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ENGLISH EDITION: Bartosz Golnik

Economy

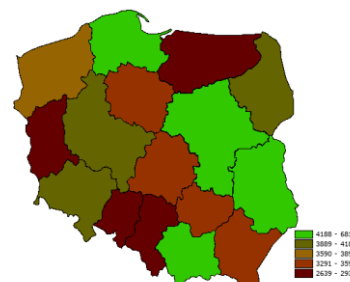
- **Poland is a victim of brain drain.** Last year 580 thousand people after graduation lived abroad. This is the highest ratio among all EU countries.
- **Power market performance good for energy companies.** Moody's assessed the results of the power market auction PGE, Tauron, Enea and Energa as "credit positive". In the coming years, companies will have to face, among others with rising costs of CO2 emissions.
- **From December 1, the employee and the employer will be able to receive an SMS about the issued sick leave.** The message will include, among others information from and until when the release will be valid. The service will be free. Almost 92 thousand doctors already use the electronic ZUS certificate, which serves as a signature to issue e-redundancies.
- **UOKiK investigates PKN Orlen prices.** Retail and wholesale prices are analyzed. It is checked, among others are there margins not lowered and if so does not cause so-called the foreclosure effect.
- **Large stores affected by ban on Sunday trading.** According to economists, retail sales would grow much faster if trade were allowed on all days. Sales are currently growing 6.5%. yr, but according to the experts of Credit Agricole, it could grow 8.5-9.5 percent.
- **Polish Space Agency will train officials from the use of satellite data.** The survey conducted by the Agency shows that the most popular area in which satellite data is used is spatial economy. Training will begin in 2019.
- **Increases for office administration employees.** Salaries of this group will increase by 655 PLN gross from January. It will be the highest increase in the history of Polish treasury sector.

Financial institutions

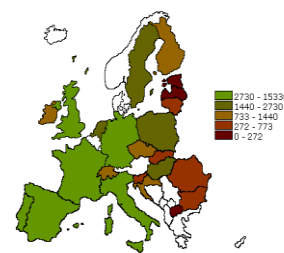
- **Financial penalties for Vex and Getback.** Penalties were imposed due to clear violations of clients' rights in debt collection proceedings conducted by these companies in earlier years. Getback received a fine of PLN 5 million, while Vex 20 thousand zł.

Economic Maps

Average prices of dwellings in 2017 (zł)



Total lengths of motorways in 2015 (km)



Financial Markets

- **The Court approved the fusion of Vistulia and Bytom.** The District Court in Kraków registered the merger of two companies - Vistula and Bytom, which was also officially removed from the court register. The merger was organized as a takeover of the entire capital of Bytom in exchange for the equivalent of shares of the merged company. The consent of the shareholders of both companies and the OCCP to the merger was issued in October 2018.
- **Orange with a contract for the purchase of a fiber optic network.** Orange Polska signed an agreement with Telekom, a Bełchatów-based operator, to purchase a fibre-optic network with a reach of 7.3 thousand households and business premises. The acquisition is part of Orange Polska's long-term strategy, which is to spend a total of PLN 4.2 billion on investments related to the fibre-optic network in 2016-2020.
- **CCC with an agreement to take over a part of HR Group Holding.** CCC signed a conditional consent to take over the minority stake of Luxembourg company HR Group Holding. This package is to cover approximately 30.55% of the company's shares with a total value of EUR 25.9 million. The package will be purchased mainly from two companies: Capiton and Flo. The entry into force of the transaction is

subject to appropriate approvals from antitrust authorities in Austria and Germany.

- **Newag with the "Gold Payer" certificate.** The global provider of insurance guarantees and commercial analyses, Euler Hermes, has awarded Newag with the "Golden Payer" certificate for the year 2017.

- **PKP Cargo increased its freight transport in October by 9.4%.** According to the information published by the company, in October PKP Cargo transported goods with a total weight of 10.4 million tonnes, which is an increase of 9.4% compared to the same period last year. The total transport work performed by PKP Cargo vehicles this month also increased by 9.4%, totalling 2.8 billion tonne-kilometres.

