Railway traffic will return to Warszawa Główna station.** It should be ready by the third quarter of 2019. The station will provide service for regional and agglomeration trains. The contract is worth nearly PLN 81 million.
- Two companies with offers for completing the metro.** They concern the construction of three stations at Bemowo and the Mory parking station. The offer was presented by the Italian-Turkish consortium Astaldi and Gulemark (it already built the central section of the line) and Synohydro Corporation Limited from China.
- Poland high in the investment ranking of US News & World Report.** In the part "Best Countries to Invest In" she took 3rd place. In the general ranking of "Best Countries", Poland ranked 32nd.
- Fuel prices this week should not change.** They are currently the lowest since October. There is a chance that the oversupply phenomenon will soon be on the market.
- 55 percent CBOS respondents favor the NBP.** The institution has been assessed at a similar high level for nearly 10 years. Social Insurance Institution is assessed positively by 38% and negatively by 37% respondents.

Financial institutions

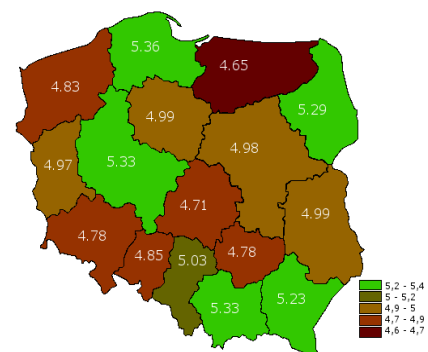
- PKOBP with a quarterly report.** The PKOBP company published a report for the fourth quarter of 2017. Net profit amounted to PLN 820 million (-1.1% y / y). Net interest income in the fourth quarter amounted to PLN 2 249 million (+ 1.5% y / y), while the commission income amounted to PLN 760 million (+ 0.2% y / y). The bank's costs amounted to PLN 1 474 million (+ 1% y / y). On the day of the company's valuation, the market

reacted positively to the report - share prices increased by 2.62%.

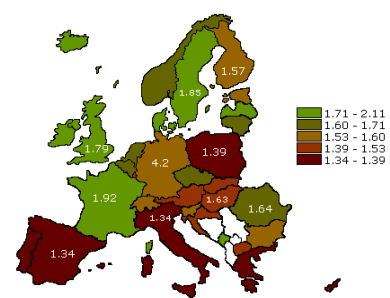
- PZU with a quarterly result.** PZU published the results for the fourth quarter of 2017. Net profit in this period amounted to PLN 764 million (+ 14% y / y). The group's net written premium in the fourth quarter amounted to PLN 5,914 million (+ 7% y / y), while net compensation costs in this period amounted to PLN 3,689 million (+ 25% y / y). Moreover, according to estimates, the profit of the PZU Capital Group in 2017 amounted to over PLN 4.2 billion - the Pekao bank had a significant contribution to generating these profits. Despite positive information, the market reacted neutrally to this information, pricing the company's shares on the day of the quarterly report by 0.25% more.

Economic maps

Marriages per 1000 population in 2016



Number of children per woman in 2016



Financial Markets

- Ursus with a loan from BGK.** Bank Gospodarstwa Krajowego signed a loan agreement with UrsusBus for the amount of PLN 108 million. The funds will be used to implement 5 contracts for the supply of buses and city trolleybuses to Zielona Góra, Szczecinek, Katowice and Lublin. The loan will be repaid directly from the funds of completed projects - the last installment of the loan will be repaid on March 31, 2019.

- PKP Cargo achieved a profit for 2017. Net profit of the rail carrier amounted to PLN 81.7 million compared to PLN 133.8 million loss a year earlier, revenues: PLN 4,738.6 million (compared to PLN 4 411,3 million in 2016), and EBITDA: 701 PLN 9 million. Last year, the company transported 119.1 million tons of goods and carried out transport work at the level of 31 billion tkm. Despite positive information, the company's shares on the day of publication were cheaper by over 19%, which resulted from higher investors' expectations regarding the increase in profits.

- Grupa Kęty with a net profit of PLN 236.6 million in 2017. It was lower than in 2016 - PLN 277.9 million. Annual revenues amounted to PLN 2.6 billion (PLN 2.3 billion a year earlier), and EBITDA: PLN 421.2 million (PLN 394.2 million in 2016). Investment expenditures in 2017 amounted to PLN 190 million. The market reacted negatively to the report - on the day of publication, the company's shares were cheaper by 1.33%.

