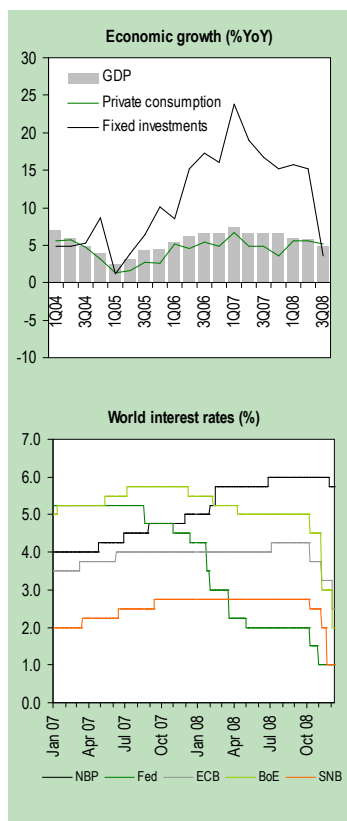


MACROscope

Polish Economy and Financial Markets

December 2008



In this issue:

Economic update	2
Housing market update	4
Central bank watch	5
Government and politics	7
Market monitor	8
International review	10
Economic calendar	11
Statistics & forecasts	12

Maciej Reluga
Chief economist
+48 22 586 8363

Piotr Bielski
+48 22 586 8333

Piotr Bujak
+48 22 586 8341

Cezary Chrapek
+48 22 586 8342

The year ends, but not the crisis

▪ **Last month we wrote about the possible strengthening of the interest rate market, yet we did not expect that the change would come so soon and would be so sizeable.** That stemmed from the worse GDP growth prospects for Poland and world-wide. At the same time, the deteriorating fundamentals of the Polish economy could also be one of the factors responsible for further depreciation of the zloty, though still the main factor affecting the foreign exchange market over a short-term horizon are fluctuations in the risk aversion strength. A month ago it seemed that the Polish currency would stay at relatively weak levels, yet further depreciation took place to go beyond the wide band of 3.50-3.80 which we suggested. We are still of the opinion that the prospects of entry to the euro zone (and ERM2) continue to be an important factor for the development of the situation on the FX market next year, yet a lot has changed in this regard during the recent weeks. It can be stated that not very hasty consultations lower the chances of the quick accession to ERM2, even more so that even the Prime Minister has not ruled that out. As for the time being, we do not revise the FX forecasts very significantly, though the question in the short-term horizon is whether the EURPLN exceeds the level of 4.0.

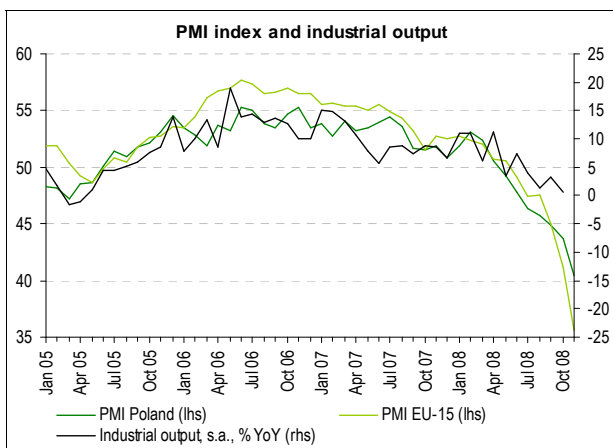
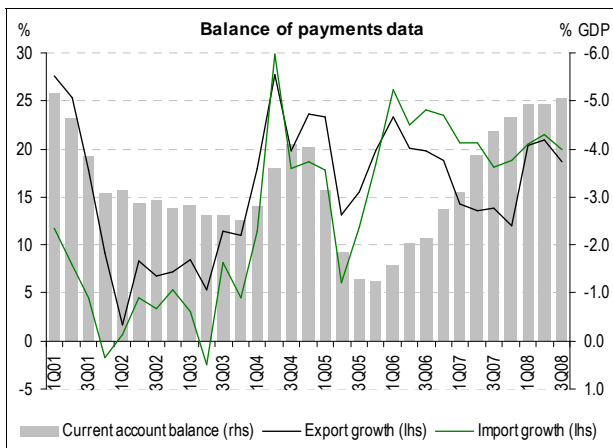
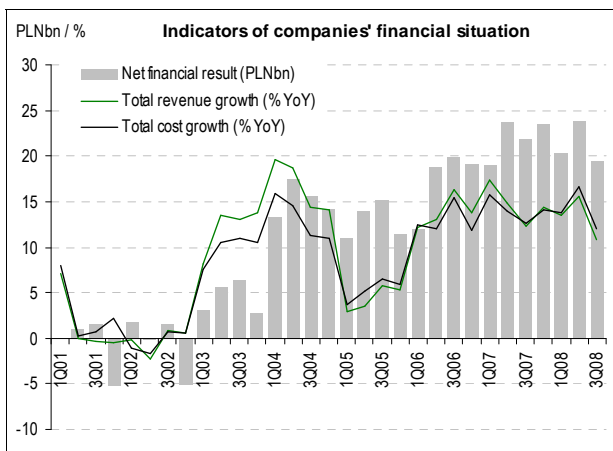
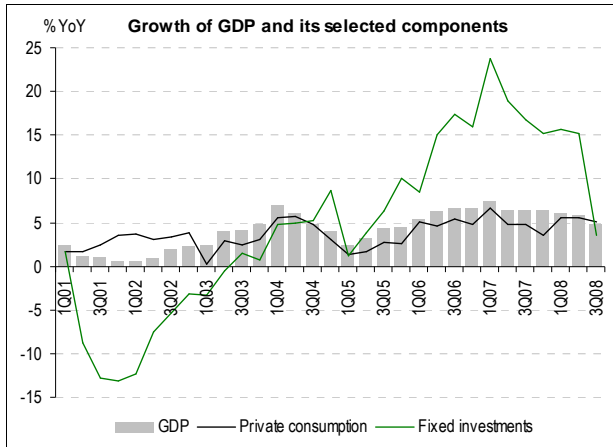
▪ **Incoming publications on weak economic data in the developed countries and subsequent revisions of forecasts for the GDP growth both in the euro zone and in the US triggered the change in projections for Poland.** The GDP projection of the NBP does not seem that pessimistic and the government's forecast, though revised, can still be considered optimistic. Our present forecast assumes the GDP growth in Poland at 2.6% in 2009 with a similar breakdown as before, though the risk is still to the downside. According to the Reuters survey's consensus, the GDP growth will be 2.8% with a much faster pace of growth in the first half of the year than projected by us. It should be noted that exports and investments will record the strongest slowdown (the latter was also affected by poor figures for the third quarter). The consumption growth forecast was cut relatively least. Lower GDP growth pace coupled with lower commodity prices, as well information from the Energy Regulatory Office about lower than expected increase in energy prices (4-5%) improve the inflation outlook for the upcoming year. The NBP inflation target at 2.5% may be achieved already in 2009.

▪ **The above scenario means further, probably material expansion of the monetary policy.** A month ago, it seemed that the total scale of interest rate cuts by the MPC will be 100 bps, however now, after the first MPC cut already in November, it seems that it is going to be more. In addition, stronger expansiveness can be also noted among the key central banks world-wide. Though some members of the MPC have doubts whether the Council should make another move already in December, in our opinion we should only be asking about the scale of the reduction as 50 bp cut is well possible. According to our projections, the reference rate will fall next year to 4.5% or maybe even lower (the market sees potential for less than 4%).

Financial market on 28 November 2008:					
NBP deposit rate	4.50	WIBOR 3M	6.56	USDPLN	2.9196
NBP reference rate	6.00	Yield on 2-year T-bonds	5.72	EURPLN	3.7572
NBP lombard rate	7.50	Yield on 5-year T-bonds	5.84	EURUSD	1.2869

This report is based on information available until 08.12.2008

Economic update



Source: CSO, NBP, Reuters, own calculations

Third quarter not so bad, yet investment slowing down

- GDP growth in Q3 reached 4.8%YoY versus 5.8% in Q2 and 6.0% in Q1. At first glance, it looks like a quite good result, however one should notice a sharp slowdown in fixed investment growth to 3.5%YoY from 15.5% average in H1. It confirms that already in Q3 (so even before the last burst of financial market crisis) companies became much more pessimistic and started halting investment decisions.

- Private consumption growth in Q3 reached 5.1%, slowing only moderately from ca. 5.6% in H1. Total domestic demand grew 4.3%YoY, which was the weakest result for three years. Additionally, one should notice that out of this, 0.6 pp resulted from growth in inventories (in the next quarters this positive contribution may not be sustained).

- One should expect that investment growth will keep slowing down in the next quarters, being additionally hampered by tightening credit conditions. Although share of investments financed by bank loans is relatively small in Poland (slightly above 30%), however there will be also smaller amount of own funds available – already in Q3 there was a drop in firms' financial results as compared to the last year.

- Deceleration in consumption growth also seems unavoidable, however we still think that slowdown in this component of total demand will be relatively the smallest, among others due to tax reduction, sizeable pension indexation, and fall in commodities prices (lower costs of living).

- Slowdown in import-consuming investments caused that net exports' contribution in Q3 was better than expected (it reached +0.3 pp and was above zero for the first time in 12 quarters). This factor will continue dampening expected GDP slowdown, resulting from weakening domestic demand).

Foreign trade data still not bad

- There are still no signs of strong deterioration in foreign trade in the NBP data about balance of payments. In September, exports (in €) increased 22.5%YoY and imports grew 21.2%YoY, while in Q3 it was 18.7% and 19.9% respectively.

- Current account deficit reached €1.97bn in September, and cumulated gap for 12 months was at 5.1% of GDP.

- One should remember that this data referred to quite distant past. In the next months and quarters one should expect strong slowdown in export growth, under influence of recession in the EU. Weak zloty may decrease this effect slightly however significant slowdown probably cannot be avoided.

