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Economy

- Bureau for Investments and Economic Cycles: The third month of growth of the Economic Situation Leading Indicator.** The indicator rose by 1.7 points in March compared with the previous month. In February this index was 167.4 points.
- National Bank of Poland: Q4 2016 with the first signs of greater demand for work.** The unemployment rate was 6.1 percent, and the number of unemployed fell below a million. Despite a very good labor market situation, the wage growth rate in this period decreased from 4.1 to 3.7 percent.
- Poles choose to buy smaller flats.** According to the report prepared by Open Finance, in the last six years the national average has decreased by almost 8 square meters, while in Warsaw by a dozen or so.
- Record low coal production in February.** According to the Industrial Development Agency, in the second month of this year production was down by almost a million tonnes compared to the previous year. Overall, the mines extracted more than 5 million tons of coal.
- Discount stores are getting expensive.** Purchases in discount store in March were up to PLN 10 more expensive than three months ago - according to a price cart prepared by forhandlu.pl portal.

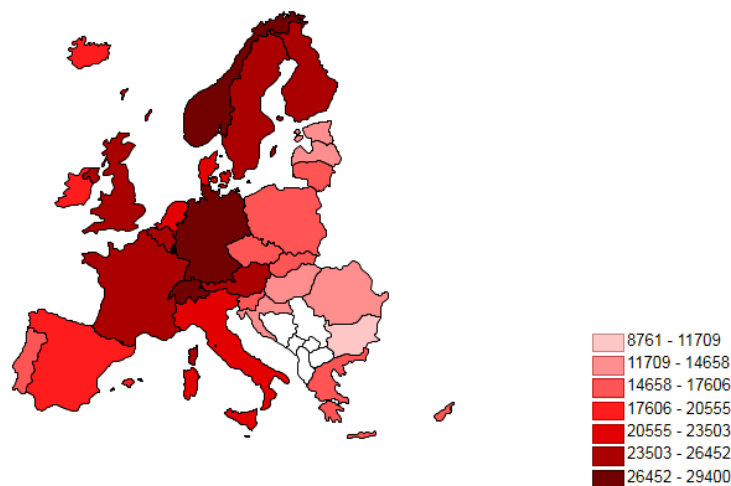
Financial institutions

- Decline in net profit of the banking sector in January-February 2017.** Overall profit amounted to PLN 1.66 billion (down by 16.3% y/y). The results on banking activity increased by 5.2% (to PLN 9.43 billion). Banking operating costs rose by 13.3% to PLN 5.61 billion. Impairment losses on financial assets amounted to PLN 1.1 billion (an increase of 18.8% y/y).
- MBank shareholders will not receive dividends.** Retained earnings from previous years (PLN 2.76 billion) will be allocated to reserve capital, obtained in 2016. The net profit (PLN 1.22 billion) will be partly transferred to the general risk fund and the remaining amount will remain undivided.
- According to ZBP, the recently introduced Mortgage Credit Act will have a positive effect on the credit action.** Credit processes will be easier to understand and faster. The most important issues in the law are the prohibition of mortgage lending in currencies different than the currency earned by the customer and greater information obligations of lenders.
- ZBP negatively evaluates the idea of separate court divisions for Swiss franc borrowers.** ZBP believes that such

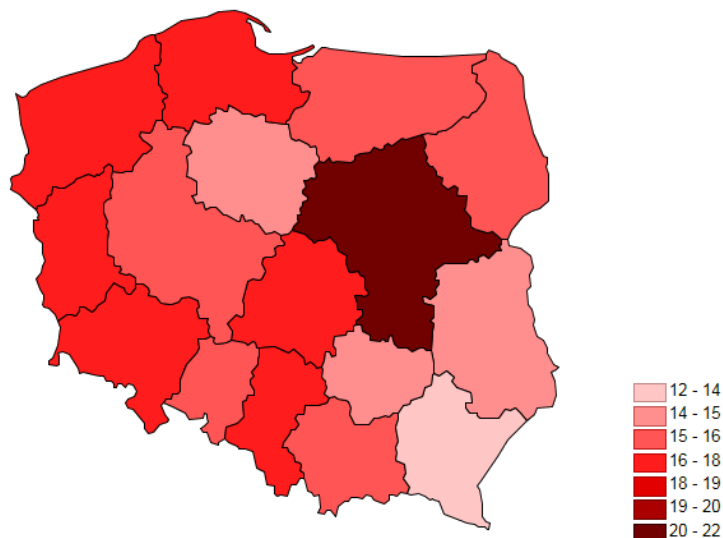
actions would make this group privileged. However, this idea could improve the resolution of cases and contribute to unequivocal case law. The total number of people who are in trouble with the service of credit in francs is three times larger than in zloty.

