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**ENGLISH EDITION:** Bartosz Golnik

## Economy

- 1/3 of Polish GDP produced by domestic entrepreneurs.** In 2017, they provided employment for 3.9 million people. Polish entrepreneurs add 35 percent to GDP. A Polish entrepreneur is statistically a man less than 45 years old. Only Estonians have a lower average in the EU.
- Poland low in the EU's ranking of the digital economy.** It was placed only on 24 out of 28 places. All EU countries lag behind global leaders. The ranking covers many areas, from digital skills to computerization of enterprises.
- Fuel in almost all of Poland for over PLN 5 / l.** This is the highest price for four years. The only voivodships where the average price did not exceed this barrier is Lower Silesia and Pomerania. In the near future, the price may worsen the so-called emission fee.
- May interest rates have not changed.** Reference will amount to 1.5%, lombard 2.5%, deposit 0.5%, rediscount 1.75%. The rates are currently at the lowest level in history.
- Backlog of construction companies at the level of PLN 4.57 billion.** At the end of the quarter, there were 39 282 debtors. Problems with paying off liabilities concerns 5.7 percent companies, which means an increase of 0.8 p.p. over a period of 6 months.
- Inflation increases in April.** On a monthly basis, it was 0.5 percent and an annual 1.6 percent. Compared to last year prices increased among others alcohol, education, restaurant services, used apartments.
- LOT opens connections to Singapore.** Initially, the offer is to include 3 flights a week, but from July their number will increase to 4.
- The government plans to reduce the eligibility threshold for theft as a crime.** It is to amount to PLN 400. Shoplifting remains a big problem. Partially due to them, it is planned to change the existing conditions.

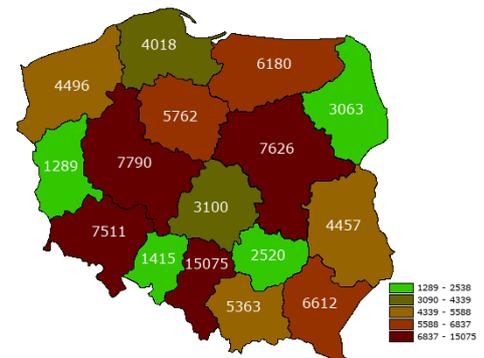
## Financial institutions

- Development plans of BGŻ BNP.** In 2021, the Bank intends to maintain annual revenue from banking operations for the benefit of the SME sector at 5% and 6% for large enterprises. Retail banking services are expected to increase by 8%. BGŻ BNP also intends to finalize the purchase of Raiffeisen Bank Polska by the end of 2018.
- The KNF recommends contact with the prosecutor's office to GetBack victim's.** According to the Commission,

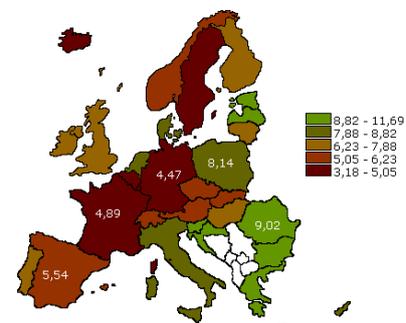
misleading could have been made by persons distributing bonds. Get Back issued bonds worth PLN 2.58 billion.

## Economic maps

Sewage network breakdown in 2016



Share of environmental taxes in budget in 2016 (%)



## Financial Markets

- Azoty Puławy accredited by PepsiCo.** The company informed about obtaining accreditation from the PepsiCo corporation. The accreditation concerns elements related to the production activity, quality control, logistics and sales and management systems of the company from Puławy. Thanks to this accreditation, the Polish company will become the official supplier of CO2 to PepsiCo production plants in Poland and abroad. This accreditation will be valid until 2022.
- The results of the LPP company for the first quarter of 2018.** The company generated a profit of PLN 104.8 million (PLN 117 million in the first quarter of 2017). At the end of March LLP had 1728 stores with a total area of over 1 million m2 located in 20 countries, i.e. in Poland 977, Russia 329 and Ukraine 86. LLP increased e-commerce internet sales by 139% y / y. This is due to with the introduction of a ban on Sunday trading from March 2018.

- **The UOKIK consent for the acquisition of Mili by Eurocahsh.** The consent applies to the acquisition of 100% shares in Domelius Limited, the owner of the Mila chain of stores. A preliminary agreement in this matter was concluded in September 2017. The purchase cost is about PLN 350 million.
- **The expansion of Wirtualna Polska.** The Wakacje.pl company from the Wirtualna Polska Media Group has signed a contract for the acquisition of the franchise company My Travel, which has 116 stores in Poland. The value of the contract is approximately PLN 10-19 million and will be paid in three installments until the end of the third quarter of 2019.
- **Analysts point out that the global oversupply of oil has been removed almost entirely, which increases speculation in the markets.** In deliveries for June, the West Texas Intermediate barrel on the New York Stock Exchange reached \$ 71.63 per barrel (an increase of 14 cents). At the ICE Futures Europe fuel exchange in London, Brent receives 26 cents in June delivering a value of USD 79.56 per barrel.

