

Economy

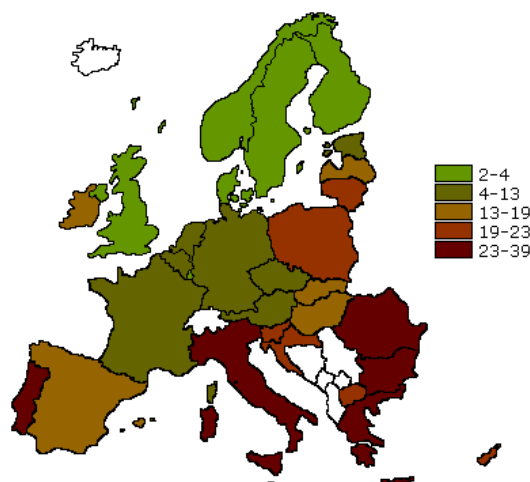
- The labor market is searching for builders.** Workers are expected to pay more than the minimum wage for job offices. However, higher bids may also be made, for example PLN 9000 gross per month for the steel fixer.
- Food prices will stop growing drastically.** This year, food in Poland has risen the fastest in 5 years. In September this was an increase of 5.3% y/y and 4.1% y/y since the beginning of this year, but this growth is expected to slow down.
- The highest wages in industry, the lowest in construction.** This is due to information from the National Debt Register concerning payments congestion in Q3. The level of the Receivables Enterprises Index in construction was 84.8 points, and in industry - 94.7 points.
- Historically high number of people changing gas supplier.** In the first half of the year it was 30 thousand people. The number of changes in electricity suppliers is also high, although dynamics is not as significant.
- PLN 1.66 bln profit after nine months in the coal mining sector.** The rise in coal prices has allowed mines to increase revenues by 22% with a decrease of production of about 6 percent.
- The lowest demand for gold from 8 years.** In the third quarter of the year, only 915 tonnes were bought in the world, 9% less than a year ago.
- Increasing construction costs affect housing prices.** Energy costs are greatly affected. In the case of the capital, there is a growing demand among immigrants from the eastern border.

Financial institutions

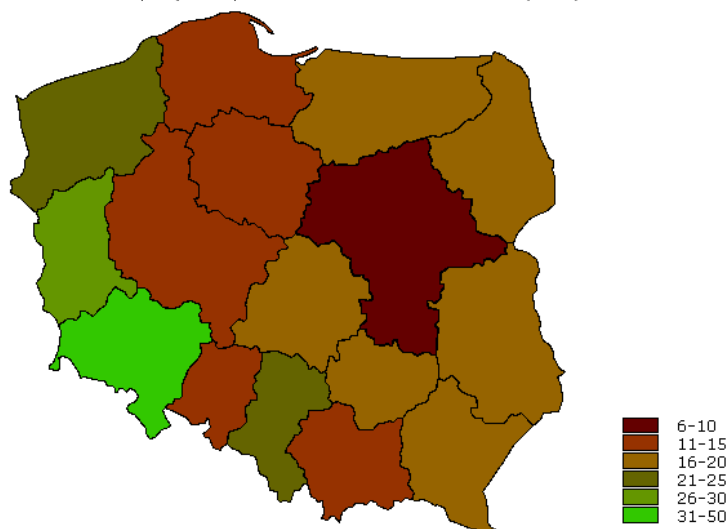
- PKO BP does not want to buy banks in the Baltic countries.** Unofficial information was provided by Reuters. PKO BP was supposedly interested in Luminor, operating in Lithuania, Latvia and Estonia.
- Euronet will introduce a payout limit of 1000 PLN.** The company owns the largest network of ATMs in Poland, having 7500 ATMs and cash machines. Payment of more money will be possible with several transactions in a row.
- Banks are one of the largest employers in the country.** Still, their situation deteriorates: the network of branches is shrinking, the sector is losing its jobs.
- Alior boosts synergies from mergers with Bank BPH to PLN 381m.** Integration costs turned out to be PLN 62m lower than originally planned, with the planned synergies being downwards of PLN 7m.

