

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)

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Economy

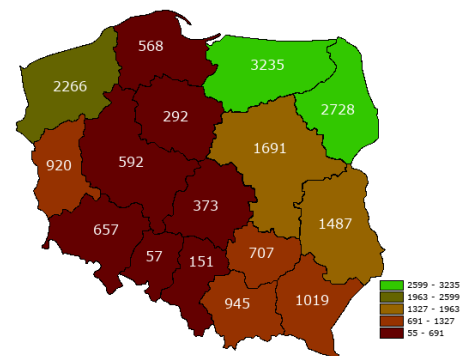
- **About 1/8 of Polish families has at least one unemployed person.** This problem has been decreasing regularly for five years. About 60 percent of unemployed have no job for more than 12 months, and only 50% is registered at the employment office.
- **Ministry of Infrastructure allocates PLN 186 million for 10 investment programs for road tasks.** They will be implemented in five voivodships, and their overriding task is to adapt roads to the use of heavy vehicles by them.
- **In 2018 2.1 million smartphones were sold in Poland.** The leader is Huawei, which reached 32 percent market share. Second place is occupied by Samsung, which has 1 percentage point less than Huawei.
- **Pesa will be taken over by PFR.** The contract is expected to be finalized in mid-June. Pesa is a renowned Polish manufacturer of rail vehicles.
- **LOT opens connections with Macedonia.** The new offer includes Skopje. The company will also increase the number of flights to Podgorica in Montenegro. For both countries, connections should be available 6 days a week.
- **Large apartments with a deterioration in sales.** In spite of the 45% general increase in permits for building, large apartments are still of little interest. According to the Home Broker and Open Finance report, housing prices in the largest Polish cities increased by 4.3 percent.
- **ARiMR: up to 100,000 non-returnable aid for young farmers.** The condition is the applicant's age: less than 40 years. The documents must be submitted between June 29 and July 30.
- **New Ikea store in Warsaw in the second half of 2018.** It will be opened in the Blue City shopping center and will be the third shop of the Swedish company in the capital city, and the eleventh in Poland.

Financial institutions

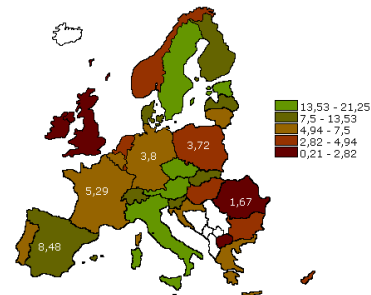
- **NIK: almost PLN 8 billion of bank tax in the last two years.** The Commission states that its introduction did not adversely affect the functioning of financial institutions. Domestic banks had a dominant share in the tax.
- **The NBP agrees to card payments without PIN up to PLN 100.** Mastercard issued a message in this matter. The new limit is to apply not earlier than a year, in the second quarter of 2019.

Economic maps

Number of organic farms in 2016



Percentage of area under organic farming of total agricultural area in 2016 (%)



Financial Markets

- **Newag with an agreement with PKP Intercity.** Newag has signed a contract for delivery of 20 electric Griffin locomotives to PKP Intercity, with the possibility of extending it by 10 additional units (PLN 367.62 million and PLN 551 million with the extension). The deadline is 30 months. The price of the contract includes in addition: periodic inspections and comprehensive repair of locomotives after 60 months of operation.
- **CCC with the consent to take over part of Adler International.** UOKiK agreed to take over part of the Adler company dealing in the trade and distribution of footwear. CCC will take over 41 agency stores located in Poland. The value of the contract is PLN 68.5 million.
- **AmRest acquires three new markets.** The company will receive from Pizza Hutt Europe a 10-year Master-Franchise license for 29 restaurants located in three countries: Russia, Azerbaijan and Armenia. The costs of license fees for this restaurant brand incurred by Amrest will also decrease. The contract value is EUR 2 million.
- **Rafako with a contract for a new gas pipeline.** Rafako will build a gas pipeline DN700 Szczecin - Gdańsk with

accompanying installations for the Operator Gazociągów Przemysłowych. The value of the contract is PLN 124.9 million, and its execution time is 2 years.

- **WSE has completed trading in Alma Market shares.** Due to the expiration of a period of 6 months from the announcement and validation of the court judgment regarding the bankruptcy of Alma Market, the WSE will close trading in the company's shares on June 3, 2018.

- **This week we could see a slight drop in US oil prices.** The markets are waiting for decisions taken by OPEC countries and cartel allies regarding the amount of gas supplies to global fuel markets. In deliveries for July, the West Texas Intermediate barrel on the New York Stock Exchange reached \$ 66.87 per barrel (down 17 cents). At the ICE Futures Europe fuel exchange

in London, Brent in August supplies is cheaper by 8 cents to reach 77.48 USD per barrel.