- On the other hand, weaker domestic demand and weaker zloty will negatively affect imports, and thus current account deficit should not increase dramatically.

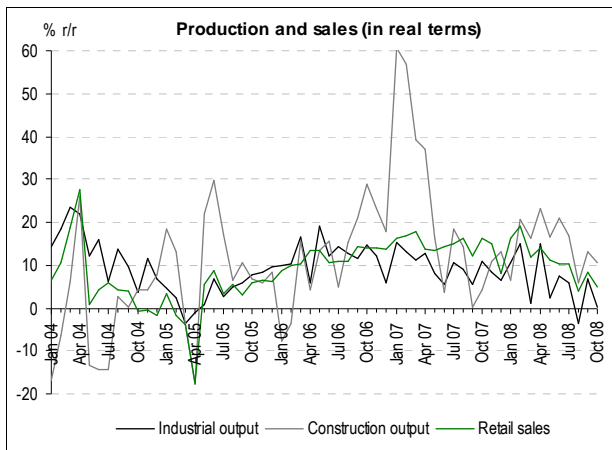
Fourth quarter will be much worse

- One must be aware that economic changes have gathered momentum in recent weeks, and thus situation in following quarters may be very different from situation in Q3.

- Virtually all surveys of economic climate are signalling increasingly strong deterioration in moods of entrepreneurs and consumers. Erosion of sentiment in Poland is weaker than abroad (for example, in the euro zone), nevertheless it suggests strong weakening in economic growth.

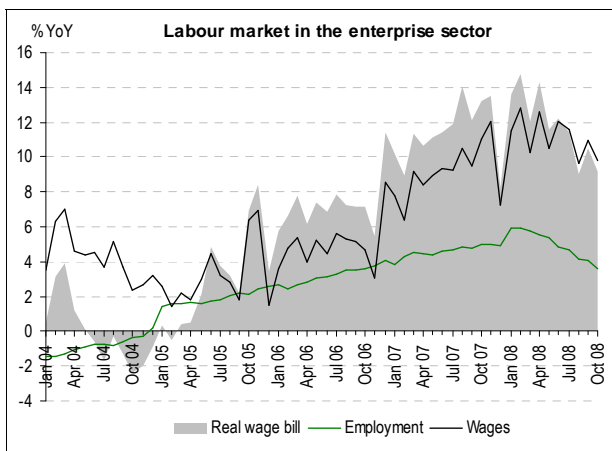
- Economic data available for October (see next page) confirmed that economic activity at the start of Q4 decelerated. Still, one has to remember that full effects of intensification of the crisis in financial markets and world economy are yet to come.

Economic update



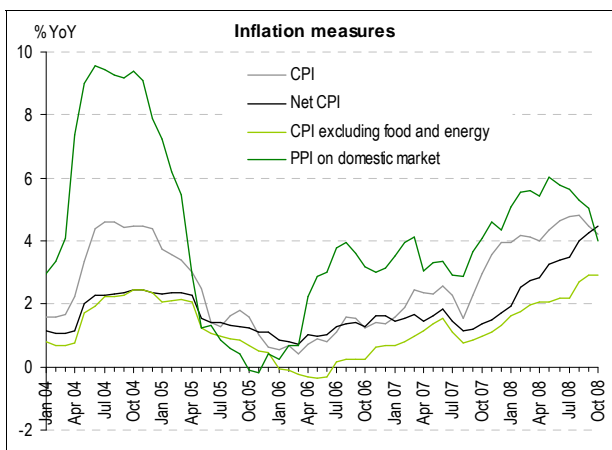
Slowdown in industry, not so much in retail sales

- Industrial production growth decelerated in October to 0.2%YoY after 3% growth in Q3 and 6.7% average in the first nine months of the year. Partly, it was effect of very high base. Nevertheless, a worrying factor is a very low growth in seasonally adjusted terms – only 0.5%YoY. In November we expect a fall in production, which will be affected, apart from deteriorating business climate, also by fewer working days.
- Production growth in construction remained in double digits and reached 10.5% in October. However, next months will most likely see a clear deterioration in this sector.
- Retail sales increased 7.9%YoY in nominal terms (Q3 average 11.2%) and 5.8% in real terms. Growth in retail trade is still being sustained by relatively good financial situation of households.



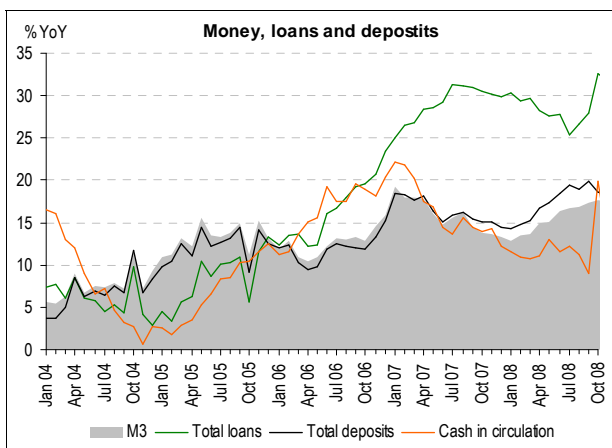
Labour market tensions weakening

- Growth in wages and employment has been decelerating, yet in gradual pace – in October to 9.8%YoY and 3.6%YoY, respectively. This trend is likely to be continue in next months.
- Wage bill in enterprises sector increased in October by 13.8%YoY in nominal and 9.2%YoY in real terms. Slowdown as compared to first three quarters (17.1% nominal and 12.2% real terms) is evident, however it is not deep enough to expect a sudden collapse in private consumption in near term.
- Registered unemployment rate fell in October to 8.8%, reaching new all-time low, while LFS-based unemployment fell to 6.6% in Q3. Since November, registered unemployment will start mounting, and is likely to return to double digits in the next year.



Inflation still quite high... but will go down soon

- Inflation rate fell in October to 4.2%, among others due to decline in prices of food and fuel. Also, most of core inflation measures decreased, except net inflation (rise to 4.5%) and CPI excluding prices of food and energy (stable at 2.9%). PPI growth accelerated to 2.4%YoY, while domestic PPI (better measure of price pressure at producers level) dropped sharply to 4%.
- According to MinFin forecast (consistent with ours) inflation fell in November to 3.8% (scale of reduction was slightly lower due to hikes in gas prices, but assisted by lower fuel prices).
- Much faster inflation drop should be expected next year under influence of weakening demand, lower prices of commodities and tighter control of energy prices (according to market regulator, electricity price hike will not exceed 4-5%). Thus, inflation return to target should be faster than expected until recently.

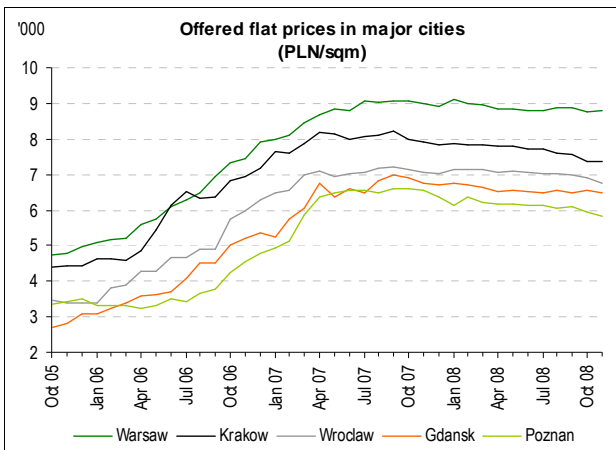


Last surge in loan growth?

- In October, loan growth in the banking system accelerated to ca. 33%YoY from 28%YoY. In large part, it was caused by a sudden zloty depreciation, which resulted in an increase in PLN-value of foreign currency loans (especially in case of loans for households, where share of FX loans is higher).
- However, even after taking into account exchange rate effect, a monthly rise in credit was sizeable, despite concerns about a sudden stop in loan growth after tightening of market crisis. Probably, in some part it resulted from the fact that some agents hurried up with loans decisions in order to get loans before banks tighten their policies / cancel loans in foreign currencies.
- Concerns about situation in the banking sector triggered a surge in demand for cash (over PLN8bn increase in a month!) and a deceleration in deposit growth in October.

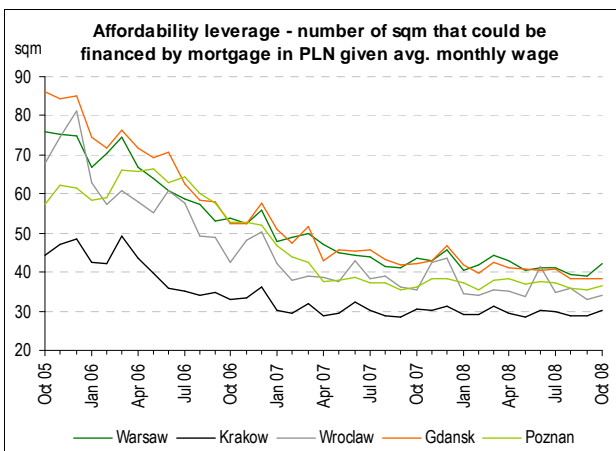
Source: CSO, NBP, own calculations

Housing market update



Flat prices moderately down

- The most recent report from szybko.pl showed that there was downward tendency in flat prices in October and November, but the scale of price fall was limited in case of most major cities.
- However, there is clear diversity in flat price performance across different regions. While the Warsaw market was relatively the strongest in November with annual price drop of a mere 2.2%, the price decline in Poznan deepened to two-digit numbers (-11.1%).
- Withdrawal of speculation investors and tightening of credit policy by banks recently may lead to deepening of fall in flat prices over the couple of next months. On the other hand, however, increase in expected return from renting flats may generate demand for flats and constrain price drop.

