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Economy

- **Fall in fuel prices in May.** The biggest change concerns diesel. The downward trend is persists for the third week in row. 95-octane gasoline currently costs an average of PLN 4.60 per liter.
- **Ministry of Finance: Effective retirement age is more important for the economy than the statutory one.** Employers state that if it were, the statutory retirement age could be completely abolished. MF analysis is inconsistent with the potential shortening of retirement age.
- **Revised forecast for GDP growth for Poland in 2017 and 2018.** The EC decided to raise the estimated value from 3.2% to 3.5%. According to the Commission, Poland's GDP will mainly be generated by investments.
- **KRD: Smaller payment bottlenecks, the economy is growing.** 1/5 of companies had no trouble getting timely payment for goods and services sold in the first quarter of 2017. In April, 44 per cent of companies have indicated that their financial position in the coming quarter will improve.
- **GUS: Average salary in the first quarter of this year amounted to PLN 4353.55 gross.** It increased by 4.1% compared to the first quarter of 2016.
- **MR report: GDP growth in the first quarter of 2017 was 3.6%.** The authors have maintained their trade balance forecast for 2017, which will amount to EUR 2300 million - EUR 192 800 million will be exported and EUR 190 500 million is to be imported.
- According to the Ministry of Agriculture and Rural Development, the current agricultural losses amount to PLN 4.3 million. So far, only 14 commissions in the voivodeship area have been completed. According to their data, 3582 farms suffered losses.

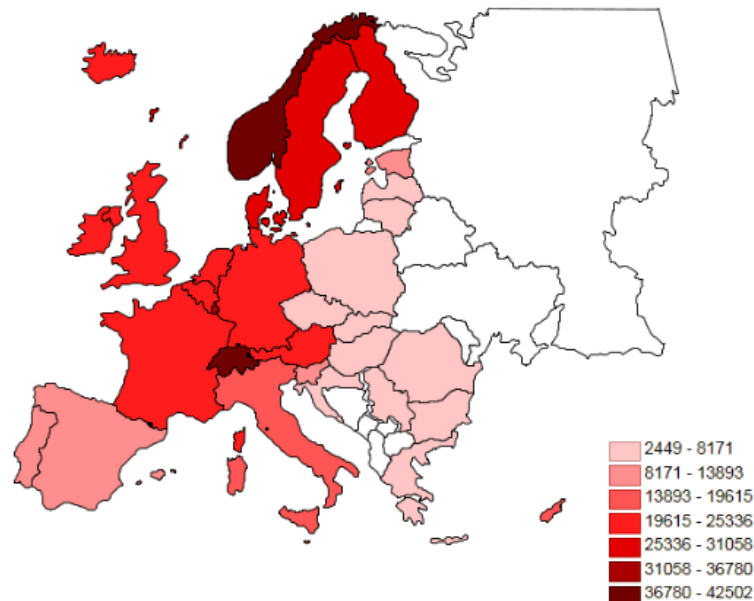
Financial institutions

- **83% of Poles with bank accounts.** Over the past 7 years, the share of bank account holders has mostly increased among the oldest Poles. It is related to better marketing of banks, the environment or natural emotional movement. The highest degree of exclusion is in the elderly, with primary education, the unemployed and the rural population.
- **Pekao SA's overtaking by PZU SA.** Financial Supervisory Commission has stated no grounds for objecting to acquisition, which will be done through the Polish Social Development Fund Bank Pekao SA in the number of redesigned 20% of shares at the beginning of June. After the ownership changes, the share of domestic capital in the Polish banking sector will exceed 50%.

- **“Your Credit Union” in Kedzierzyn-Kozle gone bankrupt.** Deposits accumulated by 51.6 thousand. CU members amount to over PLN 170 million. The institution has own funds of PLN (-) 52.65 million, shows a current loss of PLN 2.73 million and an uncovered loss from previous years of PLN 76.27 million.
- **Banks will pay a higher bank tax.** This is due to the fact that it will cover 12 months. The ten largest banks will pay a total of PLN 3.57 billion in 2017 (nearly 20% more than in 2016). The tax rate is 0.44% on annualized assets.

Economic maps

Median equivalised yearly income of household at age of 25-49 in 2015 (euro)



Financial Markets

- **The actions of the Polish giant fell heavily.** The fact that assets of French EDF will be purchased by free funds contributed to this fact. In addition, PGE recommends not paying dividends on profits for 2016, 2017 and 2018. The result was an 8% fall in prices.

