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**ENGLISH EDITION:** Bartosz Golnik

## Economy

- **The January budget surplus of PLN 8.6 billion.** The state's revenues amounted to PLN 35.2 billion and expenditures PLN 26.6 billion. A good situation on the labor market has an impact on the increase in income from personal income tax.
- **PKP Intercity with a tender for Pendolino, Flirt and Dart insurance.** The insurance is to be valid from 1.05 this year. by the end of April 2019. The insurance will include 60 trains with a total value of PLN 3.6 billion.
- **Positive opinion of the deputies regarding the notification of the birth of a child via the Internet.** The ministry was proposed by the Ministry of Digitization. The project assumes the entry into force on June 1 this year.
- **The Polish PMI dropped more than expected.** In February, its value reached 53.7 points. In January it was amounted to 54.6 points. PMI is an indicator illustrating the situation of the industrial sector.
- **Totalizator Sportowy with e-casino.** It will cooperate with the British company Playtech. According to TS, it is to be a breakthrough for the Polish entertainment market. The opening of the casino was made possible by a new gambling act.
- **Additional recruitment for the "Senior plus" program.** For 2018 PLN 80 million is planned for the program, of which 50 have been used so far. The results of the second recruitment are to be known before 20 April.
- **The ban on trade on a selected Sunday has come into force.** Trade will be possible on the first and last Sunday of the month. This month it will be 4 and 25 March. Ultimately in 2020, trade will only be possible on 7 Sundays a year.

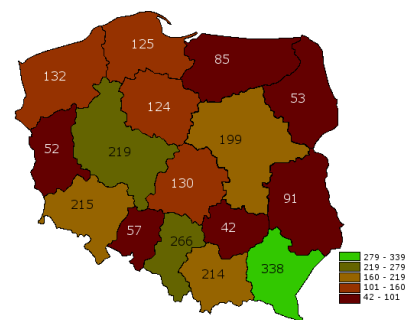
## Financial institutions

- **Financial results of the Pekao group.** For the fourth quarter of 2017, the net profit amounted to PLN 1.1 billion (increase by 113% y / y), interest income PLN 1.2 billion (+ 9% y / y), net commission income PLN 617.2 million (+ 1% y / y). The market reacted positively to the results - an increase in the share price by 3.93%.
- **BZ WBK has the consent of UOKiK to take over part of Deutsche Bank.** The consent applies to the acquisition of a part of Deutsche Bank's assets (retail banking, Business Banking and DM DB Securites). The contract was concluded in December 2017. The value of the transaction is approximately PLN 1.3 billion.
- **Agreement on terminals.** PKOBP, Poczta Polska, Orange Polska and eService have signed an agreement regarding the free

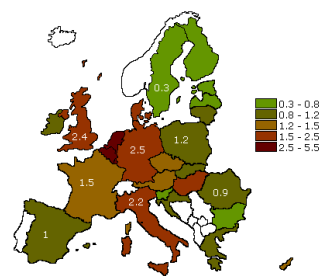
provision of terminals to small and medium enterprises within the framework of the Non-Cash Payment Support Program for 12 months. Entrepreneurs may sign an agreement to download terminals at banks, post offices and postmen.

## Economic maps

Green areas (parks, graveyards, communal forests) in 2016 (km<sup>2</sup>)



Built-up areas in 2015 (%)



## Financial Markets

- **Game plans published by CD Projekt.** The main projects of the company remain "Cyberpunk 2077" and "The Witcher". The company will complete the extension and introduction of additions to "The Witcher 3". In the near future, only the game "Thread" will be developed.
- **Merger of PKN Orlen with Lotos.** PKN Orlen signed a letter of intent regarding the takeover of a controlling stake by Lotos from the State Treasury. The approximate value of the transaction is PLN 5.46 billion. The Office of Competition and Consumer Protection will examine the transaction in terms of protecting the market from monopolisation. Due to the scale of the transaction, it can also be monitored by the European Commission.
- **CD Projekt in WIG20.** The Warsaw Stock Exchange has announced that in the WIG20 index, CD Projekt will replace Asseco Poland, which will be moved to mWIG40. In turn, mWIG40 will leave Neuca (move to sWIG80) and it will be

replaced by GetBack. The changes are to take place after the session on March 16, 2018.

- **JSW is seeking a contract in India.** The subject of the contract is the demethanization of hard coal deposits of the Indian company Coal India. Coal India produces approx. 500 million tonnes of coal per year and is a major coal supplier in India. So far, JSW has signed letters of intent with Essar Steel and Jindal Steel and Power in November 2017.