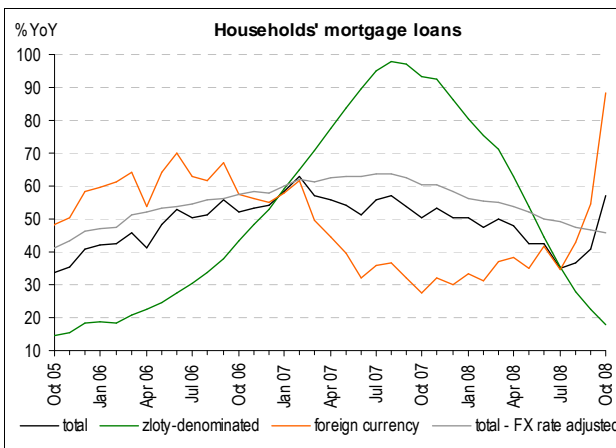


Significant changes in leverage affordability

- Despite increase in PLN rates, index of affordability leverage rose quite significantly in October in majority of major cities – effect of fall in flat prices and still strong wage growth.
- As wage growth is set to decelerate, this factor will positively affect the leverage index to a lesser extent than to date. However, there will appear positive impact of fall in interest rates (effect of expected reduction in NBP rates). Besides, leverage affordability will be effectively increased by amendment of the law on support for families in purchasing flats, which regulates rules of granting subsidies to mortgages (the new law waits for President's signature). The amendment increase limit for price of square meter of flat and house enabling for the subsidy. For instance, for Warsaw the limit will increase from PLN6632 to PLN7142, which means considerable increase in the number of flats that could be bought for a mortgage with the state's subsidy, especially given some fall in prices of flats.
- On the other hand, the index does not take into account the tightening of credit policy by banks (also with respect to mortgages in PLN). Apart from own initiative of banks, the tightening may be additionally forced by recommendation T drafted by the KNF (introducing among others more strict approach to calculation of clients' living costs).

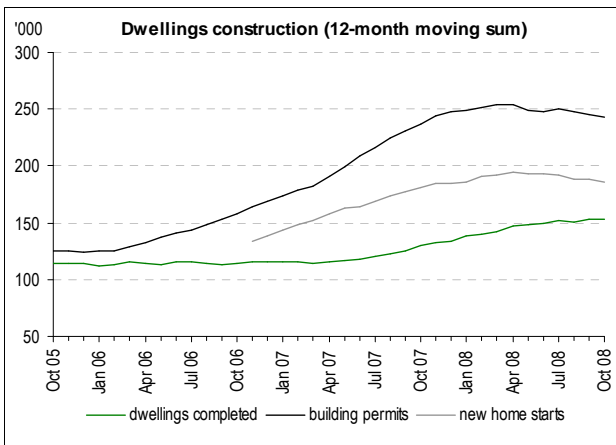
Weaker increase in mortgages

- Despite increase in the leverage affordability index, next months should bring further slowdown in mortgages value after correction for the effect of FX changes.
- In October, increase in mortgage value after FX correction was stronger than one could have expected, which could be related to increased demand for mortgages ahead of expected tightening in credit policy.



Reaction of the supply side

- In reaction to fall in prices and weakening demand, there have been next signals from developers about reduction in the number of realised projects. The tendency is confirmed by the stats office data, which showed that October saw fall in the number of building permits (-11.4%YoY) and in house starts (-16%YoY).
- The lower number of new projects realised by developers will yield with significant drop in supply of new flats in a few quarters. However, some decrease in the number of dwellings completed was observed already in October (-5%YoY) and the 12M cumulated number of dwelling completed fell to 152.9 thousand after October from 153.7 thousand after September against 133.7 thousand in 2007 as a whole.



Source: CSO, NBP, szybko.pl, own calculations

Central bank watch

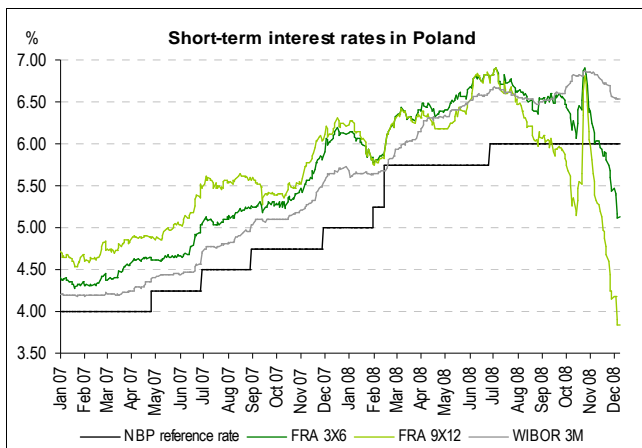
Fragments of the November's MPC statement

Data that have been released recently indicate that economic growth in Poland will decrease in the coming quarters. Stronger than previously expected economic slowdown will be driven by a significant decline in economic growth abroad, increased uncertainty as to the economic outlook as well as limited credit availability and its increased costs resulting from higher risk premium incorporated in market interest rates. At the same time, information on labour market developments points to a sustained high growth of wages and a continuously unfavourable relation between wage and labour productivity growth. Decelerating employment growth signals softening of the labour market and a likely diminishing wage pressure in the coming quarters. Since the Council's meeting in October growth forecasts for the global economy have been further revised downwards due to the persisting turmoil in the global financial markets and its growing impact on the real economy. At the same time, strong slowdown in the global economy – in particular, recession in the United States, the euro area and Great Britain – and the accompanying decline in commodity and food prices in the world markets contribute to decline in inflation, which has urged many central banks to continue to decrease their policy interest rates. The turmoil in the global financial markets has led to increased risk aversion, accompanied by depreciation of exchange rates of many countries, including Central and Eastern European countries, and by increased volatility of these exchange rates.

In the Council's assessment in the near future inflation will continue above the upper limit for deviations from the inflation target which will mainly result from the increase in regulated prices. Yet, in the medium term stronger than previously expected slowdown in the global economy – in particular, the recession in Poland's major trading partners – and, consequently, the decline in domestic economic growth will contribute to lowering inflation in Poland. Decreasing GDP growth and the related falling labour demand as well as deteriorating financial condition of enterprises will contribute to easing the wage pressure, and, consequently, also the inflationary pressure. The tightening of banks' lending conditions will also contribute to lowering inflation. Factors delaying the decline in inflation may include – apart from high annual growth in regulated prices – growing prices of some services, which may be partly driven by the growth in energy prices.

First cut done in November...

- In November the MPC lowered interest rates by 25bps (the reference rate to 5.75%). Consensus between market analysts was that rates would remain unchanged, the money market had been pricing in rate cuts for some time, also a cut in November. Thus, the market's reaction to the Council's decision was not significant (a few bps after the decision announcement and a few bps after the press conference).
- The reduction in interest rates was caused by a significant deterioration in the Council's assessment of the economic growth prospects for Poland and the global economy and resulting from that improvement in the inflation outlook. According to the MPC statement, "the Council assessed the probability of inflation running below the target in the medium term to be higher than the probability of inflation running above the target", which led to decision to lower the NBP interest rates. The above expression means that the informal bias has been changed to easing from neutral, which heralds further rate cuts, especially if weaker prospects for economic growth and improved inflation outlook are confirmed by next economic data releases.
- Likewise in the previous month, the MPC wrote that "decisions in the coming months will take account of the incoming information on the outlook for economic growth and inflation in Poland and abroad" and that it will "analyse the impact of developments in the domestic inter-bank market on the monetary policy transmission mechanism in Poland". Interestingly, this time around the Council added "maintaining fiscal discipline in the public finance sector may be conducive to easing monetary policy". One may have an impression that this is a positive reaction to the finance minister's comments on keeping budget deficit stable despite economic slowdown.



... next reduction expected already in December...

- Comments by MPC members referring to possible further development of the situation in terms of interest rates are very diverse - from suggestions of a few months wait-and-see till a necessity of swift and deep reductions. In our opinion, similarly as in November, the second option will get more support and it will be very hard for hawks to justify no rate cut during the next meeting of the Council. Especially as other central banks continue policy of significant loosening of their policies.
- Though the MPC wrote in the statement that "turmoil in the global financial markets has led to increased risk aversion, accompanied by depreciation of exchange rates of many countries", we do not think that a risk of further weakening of the zloty is sufficient argument to keep rates on hold. Possibly this will be factor limiting further easing through the next year.

... and more to follow next year

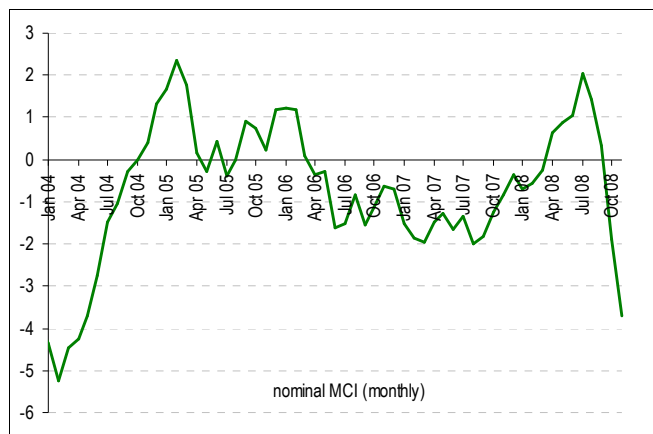
- Despite in previous years the Council did not make decisions to change rates just before Christmas, this time around the dynamic of changes in the economy and forecasts revisions are so large that after receiving some new data and information on prospects of the domestic and global economy, the MPC may decide for continuation of the monetary easing. A possibility of rate cut in December was not excluded even by hawkish Marian Noga, although in his view the more likely date for next move is January.
- Due to the change in the economic scenario expected by the MPC, and also due to further deterioration in our GDP forecasts, we think that the next months will bring continuation of rate cuts and by mid-2009 the reference rate may go down to as much as 4,50%.

