

COUNSELLOR: Dr hab. Sylwester Kozak, prof. SGGW

EDITOR: Marcin Łukaszewski

WRITERS: Bartosz Gołnik (Economy), Piotr Grudzień (FX market) • Łukasz Grzęda (Economic sector), Marcin Łukaszewski (Company of the week) • Konrad Hornowski (Financial markets, Financial Institutions) • Bartłomiej Zegadło (Economic maps)

ENGLISH EDITION: Marcin Łukaszewski

Economy

- **2.1 million apartments deficit in Poland.** HRE Think Tank analysts say that by 2030 about 600,000 extra apartments are to going to increase it. In 2017 too few social housing were available - their deficit was around 200 000.

- **IERiGŻ June 2019 food prices are expected to be 4-5 percent higher yoy.** In comparison with December 2018 they are to be higher by 3-3.5%. The reasons for the price increase are to be, among others, unfavorable supply conditions for some agri-food markets.

- **Orlen station in Warsaw's Praga district under the name of CPN.** The company explains that it wants to give the opportunity to directly interact with the heritage. The logo is visible, among others on buildings and clothes of employees. In turn, a station under the name of Petrochemia Płock will soon be opened in Bodzanów near Płock.

- **COP24: Poland with the reward of the Fossil of the Year.** Poland was awarded, among others for high use of coal. The UN climate summit in Katowice will last until December 14. Its aim is to create a set of rules enabling implementation of the postulates of the Paris Agreement of 2015.

- **Poles 44 percent Christmas gifts budget will be issued online.** A year earlier it was 42 percent. It is estimated that Polish families will spend 1168 PLN on holidays, 6 per cent more than a year ago.

- **PKP Intercity with additional wagons before Christmas.** At the largest parking station, Warsaw Grochów, during the winter the device to prevent excessive cooling of the train chassis will be operating.

- **UOKiK will punish managers who violate the interests of consumers.** The maximum penalty is PLN 2 million for managers from outside the financial sector and PLN 5 million within it. The office will be able to impose penalties from December 15.

- **The Senate supported the amendment to the Commercial Tax Act.** The main reason was the EC proceedings initiated, according to which the tax structure could give privileges to smaller stores and be recognized as public aid.

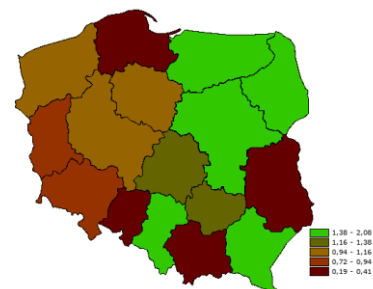
Financial institutions

- **BGŻ BNP Paribas with an employment reduction plan.**

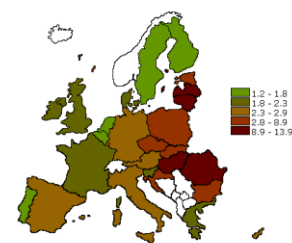
Bank BG BNP Paribas plans to lay off up to 2.2 thousand employees by 2020. The Bank estimates the provision for employment reduction and branch closures at approximately PLN 157 million. This provision will be charged to the Bank's result in the fourth quarter of 2018. These redundancies are related to the reduction of the company's operating costs related to the acquisition of the core business of Raiffeisen Bank Polska.

Economic Maps

Dynamics of employment growth 2017/2016



Dynamics of labour cost 2017/2012



Financial Markets

- **Wielton with a new credit agreement.** Wielton has signed a new loan agreement with a consortium of banks: PKO BP, BGŻ BNP Paribas and BGK. The total amount of the loan is 413 million PLN. The loan agreement includes 7-year investment loans, refinancing of Wielton's existing investment debt and a loan for the purchase of 75% of shares in Lawrence David Limited.

- **ZUE offer is the most advantageous in PKP PLK tender.** The most advantageous offer in the tender of PKP Polskie Linie Kolejowe was submitted by ZUE. The tender included construction works on railway lines: 131, 542, 739 between Rusiec Łódzki and Zduńska Wola. The net value of the submitted offer amounts to PLN 582.7 million, while the time for execution of the task was set at 43 months from the signing of the contract.