- **The EUR / PLN exchange rate may fall to 4.27 in the coming week.** It will remain in consolidation - experts say. They add that larger movements will occur on the EUR / USD pair. Yields on Polish bonds will probably be falling.

- **The next week, there may be more eurodollar movements.** It is still uncertain what the next week's data will

show: the G20 summit, data from the US labor market. This suggests that the eurodollar will stay around 1.14.

- **Copper is even cheaper on the LME metals exchange in London.** The state of affairs may change after the congress of Donald Trump and Xi. Copper in three-month supplies costs USD 6,113 per ton, after a discount of \$ 9 - they are given by brokers. US President Donald Trump, during the G20 summit in Buenos Aires starting on Friday, is expected to meet on Saturday for a working lunch with the leader of the PRC, Xi Jinping. This will be the first meeting of both leaders since the US and China have imposed import duties on themselves.

- **Oil in the US is more expensive than 1%.** The US is open to conclude an agreement on trade with China, and the demand for fuel markets is on the rise - brokers point out.

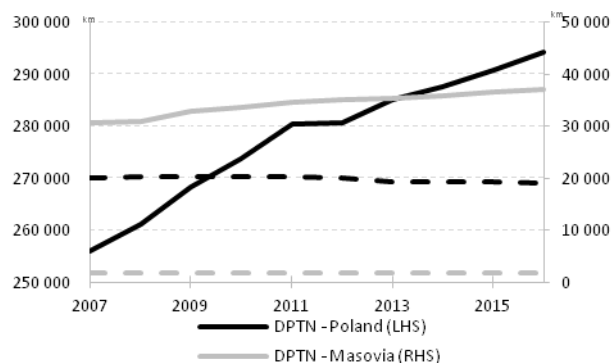
Company of the week

Vistula specializes in the production, design and distribution of fashion collections for men and women and jewelry. The group includes the following brands: Vistula, Deni Cler Milano, Wólczanka and W. Kruk. The group employs 2,348 employees. Sales revenues 3q 2018 180 million, EBIT 10 million, net profit 3q 2018 6 922 thousand. Price / book value

ratios 3q 2018 (P / BV): 1.21, price / sales revenues 3q 2018 (P / S): 0.91, price / operating profit 3q 2018 (P / E): 11.0, return on assets ROA 5, 36%, return on equity ROE 7.90%, price / sale (P / S) 11.0

Number of kilometers of public roads with hard surface and used railway lines in the Mazowieckie voivodship and Poland in 2007-2017

Joining Poland to the European Union gave a chance to realize a lot of investments in the voivodship transport system. The road infrastructure was treated as a priority, but the railway infrastructure was disregarded. Public roads are increasing every year. The dynamics of changes in the number of roads in the Mazowieckie Voivodship in 2016 is 21% compared to 2007, the comparable dynamics is for the whole of Poland and amounts to 15%. The number of railway lines in 2016 in the Mazowieckie region remains at the same level as in 2007, and dropped by 5% in the country. The utilization rate for Mazovia was 18.9 trips.



Note: DPTN - hard surface public roads, ULK - used railway lines
Source: own study based on the Local Data Bank

Statistical data

Macroeconomic indicators		Date
GDP y/y	5,1%	07.2018
CPI	1,74%	09.2018
Unemployment rate	5,8%	08.2018
Salary av. enterprises	4 848 zł	06.2018
Industrial production	2,80%	09.2018
NBP reference rate	1,5%	07.2018

Rates (%)		1W Δ bps
WIBOR 3M	1,72	0,00
EURIBOR 3M	-0,316	0,00
LIBOR CHF 3M	-0,7452	0,03
EUR/PLN	4,29	0,13
USD/PLN	3,79	0,82
CHF/PLN	3,80	0,46
EUR/USD	1,13	-0,69

Markets (points)		1W Δ %
WIG	58 203	-0,36
WIG 20	2 291,08	-0,53
DAX	11 257,2	-0,36
FTSE	6 980	-0,83
DJI	25 538	0,79
SP500	2 760	0,82