

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

- EC with good forecasts for the Polish economy.** The Commission notes that the economy is growing solid and growth is driven mainly by domestic demand. In 2017 the economic growth in Poland was 4.6 percent, and the EC assumes for the future one of the highest rates in Europe.
- PLN 69 million for schools for patriotic education programs.** The measures will cover program activities in 2017-2021. The school year 2017-2018 was declared the "Year for Independence". Men, together with the Scouting Association of the Republic of Poland, will also be awarded the titles of the "Independent School".
- In the fourth quarter of 2017 the number of jobs has decreased.** At the end of the year there were 117, 8 thousand. Compared to the same period of 2016, there were 51.1 percent more. More, up to 87.2 percent vacancies, was in the private sector.
- PIP will check compliance with the trade ban.** Controllers may impose a fine up to 2 thousand PLN for persons not complying with restrictions. In the event of a gross violation of the ban, the case may also be referred to the court.
- 430 million euro for infrastructure projects from the EU.** The funds are to be allocated to five projects. The largest amount of funding will be allocated to work on the water collection and distribution system in Warsaw - 146 million euro.
- New hunting law.** It concerns, inter alia, the ban on juvenile hunting. It will also be possible to exclude a private area from the hunting area. The permission for hunting in national parks was also withdrawn.
- Draft amendment to the Renewable Energy Act adopted by RM.** It aims to adapt to international requirements. It assumes a much greater use of agricultural by-products. New solutions for wind energy were also proposed.

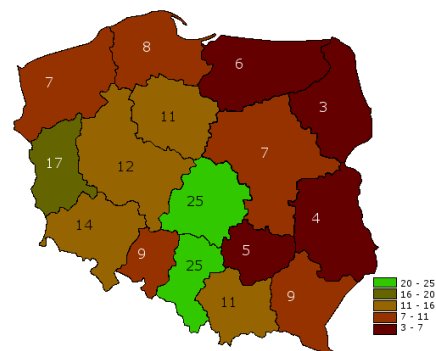
Financial institutions

- 5 new entities on the KNF's list of warnings.** The Polish Financial Supervision Authority has added 5 new entities suspected of committing a crime of brokerage activity without permission from the PFSA. These are companies: Nescom Polska, Netmore, Mane Marketing, Seremar and Butrans. The basis for warning about the company Butrans is also the person of the company's president (Karolina Myszor), which manages a total of 25 different entities.

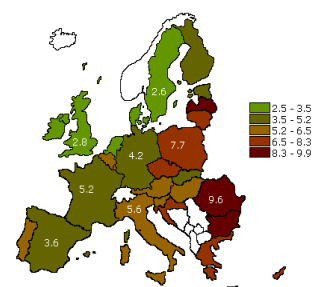
- Financial result of ING Bank Śląski for 2017.** Net profit in 2017 amounted to PLN 1 403.1 million compared to PLN 1 253 billion from a year earlier (+ 13.0% y / y). Interest income of PLN 3 452.8 million compared to PLN 2 953.4 million in 2016 (+ 16.9% y / y), while fee and commission income amounted to PLN 1 188.8 million (+ 11.1% y / y). On April 5, shareholders are to decide on the amount allocated for the dividend. It is proposed to allocate PLN 416.3 million to profit, ie approximately PLN 3.2 per share.
- Alior published the results for the fourth quarter of 2017.** Net profit amounted to PLN 143.1 million (-61% y / y) in the fourth quarter, while in the entire 2017: PLN 515.2 million. Commission income was PLN 115 million (+ 25% y / y), net interest income was PLN 737 million (+ 23% y / y). The market reacted negatively to these results - on the day of publication, the fall in share prices by 7.1%.

Economic maps

Expressways and motorways per 1000 km2 in 2016 (km)



Rate of people killed in road accidents in 2016



Financial Markets

- Newag with a new contract for PLN 44 million.** Newag won the tender for the supply of two new four-part electric traction sets (EZT) for the Świętokrzyskie province. Under the contract, Newag is also obliged to service trains and provide train crews of traction sets.