- There is anxiety in the oil markets, which was caused by the sudden cancellation of Rex Tillerson, who served as secretary of state. In deliveries for May, the West Texas Intermediate barrel on the New York Stock Exchange reached a price of 64.59 USD per barrel (a decrease of 5 cents).

- Copper prices on the London Stock Exchange are falling slightly (by 0.9%). In 3-month deliveries, LME is priced at USD 6,907.50 per ton (down by 0.2%). Demand in China for industrial metals is weak, while supply is growing.

- The weakening of the zloty dollar is weakening, the euro is strengthening. Zloty exchange rate depreciated due to sensationally low CPI inflation readings. The dollar's cushion weakens as a result of the dismissal of Rex Tillerson, who served as secretary of the US state. This message also influenced the appreciation of the euro.

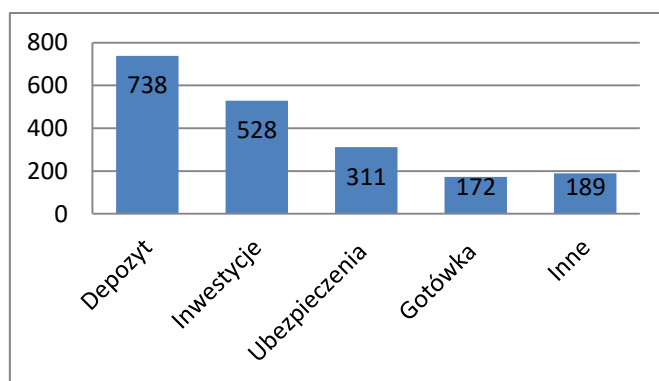
Company of the week

Neuca - one of the leaders in the wholesale distribution of pharmaceuticals in Poland. Through the company Synoptis Pharma, the Group operates its own products management: Apteo, Genoptim, CERA +. The Group also includes NEUCA MED, responsible for the development of services and products for the patient. This segment includes Health Clinics, clinical research companies and a company responsible for the development of telemedicine services. The company's headquarters is located in the western part of the city, in the neighborhood of Bydgoskie Przedmieście. The company has been listed on the Warsaw Stock Exchange since 2004 and is

currently in the ranking of the most-growing companies. The main shareholder of the company is "Herba - Kazimierz Michał", which holds over 45% of shares. A significant shareholder is also the FPT Foundation, which holds over 10% of the company's shares. The company regularly pays dividends to its shareholders. In 2005 and 2006, it amounted to PLN 1 per share, while in 2007 it was raised to PLN 1.23 per share. In 2017, the company generated 7.5 billion zł in sales revenue and a gross profit of 123 million zł. Financial ratios: ROA 3.23%, ROE 14.43%, price / book value (P / BV) 1.91; price / profit (P / E) 17; price / sale (P / S) 0.17.

Financial assets of Polish households (2nd quarter 2017, PLN bn)

The value of accumulated property by households in Poland amounted to PLN 1,938 billion at the end of the second quarter of 2017, an increase of 9.2% compared to last year. At the same time, the value of liabilities increased to PLN 700 billion. Polish households owned assets worth PLN 1 238 billion at the end of the first half of 2017. The largest part of households' assets in Poland are invariably deposits, which value grew to PLN 738 billion in the second quarter of 2017. Poles invested PLN 528 billion in investments, of which the largest part were shares, equity interests and participation units in investment funds.



Source: Rynek dóbr luksusowych w Polsce

Statistical data

Macroeconomic indicators	Date
GDP y/y	5,1% Q4 2017
CPI	1,4% 2018.02
Unemployment rate	8,2% 2018.01
Salary av. enterprises	4 973 zł 2017.12
Industrial production	8,60% 2018.01
NBP reference rate	1,5% Since 2015.03

Rates (%)	1W Δ bps
WIBOR 3M	1,71 -0,01
EURIBOR 3M	-0,327 0,00
LIBOR CHF 3M	-0,7446 0,00
EUR/PLN	4,21 0,09
USD/PLN	3,43 0,23
CHF/PLN	3,60 0,14
EUR/USD	1,23 -0,17

Markets (points)	1W Δ %
WIG	60 393 -1,25
WIG 20	2 285 -1,58
DAX	12 426 0,66
FTSE	7 175 0,50
DJI	24 981 0,43
SP500	2 755 0,31