

EVENTS OF THE WEEK

MPSV: Cabinet activated Antivirus regimes A and B

On November 29, 2021, the Government of the Czech Republic approved the proposal of the Ministry of Labor and Social Affairs of the Czech Republic (MPSV) to extend regime A of the Antivirus program until February 28, 2022. At the same time, it reactivated regime B for the period from November 1, 2021 to February 28, 2022. In regime A, intended to cover the costs incurred by the employer in paying the wage compensation to the employee for the duration of the ordered quarantine or isolation, the amount of the contribution will be 80 % of the paid wage compensation and insurance premium. Up to a maximum of CZK 39,000 per month. In regime B it will be possible to provide employers with a contribution to costs in a specified period. However, not more than 60 %, not more than CZK 29,000 per employee. The MPSV informed about it. ■

MPs pass isolation & crisis caregiver's benefits

As part of a so-called accelerated sitting, the Chamber of Deputies has approved the Czech Ministry of Labour and Social Affairs' proposal to pay out an emergency benefit of up to CZK 370 per day to people in quarantine or isolation because of an infectious disease. The MPs also supported crisis caregivers' benefits in the amount of 80% of the daily base, but at least CZK 400 per day. It will also apply to people working on agreements who participate in sickness insurance. ■

Draslovka gets Chemours Mining Solution for USD for 521m

Draslovka has completed the acquisition of Chemours' Mining Solutions division for USD 521m. The financing of the transaction was supported by a syndicated term loan of USD 348m raised in November through bookrunner J.P. Morgan. Additional funds were provided by the equity of existing shareholders. The company's CEO, Pavel Brůžek, said that Draslovka intends to invest further in the growth of its entire portfolio and its continued ambitious international expansion plans. The company now operates in Europe, North and South America, Australia and Oceania. ■

CNB ups countercyclical capital buffer rate to 2.0%

Banks and credit unions are required to apply a countercyclical capital buffer rate of 2.00% of total risk exposure from January 1, 2023. The Czech National Bank (CNB) has decided that this is the level necessary to ensure that the financial system is sufficiently resilient to the risks arising from, among other things, increasing residential real estate debt financing. In the event of further acceleration of credit dynamics in the private non-financial sector, intensified risk-taking in the banking sector's balance sheet and its growing vulnerability, the CNB board is prepared to proceed to a further increase in this rate. On the other hand, in the event of a significant deterioration in the economic situation and materialisation of risks, it is prepared to gradually reduce the CCyB rate or to dissolve the reserve entirely in order to support the ability of banks to lend to non-financial corporations and households. ■

Startup DoDo transforms into DoDo Group

Logistics startup DoDo is changing its structure after expanding abroad. The international DoDo Group is formed. It will be headed by DoDo's current CEO Michal Menšík. Martin Marek will become the group's Chief Operating Officer and will also temporarily assume the role of CEO for the Czech Republic and Slovakia. During the pandemic, DoDo established its brand in Hungary, strengthened its position in Slovakia and grew in Poland and Bulgaria. The company is preparing to enter the German and Austrian markets. Chief Operating Officer M. Marek said it is important for them to constantly innovate to bring the necessary sustainability to logistics. Therefore, the company will further improve its own logistics platform and develop the zonal logistics project. ■

TOP HEADLINE NEWS

MPO: CR supports common rules for digital services**Govt to discuss lobbying act, investment incentives****PPF to provide EUR 280m to SOTIO for cancer treatment****MMB to spent CZK 4.95bn in cash on Air Bank acquisition****GDP up 3.1%; trade balance falls to record low**

Currency and Bourse

Currency	Value	% w/w
CZK/EUR	25,42	-0,118
CZK/USD	22,42	-0,312
CZK/GBP	29,86	-0,268
CZK/CHF	24,41	0,041

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

Prague bourse

Share	Value	% w/w
AVAST	↘ 179,30	-0,864
ČEZ	↗ 749,50	1,067
ERSTE	↘ 975,60	-0,882
Kofola	↘ 307,00	-0,326
KB	↗ 879,00	0,967
Moneta	↗ 95,55	1,884
O2 C.R.	↘ 262,00	-0,573
PM	↘ 15 660,00	-0,383
CZG	→ 506,00	0,000
VIG	↘ 616,50	-2,595

PX index ↗ 1363,22 0,004

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

MPO: CR supports common rules for digital services

The Czech Republic supported common rules for digital services in the internal market at the EU Competitiveness Council, the Ministry of Industry and Trade (MPO) said, adding that this is an important step towards further harmonisation of the EU digital market and setting fairer rules. The Czech Republic, in cooperation with other countries, has ensured that the country of origin principle is maintained. The principle allows companies established in one member state to provide services anywhere else in the EU without having to comply with additional obligations set out in another member state or to establish themselves there. ■