Reuters' opinion poll

	market consensus	BZ WBK view
GDP growth 2009	2.8% (3.5%)	2.6% (3.3%)
GDP growth 1Q09	3.2% (3.7%)	2.8% (3.4%)
GDP growth 2Q09	2.7% (N/A)	2.2% (3.3%)
CPI inflation, average '09	3.0%	2.8%
NBP reference rate, December 2009	4.50% (N/A)	4.50% (5.00%)

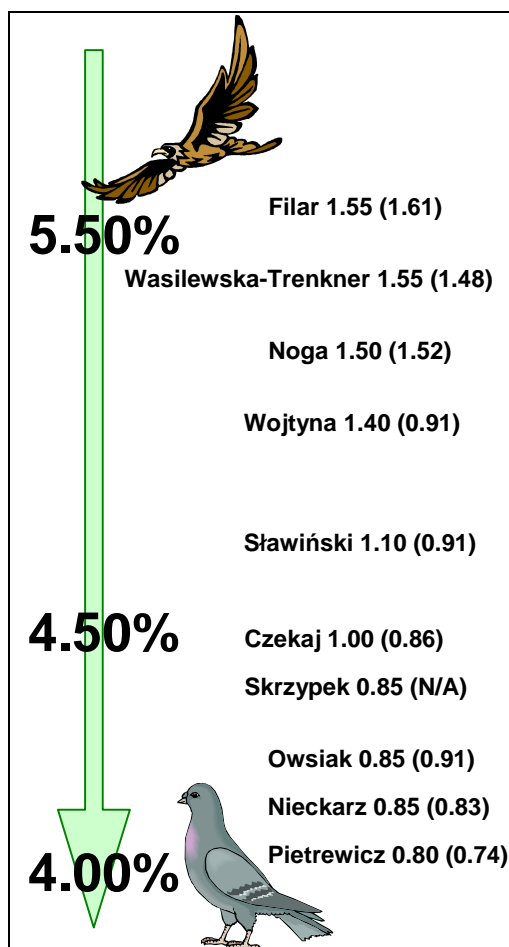
Source: Reuters

Restrictiveness of the Monetary Policy (Council)



Restrictiveness index sharply down again

- The Polish currency maintained at relatively weak levels in November (on average depreciation of zloty against the euro by above 4%) As a result, the index of monetary policy restrictiveness continued a downward trend.
- WIBOR rates also fell, but this was only moderate change, as NBP's *Confidence package* is not fully effective (three month rate was at 6.74% on average in November as compared to 6.80% in October).
- In the following months we expect a decrease in restrictiveness of monetary policy, as even strengthening of the zloty should be neutralised by continuation of interest rate cuts by the MPC and further decrease in spreads between money market's and NBP's rates.



Index is between 0 and 2. A vote for the majority view is given a score of 1. A vote for a more hawkish (less dovish) decision than the majority view has a score of 2 and a vote for a less hawkish (more dovish) decision than the majority view has a score of 0. Average of points for all votes is the value of the index for a given MPC member.

Numbers directly by the name are values of the index for period since the beginning of Sławomir Skrzypek's term as NBP governor and numbers in parentheses are values of the index for 2004-2006.

Direction of the restrictiveness axis reflects our expectations regarding direction of interest rate changes within the nearest 12 months. Values in percent indicate **our subjective** assumption as regards a preferred level of the reference rate in 12 months by a particular MPC member.

Views of MPC members will be more and more diverse

Past MPC voting results show that it was not quite usual for the Council to vote unanimously on rate changes. In February's *Inflation Report* we will see who supported rate cut in November. Certainly, each next step towards more expansionary policy will lead to deeper divisions within the Council and to hotter debate on appropriate monetary policy. As shown by the MPC members' comments presented below, interesting discussion will already take place before Christmas. Though comments of "doves" within the Council may be more important to assess the likely overall scale of monetary easing, we think that arguments of the second faction are also interesting to analyse.

What arguments against rate cut in December?

Among the three "most hawkish" (according to our index) members of the Council, the most dovish comment came from Marian Noga. While in mid-November he said they should wait with rate cuts, after the November's MPC meeting he did not exclude a possibility of next rate reduction already in December. Nevertheless, he saw January as more likely timing. Dariusz Filar presented more clear-cut opinion that "at the moment rate reduction would not be of much importance, as we are not in such a bad situation to duplicate moves made by Western countries". Well, it is worth to remind that since October the ECB cut rates by 175 bp since October and there still much room for easing by the Polish MPC without "duplicating the scale of others' moves".

Very interesting interviews were given by Halina Wasilewska-Trenkner. She said that one could wait with the decision to cut rates and the best moment to reduce rates would be in March 2009. She added "there are no indications that would prompt me to think that in 1Q09 a rate cut should not take place". We wonder what arguments are against trimming rates in December. According to Wasilewska-Trenkner, December is a month of "preparing annual balances, setting profits (...) closing of country's budget and calculating public debt (...) that's why making additional noise and too sudden changes in regulation is not welcome". These arguments suggest, in her opinion, that December should be calm Christmas time. Well, given this reasoning, maybe it is worth to consider setting the next meeting in January, not in December... We think that no rate cut in December, which is widely expected, would be rather an introduction "an additional noise"? Wasilewska-Trenkner added that "too swift rate cut may increase foreign exchange volatility". However, it seemed that rate cut in November did not influence the zloty much, or even it led to some strengthening. And additionally, market participants will rather not perceive rate cut in December by 25 as a too swift move.

"Doves" see no reason to wait

According to NBP President, there are huge risks that GDP growth next year will be lower than current NBP forecast of 2.8%. Indeed, the market consensus is already below this level. Worsening of growth prospects will be important argument to cut rates. Mirosław Pietrewicz (and similarly Stanisław Nieckarz) even said that the slowing economy forced the MPC to cut rates fast and in decisive manner.

Will moves by 25 bp be enough?

Jan Czekaj did not exclude a possibility of cut in December adding that one should not treat the history of decisions at MPC meetings in December as a rule that rates are not changed in the final month of a year. What is more, he said bigger moves may be needed. On the other hand, Andrzej Sławiński said that situation in Poland is good enough to conduct monetary policy in a "traditional" way.

Source: CSO, Eurostat, NBP, Reuters, own calculations

Government and politics

The government's 'Plan for Stability and Development'	
Action	Impulse in 2009
Impulses for investment activity	
Increase in the limit of guarantees for the economy and the financial market	PLN40bn
Creation of the additional, safe credit action for small- and medium-sized enterprises	PLN20bn
Acceleration of investments co-financed by the EU through increase in spending qualified that are certified to the European Commission	PLN16.8bn
Earlier advance payments from the European Commission for use of the EU funds	PLN3bn
Support for investments in renewable energy resources	PLN1.5bn
TOTAL VALUE of impulses for investment	PLN81.3bn
Impulses for consumption growth	
Introduction of new PIT rates (two rates of 18% and 32% instead of the current three rates of 19%, 30% and 40%)	PLN8bn
VAT reform	PLN2bn
TOTAL VALUE of impulses for consumption	PLN10bn
TOTAL VALUE OF THE PLAN	PLN91.3bn

Source: The Ministry of Finance

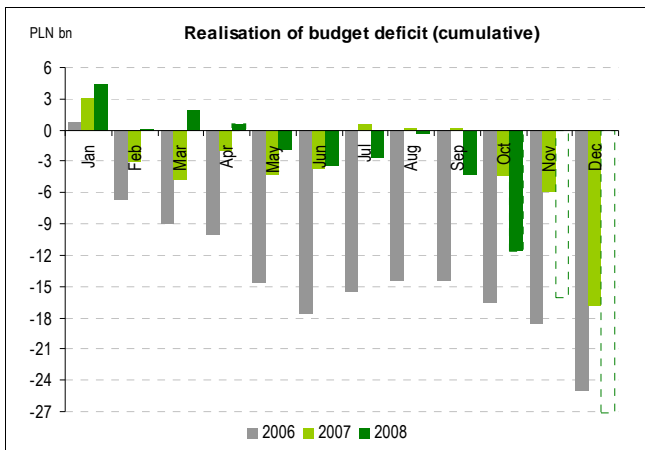
Polish plan for crisis

▪ The value of the anti-crisis plan declared by the government is PLN91.3bn. However, some actions were planned already before intensification of the financial crisis – limit for guarantees was PLN15bn and changes in PIT and VAT were decided long time ago. Thus, value of the new actions in direct reaction to the global crisis is by at least PLN25bn lower than declared by the government. However, in the current situation, any actions aimed at supporting credit activity should be assessed positively. Faster use of EU funds would also be important.

The Sejm approved the 2009 budget

▪ The Sejm approved the 2009 budget, taking into account all amendments prepared by the government. The most important change is lowering of forecast GDP growth in 2009 from 4.8% to 3.7% (inflation forecast unchanged at 2.9%) and thus reduction in revenues and spending by PLN1.7bn. The scale of revenue reduction and necessary spending adjustment should be larger in our view (around PLN5bn). Besides, the scale of GDP growth revision is too small (our forecast is 2.6%) and additionally inflation is likely to prove lower than assumed. Overall, it may mean further revenue shortage of PLN5-10bn. Meanwhile, the FinMin declares that the deficit will not be changed. In such situation there would be necessity to cut spending by dozen or so billion zlotys. With current spending being largely fixed, the cuts would have to be made in investment spending, contrary to assumptions of the 'Plan for Stability and Development'.

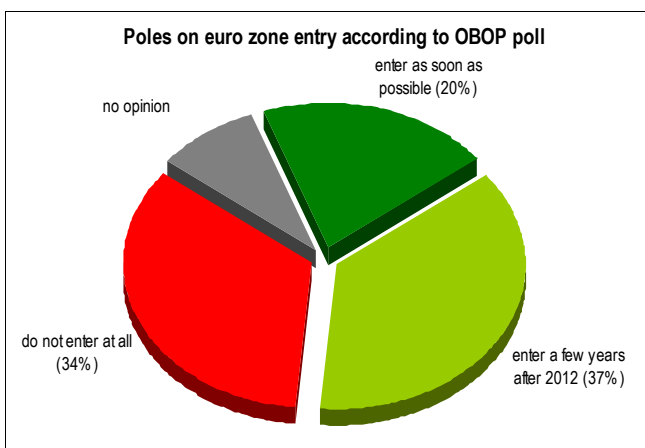
▪ An alternative is increase in deficit, although this may be problematic amid difficult conditions in the capital markets, especially that even with the current deficit target net borrowing needs are likely to be higher than planned nearly PLN40bn due to risk for privatisation revenue target.



