

## EVENTS OF THE WEEK

**MPO: New guarantee will help with rising energy prices**

The Ministry of Industry and Trade (MPO), in cooperation with the National Development Bank (NDB), has prepared the Forced Change of Energy Supplier Guarantee for small and medium-sized entrepreneurs. The aim is to facilitate access to loans from commercial banks to cover increased operating costs due to the significant increase in energy prices. The guarantee will be provided free of charge up to 80% of the principal amount of the guaranteed loan. The maximum amount can be up to CZK 2m and the guarantee period up to two years. ■

**Gov't: Compensation for loss of earnings will increase**

On December 6, 2021, the resigning Government of the Czech Republic approved a draft regulation on the adjustment of compensation for loss of earnings after the end of incapacity for work caused by an accident at work or an occupational disease and on the adjustment of compensation for survivors' maintenance. From January 2022, compensation for loss of earnings after an accident at work or an occupational disease will increase by 1.3% and CZK 300, respectively. The aim of the proposed adjustment is to increase this compensation depending on the percentage increase in pensions. The government also approved, among other things, a draft amendment to the Act on Excise Duties and the Act on Value Added Tax. ■

**PPF acquires office complex in US for USD 315m**

PPF Real Estate Holding has completed the acquisition of the SouthPark Center office building in Orlando, Florida. The complex comprises 10 separate Class A office buildings with a total leasable area of 120,000 m<sup>2</sup> of office and retail space. The transaction also includes an additional 12.5 hectares of land for future commercial real estate development. The sale and advising on the financing of the acquisition, the price of which exceeded EUR 315m, was arranged by Cushman & Wakefield. PPF also said that the total amount of investments allocated for the existing transactions and future development of the real estate business in the US market exceeded USD 500m after one year of PPF Real Estate Holding's operations in the US. ■

**CPIPG announces takeover bid for IMMOFINANZ**

CPI Property Group (CPIPG) has announced a takeover bid for all the IMMOFINANZ shares. CPI will offer shareholders EUR 21.20 per share. The group, which previously held a 21.4% stake in the company, has also agreed to buy a further 10.6% of shares from RPPK Immo. Overall, it expects to own approximately 32% of IMMOFINANZ after obtaining antitrust approvals, giving it effective control. The closing of the offering is planned for Q2 2022. CPIPG has worked with financial houses UniCredit Bank, Goldman Sachs Bank and HSBC and law firm Wolf Theiss on the transaction. ■

**Quick Stop Car wants to build 400 service stations in CR**

Franchise car service network Quick Stop Car is preparing entry onto the Czech market and plans to open over 60 service units during 2022. The first one is expected to open in April. By 2024, there should be over 400 of service stations. Self-sufficient service units will be set up at petrol stations. The concept is based on service units that can grow in a few days on a greenfield site, yet are able to offer a complete service for cars and vans. Quick Stop Car managing director Marek Zukal added that the intention is to expand to the V4 countries in the future. ■

**Keyera and Lama Energy completed oil terminal in US**

Keyera and Lama Energy Group have completed the joint Wildhorse oil terminal project in Oklahoma, USA. Keyera holds a 90% stake in the joint venture and Lama Energy Group the remaining 10%. The total cost project costs reached USD 272m. The complex consists of 12 above-ground crude oil tanks with a capacity of 4.5 million barrels. This stems from Keyera's quarterly report for Q3 2021. ■

## TOP HEADLINE NEWS

**A. Vojtěch to issue decree on mandatory vaccination****Govt to discuss tax on dividends, Building Act delay****PPF gets CNB's approval to squeeze out O2 CR shareholders****Avast buys US company Evernym****Industrial production down 4.9% in Oct**

## Currency and Bourse

Currency	Value	% w/w
CZK/EUR	25,44	-0,157
CZK/USD	22,49	-0,222
CZK/GBP	29,67	-0,303
CZK/CHF	24,35	-0,287

Exchange market rates from previous trading day as of 5 p.m.

## Prague bourse

Share	Value	% w/w
AVAST	↘ 182,00	-0,082
ČEZ	↗ 807,00	2,107
ERSTE	↗ 1023,00	0,880
Kofola	↗ 310,00	0,645
KB	↗ 888,50	0,394
Moneta	↗ 95,00	0,053
O2 C.R.	↗ 264,50	0,756
PM	↘ 15 700,00	-0,637
CZG	↗ 510,00	1,569
VIG	↗ 637,50	0,235

