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ENGLISH EDITION: Bartosz Golnik

Economy

- **Interest rates unchanged in February.** The MPC decided to leave the reference rate at 1.5%, the lombard rate at 2.5%, and the deposit rate at 0.5%. and rediscount notes at 1.75%.
- **Likely further drops in fuel prices in the coming week.** Reflex Brokerage provides for a drop in gasoline and oil prices by at least 3-5 groszy.
- **Extended deadline for submitting applications for CFO and the President of PKP Cargo.** The current date is March 7. In 2013 PKP Cargo made its debut on the Warsaw Stock Exchange.
- **Ursus will deliver 10 buses to Lublin.** The contract value is PLN 13 million. The city of Lublin is also the seat of Ursus. Lubin intends to buy an additional 15 buses.
- **More Ukrainians working in Poland.** Companies show 36 percent. greater interest in employees from beyond the eastern border. In total, 2.8 million statements were made about the intention to entrust work to a foreigner.
- **Changes in the labor code can affect smokers.** The employer will be able to demand the work of smoking breaks. Smokers will do it for free.
- **Increasing scrap prices increase the value of PKP Cargo trains.** This situation means that the PKP Cargo accountant is PLN 20m in plus. Increasing scrap prices increase the value of rolling stock.
- **The announced faster connection between Warsaw and Vilnius.** Polish and Lithuanian railways want to accelerate in a short time. In June 2016, connections between Lithuania and Poland were resumed.

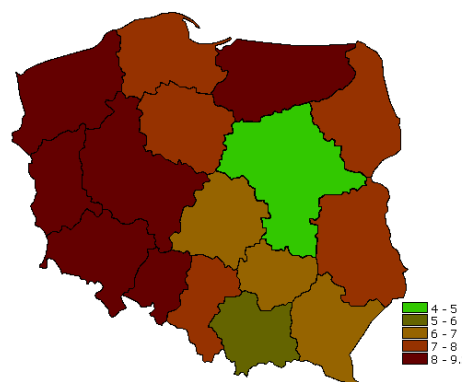
Financial institutions

- **Rabobank will pay a \$ 369 million penalty.** The case concerns laundering of dirty gang money. In addition, the bank must pay 50 million dollars to the currency control office.
- **Less punishment for Alior Bank.** UOKiK initially wanted a PLN 3 million fine for the bank for controversial amendments to the regulations. The court reduced the penalty to PLN 500,000.
- **mBank presented the results for the fourth quarter.** MBank published the company's results in the fourth quarter of 2017. The net profit of the company amounted to PLN 311.6 million (+ 7% y / y). Revenue from bank commissions decreased by 7% compared to the fourth quarter of 2017 and amounted to PLN 233.5 million - according to the bank, this was due to the reduction in commission income for using the card and brokerage accounts. The interest margin by 0.1p.p. in

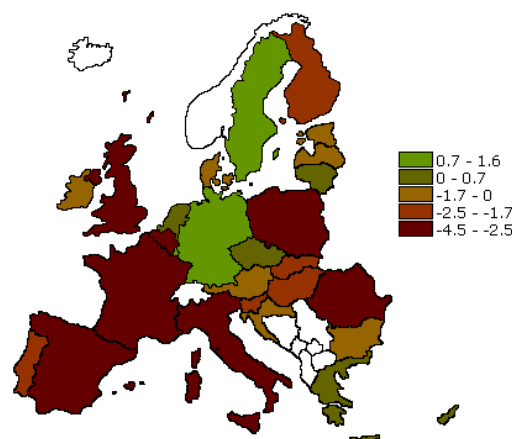
relation to the previous quarter, reaching the level of 2.6%. Interest income amounted to PLN 825.1 million (+ 9.5% y / y).

Economic maps

Work accident percentage in total, Poland = 100%



General government deficit/surplus in 2016 (% of GDP)



Financial Markets

- **How much Kamil Stoch can earn at the Games?** For Kamil Stoch, the Olympic Games may be a chance to significantly increase his financial status. To the accumulated so far during the World Cup season, gratuities in the amount of approx. 375 thousand. Our top jumper will be able to add 120,000 PLN awards from the Polish Olympic Committee (For the record: Two individual contests are played during the IO). However, in the case of team triumph, each of the four players can count on a prize in the amount of 90 thousand zloty.
- **Netia with a physical access point in Ukraine.** The telecommunications company Netia has launched, in co-

operation with local partners, the so-called The physical access point in Lviv. This point opens up new opportunities for the company expanding the possibilities of providing data transmission services for companies investing in eastern markets, while the Ukrainian partners of the Polish company gained easier access to Western markets.