Result of 2008 budget important for 2009 budget

▪ An important factor for realisation of the next year budget with deficit of PLN18.2bn is the final result of this year's budget. Although data on budget realisation after October indicate that this year's budget gap could be lower than planned PLN27.1bn by a few billion zlotys, it seems that the FinMin will want to shift as much savings from this year as possible to next year.

▪ Low realisation of this year's spending gives the FinMin a possibility to shift some money to 2009, which will be additional financing and limit possible necessity to cut spending. On the other hand, realisation of revenues after October is quite low, which will limit the amount of this year's savings. All in all, we estimate the value of money shifted from this year's budget to 2009 may reach around PLN5bn.



So far no breakthrough on the euro adoption plans

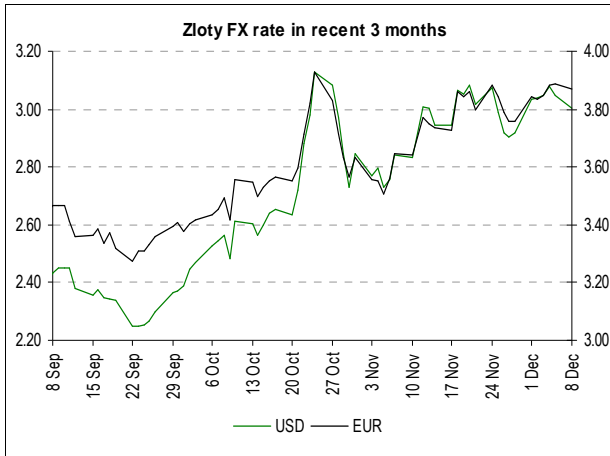
▪ The past month has not brought a breakthrough as regards political support for the government's plan of swift euro adoption – the Law and Justice still declares that will support changes in the constitution (necessary already before ERM2 entry) only if there is positive outcome of a binding referendum.

▪ Meanwhile, public opinion polls from the first half of November, especially results of the OBOP survey show that Poles are not particularly keen on the idea swift euro adoption.

▪ CBOS survey carried out on December 6-12 is slightly less pessimistic, indicating that there are more supporters of the euro (47% out of which only 30% wants euro at the earliest possible date) than opponents (45%). Besides, 75% of Poles is considering participation in the referendum (56% declared that will surely go to vote).

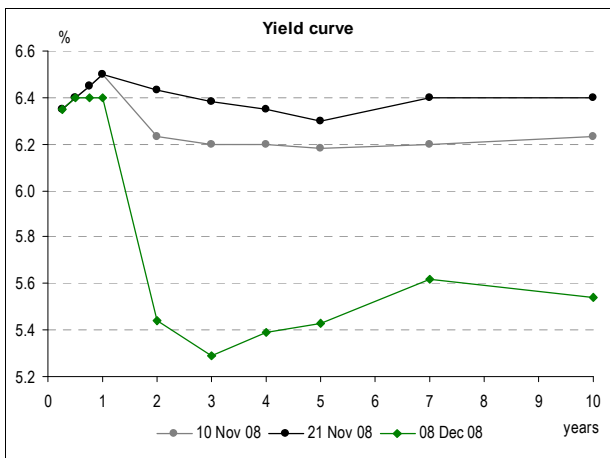
Source: Ministry of Finance, TNS OBOP, own calculations

Market monitor



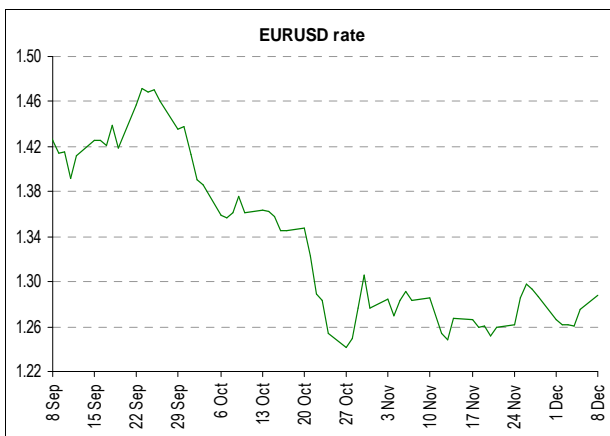
Zloty in the weakening trend

- In November the volatility of the zloty rate declined only slightly from record high levels. The zloty remained under significant influence of changes in global risk aversion. After a recovery to 3.50 at the start of November the zloty weakened again to 3.90. After released support plans for US Citigroup and news on probable nominees for economic positions by Barack Obama, market moods improved only for short time and after zloty gained to 3.78 it depreciated again at the beginning of December to above 3.90.
- The end of 2008 will be difficult for the zloty amid still high risk aversion and deteriorating prospects for economic growth globally including Poland. These factors will be also valid to an extent in 2009, however, next year zloty will be supported by the realisation of euro adoption scenario.



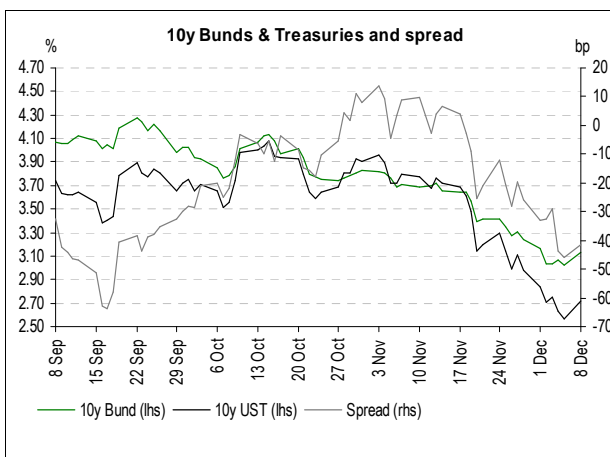
Substantial fall of market rates

- In the debt market yields fell substantially much below the levels from October, before the intensification of the crisis, amid still poor liquidity. Increase in prices resulted from a decline in aversion to risk and the region, collapse of yields in the core debt markets and mounting expectations or interest rate cuts by the MPC. Hope for monetary easing influenced especially the IRS and FRA markets (FRA 9x12 fell below 4.0%).
- We see a possibility for a further rise in bond prices rise due to expected drop of reference rate and chances for decline of difference over IRS rates (5Y rates at ca. 4.40%) amid improvement of moods globally. In our view the potential for further FRA rates decline is gradually diminishing though they may stay at low levels for some time due to rising expectations for a 50 bp rate cut by the MPC already in December.



Dollar at relatively stable levels

- In November the dollar was appreciating against the euro due to weak data from the major economies and negative news from financial sector (Citigroup). The announced rescue plan for the bank, economic programme of new US president as well as Fed package contributed to temporary fall in risk aversion and to EURUSD rate increase. The end of November brought another dollar strengthening amid rising concerns over world recession and attacks in Mumbai, though the ECB rate cut and dramatic data from the US labour market resulted in another EURUSD rebound.
- Ahead of the year-end and preference of limiting risky investments amid uncertainty still present in the financial markets, we expect a gradual strengthening of the dollar at the year-end. In 2009 risk aversion should gradually decline, which may help the euro to recover.

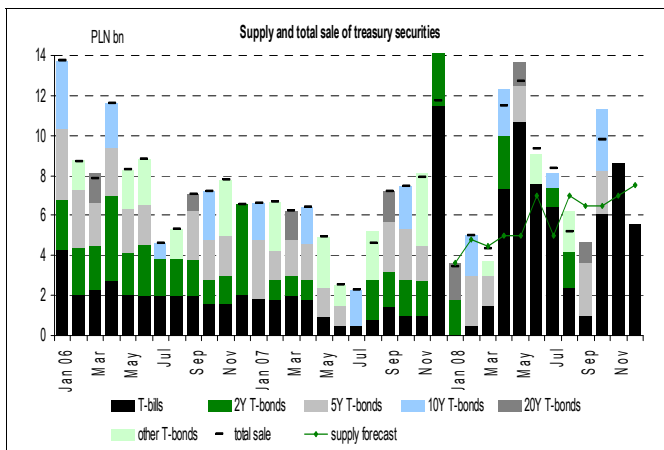
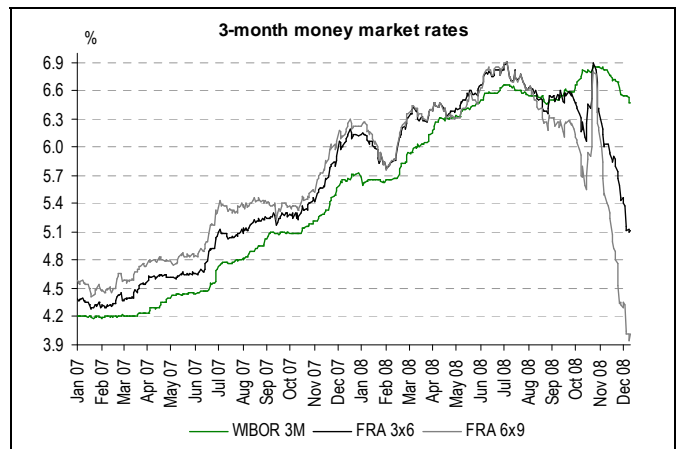
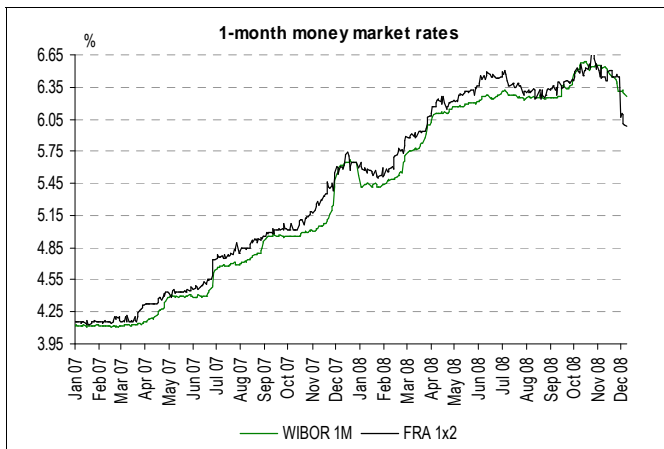
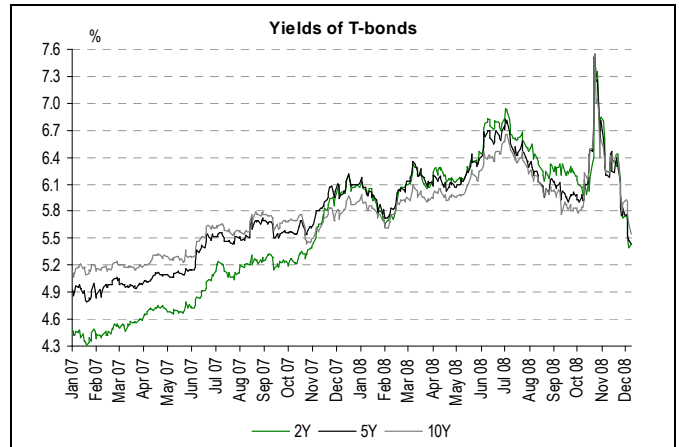
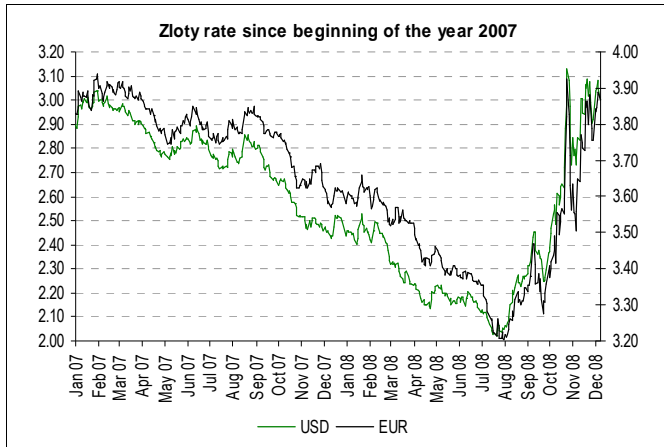