PX index ↗ 1409,45 0,753

source: BCP Praha

## CR'S RATING

## Long-term rating

Moody's	Aa3
S&P	AA-
Fitch	AA-

## Short-term outlook

Moody's	P-1
S&P	A-1
Fitch	F1+

Source: Moody's, Standard&Poor's, Fitch

## GDP

## Y/Y real

	%
3Q/2021	3,1
2Q/2021	8,1
1Q/2021	-2,4
4Q/2020	-4,8

## Q/Q real

	%
3Q/2021	1,5
2Q/2021	1,0
1Q/2021	-0,3
4Q/2020	0,6

Source: Czech Statistical Office

## ECONOMIC POLICY

### A. Vojtěch to issue decree on mandatory vaccination

Minister of Health Adam Vojtěch (for ANO) will issue a decree on compulsory vaccination of citizens over 60 by the end of the week. At the same time, vaccination should also be mandatory for selected professional groups, such as police officers, soldiers, firefighters, paramedics or social workers. The norm is to take effect in March 2022. Representatives of the SPOLU coalition have previously stated that they do not agree with the mandatory vaccination of seniors. In contrast, vaccination of selected professions has their support. ■

### Govt to discuss tax on dividends, Building Act delay

Andrej Babiš's (ANO) resigned government will discuss on December 13, 2021, a draft decree on calling up soldiers for support work in hospitals. Also on the agenda is a parliamentary bill aimed at abolishing the exemption of income from profit shares paid by a subsidiary of a parent company if the parent company is not a tax resident of the Czech Republic. The cabinet will also consider proposals by the Pardubice Region, which wants to postpone the entry into force of the new construction law for one year or increase tax revenues of the regions. In addition, cabinet members will also discuss a proposal to reduce income tax for small businesses whose annual income does not exceed CZK 3m to 15%. ■

### MPs to discuss allowances, RES and VAT on Dec 15

At the request of the ANO movement, the Speaker of the Chamber of Deputies, Markéta Pekarová Adamová (TOP 09), has convened an extraordinary meeting to be held on December 15, 2021. On the agenda will be government proposals for amendments to the Act on the Conditions of Trading in Emission Allowances, the Act on Supported Energy Sources and the VAT Act. ■

### ČNB: Incomplete convergence speaks against euro adoption

The future adoption of the single European currency should further increase the benefits for the Czech Republic resulting from its intensive involvement in international economic relations. The Czech National Bank states this in its analysis of the degree of economic alignment with the euro area, noting that the Czech Republic's economic level moved closer to the euro area average in 2020, but price and wage convergence did not progress significantly and therefore continues to be a factor against early euro adoption. The government itself will re-evaluate the fulfillment of the criteria and the degree of alignment of the Czech Republic with the euro area in 2022. ■

### MMR to support multimodal transport from IROP

The Ministry for Regional Development (MMR) will support the area of multimodal transport with CZK 3.3bn from the Integrated Regional Operational Programme (IROP) in the years 2021-2027. In the 2014-2020 programming period, it contributed more than CZK 2.2bn to 85 projects for the construction and modernisation of interchange terminals for public transport. It provided almost CZK 1.1bn for a further 65 projects of stand-alone car parks or parking houses for transfer to public transport. ■

### SZIF will pay CZK 1.3bn to dairy cows keepers

The State Agricultural Intervention Fund (SZIF) has started issuing decisions on dairy cows. It will distribute CZK 1.3bn to applicants. 1,778 applicants have applied for the Support for rearing cows reared in a system with market milk production in 2021. The rate is CZK 3,659.99 per LU. SZIF sends the decision on granting the subsidy primarily to data boxes or to the Farmer Portal. ■

### EC: New VAT rules offer more flexibility

The new rules on VAT rates, agreed by EU Finance Ministers on December 7, 2021, offer Member States greater flexibility while supporting EU priorities in the areas of environment, digitalisation and public health. This was announced by the European Commission (EC), adding that the final text of the rules must now be consulted by the European Parliament. ■

### GA CR will support 477 scientific projects of CZK 3.5 billion

The Grant Agency of the Czech Republic (GA CR) has selected 477 research projects that will be funded from 2022. The topics of the projects that the researchers have chosen are from all areas of basic research, the main goal of which is to bring new knowledge. The projects will run for 3-5 years. During that time, more than CZK 3.5 billion will be spent on them. This year, for the first time, the GA CR announced the POSTDOC INDIVIDUAL FELLOWSHIP competition, in which 27 grants were awarded. An increase is

expected in the coming years. ■

### ERÚ announced consultation on draft decree on RES Act

The Energy Regulatory Office has launched a public consultation process on the draft decree on technical and economic parameters for setting reference purchase prices and green bonuses. And also on the implementation of some other provisions of the Law on Supported Energy Sources (RES). The deadline for comments is December 18, 2021. ■

### SZIF to pay out CZK 500m in VCS support, mainly for beets

The State Agricultural Intervention Fund (SAIF) is issuing a decision on voluntary coupled support (VCS). It targets sectors that are facing difficulties but are important for economic, social or environmental reasons. In 2021, 898 applicants applied for a sugar beet subsidy, over CZK 418m million will be distributed among them. In the case of highly laborious and very laborious vegetables, SAIF registers 343 applications. It will pay applicants CZK 80m. ■