- **The beginning of negotiations between PKN Orlen and the unions.** The President of the PKN Orlen company - Daniel Obajtek concluded the preliminary meeting with the trade unions regarding negotiations regarding wage negotiations.

- **The West Texas oil barrel on the New York Stock Exchange was priced at \$ 61.55, down 24 cents.** During the previous session, this raw material has been the strongest for 2 months. On the London Stock Exchange, Brent received \$ 65.34 a barrel in April deliveries (a 17-cent decrease).

- **Copper prices on the London metal stock exchange**

rose by 0.5% after a sharp drop in prices during the previous session. According to analysts, the increase in quotations of this metal supports the weaker dollar and increases occurring on the stock exchanges in Asia. Quotations for futures contracts for this precious metal have reached the lowest level since the month. It is falling already for the third session in a row. Analysts say the dollar's strengthening is the direct cause.

- **The zloty weakened, the dollar strengthened, the euro stable.** The exchange rate of the zloty against the euro has reached the lowest level in two years and five months. The sell-off of this currency is caused by the deterioration of sentiment in the equity market. On Wall Street you can see the first downward correction in two years. The dollar began to appreciate, reaching the highest level in two weeks. He made a small part of the losses that have been recorded since the beginning of last year. The euro exchange rate remains stable despite favorable data about the industry in Germany.

Company of the week

Kruszwica S.A - the largest in Poland and one of the largest in Central Europe, oilseed processor and producer of vegetable fats. The company specializes in the production of bottled oils, margarines and fats for industrial needs. The offer also includes products for the food, feed and biofuel industries. Kruszwica S.A. has three production plants: in Kobylniki near Kruszwica, Brzeg and Gdańsk, and an office in Warsaw. The products are widely known on the domestic market and are exported, among others to Hungary, Germany, Romania, Israel, Bulgaria, Slovakia and Georgia. The majority shareholder (64% of

shares) is Bunge Limited - a global agri-food concern based in the United States, operating in over 40 countries around the world. Shares in the share package are also: Windstorm Trading & Investment Limited - 25%, Altus TFI S.A. - 5% and others - 6%. The company debuted on the Warsaw Stock Exchange in 1997, and currently (09/02/2018) the share price is 70 zł. In 2016, net sales revenues amounted to 2.38 billion zł, while net profit to 65.3 billion zł. Indicators (2016): ROA 10.8%, ROE 12.94%, price / book value (P / BV) 1.67, price / profit 22.60 (P/E), profit / share 2.84 zł.

Poland TGE RDN - prices [EUR / MWh] and quantities [MWh]

In the analyzed period prices on the Day-Ahead Market of gas fluctuated in the range: 17.82 - 21.77 EUR / MWh. The lowest price was recorded on 6 January, and the highest on January 13 this year. The average price on the gas market was 20.52 EUR/MWh and was 3% higher than the price from the first half of the year. January 2017 - 21.17 EUR/MWh. In 2017, the volume of gas trading amounted to 138.66 TWh, an increase of 27% compared to the previous year. Since mid-2016, PGNiG has exported over 1 billion cubic meters of natural gas to Ukraine at favorable prices, of which 0.7 billion m³ in 2017. It is possible to increase exports if the possibility of a virtual reverse is unlocked.



Source: Ennex - Monitor Gazowy.

Statistical data

Macroeconomic indicators	Date
GDP y/y	4,9% Q3 2017
CPI	2,1% 2017.12
Unemployment rate	6,6% 2017.10
Salary av. enterprises	4 973 zł 2017.12
Industrial production	2,70% 2017.12
NBP reference rate	1,5% Since 2015.03

Rates (%)	1W Δ	bps
WIBOR 3M	1,72	0,00
EURIBOR 3M	-0,328	0,00
LIBOR CHF 3M	-0,7474	0,00
EUR/PLN	4,19	0,04
USD/PLN	3,43	0,18
CHF/PLN	3,65	-0,22
EUR/USD	1,22	-0,13

Markets (points)	1W Δ %
WIG	65 952 -1,04
WIG 20	2 382 -0,98
DAX	12 103 -1,28
FTSE	7 090 -1,12
DJI	23 839 -0,09
SP500	2 583 0,11