- **Oil this week stood at 4.1%, which was due to concerns about growing production of this resource in the US from shale and plans of tariffs of the US president.** In deliveries for April, the West Texas Intermediate barrel on the New York Stock Exchange reached \$ 60.97 (down by 2 cents). On the other hand, the Brent on the London fuel exchange in deliveries for May reached USD 63.90 per barrel (an increase of 7 cents).

- **Copper prices on the London Stock Exchange are growing at a minimum (by \$ 2).** In 3-month deliveries, LME is

valued at USD 6,900.00 per ton. The US president announced the introduction of tariffs on imports of aluminum and steel next week. On the markets there are fears about possible triggering a global trade war.

- **Gold prices record a downward trend for the third consecutive year, approaching USD 1,300 per ounce.** Recently, the reason for this situation is the dollar exchange rate against the euro.

- **The weakening of the zloty is strengthening, the euro is stable.** The zloty exchange rate depreciated due to sentiment prevailing in the broad market. Moreover, the presented PMI index for the industry, which recorded a fall, disappointed. The dollar is strengthening as a result of the Fed chairman, who does not close the gate to pursue a "tougher" policy. This week the euro exchange rate remained stable while awaiting the parliamentary elections in Italy.

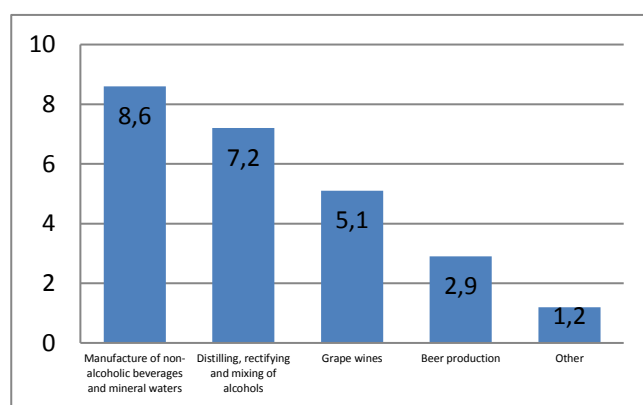
## Company of the week

**J. W. Construction** - one of the largest Polish housing developers with over 20 years of experience in the real estate market. From the beginning, the company has built over 25,000 flats and 350 single-family houses in Warsaw, Katowice, Łódź, Gdynia and abroad. The company's portfolio includes not only investments from the popular segment, but also apartotelowo-commercial real estate, such as Wola Invest or Jerozolimskie Invest in Warsaw as well as luxury hotel facilities, including Czarny Potok Resort & Spa in Krynica Zdrój and Hotel Dana in Szczecin. The company has been listed on the Warsaw Stock

Exchange since June 4, 2007. The majority shareholder and at the same time chairman of the supervisory board is Józef Wojciechowski, who owns 62.84% of shares, from whose initials the first two letters of the name come from. The company is one of the fastest growing companies. The price of its shares is 4.40 zł. In 2016, the company generated 490 million zł in sales revenue and a gross profit of 20.6 million zł. Financial ratios: ROA 0.4%, ROE 0.91%, price / book value (P / BV) 0.6; price / profit (P / E) 15.65; price / sale (P / S) 0.80.

## Indebtedness of beverage producers by sub-branch (in PLN million)

Condition of the creators of soft drinks juices, fruit and vegetable nectars that depends on the quality and quantity of the harvest. In the case of unsuccessful neighboring producers and users, the highest price should be obtained. Representatives of the National Union of Juice Producers are worried that a severe 2017 may affect the condition. According to the Central Statistical Office, fruit harvest in 2017 was smaller by 30-35%. Through spring frosts and later weather conditions that lived by occurrence and pests. Harvesting of apples is lower by 30% and cherries have dropped even 60% compared to the beginning of the year



Source: CO GRYZIE PRODUCENTÓW ŻYWNOŚCI CZYLI SYTUACJA FINANSOWA W BRANŻY SPOŻYWCZEJ

## Statistical data

Macroeconomic indicators			Rates (%)		Markets (points)			
		Date		1W Δ bps			1W Δ %	
GDP y/y	5,1%	Q4 2017	WIBOR 3M	1,72	0,00	WIG	60 580	-0,08
CPI	1,9%	2018.01	EURIBOR 3M	-0,328	0,00	WIG 20	2 314	-0,89
Unemployment rate	6,9%	2018.01	LIBOR CHF 3M	-0,7474	0,00	DAX	11 892	-2,45
Salary av. enterprises	4 973 zł	2017.12	EUR/PLN	4,20	0,21	FTSE	7 067	-1,51
Industrial production	8,60%	2018.01	USD/PLN	3,41	-0,08	DJI	24 234	-1,52
NBP reference rate	1,5%	Since 2015.03	CHF/PLN	3,64	0,54	SP500	2 655	-0,82
			EUR/USD	1,23	0,29			