### NRB to allocate CZK 63m to building revitalization

The National Development Bank (NRB) received CZK 63m from the European Investment Bank for the ELENA program, which helps cities, regions, institutions, but also entrepreneurs, in preparing for the revitalization of uneconomical buildings. The NRB informed about it, stating that CZK 55m is going to the public sector, while entrepreneurs can receive CZK 8m. In addition, the overall investment will be paid off by saved energy funds. ■

### MŽP: CZK 30m to go into industry emission reduction

The Ministry of the Environment (MŽP) is opening two new calls for proposals, which will offer a total of CZK 40m. for reducing emissions from industrial sources and support for municipalities from the Compact of Mayors. Applications will be accepted in the calls from the National Environment Programme at the beginning of 2022. CZK 30m will go to reduce emissions from industrial sites and other operations. MŽP will distribute CZK 10m to local governments associated in the Compact of Mayors for Sustainable Energy and Climate, e.g. for the preparation of Action Plans for Sustainable Energy and Climate. ■

### Z. Stanjura: Provisional budget no longer than March

Finance Minister-designate Zbyněk Stanjura (ODS) does not expect the budget provisory period to last longer than until the end of March 2022. After the meeting with President Miloš Zeman, Stanjura said that the new government would first prepare a new draft budget and then present it as a whole. The document may then head into the Chamber of Deputies in late January/early February 2022. Subsequently, M. Zeman also met with Michal Šalomoun (Pirates), the candidate for Minister for Legislation. His priority is to abolish non-compliant standards, which he wants to start with the obligations of small and medium-sized entrepreneurs. ■

### M. Jurečka wants part of pension reform within 2 years

Marian Jurečka (KDU-ČSL), a candidate for Minister of Labour and Social Affairs in Petr Fiala's (ODS) government, said after a meeting with President Miloš Zeman that he plans to implement part of the pension reform within the first two years. The change to the system should take into account the merits of raising children or introduce a minimum pension as soon as possible. This will take inflation into account. Another of the ministry's priorities, according to him, will be a targeted social policy. It should focus on the development of social services, regular valorisation of social support and minimum wages. He also focuses on development of palliative care. Mr. Jurečka wants to strive for a good family policy to prevent the break-up of families and also intends to support seniors capable of working. ■

### Kupka wants to complete tens of km of highway

The candidate for Minister of Transport Martin Kupka (ODS) considers it crucial to proceed with the completion of the motorway network. After a meeting with President Miloš Zeman on December 6, 2021, he said he considered it important to complete tens of kilometers of highways a year in the coming years. He also considers the preparation of high-speed lines to be essential. The candidate for Minister for Science, Research and Innovation Helena Langšádlová (TOP 09) spoke with the President about how applied research in particular should support the economic situation in the Czech Republic. H. Langšádlová further stated that she hopes to make better use of good relations between the Czech Republic and Israel to strengthen science and research. ■

### Anticovid team opposes mandatory vaccination for 60+

New government coalition's Anticovid team does not support compulsory vaccination for people over 60. The team bases its position on the very little

possibility to realistically enforce this measure and also on the disapproving opinion of the Czech Vaccinological Society. TOP 09 informed about that the priority is to get the third dose to those who are waiting for it. At the same time, the Anticovid team is pushing for vaccination in the security forces, the army, the police, as well as in the health and social services. ■

### J. Síkela discusses industry transforming with M. Zeman

Josef Síkela (STAN), the candidate for Minister of Industry and Trade, discussed support for small and medium-sized enterprises at a meeting with President Miloš Zeman. Mr. Síkela said that the aim was to transform the economy by investing in research and development in order to increase the share of products with high added value. The European Green Deal was also a topic. According to Mr. Síkela, this is an opportunity to modernise the industry. If the Czech Republic does not take advantage of it, he said, it will lose competitiveness. He and Mr. Zeman also discussed the completion of the Dukovany Nuclear Power Plant and the role of the financial sector in supporting the transformation of the economy. ■

### Písek plans to invest CZK 587m, will likely use loan

The town of Písek estimates total budget revenues for 2022 at CZK 884.9m and expenditures of approximately CZK 1.2bn. The town will spend CZK 587m on investments. The approved deficit totals CZK 349.3m. It will be covered by the surpluses of previous years, which amounted to CZK 557.9m as of December 31, 2020. Ladislav Toman, head of the Finance Department, added that Písek is likely to draw a new loan of CZK 100m. The town will thus have a balance of free funds worth CZK 300m at the end of 2022 in the case of the currently forecast balanced economy in 2021 and the proposed deficit for the next year. ■