Govt to discuss lobbying act, investment incentives

Prime Minister Andrej Babiš's (ANO) resigned government will discuss on December 6, 2021, a proposal by MP Radek Vondráček (ANO) and others to issue a law on lobbying. The government will also consider approving investment incentives for Frujo, Kornfeil, ZKL Brno, Družstevní závody Dražice - strojírna Huhtamaki Flexible Packaging Czech and Thermo Fisher Scientific Brno. ■

Government approved amendment to Payment Act

The government has approved an amendment to the Payment Act, which deals with the regulation of the Dynamic Currency Conversion (DCC) service. Through this service, customers can benefit from the immediate conversion of the amount charged into the currency in which their bank account is held. The regulation also provides for increased supervision of service providers by the Czech National Bank and the Czech Trade Inspectorate. The expected effective date of the standard is set for July 1, 2022, according to the Ministry of Finance, which, together with the European Union, is actively dealing with the DCC issue. The amendment will be discussed by the Chamber of Deputies. ■

Ministry of Finance joins debt amnesty

Debtors of the Ministry of Finance (MF) can use the so-called Gracious Summer to repay their debts from October 28, 2021 until January 28, 2022. This option applies, among other things, to all individuals who have debts to MF and this debt is being recovered from them by a bailiff. It does not apply to administrative and tax executions. The gracious summer can also be used by natural persons with an enforceable debt to joint stock companies majority controlled by the state, which applies in particular to ČEZ. ■

A. Schillerová: State paid CZK 618.7bn in covid aid to economy

The state released as of November 30 2021, a total of CZK 618.7bn to support the economy in connection with the pandemic. CZK 445.5bn has been made available for direct measures to support businesses and households. Deferred tax advances amounted to CZK 62.1bn and supported loans (amount of loans/guaranteed loans) totalled CZK 111.1bn. Finance Minister Alena Schillerová also said that subsidies as of that date in 2021 amounted to CZK 326bn of that total. ■

ERÚ: Regulated components not to exceed inflation

The Energy Regulatory Office (ERÚ) has issued price decisions that determine the regulated part of electricity and gas prices for 2022. For households, the regulated components of prices will increase by less than inflation and will probably be reflected in total prices by a 2% increase in the case of electricity and a 1% increase in the case of gas. However, the increased prices are still the energy-price component that is not regulated by the Office, into which suppliers reflect their purchases of expensive energy on the commodity exchange. There will be a significant yearly decrease in the regulated component of the electricity price by 7% at the very high voltage level. At the level of high voltage, the regulated component will be by 0.3% more expensive on average. The prices at these levels are affected mainly by the support for new supported sources. If all supports based on the amendment to the act on supporting renewable energy sources are activated, it will be necessary to increase the state subsidies adequately; otherwise, the costs will be reflected in a significant increase in prices for the industry. ■

CR transferred 465 GWh of renewable energy to Slovenia

The Czech Republic has concluded an agreement with Slovenia on the statistical transfer of energy from renewable sources (RES), on the basis of which it will transfer 465 GWh of energy to the southern European country. The document, which means the Czech Republic will receive almost EUR 5m for the green transition, was signed in Brussels by Minister of Industry and

Trade Karel Havlíček (for ANO) and Slovenian Minister of Infrastructure Jerner Vrtovec. The Czech Republic was able to conclude the contract after meeting the mandatory share of RES for 2020 set by the European Union. ■

K. Havlíček: Government does not count on lockdown

Prime Minister Andrej Babiš's (ANO) resigned government is not planning a total lockdown. However, in the event of a further deterioration of the epidemic, it cannot be ruled out that the government would restrict additional events on which larger numbers of people gather. Minister of Industry and Trade Karel Havlíček (ANO) said in CNN Prima News' discussion program Partie CNN that although the aggressive virus from South Africa has currently appeared, the government has not adopted stricter measures as in the spring, due to higher vaccination rate. ■

Regions to get almost CZK 8.5bn from IROP in 2021-2027

The Ministry of Regional Development of the Czech Republic will support regions in the years 2021–2027 from the Integrated Regional Operational Program (IROP) with almost CZK 8.5 billion. In particular, projects will be financed for the development of transport, firefighting equipment, construction of kindergartens and primary schools, social services and the reconstruction of monuments. Support for the reconstruction of public spaces and the building of public infrastructure for sustainable tourism has recently been added. Entities can apply for subsidies through the so-called Local Action Groups (LAGs), which operate in the regions. There have been 180 of them in the Czech Republic since 2002. The model has been taken over by the countries of the European Union from France. ■