Strengthening in the core debt markets

- The rising trend of government bond prices in the US and the euro zone was continued for the past few weeks mainly due to very poor economic figures. Yields of 10Y Treasuries dropped to the lowest levels in 50 years (bottom at 2.55%), which was supported by Ben Bernanke's comments that Fed may start purchasing Treasury bonds. Yields of 10Y Bunds temporarily fell below 3% level and were supported by expectations for an interest rate cut by the ECB.
- In our view amid recessionary data from the euro zone, falling inflation and still tight situation in the financial markets the room for interest rate cuts is still large. We expect further interest rate reductions by 50 bp in the next months with main rate going down to 1.5% in Spring. We also see another 50 bp rate cut by Fed at mid-December meeting.

Source: Reuters, BZ WBK

Market monitor



Treasury bill auctions (PLN m)

Date of auction	(OFFER)*/SALE			
	52W	39W	26W	13W
15.09.2008	800/800	-	800/800	-
06.10.2008	1500/1500	-	-	-
13.10.2008	800/812	-	-	800/803
20.10.2008	1000/495	-	-	1000/288
27.10.2008	-	-	-	1000/703
03.11.2008	500-1500/815	-	-	200-500/475
07.11.2008	-	200-700/896	-	500-1500/1299
17.11.2008	500-1200/1198	-	-	500-1200/706
24.11.2008	800-1800/1815	-	-	200-700/326
01.12.2008	800-1800/1807	-	200-500/449	200-500/500
08.12.2008	1000-1800/1910	-	200-500/542	200-500/563
15.12.2008	-	-	-	-
22.12.2008	-	-	-	-

* based on data of the Ministry of Finance

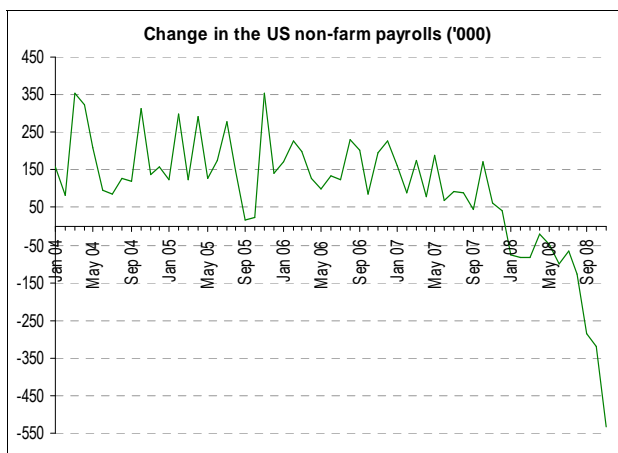
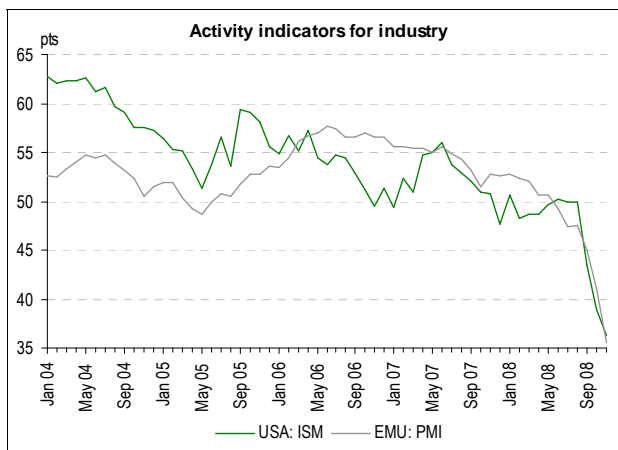
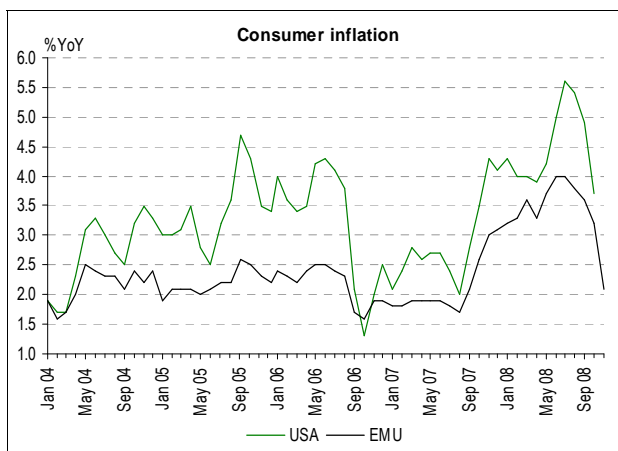
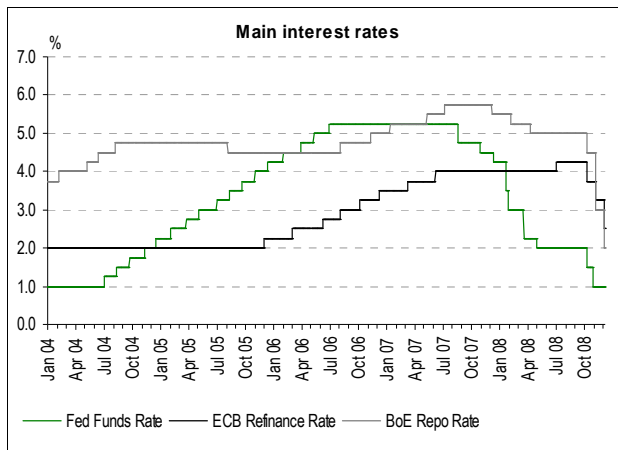
Treasury bond auctions in 2008 (PLN m)

month	First auction			Second auction			Switch auction		
	date	T-bonds	offer / sale	date	T-bonds	Offer / sale	date	T-bonds	sale
January	02.01	OK0710	1 800 / 1 655	09.01	WS0922	1 800 / 1 800	16.01	PS0413 / IZ0816 / WS0922	524 / 766 / 431
February	06.02	PS0413	2 500 / 2 500	13.02	DS1017	2 000 / 2 000	20.02	WZ0816 / WZ1118	855 / 914
March	05.03	PS0413	1 500 / 1 500	12.03	WS0437	700 / 700	19.03	PS0413/WZ0118/WS0922	1632 / 340 / 369
April	02.04	OK0710	2 700 / 2 700	09.04	DS1017	2 300 / 1 208	16.04	PS0413/DS1017	3399/2804
May	07.05	PS0413	1 800 / 1 800	14.05	WS0922	1 200 / 714	21.26	OK0710/PS0413/DS1017	0/0/0
June	04.06	IZ0816/WZ0118	500/1000 / 505/719	-	-	-	11.06	no switch auction organised	-
July	02.07	OK0710	1000 / 1000	09.07	DS1017	700 / 705	23.07	PS0413	1558
August	06.08	OK0710	1 800 / 1 830	13.08	WZ0118 IZ0823	1 000 / 500 / 1 000 / 451	22.08	DS1017	1244
September	03.09	PS0413	2 640 / 2 640	10.09	WS0429	1 000 / 1 000	17.09	DS1017 / WS0429	3113/590
October	01.10	PS0414	2 160 / 2 160	08.10	DS1019	3 000 / 3 000	24.10	IZ0816/WZ0118	620 / 655
November	-	-	-	-	-	-	12.11	OK0710/PS0414	874 / 313
December	10.12	2Y	2500 / -	-	-	-	03.12	PS0414/DS1019	1212 / 1350

* with supplementary auction

Source: Ministry of Finance, Reuters, BZ WBK

International review



Source: Reuters, ECB, Federal Reserve

Further substantial monetary easing

▪ According to FOMC minutes from October meeting (interest rates cut by 50 bp) Fed is concerned about deeper slowdown of the economy, which is why some of the FOMC members suggested further monetary policy easing. A series of weak data in the US contributed to intensification of expectations for more interest rate cuts.