## COMPANY NEWS

### PPF gets CNB's approval to squeeze out O2 CR shareholders

PPF Telco B.V. has received prior approval from the Czech National Bank (CNB) to begin the process of buying out minority shareholders of O2 CR. The regulatory decision follows the acquisition of more than 90% of the share capital of O2 CR in June. The purchase price per share has been set at CZK 270. The buyout will be implemented through PPF banka. PPF Group plans to fully integrate O2 CR into its telecommunications division, PPF Telecom Group, after acquiring 100% of O2 CR's shares and to take advantage of all synergies. The entire minority shareholders squeeze-out process should be completed by approximately mid-2022. ■

### Avast buys US company Evernym

Avast Group has entered into an agreement to acquire Evernym, the US pioneer in online personal identity. Together with its team, Avast intends to bring new solutions in the area of decentralized personal identity to the market. The acquisition is expected to be completed in mid-December, with general availability of Evernym technology-based products to follow in 2022. ■

### P. Tkáč consolidates assets into J&T Capital Partners

J&T Capital Partners, the holding company founded by financier Patrik Tkáč in mid-2021, into which he plans to consolidate his stakes in joint business projects with Daniel Křetínský, is expanding with additional stakes. In addition to the previously acquired 44% stake in Energetický a průmyslový holding, J&T Capital Partners has currently invested in a stake in EC Investments. The latter co-owns stakes in companies operating in the e-commerce sector. The second of its recent investments was in SUPRATUC 2020, a joint venture with Spanish retail group Eroski. Last but not least, the portfolio of J&T Capital Partners was also expanded by an investment in shares in football clubs Sparta Prague and West Ham United. ■

### Autodoc to have distribution centre in Panattoni Park Cheb

Autodoc, a European online retailer of automotive parts and accessories, has chosen Panattoni Park Cheb South for its expansion into the Czech market. The 31,500 m<sup>2</sup> automated distribution centre will offer environment-friendly industrial space. The facility will follow up on a building that has been awarded an Outstanding sustainability rating and a BREEAM certification score of 90.68%. Panattoni Park Cheb South, which is being built by developer Panattoni for Accolade Group, is being constructed on the site of a former engineering plant. During the redevelopment, 90% of construction and demolition waste was recycled. The tenant of the first building is Kaufland eCommerce Fulfillment. ■

### DRFG builds for CZK 2bn, invest in logistics in Poland

The investment group DRFG is building new logistics parks in the Hradec

Králové region and in Upper Silesia, Poland. The total area of the three development projects is over 81,000 m<sup>2</sup>. Their market value is ca. CZK 2bn. Specifically, DRFG is building two more halls in Týniště nad Orlicí, which will complement the existing hall fully leased to Cataler from the Toyota Group. At the same time, it is building logistics halls in Sosnowiec and Wodzisław Śląski in the Polish region. ■

### Kofola and Mattoni 1873 enter General Plastic

Kofola and Mattoni 1873 will become the new owners of one-third stakes in General Plastic, a Slovak producer of PET bottle preforms and recycler of plastic bottles. Both have signed an agreement to buy the stake from the current owner, GP Alliance. The latter will retain the remaining one-third of the shares. The transaction is subject to the approval by the relevant competition authorities. General Plastic CEO František Doležal said that the new co-owners will also invest in the company's further development. In the next three years, the company intends to invest millions of euros in the construction of new technologies related to the trend of sustainable PET packaging management. ■

### Shoptet buying e-commerce fair Reshoper

Shoptet is becoming the owner of the e-commerce fair Reshoper. The aim of the merger is to reach new clients and increase awareness of the fair beyond traditional participants. Reshoper is an event for almost 4,000 experts, internet shop operators or potential new entrepreneurs in e-commerce, who meet every year at the Prague Letňany exhibition center PVA EXPO. Together, they look for ways to increase online sales profits, create better marketing campaigns, and streamline e-shop processes. The fourth year will take place on April 13, 2022. ■

### Pale Fire Capital acquired Spanish Arpem

Czech investment group Pale Fire Capital (PFC) bought a majority stake in the Spanish company Arpem Networks S.L. based in Madrid, which operates the Arpem insurance comparison tool. PFC now controls 83 % in Arpem. The service focuses on car, motorcycle and van insurance. It offers product comparisons from more than 25 global players, including Allianz, Axa, Generali, Direct and Regal. PFC partner Dušan Šenkypl said that the group sees an opportunity to simplify the purchase of insurance through a full-fledged online process that will serve the customer in one place and without the need to handle part of the process with the comparison tool and part with the insurance company. ■