SZIF paid so far CZK 7.8bn in Single Payment advances

The State Agricultural Intervention Fund (SZIF) is starting to make additional payments for the SAPS agricultural subsidy. Decisions with an advance payment of 70% were issued by the Fund from October 19, 2021. This year's Single Area Payment rate is CZK 3331.68 per hectare. To date, the Fund has issued 29 066 advance decisions and farmers have received almost CZK 7.8bn. However, for the additional payments, applicants have to wait for the decision to become final, when the mandatory 15-day period from the date of receipt starts. ■

MZe to increase annual forest planting contributions

The Ministry of Agriculture of the Czech Republic (MZe) will continuously increase contributions for the care and planting of new forests after the bark beetle calamity in accordance with the newly approved government regulation. While in 2021 it will provide CZK 1.7bn, in 2022 it will be CZK 3.3bn and in 2023 CZK 4.6bn. Rates for seedlings will increase from CZK 12 per deciduous tree to CZK 15. It will now be possible to obtain, among other things, a subsidy for the mechanical preparation of the soil for planting. The money for forest management will come largely from the National Recovery Plan, that is, from EU resources, and from the state budget. ■

MD to divide CZK 500m from TRANSPORT 2020+ to 39 projects

The Ministry of Transport (MD) will distribute a total of CZK 500m from the applied research programme DOPRAVA 2020+ (TRANSPORT 2020+). The ministry will allocate CZK 500m to 39 out of 199 project proposals. Many of them focus on the trend of automation in transport and the emergence of autonomous technologies. The composition of the projects covers all modes of transport. The third public competition, launched in cooperation with the Technology Agency, prioritised support in the area of digitisation in transport to promote the results of projects modernising the sector. ■

NRR: Public revenues must be raised

High structural imbalance remains the main problem of Czech public finances. The National Budget Council (NRR) warns that the structural deficit for 2021 will be around 5.3% of GDP. According to the NRR, it is necessary to stress that this type of deficit will not be significantly reduced by economic growth. Given the size of the imbalance, the NRR continues to believe that it will not be possible to reduce the imbalance by adjusting expenditure alone, but that it will also be necessary to increase public revenue. ■

Pirates: Isolation benefit for more sole traders favoured

Representatives of the emerging government coalition have introduced proposals related to the crisis caregiver's benefit, the isolation benefit and the compensation bonus. This information was provided by the Czech Pirate Party, adding that the aim was to protect family budgets, entrepreneurs and sole traders against a negative impact of the anti-pandemic measures. Among other things, the goal is also to introduce the benefit for sole traders who do not pay into sickness insurance. Newly, sole traders would be able to

draw the compensation bonus and use other programmes should their revenue decrease if their businesses were to be restricted. The proposals were to be discussed in the Chamber of Deputies on December 1, 2021. ■

President Zeman appoints Mr. Fiala as Prime Minister

On November 28, 2021, President Miloš Zeman appointed ODS Chairman Petr Fiala as the new Prime Minister at the castle in Lány. The head of state also said that on November 29 he plans to start a series of meetings with the candidates for ministers, whom he will receive in alphabetical order. He is expected to complete the talks by December 13, after which he will meet with Mr. Fiala again. Mr. Fiala confirmed that Zeman's reservations about one of the candidates still remain, and that he has no intention of changing any of the nominees. ■

SP ČR: Increase in POZE payments to raise prices

The draft price decision of the Energy Regulatory Office (ERÚ) for 2022, increasing the payment for supported energy sources (POZE) by 50 %, will cause a further increase in electricity prices for companies. This was stated by the Confederation of Industry and Transport of the Czech Republic (SP ČR), which added that companies will reduce investments as a result and inflationary pressures will continue to rise. Companies will also be forced to pass on the increase in final product prices. The union therefore asks the Ministry of Industry and Trade of the Czech Republic and the government to reduce the fee for POZE. According to the SP ČR, if the government heard the call, the price of electricity would fall for customers in industry as well as for households. ■

Prague councilors approved budget for 2022

The City of Prague approved a balanced budget for 2022 in the amount of CZK 92.6bn. The priority is investments for which almost CZK 20bn is allocated. Of this, 8.3 billion is ready for transport. Key projects include the construction of metro D, for which CZK 4.3bn is earmarked. Investments provided by municipal companies should reach approximately CZK 12bn. Despite the pandemic, Prague continues to reduce its long-term debt. At the end of 2022, it plans the lowest debt ratio of CZK 12bn. The draft budget will be discussed by the city council in December 2021. ■