WIG20		mWIG40	
WINER OF THE WEEK			
KGHM	+2,04	PKPCARGO	+2,24
LOSER OF THE WEEK			
PGE	-8,15	MEDICALG	-3,47

- Stokrotka network operator is looking for an investor.** The main task of the future investor will be to take off the company from the stock exchange floor. The purpose of the Emperia Management Board is to provide all shareholders of the company the opportunity to sell shares in a tender offer announced by the investor on equal terms to all shareholders.
- Polish developer bought 2 hectares of land for investment.** The purchase price in German Zossen in Brandenburg is to amount to PLN 3.1 million. Murapol is going to build there 15 buildings with 230 apartments with a total usable area of 13tys. square meters This will be the second investment of a Polish company in Germany.
- Vistula Group and Bytom started talks.** They concern the possibility of merger. However, the management of the Vistula Group says, that launching the talks does not mean that the merger will take place. For possible signing of merger documents, the company will inform by a separate report.

- Brent strongly rebounds to \$ 51 after recent drops.** Declining supplies of OPEC raw materials may be extended until 2018, the brokerage said. Copper falls to \$ 5,569 per tonne. Imports of copper and its products to China fell in April to 300,000 tonnes, the lowest since October 2016. Still in March the Chinese imported 430,000 tons of it. Gold rebounds strongly from Wednesday, ending the week at \$ 1,227 an ounce. Reflection of gold upside may be explained by the political tensions in the United States related to the dismissal of the head of the FBI, but the upward movement may simply result from a technical rebound of the previous fall.
- Dollar depreciation, zloty appreciation, euro depreciation.** The fall in the dollar was triggered by Friday's inflation data from the US economy, which pushed the dollar down. Also in Poland, macroeconomic data on CPI inflation, which caused an increase in the zloty exchange rate, was released in Poland. The weakening of the euro was due to two factors: the expected outcome of the presidential election in France and the recurring question of interest rate increases in the United States.

Company of the week

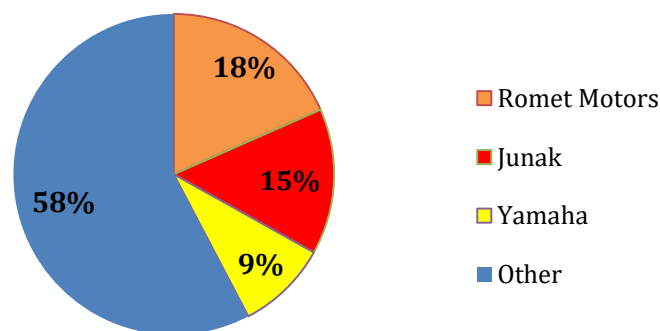
FALKA SA produces machines and equipment for mining and power industry. Established more than 100 years ago now employs 2500 people in 7 production plants. During its activity he supplied 7500 longwall shakers 212 thousand. Mechanized wall circuits and 4400 km of belt conveyors. For its

achievements it was awarded with such honors as Diamonds Forbes, Pearls of Polish Economy or Mining Success of the Year. The company entered the Warsaw Stock Exchange in August 2006 and its current value amounts to PLN 2773 million.

Motorcycle sales in Poland in 2016

In 2016 sales of motorcycles fell in Poland. In October alone it decreased by 5.5% compared to the previous year. This may be due to the introduction of new regulations: newly registered motorcycles must meet Euro 4 emission standards, and motorcycles over 125cc must be equipped with an anti-lock braking system. The leading brands are Romet Motors Junak and Yamaha, which represent 42% of the market share.

Motorcycle sales in Poland in 2016



Statistical data

Macroeconomic indicators	Date
GDP y/y	2.7% Q3 2016
CPI	2% 2017.03
Unemployment rate	8,% 2017.03
Average monthly salary	4 578 PLN 2017.03
Industrial production	11.1% 2017.03
NBP reference rate	1.5% 2016.02

FX exchange rates	1W Δ %
EUR/PLN	4.22 -0.13
USD/PLN	3.86 -0.49
CHF/PLN	3.85 -1.25
EUR/USD	1.09 0.35

Rates (%)	1W Δ bps
WIBOR 3M	1.73 0.00
EURIBOR 3M	-0.33 0.00
LIBOR CHF 3M	-0.73 -0.60

Stock markets (points)	1W Δ %
WIG	61 596 -0.08
WIG 20	2 369 -0.33
DAX	12 770 2.67
FTSE	7 405 3.65
DJI	20 897 -0.21
SP500	2 389 0.36