### HMMC plans to increase production and recruit employees

Nošovice-based Hyundai Motor Manufacturing Czech (HMMC) plans to increase the number of cars produced in 2022 and speed up its production lines. In connection with this, it expects to recruit approximately 120 new employees for production in the coming months. The company announced that it has already surpassed the number of vehicles produced for the whole of 2020, having produced 257,000 vehicles from January to November (+19% y-o-y). Production is expected to reach pre-lead levels in 2022. ■

### DPMB prepares investments for CZK 1.5bn

plans to invest more than CZK 1bn in construction and engineering projects in 2022. The company's CEO Miloš Havránek said that DPMB is preparing investments worth more than CZK 1.5bn in total. Specifically, the company will purchase 20 ŠKODA 27Tr trolleybuses for CZK 239m and 31 low-floor buses SOR NS12 for CZK 158m. In 2H 2022, it expects delivery of two-way Škoda ForCity Smart 45T trams. Employees of DPMB's central workshops will assemble seven Drak trams for CZK 192.5m. The cost of modernisation of the Pisárky depot will reach CZK 210m and the construction of the tram line to the University Campus will cost CZK 500m. ■

### Rockaway invested another CZK 100m in 1Inch

Rockaway Blockchain Fund has invested more than CZK 100m in decentralized exchange aggregator 1Inch as part of its Series B investment round. This is the fund's largest investment to date. 1Inch is the eleventh unicorn in Rockaway's portfolio, i.e. a company with a valuation of over USD 1bn. It functions as a tool that uses algorithms to compare exchange rates across all decentralized exchanges. The company helps its users who want to exchange any of the cryptocurrencies to find a favourable rate. ■

### ČD Cargo will buy locomotives Vectron AC from Siemens

ČD Cargo has ordered two Vectron AC electric locomotives with Diesel Power Module (DPM) from Siemens Mobility. Thanks to it, they can also be operated in the so-called Last Mile mode for crossing the final section without overhead line. This is the first order of these locomotives in the Czech Republic. They are equipped with the European Train Control System ETCS Level 2 Baseline 3. The contract also guarantees service for a period

of four years. The locomotives will be delivered in spring 2023. ČD Cargo already operates 12 of its own Vectron locomotives in its fleet and leases others. ■

### SOTIO to cooperate with Merck on SOT101 development

SOTIO Biotech, a biotechnology company owned by PPF Group, has entered into a collaboration agreement with Merck for a large Phase II clinical trial. The AURELIO-04 study will evaluate the safety and efficacy of SOTIO's interleukin IL-15-based SOT101 and Merck's KEYTRUDA in patients with selected types of solid tissue tumors. SOT101 in combination with KEYTRUDA has shown promising clinical data in an ongoing Phase I clinical trial. The study will enroll up to 300 patients with lung, skin, colon, liver, prostate, or ovarian cancer from the U.S. and selected European countries. ■

### BOHEMIA SEKT launches large capacity grape pressing plant

BOHEMIA SEKT has commissioned a new large-capacity grape processing plant in Mikulov. The pressing plant has wine-making machines and equipment from several European suppliers, which automate the entire process from the reception of grapes to the production of the basic wine. In the peak season, it processes a tonne of grapes in two minutes, and 220 tonnes of grapes per day. The new centre, which cost more than CZK 200m, represents a shift towards self-sufficiency for BOHEMIA SEKT. The company currently manages almost 600 ha of vineyards in South Moravia. Until now, up to a third of the grapes had to be processed by other winemakers. ■

### DACHSER predicts turnover will grow 26% to CZK 4.13bn

DACHSER Czech Republic plans to invest in the development of branches and collection service network in 2022. The new branch in České Budějovice will be operational in March 2022. It also intends to continue digitalization and expansion of emission-free delivery in the Czech Republic. According to preliminary results, the international logistics provider expects a 26% year-on-year increase in turnover to CZK 4.13bn for 2021. It also reported that it will handle 1.23m shipments (+8%) with a total tonnage of 816,000 tonnes (+27%). The company invested e.g. in sustainable handling technology in 2021. ■

### S IMMO wants to increase stake in IMMOFINANZ

S IMMO intends to launch a partial takeover bid for shares in IMMOFINANZ AG. The intention of S IMMO is to increase its stake in the company from the current 14.2% to approximately 25%. S IMMO has set the offer price at EUR 23 per share, which corresponds to a premium of 7.7% compared to the closing price on December 3, 2021. S IMMO reserves the right to further increase its stake in IMMOFINANZ AG to 30%. The decision to make a partial bid is made following a preliminary mandatory takeover bid announced by CPI Property Group on December 3. S IMMO stated this, adding that it does not consider the offered price (21.20 euros per share) to be attractive. ■