STČ approved budget, expenditures to reach CZK 40bn

The Central Bohemian Regional Council (STČ) approved the budget for 2022. The priority is investments and the use of European funds. Revenues are planned at CZK 35.7 billion, of which tax revenues amount to almost CZK 11 billion and the largest part consists of transfers in the amount of almost CZK 23.5 billion. Expenditures will reach CZK 40.2 billion. The difference will cover savings and credit lines. Currently, STČ has signed a new loan of CZK 4 billion with Komerční banka and Česká spořitelna for CZK 2.5 billion. The loans are intended primarily for investment projects co-financed by the region and the EU. Projects worth approximately CZK 18 billion are planned for the new programming period. ■

PLK council approved draft budget with CZK 1.995bn deficit

The council approved the draft budget of the Plzeň Region (PLK) for 2022. The budget is proposed with a deficit of CZK 1.995bn. It will be covered by the region's own resources and a loan. Expenditure will reach ca. CZK 8.6bn, revenue CZK 6.6bn. Compared to 2021, expenditure is CZK 822m higher. A deficit of CZK 1.312bn has been approved for 2021. Deputy Governor Pavel Karpíšek said that the region's priorities include e.g. pre-financing of subsidised projects, financing of repairs and reconstruction of the road network. The most financially demanding area is transport, where they plan to invest CZK 4.1bn. The biggest construction project this year and next year is the western ring road in Plzeň. ■

COMPANY NEWS

PPF to provide EUR 280m to SOTIO for cancer treatment

PPF Group will provide EUR 280m (approximately CZK 7.1bn) to SOTIO for the development of cancer treatment methods. The biotech company said the funding will be used for two phase 2 clinical trials evaluating SOT101, including a study combining SOT101 with checkpoint inhibitors. In addition, three products under development (SOT102, BOXR1030, and SOT201) will advance to Phase 1 clinical trials by the end of 2023. Funding will be provided progressively depending on the achievement of defined development and regulatory phases. ■

MMB to spend CZK 4.95bn in cash on Air Bank acquisition

MONETA Money Bank (MMB) plans to finance its CZK 25.9bn acquisition of Air Bank Group not only by subscribing for 255.5m new shares, but also by

making a cash payment from its current surplus capital. MMB said it intends to raise CZK 20.95bn to CZK 22.38bn through new shares, while CZK 4.95bn to CZK 3.52bn remains to be paid in cash. Of the total proposed purchase price, CZK 21.3bn is for Air Bank incl. Benxy, another CZK 3.8bn for Home Credit CZ and the remaining CZK 80m for Home Credit SK. ■

Leo Express raised CZK 20m from strategic partners

Leo Express has completed the entry of strategic partner Renfe, the Spanish state-owned railway company, into the company. The Czech private carrier's general meeting unanimously decided to increase its share capital. This was followed by a share subscription and redemption, after which Renfe acquired a half share. Another 5% went to EuroMaint, a Swedish company providing engineering and maintenance services for the rail transport sector. The new partners brought almost CZK 200m to Leo Express. The carrier is currently preparing for development and looking for new lines in the Czech Republic and abroad. ■

South African authority rejected Draslovce's acquisition of Sasol

The Antimonopoly Office of the Republic of South Africa (South Africa) has rejected Draslovka Holding's acquisition of Sasol, a local producer of sodium cyanide. Spokesman Vít Kurfürst told ČIANEWS that the rejection is not final. Draslovka is now considering its current legal position and identifying legal options to continue negotiations. Its interest is to reach a consensus in negotiations with the antitrust authority and secure the local regulator's approval of the transaction. ■

PSN buys Plynárenská site in Brno from innogy

Innogy Czech Republic has sold a complex of administrative buildings and operation buildings with adjacent land in Plynárenská Street near the centre of Brno to PSN. Innogy Czech Republic board member Josef Benda said that the main reason for the transaction was optimising the group's real estate portfolio. PSN acquisition department director Pavel Citta added the company wanted to contribute to the development of the entire location and planned to buy real estate worth hundreds of millions of korunas in the future. Innogy customers can still use the existing customer centre and CNG filling station. ■

Facelifted ŠKODA KAROQ enters pre-sales

ŠKODA AUTO Czech Republic authorised dealers have started accepting pre-orders for the facelifted KAROQ model. Prices start from CZK 638,900. The first cars could reach their owners in the spring of 2022. The model will offer sustainable materials, new technologies and more saving engines of the new Evo generation. It enters the local market in five equipment options with five power units to choose from, making 30 pricelist combinations. The offer has been expanded with the Style Exclusive and Sportline Exclusive versions. The current basic option, Active, has been replaced with KAROQ Ambition. ■