- On the copper market, investors mostly have neutral views on the quotations of this metal in the coming week. These views are based on a stable demand for this metal, however, one should watch out for the strengthening dollar, because industrial metals, including copper, are priced in this currency. In 3-month deliveries, LME is priced at USD 6,870.70 per ton (a decrease of 0.2%).
- The zloty weakens, the dollar strengthens, the euro weakens. This week the Polish currency returned to Tuesday's level, which means a loss of about 10 cents not only to the dollar but also to the pound and the franc. The increase in global risk aversion is not conducive to zloty. The dollar has reached the highest level since November. At the same time, the money prices in the United States have reached their many-year highs. This week brought a weakening of the euro against other major currencies. The fall strengthened the weakening of the zloty against the aforementioned currencies. This level could be observed in October last year.

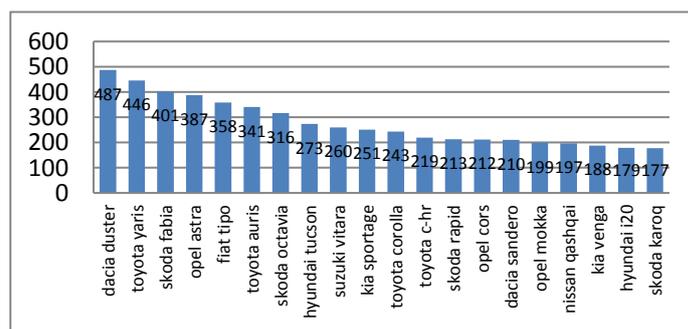
## Company of the week

**KSG Agro** - an Ukrainian agricultural company operating in almost all segments of the agricultural market, including in the sector of production, storage, processing and sale of agricultural products. The group specializes mainly in cultivation, focusing on cereals, such as sunflower, wheat, barley, rapeseed, soybean, etc. The Group also dynamically develops vegetables and horticulture. The group consists of 8 agricultural enterprises, located mainly in the Dnipropetrovsk region, characterized by high-quality chernozems, offering large yields without excessive fertilization. In the business region, KSG Agro occupies a leading position among producers of agricultural products due to the land bank controlled by it, advanced

technology of plant management and high productivity. The company has been listed on the Warsaw Stock Exchange since 1997, and currently (16/05/2018) its rate is 1.30. The main shareholder of the company is Olbis Investments LTD SA, holding approximately 64% of shares. In 2017, the company generated 32 million euro in sales revenues (4% more than in 2016 and 29% more than in 2015) and 837 thousand euro in gross profit (77% less compared to 2016 and 131% more compared to 2015). Financial ratios: ROA 4.15%; price/book value (P/BV) 2.96; price/profit (P/E) 0.88; price/sales (P/S) 0.32.

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

It is not yet six months and automotive companies have sold 200,000 passenger cars. In 2017, 500,000 copies sold. The industry counts on another sales record. Comparing car sales from April 2018 to April 2017, it increased by 13%. In April 2018, the Dacia Duster car was most often bought. It was sold in 487 copies and it decreased by 17% compared to March. Most likely Toyota and Skoda domination will return in the coming months. Compared to March, sales of Toyota and Skoda fell by 40% and 29%.



Source: <https://www.bankier.pl/wiadomosc/Nowy-lider-sprzedazy-samochodow-osobowych-w-Polsce-W-kwietniu-krolowala-dacia-duster-7588220.html>

## Statistical data

Macroeconomic indicators		Date
GDP y/y	<b>5,1%</b>	Q1 2018
CPI	<b>1,3%</b>	2018.03
Unemployment rate	<b>6,8%</b>	2018.02
Salary av. enterprises	<b>4 599 zł</b>	2018.12
Industrial production	<b>2,90%</b>	2018.03
NBP reference rate	<b>1,5%</b>	2018.03

Rates (%)		1W Δ bps
WIBOR 3M	<b>1,70</b>	-0,00
EURIBOR 3M	<b>-0,328</b>	0,00
LIBOR CHF 3M	<b>-0,7352</b>	0,00
EUR/PLN	<b>4,29</b>	-0,07
USD/PLN	<b>3,65</b>	0,12
CHF/PLN	<b>3,65</b>	0,53
EUR/USD	<b>1,18</b>	-0,16

Markets (points)		1W Δ %
WIG	<b>58 740</b>	-1,01
WIG 20	<b>2 230</b>	-1,13
DAX	<b>13 077</b>	-0,28
FTSE	<b>7 778</b>	-0,12
DJI	<b>24 736</b>	0,09
SP500	<b>2 716</b>	-0,15