

**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

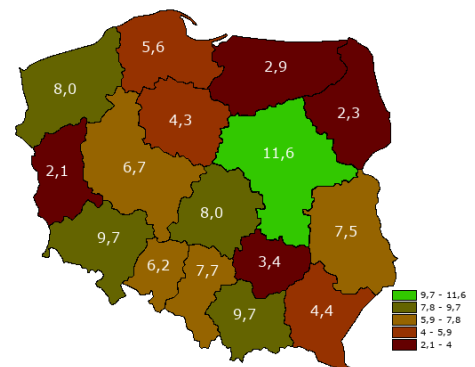
- The most expensive fuel for 3 years.** The average price was PLN 4.99 last week. It is 10 gr more than a week ago. Diesel fuel costs PLN 4.94 on average.
- Very high interest in Orlen shares.** The company issued retail bonds worth PLN 200 million. Due to the large number of entries, the deadline for their acceptance was shortened from 21 to 8 May.
- More foreigners stay in Poland for longer.** In 2017, there was an increase to 8.9 thousand. issued residence permits. In 2016, it was 4.3 thousand.
- The Sejm supports the creation of a large economic zone in Poland.** In addition, the law on supporting new investments for the coming years was signed. It will apply for 10-15 years.
- The Act on collective management of copyright and related rights will come into force.** It will implement the EU directive. During the work on the bill, the culture committee held a public hearing.
- EC with a higher forecast of GDP growth in Poland.** It was increased by 0.1 percent. up to 4.3 percent The forecast for 2019 is 3.7 percent.
- Small cities with the largest number of debtors.** They pay PLN 8.4 billion in payment. The debtor from a small town owes the creditor an average of almost PLN 16 thousand.
- PLL Lot adamant about the expectations of trade unionists.** The company will not restore the remuneration policy from 2010. Salaries were reduced in 2013. in order to save the company's situation. The solution was supposed to be temporary.
- MRPIPS: PLN 1.44 billion a year for layettes.** That's what the costs of the "Good start" program will be. Support will be PLN 300 for each child.

## Financial institutions

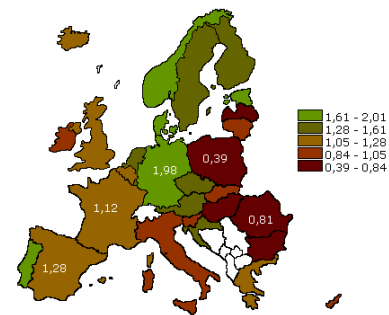
- GetBack with repair plans.** The District Court in Wrocław agreed to start the company's recovery and restructuring plans. The company intends to significantly improve financial liquidity and improve the company's image and methods of communication between the company and its market players. The company points to the mismatch of liabilities with assets as the main cause of solvency problems: The Company purchased debt portfolios with a long maturity (up to 10 years), which is financed by short-term bonds with the put option.

## Economic maps

Patents granted by UPRP per 100 thousand population in 2017



Share of government budget spent on research and development in 2017 (%)



## Financial Markets

- Ursus problems. The Polish Financial Supervision Authority ordered the suspension of trading in shares of Ursus.** The reason for this decision was the company's failure to publish the complete report for 2017. The company's authorities explain the delay caused by the failure of IT systems responsible for consolidating the group's results. In addition, according to the published part of the report, the company ended 2017 with a loss of PLN 19.87 million, compared to PLN 16.58 million in 2016.
- High level of bond sales.** According to data published by the Ministry of Finance, in April 2018, bonds worth PLN 840 million were sold. Bonds with the shortest 3-month buy-back period were the most popular. They constituted 34% of all bonds sold by the State Treasury. 2-year and 4-year bonds were also very popular. However, the value of bonds sold is the lowest in 3 months.
- Traction records checked by the KNF Office.** The Office of the Financial Supervision Authority (KNF) informed that it has started the procedure of checking if Trakcja provided confidential information prior to the publication of the results

for the first quarter of 2018. The procedure was initiated due to a sharp drop in share prices before the results were published (the day before the publication the share price fell by 17, 9%).

- **Oil prices in the US exceeded \$ 71 a barrel and this is the second week in a row that saw a rise.** The situation in the Middle East is becoming more and more complicated, which contributed to the emergence of concerns about the disruption of oil supplies from this region. In deliveries for June, the West Texas Intermediate barrel on the New York Stock Exchange reached a price of 71.29 USD per barrel (a 7-cent decrease). At the ICE Futures Europe fuel exchange in London, Brent supplies 14 cents in deliveries by 14 cents to USD 77.33 per barrel.