Genesis Capital sells Quinta-Analytica to BBA Group

Genesis Private Equity Fund III of Genesis Capital is selling its 85.9% stake in Quinta-Analytica, a provider of research services to the pharmaceutical industry, among others. The stake will be acquired by LVA Holding from the portfolio of BBA Capital Partners (BBA). During its six-year partnership with Genesis Capital, Quinta-Analytica has expanded its portfolio of services, diversified its customer portfolio and continued to grow in Europe and North America. It is targeting revenues of EUR 16m in 2021. The seller was advised by the law firm HAVEL & PARTNERS. Noerr and EY represented the buyer. ■

Accolade invests EUR 71m in Goleniów and Jelenia Góra

Accolade currently has 580,000 m2 of warehouse space near the western Polish border. In the future, it plans to almost double its size. The group continues to invest in the park in Goleniów and is also entering a brand new location in Jelenia Góra. The value of the latest investments in the expansion of the park in Goleniów and the construction of a new one in Jelenia Góra amounts to EUR 71m. Almost half of the halls in Jelenia Góra are already leased to clients, who are expected to come to the park in Q2 2022 and occupy almost 10,000 m2. ■

IPG Plasty plans to increase wages by up to 5%

IPG Plasty laid off only agency workers during the coronavirus crisis. Jiří Pořícký, the director of the plant in Milotice nad Bečvou, told ČIANEWS that the company is trying to keep its core workers. He specified that especially for highly skilled workers this is crucial, although the reputation of work in the automotive industry is declining. In 2022, the company plans to increase wages by 4 to 5%, but the financial plan is not yet ready and the company has to count on higher expenses for raw materials and energy. He added

that the impact of the increase in the minimum wage to CZK 16,200 will be practically non-existent for IPG Plasty. ■

Venture Club Invest entered automaker Zebra Group

Czech automaker ZEBRA GROUP, which manufactures commercial vehicles of the same brand in Pardubice, received an investment from the Venture Club Invest group. For CZK 30m, intended to support the company's further development and expansion into European markets, Venture Club Invest now has an 18% stake in ZEBRA GROUP. The plan for the near future is to increase production from the lower dozens of vehicles to hundreds per year. The carmaker relies not only on traditional models, but above all on electric drives. Electric versions of its cars can be ordered with delivery in 2022. In the same year, the first functional prototype of the hydrogen drive is to be completed. ■

Moneta SS raised volume of provided loans by 109%

Construction savings bank Moneta Stavební spořitelna (Moneta SS) granted almost 3,000 loans in the volume of CZK 2.15bn in 10M 2021, as compared to 1,031 loans in the same period of 2020. The volume of loans increased by 109%. Petr Toman, deputy chairman of the board of Moneta SS, added that with the rise in real estate prices, the company will support clients seeking financing for cooperative housing. For this reason, it has increased the maximum loan amount to CZK 2.5m for the ProBydlení loan in spring 2021 and extended the repayment term to 25 years. As a result of this adjustment, the volume of loans for cooperative housing increased by 163%. ■

W&C coordinated sale of 779,000 CZG shares

WOOD & Company was the sole global coordinator of the accelerated sale of 779,057 ordinary shares of Česká zbrojovka Group (CZG). The shares were acquired by the shareholders as part of the settlement of the takeover of the US-based Colt Holding Company in May 2021. The shares were sold in an accelerated process (called ABB) and the total proceeds reached ca. CZK 366m. The volume of shares represented 2.3% of the share capital of CZG. Legal services for the transaction were provided by Allen & Overy. The sellers were then directly coordinated by TXPATCH8445 Holdings, whose legal advice was provided by Debevoise & Plimpton. ■

NEMO Fund buys Rubín office building in Karlín

Real estate fund NEMO has acquired the Apeiron office building, also known as Rubín, in Prague-Karlín district. The eight-storey office building located directly at the Křižíkova metro station offers offices on an area of more than 12,000 m². The total portfolio of commercial buildings of the fund now reaches almost 30,000 m². Its value exceeded CZK 2bn. The fund was founded by real estate group Českomoravská Nemovitostní. ■

CPI's assets grow to EUR 13.3bn, EBITDA to EUR 272m

In the third quarter of 2021, the CPI PROPERTY GROUP (CPI) portfolio value increased to EUR 11.9bn, up 15% year on year. The company added that assets totalled EUR 13.3bn (up 13%). Net income from leases grew to EUR 265m (up 6%), and consolidated adjusted EBITDA increased to EUR 272m (up 6%). Between the first and third quarters of 2021, the group collected 95% of contractual leases. Net profit totalled EUR 801m. ■