▪ The ECB lowered interest rates by 75 bp trying to support the euro zone economy. The ECB president J.C. Trichet said at a press conference that since previous meeting the scale of inflation pressure decline accelerated. He added that the world and European demand will stay subdued for a longer time. New ECB forecast of GDP for 2009 fell to -0.5%YoY from 1.2% according to forecasts from September. Inflation forecast declined significantly to 1.4% from expected 2.6% in September assuming faster return to target.

▪ Monetary policy was significantly eased by many central banks. Bank of England, Bank of Australia and Swiss National Bank cut interest rates by 100 bp, while Swedish Riksbank by 175 bp.

A larger decline of inflation in the euro zone and the US ...

▪ Final Eurostat inflation data for the euro zone for October confirmed the HICP growth at 3.2%. On the other hand, the flash figure for November showed further and larger than expected fall of inflation to 2.1% against expected 2.4%

▪ CPI inflation in the US decelerated in October to 3.7%YoY (-1%MoM) from 4.9%YoY in September (0%MoM). The market expected 4%YoY (-0.8%MoM). Core inflation was at 2.2%YoY and -0.1%MoM against 2.5%YoY and 0.1%MoM in September and 2.4%YoY and 0.1%MoM expected by the market. US PPI fell in October by 2.8%MoM against expected -2%. Core PPI increased in October by 0.4%MoM (vs. expected 0.1%).

... and much weaker activity data ...

▪ PMI index for the manufacturing sector fell in November to the record low level in the history of the survey (i.e. since 1998) to 35.6 pts against expected drop to 36.2 pts from 41.1 in October. Services PMI dropped to 42.5 pts, also the historically lowest level from 45.8 pts in October against expected fall to 43.3 pts. New orders indices recorded deep declines. Employment fall was strongest in 5 years. The price indices decreased more than previously expected. Fall of euro zone retail sales was also larger than expected (-0.8%MoM, -2.1%YoY).

▪ The activity indices in the US were also very low. The ISM index for manufacturing declined from 38.9 pts in October to 36.2 pts in November (the lowest level since 1982) against expected 38.4 pts and. The new orders index fell to 27.9 pts, the lowest level since 1980. Non-manufacturing ISM declined to 37.3 pts, the lowest level in history of the survey, from 44.4 pts in October against expected drop to 42 pts. Prices paid index fell to 36.6 pts from 53.4 pts, and employment index to 31.3 pts from 41.5 pts.

▪ Q3 GDP in the euro zone fell by 0.2%QoQ and rose by 0.6%YoY, which was close to market forecasts. Data on economic growth in the US were in line with expectations and showed a GDP growth in Q3 by 0.5% from previously estimated -0.3%. The private consumption fell in Q3 by 3.7% against expected -3.1%, and core PCE price index rose to 2.6% vs. expected 2.9%.

Dramatic data from the US labour market

▪ The crucial US data from the labour market for November shocked markets and showed a fall of non-farm payrolls by 533k, the strongest decline in 34 years. The market expected a drop by 311s. What is more data for October were downwardly revised by 80k to -320k. Meanwhile, the rate of unemployment

Economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
8 December <i>PL: Auction of Treasury Bills</i>	9 DE: ZEW index (Dec) US: Pending home sales (Oct)	10 US: Wholesale inventories (Oct)	11 CH: SNB decision US: Trade balance (Oct) US: Import prices (Nov)	12 <i>PL: Balance of payments (Oct)</i> <i>PL: Money supply (Nov)</i> EZ: Industrial production (Oct) US: PPI (Nov) US: Retail sales (Nov) US: Preliminary Michigan (Nov)
15 <i>PL: Auction of Treasury Bills</i> <i>PL: CPI (Nov)</i> <i>PL: Wage and employment (Nov)</i> US: NY Fed index (Dec) US: Capacity utilisation (Nov) US: Industrial production (Nov)	16 US: CPI (Nov) US: House starts (Nov) US: Building permits (Nov) US: Fed meeting - decision	17 <i>PL: Switch auction</i> EZ: Final HICP (Nov)	18 <i>PL: Industrial production (Nov)</i> <i>PL: PPI (Nov)</i> <i>PL: MPC minutes (Nov)</i> DE: Ifo index (Dec) US: Trade balance (Oct) US: Philadelphia Fed index (Dec)	19 JP: BoJ meeting - decision
22 <i>PL: Auction of Treasury Bills</i> <i>PL: Core inflation (Nov)</i> <i>PL: Business climate (Dec)</i> <i>PL: MPC meeting</i> DE: GFK index (Jan)	23 <i>PL: Retail sales (Nov)</i> <i>PL: Unemployment rate (Nov)</i> <i>PL: MPC decision</i> JP: Market holiday US: Final GDP (Q3) US: Core PCE (Q3) US: Final Michigan (Dec) US: Home sales (Nov) US: New home sales (Nov)	24 DE: Market holiday US: Core PCE (Nov) US: Durable goods orders (Nov)	25 <i>PL, US, DE, GB: Christmas</i>	26 <i>PL: Second Day of Christmas</i>
29	30 <i>PL: Balance of payments (Q3)</i> EZ: M3 money supply (Nov) US: Case/Shiller report (Oct) US: Chicago PMI (Dec) US: Consumer confidence (Dec)	31 <i>DE, JP: Market holiday</i>	1 January <i>PL: New Year's Eve</i> US, DE, JP, GB: Market holiday	2 <i>PL: PMI (Dec)</i> EZ: Manufacturing PMI (Dec) US: Manufacturing ISM (Dec)
5	6 EZ: Services PMI (Dec) EZ: Preliminary HICP (Dec) US: Pending home sales (Oct) US: Factory orders (Nov) US: Non-manufacturing ISM (Dec) US: FOMC minutes	7 EZ: PPI (Nov)	8 US: New jobless claims	9 EZ: Retail sales (Nov) US: Non-farm payrolls (Nov) US: Rate of unemployment (Nov) US: Wholesale inventories (Oct)

Source: CSO, NBP, Finance Ministry, Reuters

MPC meetings and data release calendar for 2008

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
MPC meeting	29-30	26-27	25-26	29-30	27-28	24-25	29-30	26-27	23-24	28-29	25-26	22-23
MPC minutes	24	21	20	24	23	19	24	21	18	23	20	18
GDP*	-	29	-	-	30	-	-	29	-	-	28	-
CPI	15	15 ^a	13 ^b	15	14	13	15	13	15	14	13	15
Core inflation	22	-	21 ^b	22	21	20	22	21	22	21	20	22
PPI	18	19	19	18	21	18	18	20	18	17	20	18
Industrial output	18	19	19	18	21	18	18	20	18	17	20	18
Retail sales	24	25	26	22	28	24	25	26	26	23	26	23
Gross wages, employment	16	15	17	15	19	16	15	18	15	15	18	15
Unemployment	24	25	26	22	28	24	25	26	26	23	26	23
Foreign trade	about 50 working days after reported period											
Balance of payments*	2	-	31	-	-	30	-	-	30	-	-	30
Balance of payments	18 ^c	12	13	15	15	17	15	12	12	13	12	12
Money supply	14	14	14	14	14	13	14	14	12	14	14	12
NBP balance sheet	7	7	7	7	7	6	7	7	5	7	7	5
Business climate indices	23	22	21	23	23	23	23	22	23	23	21	22

* quarterly data, ^a preliminary data for January, ^b January and February, ^c November 2007