- **Copper prices on the London Stock Exchange are slightly declining, but in the perspective of the whole week,**

**this metal gained 1.3%.** This increase is caused by the decrease in copper inventories for 15 days. In 3-month deliveries, LME is priced at USD 6,117.00 per tonne, which is the highest price since April 26.

- **The zloty weakens, the dollar strengthens, the euro weakens.** The zloty exchange rate is weakening, due to the situation in the main currency pair. According to experts, the outlook for this currency is moderately negative, because expectations for rate hikes are expected to decline. This week the dollar is strengthening in the main currency pair due to growing tension in the Middle East and rising market interest rates in the US. The euro exchange rate in the main currency pair is weakening.

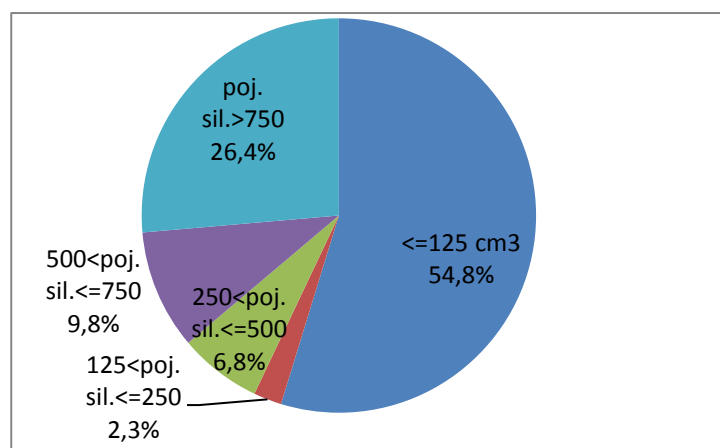
## Company of the week

**POLMIEX MOSTOSTAL SA** - Polish engineering and construction company established in 1945 and general contractor in the industrial construction. It implements specialized investments in Poland and abroad for the energy, petrochemical, gas and environmental protection industries. The company is also a producer and exporter of steel products, bridge grids and deals with galvanizing and painting steel constructions. The company was a general contractor, among others: reconstruction of the Polish Army Stadium in Warsaw and the construction of the building of the Museum of the History of Polish Jews in Warsaw. In 2017, Polimex Mostostal

S.A. was awarded by the President of the Warsaw Stock Exchange for the highest rate of return on shares and the title of "Trustworthy Company", awarded by Forbes Executive Forum and the Polish Institute of Directors based on the assessment of individual investors. The company has been listed on the Stock Exchange since 1997, and currently (May 10, 2018) it is quoted at PLN 3.33. In 2017, the company generated PLN 2.5 bn of sales revenues and PLN 89.5 mn of gross profit. Financial indicators: ROA 0.6%; ROE 1.86%; price/book value (P/BV) 1.09; price/earnings (P/E) 0.30; price/sales (P/S) 0.32.

## First registration of motorcycles 01-10.2017 after classifying the engine

The leading seller on the Polish market is Romet its share is 17% in the period from January to October, he sold 2,238 motorcycle items. The next position is occupied by YAMAHA. The company sold 1418 copies in the same period and its market share is 10.6%. The next places are Honda (1,372 copies), BMW (1,349 copies), Junak (1188 copies), Kawasaki (597), Harley-Davidson (594 copies). The demand for two-wheelers with low engine capacity has increased since 2015 due to changes in the law allowing drivers of category "B" driving license to drive. From 2017, motorcycle dealers must meet new requirements. Manufacturers must exchange carburetors for electric fuel injection, it is necessary to assemble electronic components, computers, oxygen sensors, fuel pump, ABS and CBS systems. This was most felt by motorcycle owners up to 125 cm<sup>3</sup> due to the fact that their share fell from 68% to 54.8%.



Source: Mototour.pl: <http://mototour.pl/infomoto/930-sprzedaz-motocykli-2017>

## Statistical data

Macroeconomic indicators		Date
GDP y/y	4,9%	Q4 2017
CPI	1,3%	2018.03
Unemployment rate	6,8%	2018.02
Salary av. enterprises	4 599 zł	2018.12
Industrial production	2,90%	2018.03
NBP reference rate	1,5%	2018.03

Rates (%)		1W Δ bps
WIBOR 3M	1,70	-0,00
EURIBOR 3M	-0,328	0,00
LIBOR CHF 3M	-0,7352	0,00
EUR/PLN	4,26	0,39
USD/PLN	3,57	0,10
CHF/PLN	3,57	0,10
EUR/USD	1,20	0,29

Markets (points)		1W Δ %
WIG	60 784	1,15
WIG 20	2 329	1,16
DAX	12 582	0,66
FTSE	7 504	1,12
DJI	13 001	-0,17
SP500	2 725	1,10