### Bauhaus launches e-shop, opens new store

Hobbymarket chain Bauhaus plans to open a new store in 2022. The investment will reach several hundred of millions of korunas. Managing director Petr Kočí told ČIANEWS that the company will also invest in the modernisation of existing stores. Bauhaus will launch an e-shop by the end of 2021. The hobbymarket chain expects a slight increase in sales year-on-year. According to Mr. Kočí, comparison with 2020 is difficult because the stores could only be opened for companies and tradesmen. They did not open for everyone until December 3 and customers had a shorter shopping period than normal. He believes there will be no restrictions this year. ■

### LIBERTY Ostrava to raise salaries by 6.2% from January

LIBERTY Ostrava's management and trade unions have agreed on an amendment to the collective agreement for 2022. As of January 2022, employees of the Ostrava smelter will receive an average 6.2% pay rise. In the November wages, employees, with the exception of management, will also be paid a one-off bonus of CZK 25,000 per person. The system of all remuneration and benefits remains in force. The Ostrava-based smelter, together with its subsidiaries, employs approximately six thousand people. The average monthly earnings in 2021, excluding management salaries, total CZK 40,027. ■

## MACROECONOMIC DATA AND POLLS

### Industrial production down 4.9% in Oct

Industrial production fell by 4.9% y/y in real terms in October 2021. The sector contributing most to the change was motor vehicle, trailer and semi-

trailer manufacturing (-6.8ppt contribution, down 32.9%). The data were published by the Czech Statistical Office. Month-on-month, production was 0.9% higher. Revenues from industrial activity in current prices decreased by 3.8% compared to October 2020. The value of new orders fell by 2.0%. According to Eurostat data, industrial production in the EU27 increased by 5.0% in September 2021. The Czech Republic and Slovakia showed a 4.0% and 4.9% decline respectively. ■

### Analysts: Automotive dragged entire industry into red

Carmakers remain the biggest brake for the industry, as they are missing critical components and thus cut back operations in October. Komerční banka's economist Michal Brožka commented on the statistics that if we subtract the production of motor vehicles, industrial production would not have fallen by 4.9% y/y in October, but on the contrary grew by 1.9%. Patrik Rožumberský, an economist at UniCredit Bank Czech Republic and Slovakia, said that many industries have to contend with sharply rising input prices, the possible translation of which into sales prices may face a demand barrier. Trinity Bank's chief economist Lukáš Kovanda forecasts industry growth of 7.5% for the full year 2021. However, he added that it could have been more than +20% if not for chip shortages and logistics issues. ■

### SDA: Passenger car registrations up to 190,668

Registrations of new passenger cars in the Czech Republic rose by 4.40% y/y to 190,668 units in January-November 2021. In terms of fuel, petrol leads with 68.33%, while the share of diesel fell to 24.67%. The share of company cars in total registrations totals 76%, the Automobile Importers Association (SDA) reported, adding that ŠKODA is the best-selling brand with 65,244 units (34.22%). ŠKODA is followed by Hyundai (18,514; 9.71%) and Volkswagen (15,829; 8.30%). The best-selling models are the ŠKODA FABIA (14,373; 7.54%), the ŠKODA OCTAVIA (12,404; 6.51%) and the ŠKODA KAMIQ (9,854; 5.17%). ■

### Foreign trade fell into CZK 8.12bn deficit in October

The balance of foreign trade in goods at current prices ended with a deficit of CZK 18.2bn in October 2021. The deficit was CZK 49.4bn worse year-on-year. This is based on preliminary data from the Czech Statistical Office. The overall balance was adversely affected mainly by a larger deficit of CZK 19.8bn in oil and gas trade. Exports fell by 7.5% y/y to CZK 331.6bn, while imports rose by 6.9% to CZK 349.8bn. In January-October 2021, the trade surplus reached CZK 10.1bn, down by CZK 121.9bn. The balance with EU27 countries ended with a surplus of CZK 61.9bn (- CZK 16.0bn) in October. ■

### Analysts: Automotive, expensive oil deepen deficit

The trade balance in October disappointed analysts' expectations. UniCredit Bank Czech Republic and Slovakia's economist Jiří Pour commented on the data that the foreign trade balance was dragged down year-on-year mainly by motor vehicle exports and increased imports of oil and gas and basic metals. Komerční Banka's economist Jana Steckerová pointed out that on the contrary, a higher surplus in the electricity, gas and steam group was reflected positively in the balance due to higher prices and volume of exported electricity. Trinity Bank's chief economist Lukáš Kovanda said that foreign trade is now a key drag on the Czech economy as a whole. ■

### IE: Exports to fall 5% in late 2021

According to the latest Export Index (IE) calculation, the outlook for exports has deteriorated slightly again, predicting a year-on-year decline of up to 5% for the end of 2021 and only weak growth for the beginning of the new year. Raiffeisenbank's chief economist Helena Horská said that the performance of Czech exports will surpass the pre-recession levels and set a new historical record of close to CZK 3.9tn. Otto Daněk, vice-chairman of the Association of Exporters, added that negative factors include shortage of labour force and components, inflation and covid-19. ■