Source: CSO, NBP

Economic data and forecasts

Monthly economic indicators

		Nov 07	Dec 07	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 07	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08
Industrial production	%YoY	8.5	6.4	10.7	15.0	1.0	15.1	2.4	7.3	5.9	-3.7	6.8	0.2	-5.8	1.5
Retail sales ^c	%YoY	19.2	12.4	20.9	23.8	15.7	17.6	14.9	14.2	14.3	7.7	11.6	7.9	5.0	10.7
Unemployment rate	%	11.2	11.4	11.7	11.5	11.1	10.5	10.0	9.6	9.4	9.3	8.9	8.8	9.0	9.2
Gross wages ^{b,c}	%YoY	12.0	7.2	11.5	12.8	10.2	12.6	10.5	12.0	11.6	9.7	10.9	9.8	7.5	9.5
Employment ^b	%YoY	5.0	4.9	5.9	5.9	5.8	5.6	5.4	4.8	4.7	4.2	4.1	3.6	3.3	3.2
Export (€) ^d	%YoY	11.3	8.0	22.6	29.1	10.6	34.1	12.5	16.6	23.7	9.7	22.5	6.3	1.6	2.9
Import (€) ^d	%YoY	19.8	16.6	19.8	31.4	12.2	31.8	13.5	19.7	20.9	17.3	21.2	5.4	-1.4	-1.5
Trade balance ^d	EURm	-1333	-1673	-780	-808	-1345	-1032	-1213	-1639	-1404	-1262	-1124	-980	-1020	-1291
Current account balance ^d	EURm	-824	-2314	-1211	-1322	-1807	-1282	-1495	-2098	-1057	-1306	-1967	-1980	-1100	-2291
Current account balance ^d	% GDP	-4.4	-4.7	-4.6	-4.7	-4.9	-5.0	-4.9	-5.0	-4.8	-4.8	-5.1	-5.2	-5.2	-5.2
Budget deficit (cumulative)	PLNbn	-6.0	-16.9	4.4	0.0	1.9	0.6	-1.9	-3.5	-2.7	-0.3	-4.2	-11.6	-16.1	-27.1
Budget deficit (cumulative) ^e	% of FY plan	35.5	100.0	-16.4	-0.1	-6.9	-2.2	6.8	12.8	9.9	1.2	15.5	42.7	59.4	100.0
CPI	%YoY	3.6	4.0	4.0	4.2	4.1	4.0	4.4	4.6	4.8	4.8	4.5	4.2	3.8	3.8
PPI	%YoY	2.5	2.3	2.9	3.2	2.9	2.5	2.7	2.6	2.1	2.0	2.3	2.4	2.4	3.0
Broad money (M3)	%YoY	13.6	13.4	12.9	13.5	13.6	15.0	15.1	16.3	16.8	16.8	17.3	17.6	17.6	15.7
Deposits	%YoY	15.1	14.5	14.3	14.7	15.3	16.7	17.4	18.5	19.4	18.9	20.0	18.6	17.8	16.0
Loans	%YoY	30.1	29.9	30.3	29.5	29.7	28.3	27.6	27.7	25.3	26.7	28.0	32.6	31.9	30.6
USD/PLN	PLN	2.49	2.47	2.46	2.43	2.28	2.19	2.19	2.17	2.07	2.19	2.34	2.69	2.93	3.05
EUR/PLN	PLN	3.66	3.60	3.61	3.58	3.54	3.45	3.40	3.37	3.26	3.29	3.37	3.57	3.73	3.90
Reference rate ^a	%	5.00	5.00	5.25	5.50	5.75	5.75	5.75	6.00	6.00	6.00	6.00	6.00	5.75	5.50
Lombard rate ^a	%	6.50	6.50	6.75	7.00	7.25	7.25	7.25	7.50	7.50	7.50	7.50	7.50	7.25	7.00
WIBOR 3M	%	5.36	5.67	5.64	5.74	6.03	6.29	6.41	6.58	6.62	6.52	6.56	6.60	6.54	6.50
Yield on 52-week T-bills	%	5.30	5.78	5.75	5.66	6.09	6.10	6.10	6.63	6.70	6.60	6.46	6.45	6.52	6.20
Yield on 2-year T-bonds	%	5.77	6.06	5.92	5.90	6.17	6.20	6.27	6.73	6.66	6.32	6.25	6.46	6.26	5.50
Yield on 5-year T-bonds	%	5.90	6.07	5.94	5.93	6.20	6.12	6.25	6.62	6.53	6.15	6.01	6.48	6.21	5.55
Yield on 10-year T-bonds	%	5.70	5.85	5.81	5.82	5.98	5.98	6.10	6.41	6.43	6.10	5.89	6.39	6.25	5.65

Source: CSO, NBP, Finance Ministry, BZ WBK own estimates

^a at the end of period ^b in corporate sector ^c in nominal terms ^d balance of payments data on transaction basis ^e 2006 - % of Dec, 2007 - % of plan

Quarterly and annual economic indicators

		2006	2007	2008	2009	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
GDP	PLNbn	1 060.0	1 175.3	1 275.1	1 343.9	295.3	309.9	312.1	357.7	313.9	325.7	327.4	376.9
GDP	%YoY	6.2	6.7	5.0	2.6	6.0	5.8	4.8	3.5	2.8	2.2	2.4	2.9
Domestic demand	%YoY	7.3	8.6	4.9	2.6	6.2	6.0	4.3	3.4	2.3	2.6	2.5	3.0
Private consumption	%YoY	5.0	5.0	5.3	3.9	5.6	5.5	5.1	4.9	4.5	4.0	3.5	3.5
Fixed investments	%YoY	14.9	17.6	7.6	2.8	15.7	15.2	3.5	3.0	0.0	0.0	4.0	5.0
Industrial production	%YoY	12.5	9.7	4.8	1.4	8.5	8.5	3.4	-1.4	0.2	1.1	2.4	2.0
Retail sales (real terms)	%YoY	11.9	14.0	10.0	4.8	16.0	11.1	8.0	5.0	4.3	4.9	5.3	4.9
Unemployment rate ^a	%	14.8	11.4	9.2	10.5	11.1	9.6	8.9	9.2	10.9	9.8	9.8	10.5
Gross wages (real terms) ^c	%YoY	4.2	6.7	6.2	3.2	7.2	7.7	5.6	4.8	3.7	3.1	3.5	2.6
Employment ^c	%YoY	3.2	4.6	4.7	0.5	5.9	5.2	4.3	3.4	1.0	0.6	0.2	0.0
Export (€) ^b	%YoY	20.4	13.4	15.5	4.1	20.3	20.9	18.7	3.6	4.0	2.5	4.0	6.0
Import (€) ^b	%YoY	24.0	19.5	15.2	3.6	20.5	21.5	19.9	0.9	2.0	3.0	3.5	6.0
Trade balance ^b	EURm	-5 539	-12 369	-13 885	-13 791	-2 927	-3 877	-3 790	-3 291	-2 387	-4 150	-3 765	-3 489
Current account balance ^b	EURm	-7 445	-14 586	-18 900	-19 606	-4 333	-4 866	-4 330	-5 371	-3 993	-5 339	-4 505	-5 769
Current account balance ^b	% GDP	-2.7	-4.7	-5.2	-5.3	-4.9	-4.9	-5.0	-5.2	-5.1	-5.3	-5.4	-5.3
Budget deficit (cumulative) ^a	PLNbn	-25.1	-16.9	-27.1	-18.2	1.9	-3.5	-4.2	-27.1				
Budget deficit (cumulative) ^a	% GDP	-2.4	-1.4	-2.1	-1.4	-	-	-	-	-	-	-	-
CPI	%YoY	1.0	2.5	4.3	2.8	4.1	4.3	4.7	4.0	3.4	2.8	2.4	2.4
CPI ^a	%YoY	1.4	4.0	3.8	2.3	4.1	4.6	4.5	3.8	3.3	2.6	2.5	2.3
PPI	%YoY	2.5	2.3	2.6	2.6	3.0	2.6	2.1	2.6	2.1	2.4	2.8	3.2
Broad money (M3) ^a	%YoY	16.0	13.4	15.7	7.5	13.6	16.3	17.3	15.7	13.4	11.3	9.5	7.5
Deposits ^a	%YoY	15.2	14.5	16.0	9.0	15.3	18.5	20.0	16.0	13.8	11.0	8.4	9.0
Loans ^a	%YoY	23.4	29.9	30.6	9.5	29.7	27.7	28.0	30.6	26.7	22.6	16.3	9.5
USD/PLN	PLN	3.10	2.77	2.41	2.89	2.39	2.18	2.20	2.89	2.99	2.92	2.84	2.81
EUR/PLN	PLN	3.90	3.78	3.51	3.65	3.58	3.41	3.31	3.73	3.77	3.66	3.60	3.57
Reference rate ^a	%	4.00	5.00	5.50	4.50	5.75	6.00	6.00	5.50	5.00	4.50	4.50	4.50
Lombard rate ^a	%	5.50	6.50	7.00	6.00	7.25	7.50	7.50	7.00	6.50	6.00	6.00	6.00
WIBOR 3M	%	4.21	4.73	6.34	4.93	5.80	6.43	6.57	6.55	5.44	4.88	4.70	4.70
Yield on 52-week T-bills	%	4.18	4.69	6.27	5.04	5.84	6.28	6.59	6.39	5.60	5.00	4.80	4.75
Yield on 2-year T-bonds	%	4.57	5.23	6.22	4.95	5.99	6.40	6.41	6.08	5.15	5.10	4.80	4.75
Yield on 5-year T-bonds	%	5.03	5.52	6.17	5.06	6.02	6.33	6.23	6.08	5.15	5.10	5.00	5.00
Yield on 10-year T-bonds	%	5.22	5.56	6.07	5.13	5.87	6.16	6.14	6.10	5.20	5.20	5.10	5.00

Source: CSO, NBP, Finance Ministry, BZ WBK own estimates

^a at the end of period; ^b balance of payments data on transaction basis ^c in corporate sector

This analysis is based on information available until 08.12.2008 has been prepared by:

ECONOMIC ANALYSIS UNIT

TREASURY DIVISION

ul. Marszałkowska 142, 00-061 Warszawa, fax +48 022 586 83 40

Email: ekonomia@bzwbk.pl Web site (including Economic Service page): <http://www.bzwbk.pl>

Maciej Reluga – Chief Economist

tel. +48 022 586 83 63, Email: maciej.reluga@bzwbk.pl

Piotr Bielski +48 022 586 83 33

Piotr Bujak +48 022 586 83 41

Cezary Chrapek +48 022 586 83 42

TREASURY SERVICES DEPARTMENT

Gdańsk

Długie Ogrody 10
80-765 Gdańsk
tel. +48 058 326 26 40
fax +48 058 326 26 42

Kraków

Rynek Główny 30/8
31-010 Kraków
tel. +48 012 424 95 01
fax +48 012 424 21 41

Poznań

pl. Gen. W. Andersa 5
61-894 Poznań
tel. +48 061 856 58 14
fax +48 061 856 55 65

Warszawa

ul. Marszałkowska 142
00-061 Warszawa
tel. +48 022 586 83 20
fax +48 022 586 83 40

Wrocław

ul. Rynek 9/11
50-950 Wrocław
tel. +48 071 370 25 87
fax +48 071 370 26 22

This publication has been prepared by Bank Zachodni WBK S.A. (a member of AIB Group) for information purposes only. It is not an offer or solicitation for the purchase or sale of any financial instrument. All reasonable care has been taken to ensure that the information contained herein is not untrue or misleading. But no representation is made as to its accuracy or completeness. No reliance should be placed on it and no liability is accepted for any loss arising from reliance on it. Bank Zachodni WBK S.A., its affiliates and any of its or their officers may be interested in any transactions, securities or commodities referred to herein. Bank Zachodni WBK S.A. or its affiliates may perform services for or solicit business from any company referred to herein. This publication is not intended for the use of private investors. Clients should contact analysts at and execute transactions through a Bank Zachodni WBK S.A. entity or an AIB Group entity in their home jurisdiction unless governing law permits otherwise. Copyright and database rights protection exists in this publication.

