



Summary

For the first three days of last week we had quite a boring trade on the Warsaw Stock Exchange. Despite the weekend agreement between EU and Greece investors were waiting for Greek parliament's approval for the reforms. When the reforms were approved, on Thursday, trading revived slightly and most of shares went up. Unfortunately, the optimism did not last long, because Friday brought a quick profit taking. Finally the broad market index recorded 1.6% growth since the beginning of the week. The WIG20 gained only 0.6% and remained below the level of 2300 points. Positive data from the Polish economy did not impact on the Warsaw's blue-chip index. Retail sales and industrial production turned out to be better than the market consensus. The June CPI index indicated that in Poland we still have a deflation, which is admittedly gradually expiring. The situation was better on indices representing small and medium-sized companies. During the entire week the mWIG40 rose 3.2%, and the sWIG80 increased by 2.7%. In Europe, the most important publication was the CPI inflation in Germany which was in line with the forecasts. The ECB had a meeting last week, but interest rates remained unchanged. Thus, the main refinancing rate is still 0.05%. The main European stock markets turned out to be a bigger beneficiaries of the Greece agreement than the Warsaw Stock Exchange. Since the beginning of the week the German DAX gained 3.2%, thus the index recovered losses from the previous weeks and now is at its highest level since May. The FTSE250 rose 1.5%, while the French CAC40 recorded the highest growth of as much as 4.5% and now just as the DAX is on the highest level since May.

The end of Greece case has also contributed to the overseas stock markets, where we had several important publications. Firstly, the data on retail sales, which turned out to be weaker than the market consensus., then a whole series of positive readings. The industrial production, which was better than the expectations, then the CPI inflation, which was in line with the market and at last building permits issued for home construction rose more than the market had expected. The S&P500 index rose 2.4% during the entire week and now is very close to record levels. The NASDAQ set a new historic record, and since the beginning of the week rose 4.3%. The DJIA also finished the week in positive territory with an increase of 1.8%.

In the near future Greece will take a back seat, even though the negotiations concerning financial assistance will last few more weeks. The approval of reforms averted for some time the risk of Grexit, and thanks to the bridging loan Greece is able to pay off next commitments to the IMF and the ECB. This week we will get small amount of economic data. The most important data will be the preliminary reading of the July PMI indices in Germany, in the Eurozone, as well as in the United States. This week companies listed on the WSE will begin to publish financial reports for the second quarter.

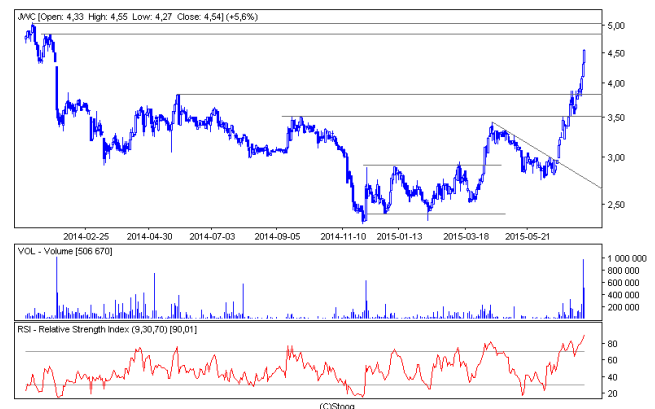
Technical Analysis



Graph 1. WIG20 daily.

Source: Stooq

As it could be expected the WIG20 reaching the support zone of over two-year consolidation bounced right off last week. Until Wednesday on the blue-chip index we had a typical holiday trading with small turnover, and the course was collapsing under its own weight. Thursday's session brought change in sentiment during which the index rose by 1.8%. Unfortunately, Friday did not bring further growths, and investors preferred to take profits gained the day before. As a result, the course was not able to permanently break through the level of 2300 points, and since the beginning of the week the WIG20 increased by only 0.6%. The level of 2300 points is the next bulls target. Invariably the nearest major support is located at the level of 2225 points.



Graph 2. JW Construction daily.

Source: Stooq

Last week was very good for stockholders of the JW Construction Holding company, which shares gained in value 19.5%. It was the fourth consecutive week of growths. After getting out of short-term downtrend at the end of June, next resistance levels are broken. The nearest resistance is the area around 4,80-5,08 PLN, the peaks from January 2014. The 9-session RSI oscillator for a long time suggests an overbought, but at this point it is already on the highest level since May 2013.

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