BR Group expects CZK 4.4bn turnover; invests in robotics

Rudolf Bochenko's group of manufacturing companies, BR Group, anticipates EBITDA of CZK 280m for 2021. The group foresees turnover of CZK 4.4bn. Some companies are planning investments in automation and robotics. The entire group has been negatively affected by the unprecedented rise in the price of material inputs, but also by the shortage of raw materials from sheet metal to plastic granulate. However, it has been most affected by the crisis in the automotive industry, to which all its plastics companies are linked. It therefore welcomes the opportunity to claim compensation from the Antivirus B programme. ■

CZ LOKO to deliver 4 locomotives to Turkey for CZK 170m

Turkish steelworks Erdemir has ordered four EffiShunter 600 shunting locomotives with a more powerful CAT C27 internal combustion engine with an output of 709kW from Czech company CZ LOKO. The contract is worth ca. CZK 170m. The steelworks has an option for two more units under the same conditions. Thus, there may be up to six locomotives in total. CZ LOKO has exported 10 locomotives to Turkey over the last six years. ■

EPH Financing returns to profit, views pandemic as risk

EPH Financing CZ reported a profit of CZK 1.05m for H1 2021. For the same period of 2020 it recorded a loss of CZK 3.95m. Financial income until June 2021 amounted to CZK 214.39m. The company intends to continue with its primary activities: issuing and managing bonds and providing loans/loans to

companies in the EPH group. In addition to the risks associated with regulation and laws, the company sees the development of the epidemic and its impact on the economy of both private entities and states as a potential threat. This was announced in the issuer's report published on Czech National Bank's website. ■

GLS expanded sorting centre in Jihlava for EUR 12m

GLS has completed the expansion of its sorting centre in Jihlava ahead of the Christmas season. The investment amounted to EUR 12m. The new 4,700 m² hall will enable a 50% increase in capacity in the first phase. The project also includes modern sorting technology with more than one kilometre of conveyors. Hundreds of millions of parcels from all corners of Europe have passed through the sorting centre since 2012. Due to the growth of e-commerce in 2020, it has reached its capacity limits. The carrier is expecting an increased load before Christmas and in view of the unfavourable development of the pandemic. It recommends ordering gifts by Friday December 17, 2021. ■

CZECHOSLOVAK GROUP ups revenues to CZK 7.14bn in H1

CZECHOSLOVAK GROUP (CSG) reported revenues of CZK 7.14bn for H1 2021. A year earlier, it was CZK 6.67bn. EBITDA reached CZK 1.08bn and EBIT totalled CZK 733.17m. The group also stated in its mid-year report that it had concluded several contracts, which it expects to have a positive impact on its results in the coming period. CSG also reported that the Car Star Group, which is engaged in the purchase and sale of passenger cars, was sold after the financial statements date. The sale of the company VÍTKOVICKÁ DOPRAVA, which is active in rail transport and the provision of operating leases, also took place. ■

MACROECONOMIC DATA AND POLLS

GDP up 3.1%; trade balance falls to record low

Gross domestic product (GDP) adjusted for price effects and seasonality rose 1.5% q/q and 3.1% y/y in Q3 2021. This is based on the refined estimate of the Czech Statistical Office. Gross value added (GVA) increased by 1.4% q/q and by 2.9% compared to 3Q 2020. Gross fixed capital formation fell by 3.1% q/q. The foreign trade balance at current prices fell by a record CZK 102.1bn to CZK 15.8bn compared to last year. Total employment grew by 0.4% y/y and 0.6% q/q in Q2 2021. ■

Analysts: Economy was driven by household consumption

The economy was mainly driven in Q3 2021 by household consumption with a high annual growth of 6.4%. National Budget Council chairwoman Eva Zamrazilová has responded to statisticians' data that investment demand is reviving only slowly and its growth of 0.7% was well below expectations. Czech Banking Association's chief economist Jakub Seidler said that the figures fell short of the initial estimates mainly due to weak foreign trade, which fell as a result of industrial production shortfalls. He estimated full-year GDP growth at close to 2.5%. Raiffeisenbank analyst David Vagenknecht said that Q3 saw quarter-on-quarter growth against the backdrop of the loosening of pandemic restrictions and the subsequent catching up of pent-up consumption during the summer months. For the full year, he expects growth of around 2.6%. ■

GDP fell 5.6 %, unemployment below EU average

Gross domestic product (GDP) fell by 5.6 % in real terms in 2020, which was the deepest decline in the history of the independent Czech Republic. This was stated by the chairman of the Czech Statistical Office, Marek Rojíček, in the Statistical Yearbook of the Czech Republic 2021. Gross value added fell by 5.5 % and the slump affected most sectors. The inflation rate was 3.3 %, while in the EU27 it was 0.7 %. The unemployment rate reached 2.6 %, in the EU 7.0 %. Government gross debt increased to 38.1 % in the Czech Republic, compared to 30.3 % of GDP in 2019. In the European Union, it rose to 90.7 % from 77.5 % of GDP. ■