- **Mostostal with a new contract for PLN 200 million.** The contract concerns the extension of the Focus Mall shopping center in Zielona Góra. The deadline for the investment - end of February 2020.
- **AmRest publishes the results for 2017.** The company's net profit amounted to PLN 182.28 million (-4.3% y / y), and the revenues were PLN 5 265.5 million (+ 25.1% y / y). In 2017, the company opened 210 new premises (compared to 146 a year earlier) and implemented an innovative concept - Pizza Hut Express. Despite quite optimistic results, the market reacted quite negatively - on the day of publication, the decline in share prices by 2.61%.
- **The date of the new 11Bit Studios project.** The latest project - the game "Frostpunk" will be released on April 24, 2018. This date has been postponed many times since December 2017. The game price on the day of release will be 29.99 USD (109.99 PLN).
- **The price of oil fell due to the strengthening dollar**

and the rise in inventories of this raw material in the US. Brent was valued at USD 63.87 (down 1.1%). The price of the American Crude raw material was USD 60.34 per barrel (down 1.7%).

- **Copper prices on the London Stock Exchange are slightly falling. In 3-month deliveries, LME is valued at USD 6,044.50 per ton.** The segment on metal markets is improving as a result of information on possible releases of the US president from import duties.
- **The zloty is stable, the dollar is strengthening, the euro is stable.** The MPC decision regarding interest rates did not significantly affect the zloty exchange rate. The fall in the value of China's foreign exchange reserves caused not only the strengthening of the dollar, but also an increase in the yield on US bonds. The withdrawal of the European Central Bank from the readiness to buy assets contributed to the strengthening of the euro. Mario Draghi cooled the emotions associated with the quick QE ending which contributed to the fall in the euro.

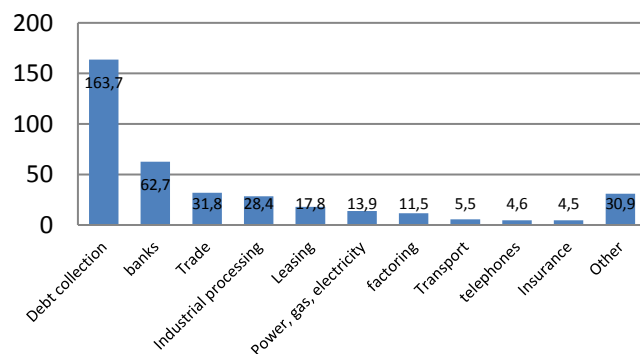
Company of the week

AmRest Holdings SE - an international operator managing the brands of the catering industry based in Wrocław. The company operates in two sectors: fast food bars (QSR) - KFC, Burger King, Starbucks and restaurants with waiter service (CDR) - La Tagliatella, Pizza Hut, Blue Frog and KABB. Currently, AmRest manages nearly 1,500 premises in Poland, the Czech Republic, Hungary, Russia, Bulgaria, Serbia, Croatia, Spain, France, Germany, China and the United States. The company made its

debut on the Warsaw Stock Exchange on 27 April 2005. The largest shareholders of the company are: FCapital Dutch (56% shares), Freefloat (26% shares), Gosha Holding (11% shares). In 2016, the company generated 4 billion zł in sales revenue and a gross profit of 223 million zł. Indicators: ROA 4.20%, ROE 13.48%, price / book value (P / BV) 7.06, price / profit (P / E) 1.79; price / sale (P / S) 1.8.

Obligations of food producers

7,000 food producers appear in the National Debt Register. The total debt is already PLN 375 million. PLN 95.6 million for financial institutions: banks - PLN 62.7 million, leasing companies - PLN 17.8 million, factories - PLN 11.5 million and insurance companies - PLN 4.5 million. The main creditors are, in fact, securitization funds and debt collection companies buying debts (PLN 163.7 million). It should be taken into account at 60-70% of the financial sector. By this situation, it can be observed that a considerable problem for food producers is the service of loans taken, either for investments or for servicing current operations.



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

Statistical data

Macroeconomic indicators		Date
GDP y/y	5,1%	Q4 2017
CPI	1,9%	2018.01
Unemployment rate	6,9%	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	4,19	-0,24
USD/PLN	3,40	-0,30
CHF/PLN	3,58	-0,15
EUR/USD	1,23	0,06

Markets (points)		1W Δ %
WIG	61 688	1,07
WIG 20	2 355	1,40
DAX	12 347	-0,07
FTSE	7 225	0,30
DJI	25 221	1,31
SP500	2 775	1,32