- **Copper prices on the London Stock Exchange are slightly declining.** In 3-month deliveries, LME is priced at USD 6,839 per ton. Credit Suisse analysts do not provide good information for investors, because they indicate that the global market will surplus by 2021 due to decreasing consumption.

- **Zloty is weakening, the dollar is strengthening, the euro is stable.** The zloty remains in the shadow of the European currency and is weakening with it due to the events in Italy and the growing political tension that may contribute to the turmoil in the euro area. The dollar thanks to the investors' reluctance to risk, but also to the expectations of the Federal Reserve.

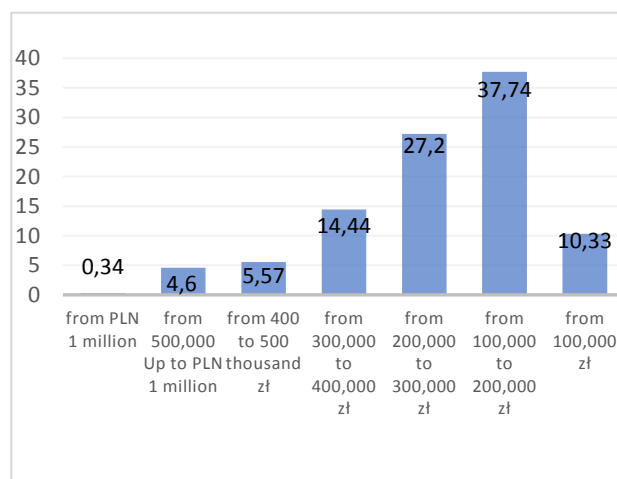
Company of the week

Ciech SA - is a Polish trading and manufacturing company in the chemical industry, established in 1945. The capital group concentrated around Ciech is the only producer of soda in Poland and the second in Europe. From 1952, the company was practically a monopolist in trade in chemical raw materials, as it provided, among others, approx. 90% of crude oil to Polish refineries. It has production facilities in Poland, Germany and Romania. The main products of the Ciech Group are: soda ash (second place as a supplier in Europe), baking soda, salt, fertilizers, plant protection agents, epoxy resins, polyester and other organic chemistry products, applicable in glass, furniture, chemical, construction and other industries agriculture. Since February 2005, Ciech has been listed on the Warsaw Stock

Exchange. Since 2016, CIECH shares have been admitted to simultaneous trading on the Frankfurt Stock Exchange under dual listing. Share capital of Ciech S.A. is PLN 263.5 million and is divided into 52,699,909 shares. The main shareholders of the company are: Kulczyk Investments SA - 51.14%; Nationale-Nederlanden OFE - 9.48%; TFI PZU SA - 5.12%. In 2017, the company generated 3.5 billion zł in sales revenue and a gross profit of 468 million zł. Financial ratios: ROA 8.47%, ROE 18.01%, price / book value (P / BV) 1.42; price / profit (P / E) 8,22; price / sale (P / S) 0.90.

Structure of newly granted loans according to the loan amount in the first quarter of 2018

A decline in the popularity of housing loans was recorded in the first quarter of 2018. It fell by 1.33 pp. in the structure, the share of newly granted mortgage loans up to PLN 100,000 PLN and amounted to 10.33%. The most popular loan segment, i.e. the range of PLN 100-200 thousand, increased by 2.66pp. in relation to the fourth quarter of 2017 and amounted to 37.74%. The share of loans in the range of PLN 500,000 fell. PLN to 1 million PLN by 1 p.p. and amounted to 4.60%. In the remaining ranges there were minimal changes to 0.5 p.p.



Source: Report AMRON-SARFiN 1/201

Statistical data

Macroeconomic indicators		Date	Rates (%)		1W Δ bps	Markets (points)		1W Δ %
GDP y/y	5,2%	Q1 2018	WIBOR 3M	1,70	-0,00	WIG	57 890	1,06
CPI	1,7%	2018.05	EURIBOR 3M	-0,328	0,00	WIG 20	2 190	1,54
Unemployment rate	6,3%	2018.04	LIBOR CHF 3M	-0,7354	0,00	DAX	12 724	0,95
Salary av. enterprises	4 840 zł	2018.04	EUR/PLN	4,30	-0,36	FTSE	7 702	0,31
Industrial production	9,30%	2018.04	USD/PLN	3,69	-0,03	DJI	24 627	0,87
NBP reference rate	1,5%	2018.03	CHF/PLN	3,73	-0,19	SP500	2 733,2	1,03
			EUR/USD	1,17	-0,27			