EC: Shortfall in VAT revenues in CR reached EUR 2.84bn

In 2019, ca. EUR 134bn in VAT was uncollected in EU Member States, an improvement of almost EUR 6.6bn y/y. The Czech Republic accounts for just under EUR 2.84bn of the total shortfall, while the Slovak Republic accounts for more than EUR 1.13bn. The European Commission (EC) points out that the sum represents revenue not collected due to VAT fraud and evasion, VAT avoidance and optimisation, bankruptcies and insolvencies, as well as miscalculations and administrative errors. In 2022, the EC will present legislative proposals to further modernise the VAT system, including strengthening the Eurofisc network. ■

OECD adjusts Czech economic outlook to 2.5% growth

After a dramatic economic decrease in 2020, the OECD expects the Czech Republic's GDP to grow 2.5% in 2021 and 2022 and 3.9% in 2023. The removal of most restrictive measures with continued progress in vaccination should support the revival of services and household consumption in the future. In the meantime, exports and production activities will be facing restricted supplies until mid-2022. According to the OECD, unemployment will continue to drop. The currently high inflation should continue growing at the beginning of 2022 and decrease to the target value of 2% at the end of 2023. There are signals that the Czech labour market is again having problems with a shortage of labour, especially in the construction sector and the sector of services and the processing industries. ■

IHS Markit: PMI grows to 57.1, employment increases

The Purchasing Managers' Index (PMI) for the Czech Republic increased from 55.1 points in October to 57.1 points in November. The latest data indicated a dramatic improvement in operating conditions in the Czech processing sector, which was still the second slowest since February. Together with a more solid increase in outputs, employment increased faster, which released the pressure on capacity. Therefore, manufacturers recorded the slowest increase in growth since March. In the meantime, the inflation pace of inputs and outputs accelerated due to dramatically increasing suppliers' and energy prices, to which companies reacted by creating safety reserves. In November, Czech manufacturers succeeded at increasing their sales prices at the third-fastest rate in the survey's history, according to data published by IHS Markit. ■

MF: State budget deficits increases to CZK 401.5bn

At the end of November 2021, the state budget ended in a deficit of CZK 401.5bn. After adjustments for income from the EU and financial mechanisms and expenditures for these projects, the deficit totalled CZK 389.9bn. A restricted economic activity at the beginning of the year, enhanced by lower taxation of labour, capital and assets and a change of budgetary tax assignment, is negatively reflected in the collection of the state budget's tax revenue whose volume is below the level of 2018. In the first 11 months of 2021, this means a year-on-year decrease of CZK 60.1bn. On the other hand, state budget revenue grew by 1.1%, and expenditures were 4.5% higher. ■

Unemployment in CR fell to 2.6% in October

The seasonally adjusted employment rate for persons aged 15-64 in the Czech Republic increased by 0.9 pp y/y to 75.0% in October 2021, according to data released by the Czech Statistical Office. The general unemployment rate for this age group was 2.6% (-0.6 pp). The unemployment rate for men was 2.4% and for women 3.0%. The economic activity rate was 77.0%. According to Eurostat, which publishes statistics for the 15-74 age group, the general unemployment rate in the country was also 2.6%. ■

CzechInvest: Most M&As in Q3 in real estate

In the third quarter of 2021, the highest M&A activity was again recorded in the Real Estate & Construction sector, with 40 transactions announced. This information comes from CzechInvest's quarterly M&A report, which goes on to claim that the second-highest number of mergers and acquisitions, with 30 transactions, was recorded in the Retail, Consumer Goods and Entertainment sector, followed by Industrial Production with 16 transactions. In terms of important transactions in 2022, there will be a merger of Avast with Norton, and the German consulting group ETL Global will enter the Czech law office Arrows. ETL also plans to invest roughly CZK 100m in the Czech Republic. Recently, the interest in selling companies established in the 1990s has been increasing in the country. ■

CRIF: 24,747 companies formed in ten months

In October 2021, 2,365 companies were established in the Czech Republic, 122 more than in September and 190 more than in October 2020. At the same time, 1,131 companies were dissolved, 86 fewer month-on-month and 226 fewer than a year ago. In the first 10 months of 2021, 24,747 companies were created (+11% y-o-y). In addition, 11,865 companies were dissolved (-10%). This stems from an analysis conducted by CRIF - Czech Credit Bureau. In the ten months under review, the number of newly established companies in the agriculture, forestry and fishing sector increased the most year-on-year (+45%). The only sector where the number of new companies fell was accommodation and catering (+18%). ■