### CRIF: Corporate savings up CZK 72bn, loans up CZK 41bn

The volume of corporate deposits with Czech banks rose by CZK 72bn y/y to CZK 1.29tn at the end of October 2021. The volume of loans amounted to CZK 1.21tn (+ CZK 41bn). This stems from calculations made by CRIF - Czech Credit Bureau, based on data from the Czech National Bank. Savings of sole traders reached CZK 174bn (+ CZK 12bn), while their debts increased by CZK 0.5bn to CZK 47.5bn. Companies' payment morale improved slightly. The share of non-performing corporate loans fell to 3.9% and fell below 4% for the first time since November 2020. Businesses defaulted on a total of 6.6% of loans. ■

### CRIF: Number of petitions for corporate bankruptcies grow

The number of declared bankruptcies of Czech companies reached 69 in November 2021. In addition, 530 bankruptcies of natural persons

entrepreneurs and 1297 personal bankruptcies were declared. This is based on the analysis of CRIF - Czech Credit Bureau. The number of bankruptcy petitions filed by companies was 106, while in the case of entrepreneurs there were 540 petitions. There were also 1,325 personal insolvency petitions filed. In all categories, the number of insolvency petitions was higher m/m. It increased by 36% for firms. In the last 12 months, 721 company bankruptcies were declared, 16% more than in the previous period. There were 6,273 business bankruptcies (-17%). ■

### Most companies to raise prices due to costlier energies

Up to 83% of companies will be forced to increase prices, mainly due to the development of energy prices and other inputs. The survey by the Czech Chamber of Commerce (HK ČR) indicates that companies will have to increase their business prices by more than 30%. High electricity prices have emerged as the factor that will affect business the most among all cost items in 2022. A total of 88% of entrepreneurs affected by the end of some energy suppliers believe that current government measures are insufficient. HK ČR president Vladimír Dlouhý said that the solution is to regulate energy prices across the board where EU rules allow. This includes, for example, a reduction in the contribution to renewable energy sources. The EU's Fit for 55 package may have a negative impact on the competitiveness of the Czech energy sector. According to the Czech Chamber of Commerce and Industry, energy from nuclear power and temporarily also from natural gas is key for the Czech Republic. Therefore, the EU should not discriminate or even exclude these energy sources. ■

### Building production up 3.7% in October

Construction output rose by 3.7% y/y in real terms in October 2021. Building authorities issued 7,675 building permits (+9.6%). The indicative value of these constructions reached CZK 34.3bn (+4.9%). This is based on data from the Czech Statistical Office. The number of housing starts increased by 38.8% to 3,583 dwellings and the number of completions by 17.2% to 3,379 dwellings. According to Eurostat, construction output in the EU27 increased by 1.8% y/y in September 2021. ■

### Analysts: Lack of staff slows down construction

Lack of skilled and auxiliary workers remains the main problem of the construction industry in the Czech Republic, despite rapidly rising prices of building materials. This was stated by ČSOB analyst Petr Dufek in reference to data from the Czech Statistical Office. BH Securities chief economist Štěpán Křeček believes that it would be advisable to attract foreign workers from culturally related countries. They could fill only jobs that Czechs do not want in the long term. Petr Kymlička, a partner of the consulting group Moore Czech Republic, added that the year-on-year growth of construction output by less than 4% is mainly due to a low comparative base. ■

### MF: New building savings fell to 304,000 by September

Totally 304,000 new building savings contracts were concluded in 9M 2021 (-5.1%) with a total target amount of CZK 287bn. The average target amount for contracts concluded by natural persons reached CZK 940,000. This was reported by the Ministry of Finance (MF) with reference to data from building societies. The total number of construction savings contracts in the savings phase as of September reached 3.2 million, down 14,000 on the end of 2020. 497,000 loans were registered and their total volume reached CZK 310.6bn. The ratio of the volume of loans to the amount saved was 86.1%, up 5.2 pp compared to the end of 2020. ■

### ÚP: Unemployment in CR falls to 3.3 %

As of November 30, 2021, the Labour Office of the Czech Republic registered a total of 245 549 job seekers, 6140 fewer than in October and 28 977 fewer than in 2020. The share of unemployed persons was 3.3%. It fell by 0.5 pp y/y. Labour and Social Affairs Minister Jana Maláčová (ČSSD) added that the Antivirus programme, which protected over 1 million jobs in previous pandemic waves, has been reactivated. According to Eurostat data for October 2021, the unemployment rate was the lowest in the whole EU at 2.6%. The EU average is 6.6%. ■