- **PKN Orlen will expand Anwil for 1.3 billion.** PKN Orlen agreed to expand the production capacity of the fertiliser factory in Anwil for a total amount of PLN 1.3 billion. The project assumes an increase in production capacity by 495 thousand tonnes per year to the level of 1.461 million tonnes per year. Completion of production is planned by the end of 2021, while as a result of the investment, Anwil will be able to enlarge its offer by 4 new types of fertilisers.

- **Tauron and the EIB with an agreement on bonds.** Tauron has signed financing documentation with the European Investment Bank on the basis of which it issues so-called hybrid bonds with a total nominal value of PLN 400 million. The funds raised from the bond issue will be used for the development and modernization of the power grid infrastructure in 2018-2022.

- **Copper at the LME metals exchange in London is cheaper at worrying macro prices from the Chinese economy.** Metal in 3-month supplies costs USD 6.124,00 per ton, after a 0.5% reduction. - give brokers. China's industrial

production of crystal in November by 5.4 percent. yr, and analysts expected an increase of 5.9 percent. In turn, the retail sales of the bar by 8.1 percent. yr in XI, +8.8% was forecasted.

- **Oil in the USA is 52 years per barrel.** Please contact OPEC + for further information. The West Texas Intermediate oil barrel for NYMEX fuel supplies in New York is priced at 52.35 USD per barrel, after a 0.44% cut. Brent in deliveries for February on the ICE Futures Europa fuel exchange in London is valued at USD 61.01 per barrel, at a reduced price by 0.73%.

- **Fuel price reductions at stations will continue to be celebrated.** Analysts expect further declines in the downward trend. Cheaper than a week earlier than on petrol and diesel oil, as well as on medium level. The analysis of fuel prices at stations shows that prices are not always priced in from the wholesale market. Therefore, while locally we see a drop in the price of Pb95 gasoline to the level of 4.55 - 4.60 PLN / l and diesel to the level of 4.80 PLN / l, gasoline prices are still predominating at the level of 4.80 - 4.90 PLN / l, and oil 5,10 - 5,20 PLN / l

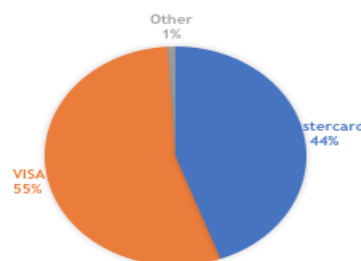
Company of the week

Group Azoty SA is the largest fertiliser and chemical company in Poland and one of the key players in Europe. The company consists of plants from: Kędzierzyn Koźle, Police, Puławy and Tarnów. The Group specializes in the production of nitrogenous and compoundfertilizers. It is the largest supplier of ammonia

and phosphoric acid on the polish market. Sales revenues 3q 2018 2.325 billion, net profit 3q 2018 -106 million. Price / book value ratios 3q 2018 (P / BV): 0.47, price / sales revenues 3q 2018 (P / S): 0.33, price / operating profit 3q 2018 (P / E): 13.07, return on assets ROA 0.61%, return on equity ROE 1.05%.

Structure of issued cards according to individual card systems - status on the second quarter of 2018

In the second quarter of 2018, the position on the Polish market as regards the payment organization is the dominant position, VISA is responsible for 54.6% of payment cards issued in Poland, followed by MasterCard for the second place with 44.4%. Bank's own cards (other) amounted to 1%. In comparison with the first quarter of 2018, the use of VISA decreased by 0.2 percentage point.



Source: Information about payment cards II quarter of 2018, Payment System Department, Warsaw, 2018

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%	12.2018

Rates (%)		1W Δ bps
WIBOR 3M	1,72	0,00
EURIBOR 3M	-0,74	-0,03
LIBOR CHF 3M	-0,312	0,00
EUR/PLN	4,29	-0,08
USD/PLN	3,79	0,38
CHF/PLN	3,80	0,04
EUR/USD	1,13	0,46

Markets (points)		1W Δ %
WIG	58 781	-0,29
WIG 20	2 303,41	-0,31
DAX	10 865,7	-0,54
FTSE	6 845	-0,47
DJI	24 113	-1,97
SP500	2 598	-
		1,96