Savills: Property investments reached EUR 328m in Q3 2021

The total volume of real estate investments in the Czech Republic in Q3 2021 reached EUR 328m. This represented a 24% decrease compared to the

previous quarter, but an 8% year-on-year increase. Savills CZ reported that industrial real estate exceeded EUR 189m, which was 58% of the quarterly volume. Retail property investment rose to EUR 94m and the office sector contributed EUR 44.5m. Half of the quarter's transaction volume was generated by domestic investors, who bought 11 of the 14 properties sold. Fraser Watson, director of investment advisory, said that as some transactions have been deferred to 2022, total investment activity this year can be expected to reach around EUR 1.7bn. ■

CNB: Corporate loan rate up to 2.89%

The average interest rate on new loans to non-financial corporations (excluding overdrafts, revolving loans and credit cards) increased to 2.89% in October 2021. The rate on loans with a volume of up to CZK 7.5mn was raised to 2.89% in October 2021. The interest rate on loans under CZK 7.5m rose to 4.05%. For loans of CZK 7.5-30m, the interest rate increased to 3.45%. For loans over CZK 30m, the rate grew by 1.04 p.p. to 2.78%. The rate on overdrafts, revolving loans and credit card loans rose to 3.44%, with overdrafts rising to 3.66%. This stems from the data from the Czech National Bank (CNB). ■

Deloitte: FTMO wins ranking of fastest growing companies

Nineteen Czech technology companies made it to the 22nd year of the Deloitte Technology Fast 50 CE competition. Czech fintech startup FTMO, a platform for trading on financial markets, took first place in the competition from six countries. Driveto, a Czech company that offers flexible car rental, ranked third. FTMO's revenues grew 39,432%, while Driveto's grew 5,829%. Four other Czech companies made the top ten list: logistics company Dodo (4th), ThreatMark, which addresses cybersecurity (5th), DataSentics (8th) and BigHub (10th). Six companies from Slovakia also made it into the top 50. ■

Czech Republic 11th in EU funds drawing ranking

In the European Commission's ranking that compares EU funds drawing in the EU27, the Czech Republic has improved and finished 11th. As of the end of October 2021, Czech beneficiaries have been paid over CZK 462bn, more than 70% of the total allocation for the 2014-2020 programming period. Tens of thousands of projects have been supported. Minister for Regional Development Klára Dostálová (for ANO) added that the new programming period was currently being prepared. The Czech Republic would be able to use almost CZK 1tn. ■

ČLFA: Company car financing up one fifth

The volume of financing for new passenger cars increased by one-fifth year-on-year for companies, while there was a decline of almost 7% for households. Jaroslav Krutílek, Secretary General of the Czech Leasing and Finance Association (ČLFA), reported that families are more cautious in these uncertain times and some of them are shifting their interest to used cars. This trend is also driven by lower availability of new vehicles due to a shortage of chips and other components. Consumers continue to prefer consumer credit in particular for car purchases. Almost one in seven choose the alternative approach of operating leases. In the first three quarters of 2021, operating leasing accounted for 15.2% of new contracts in the household category. In the corporate sector, the share of operating leases was 42.5%. ■

VSHosting: Record e-shop visitor numbers on Black Friday

Czechs achieved a record 417 clicks per second in e-shops during the Black Friday discount event from November 22 to 28, 2021. This is a 14.2% y/y increase. VSHosting and Shopsys analyses show this. VSHosting sales director David Lintimer said that after the massive move to the online environment in 2020, the market is consolidating and a number of e-shops merged in 2021. The e-shops of large brick-and-mortar dealers saw their situation deteriorate by about 30% compared to Black Friday 2020. However, for the whole of 2020, their sales doubled y/y. Shopsys operations director Matěj Kapošváry added that for the whole of 2021, the e-shops of large brick-and-mortar retailers will see their situation improve again year-on-year. ■

MZ: Vaccination completed in 59.6 pct of population

As of December 1, 2021, 6,468,112 persons aged 16+ had been vaccinated against COVID-19 in the Czech Republic, which is 72.9% of the population. Of these, 6 209 766 persons (69.9%) have completed the vaccination. In the youngest age group surveyed (12 to 15 years), the vaccination completion rate reached 36.5% and in the 16 to 29 years category 57.1%. In the oldest group (80+) the rate was 85.4%. Overall, 6 376 585 persons (59.6%) completed vaccination. This stems from the data from the Ministry of Health (MZ). ■