### Average wage up 5.7 % in 3Q; media was CZK 32,979

The average gross monthly nominal wage per recalculated number of employees in the national economy in 3Q 2021 increased by 5.7 % y/y. It increased by 1.5 % in real terms. The median was CZK 32,979. The data was published by the Czech Statistical Office. Compared to 2Q 2021, the growth of the average wage after adjustment reached 1.5 %. Jitka Erhartová, head of the labor statistics department, said that the highest growth occurred in real estate activities (11.8 %). Health and social care maintained high wage growth (8 %). In 1-3Q 2021, the average wage reached CZK 37,047. ■

### Analytici: Real wages to fall due to inflation

Real wages rose by only 1.5 % in 3Q 2021 due to accelerating inflation and are likely to start declining from the next quarter. Following the data of statisticians, the chief economist of the Czech Banking Association, Jakub Seidler, announced this. Patria Finance's chief economist Jan Bureš believes that the slowdown in wages in 3Q is the result of the gradual end of extraordinary health care supplements. Nevertheless, wage growth is above the central bank's estimate, making it another argument for higher interest rates. ČSOB analyst Petr Dufek stated that it is probably not possible to expect that the inflation jump at the end of the year could be compensated immediately by wages. Therefore, real wages are likely to fall in 1H 2022. ■

### Retail revenues up 5.6 % in Oct

In October 2021, calendar-adjusted retail revenues increased by 7.2 % y/y at constant prices, without adjustment by 5.6 %. The data was published by the Czech Statistical Office. The low base effect of last October, when retail sales were affected by measures in connection with the onset of the second wave of the pandemic, contributed to the growth in non-food sales. Higher sales were recorded in specialized stores with clothing and footwear (by 39.4 %), with products for culture, sports and recreation (by 21.8 %) and with computer and communication equipment (by 9.1 %). Seasonally adjusted revenues from sales and repairs of motor vehicles decreased by 8.7 %, unadjusted by 11.8 %. ■

### Analysts: retail growth reflects strong household demand

Non-food goods such as IT equipment, household goods and cosmetics are the main drivers of retail growth, with mail order sales continuing to grow the fastest. Michal Brožka, an economist at Komerční banka, said this in response to data from the Czech Statistical Office. Jiří Pour, an economist at UniCredit Bank Czech Republic and Slovakia, stated that retail results continue to show strong household demand, which is accelerating the pace of GDP in 2021. Raiffeisenbank analyst David Vagenknecht expects retail growth to exceed 5 % in 2021. Excluding cars, he predicts an increase of around 3 %. ■

### APEK: Czechs could spend CZK 12bn online before Christmas

Czechs could spend more than CZK 12bn online in the two weeks before Christmas. The Association for Electronic Commerce (APEK) informed about it. Executive director Jan Vetyška said that the coronavirus pandemic period has further highlighted interest in ordering goods remotely. He assumes that the total y/y turnover growth could exceed 15 %. Most people plan to spend between CZK 2 and 5 thousand on Christmas gifts on the Internet (38 % of respondents). While 17.7 % of respondents will spend between CZK 5 and 10 thousand online, 8.2 % will spend this amount in brick-and-mortar stores. ■

### ČLFA: Financing of machinery exceeds CZK 20bn

The member companies of the Czech Leasing and Finance Association (ČLFA) provided CZK 20.19bn to companies and entrepreneurs for financing machinery and equipment in 1-3Q 2021, up 14% y/y. In total, they financed 10,498 machines or equipment, an increase of 11%. Most of the money was borrowed by enterprises for agricultural and forestry machinery (CZK 6.82bn). Financing of machinery and equipment intended for the healthcare sector showed the highest year-on-year growth, up 72% to CZK 510m. Most customers used business credit (78%), followed by financial leasing (16%) and operating leasing (6%). For the coming period, the association sees the greatest potential in green technologies. ■

### MZ: No. of people hospitalised with COVID-19 down to 6478

The number of confirmed cases related to the disease causing COVID-19 in the Czech Republic increased by 16,179 to 2,298,441 as of December 9, 2021. The number of hospitalised persons has fallen to 6478 from 6670. In the last seven days, there were 979 confirmed cases per 100,000 population. The number of deaths increased to 34,129 from 34,034. This was reported by the Ministry of Health (MZ). ■

### MZ: Vaccination completed in 60.2 % of population

As of December 7, 2021, 6,508,221 persons 16+ had received at least one dose of COVID-19 vaccine, which is 73.3% of the population in the Czech Republic. Of these, 6 264 291 persons (70.6%) have completed vaccination. In the youngest age group surveyed (12 to 15 years), the vaccination completion rate was 38.0%, and in the 16 to 29 years category 58.3%. In the oldest group (80+) the vaccination coverage was 86.2%. Overall, 6 437 840 persons (60.2%) completed vaccination. This is based on data from the Ministry of Health (MZ). ■