Annual incomes per capita

Annual gross disposable income of households per capita in 2015 (in PPP)



Annual disposable income per capita in 2015 ('000 PLN)



Financial Markets

■ **Intel has opened the development tools development center.** So called compilers, or these development tools, can be used to develop, for example, artificial intelligence. The research center in Gdańsk is the second largest center of this kind in Europe. The Polish branch in Gdańsk currently employs 1 800 people.

WIG20		mWIG40	
WINER OF THE WEEK			
CCC	+3.07	COMARCH	+4.26
LOSER OF THE WEEK			
PKNORLEN	-4.08	MEDICALG	-4.83

■ **MON signed an agreement with Boeing.** The American corporation pledged to provide three medium-sized planes, the B737, to transport the most important people in the state. Two of the three contracted aircraft are to be new, one used. The contract value is USD 523 million (PLN 2 billion) net.

■ **Ikea announces expansion on the Polish market.** In 2018 it plans to open another store in the capital city. As the investment location, the Ikea authorities chose Wola because of the accessibility of the area. In the new shop supposedly will

work about 450 people of which up to 40 of them, will be on managerial positions. To meet these assumptions, a special recruitment center is to be opened.

■ **Amica purchased 100% of Sideme plc Societe shares.** Total purchase price of 100 percent of shares of one of the leading household appliances distributors in France amounted to EUR 5.4 million. France is 2.5 times larger domestic appliance market than Poland. Amica by taking over Sideme hopes to boost sales of the Amica Group in France.

■ **Brent significantly rebounds to \$ 53.19 a barrel.** Investors believe that OPEC will further reduce production, which will reduce the size of inventories. Copper grows slightly to \$ 5,850. Citigroup analysts estimate that its global supply will fall by 200,000 tonnes this year, up 1 percent from 2016 levels. Gold in weekly terms remains unchanged at \$ 1,250 an ounce.

■ **Weakening of the PLN and the EUR, as well as strengthening of the dollar.** The first weakening of the PLN this week was caused by the inflation slowdown from 2.2% to 2% in March. The fall in the EUR was a consequence of a fall in inflation in the euro area. Dollar was positively impacted by the published data of the DEA on PCE inflation and data on economic growth in the 4Q in the US.

Company of the week

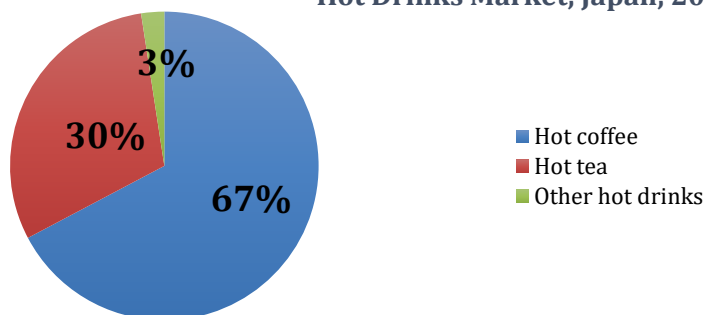
CAPITAL PARK SA deals with real estate investing by managing projects and finding attractive market offers. The above average rates of return are usually obtained through the change of land use plan or building permit on a given land. The company is currently managing a portfolio of properties with a

total area of 271,000 sq m, consisting of 68 investment projects located in 34 cities. It also implements CSR assumptions such as art patronage or ecological projects. The company entered the Stock Exchange in March 2014 and its current market value is PLN 696m.

Hot drink market in Japan, 2016

According to Canadean, in 2016 the sales of hot drinks market in Japan amounted to PLN 1.9 billion (an increase of 4.4% y/y). The market is on its uptrend and the total value of sales is expected to increase by approx. 4.4% by 2018. Hot tea (e.g. green, black, fruit) is the most popular and it takes 67.3% of the total market. A growing trend also note hot coffee and other hot drinks, e.g. hot chocolate. Their forecasted compound annual growth rate (CAGR) of the market amount respectively to 4.2% and 3.6% (2015-2020). Source: Hot Drinks Market in Poland: Market Snapshot to 2019.

Hot Drinks Market, Japan, 2016



Source: Hot Drinks Market in Japan: Market Snapshot to 2020

Statistical data

Macroeconomic indicators	Date
GDP y/y	2.7% Q3 2016
CPI	1.9% 2017.01
Unemployment rate	8.6% 2017.01
Average monthly salary	4 277 PLN 2017.01
Industrial production	9% 2017.01
NBP reference rate	1.5% 2016.02

FX exchange rates	1W Δ %
EUR/PLN	4.23 -0.69
USD/PLN	3.97 0.49
CHF/PLN	3.96 -0.54
EUR/USD	1.07 -1.21

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	57 911 -1.96
WIG 20	2 176 -2.63
DAX	12 313 2.06
FTSE	7 322 0.83
DJI	20 662 0.32
SP500	2 362 0.77