Economic maps

Individuals who have never used the internet in 2016 (%)



Revenue for the financing and co-financing of EU programs and projects per one inhabitant in 2016 (PLN)



Financial Markets

- The most expensive oil for over two years.** Brent crude oil prices this week have risen sharply upward, eventually reaching \$ 63.67 a barrel. This is the highest price to pay for this raw material on the London Stock Exchange since July 2015. Significant rise in oil prices on global markets has been caused primarily by the arrests of more than 50 prominent officials in Saudi Arabia, deterioration in Iran's relations with Saudi Arabia and confirmation by statistics of the limitation of the extraction of this fuel by the OPEC countries.

- **Boom for retail bonds.** Next week the Ministry of Finance should give data on retail bond sales in October, but at this moment we can say that after 10 months of this year the value of sold individual bonds will be higher than in 2016 when the value of sold bonds was PLN 4.6bn. The result would have been corrected at the end of September when bonds worth PLN 4.5bn were sold. According to analysts, the reason for such a high interest in this instrument is the emergence of inflation this year and a much better offer of yields on bonds relative to bank deposits.

- **Livechat will lose with giant?** Livechat - a Polish IT company listed in the sWIG80 index, whose flagship project is to create a communicator to contact customers, is expected to face significant problems in November. With a significant drop in customer acquisition dynamics in October this year, the company reported a noticeable decline of about 18% after Facebook reported work on the plug-in to Messenger, which will allow business communication. "The market reaction is too nervous, probably due to ignorance," said the company's president, reporting that the California giant has reportedly been making this type of plug more than a year ago.

- **mBank puts on robots.** Following the success of the implementation of four Robotic Process Automation (RPA) programs aimed at making tedious, simple but time consuming outsourced tasks, mBank decided to set up its own "Digital Teammates" startup fund, mAccelerator. It is designed to write such programs for other companies. This company, created by a part of the staff of the IT department of the mBank Operations Center, is hoping to take the leading position in the South African program market in the region due to the relatively small number of companies making such programs tailored to the individual needs of individual clients

- **Eurocash well below expectations.** On Friday, November 10, Eurocash revealed financial reports for the third quarter of 2017. EBITDA of the company amounted to PLN 101.5mn, which means a decrease by 17.7% compared to the same period of 2016. Operating profit was PLN 58.2mn at PLN 81.1m a year earlier, while the company's revenue was PLN 6.2bn. These results were much lower than expected by investors, which immediately translated into the valuation of this company on the Warsaw Stock Exchange - the shares of this company closed at 13.72% to the level of PLN 29.75, which is the lowest price since 2012.

Company of the week

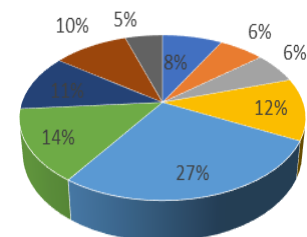
VENTURE INC - is a venture capital company. It specializes in investments in companies operating in the bioinformatics and IR segments, especially where the SaaS (Software as a Service) model is applicable. This model allows scaling the business and achieving very high margins and growth dynamics. Venture Inc. supports projects at various stages of development, including pre-seed, seed and start-up phases. The company has promoted

such brands as: Bankier.pl or LiveChat Software. In addition, it provides consulting services in the field of business and management. It is currently advancing from the New Connect market to the main WSE market. In 2016 it reached PLN 4.2mn revenue, PLN 1.1mn net profits, core profitability 27%, return on assets 6.8% and return on equity 8%. The current market value of the company is PLN 35mn.

Sales structure in Poland in 2016

In October, real retail sales increased by 4.6% compared to last year. Particularly high growth can be observed in the case of pharmaceuticals and cosmetics as well as in the sales of textiles, clothing and footwear. Approximately 30% of retail sales are generated by food, beverage and tobacco shops, 12% by non-specialized stores.

Sales structure in Poland in 2016



- furniture, rtv, household
- textiles, clothing, footwear
- pharmaceuticals, cosmetics, orthopedic equipment
- retail sales in non-specialized stores
- food, beverages and tobacco products
- solid, liquid and gaseous fuels
- motor vehicles, motorcycles, parts
- others
- newspapers, books, other sales in specialized stores