

EVENTS OF THE WEEK

Avast, NortonLifeLock to merge, up to USD 8.6bn in shares

NortonLifeLock and Avast have agreed to merge in the form of a bid submitted by NortonLifeLock for Avast's entire issued and to-be-issued common stock. Based on the final price of USD 27.20 per share of July 13, 2021, the merger appraises the total common stock between USD 8.1bn and USD 8.6bn. NortonLifeLock director Vincent Pilette said that the Cyber Security platform would strengthen and be accessible to more than 500m users with the merger. He added that it would also be possible to accelerate innovations leading to transforming cybernetic security. NortonLifeLock was advised by Evercore, Kirkland & Ellis and Macfarlanes, while Avast used the services of UBS, J.P. Morgan Cazenove and White & Case. ■

Rohlik enters Germany as Knuspr, targets other countries

Rohlik Group is expanding into Germany. It started delivering its first orders in Munich under the Knuspr.de brand. In winter 2021, couriers will also roll out in Frankfurt. In 2022, they will start delivering in Dortmund, Hamburg and Cologne. Knuspr.de sources more than two-thirds of its products directly from producers and farmers. Knuspr.de CEO Erich Chomor said they expect the share of on-line grocery shopping in Germany to reach 30% in the next five years. Rohlik Group CEO Tomáš Čupr reported that they raised EUR 190m in their first round of funding, announced in early March 2021, and another EUR 100m three months later. The additional capital accelerates the expansion into new markets, technological development of distribution centres and the introduction of innovations. In the near future, the company will expand into Romania, Italy, France and Spain. ■

MF: EC suspended ESIF payment term only for Fatra

The European Commission (EC) has suspended the payment deadline only for one sub-application concerning the Fatra project, not for other European Structural and Investment Funds (ESIF). This stems from a document sent by the EC to the Czech Republic. The Czech Republic has thus obtained an actionable act that can be contested by the Czech Republic before the EU Court of Justice. The Czech Ministry of Finance (MF) further informed that the further procedure would be coordinated by the Ministry of Industry and Trade and the Ministry of Foreign Affairs, which would represent the Czech Republic in the dispute. As already reported by ČIANEWS, the subsidy for the project of Fatra, a company belonging to the AGROFERT holding, concerns the reduction of energy consumption of the calendaring process in the company's laboratory. ■

Rockaway Capital to become 100% owner of Euromedia Group

Rockaway Capital has agreed to purchase a 50% stake in Euromedia Group from Czech Media Invest owned by Daniel Křetínský, Patrik Tkáč and Roman Korbačka. The investment group will thus become the majority shareholder controlling 100% of the company. It sees its potential mainly in digitization. The transaction is subject to the approval of the Office for the Protection of Competition. Its value was not disclosed by the parties. ■

IIB approved ŽĐAS' guarantees for PP for Russian MMK

International Investment Bank (IIB) has approved the provision of an irrevocable guarantee to ŽĐAS for a project involving the design, construction and installation of a power plant at the Russian iron and steel plant Magnitogorsk Iron and Steel Works (MMK). The total value of the project is EUR 172m. The transaction will enable ŽĐAS to create new jobs and strengthen its position in the engineering industry. MMK will complete a comprehensive modernisation phase and, thanks to the possibility of using blast furnace gas as fuel for the new power plant, will significantly reduce the negative environmental impact of the company's activities. ■

TOP HEADLINE NEWS

MMR wants to raise support for healthcare in REACT-EU**ČMZRB supports firms by CZK 23bn****MF: Part of EUR 17.4m EU fund to go towards testing pupils****KVADOS acquires COMTRIX and Průmyslová automatizace****Accolade invests EUR 80m in fleet expansion in Poland****EPH plans full carbon neutrality by 2050****ČBA: Economy to grow 3.4% this year; 4.5% in 2022**

Currency and Bourse

Currency	Value	% w/w
CZK/EUR	25,40	-0,039
CZK/USD	21,64	-0,185
CZK/GBP	29,97	-0,100
CZK/CHF	23,47	-0,043

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

Prague bourse

Share	Value	% w/w
AVAST	↗ 176,20	0,823
ČEZ	↗ 628,00	0,318
ERSTE	↗ 895,20	0,357
Kofola	↗ 281,00	1,423
KB	↗ 836,00	0,478
Moneta	↘ 88,10	-0,681
O2 C.R.	→ 263,00	0,000
PM	↗ 15 020,00	0,266
Stock	↗ 114,00	28,947
CZG	↗ 436,00	1,147
VIG	↗ 626,50	1,995

PX index	↗ 1 272,87	1,584
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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

	%
2Q/2021	7,8
1Q/2021	-2,4
4Q/2020	-4,8
3Q/2020	-5,0

Q/Q real

	%
2Q/2021	0,6
1Q/2021	-0,3
4Q/2020	0,6
3Q/2020	6,9

Source: Czech Statistical Office

ECONOMIC POLICY

MMR wants to raise support for healthcare in REACT-EU

The Ministry for Regional Development of the Czech Republic (MMR) wants to finance maximum projects from the 98th call of the REACT-EU programme. This is aimed at developing, modernizing, and strengthening the resilience of the backbone network of health care providers to potential threats and can be used for any further waves of COVID-19 or similar infectious diseases. The increase in allocation is expected to be approximately CZK 5.4bn from the EU. The increase should take place in autumn 2021 from the so-called second tranche of REACT-EU funds. The government should decide on this in autumn 2021. ■

ČMZRB supports firms by CZK 23bn

The Czech-Moravian Guarantee and Development Bank (ČMZRB) provided small and medium-sized enterprises with support in the volume of CZK 23bn in directly provided or guaranteed loans in 1H 2021. This represents a growth by CZK 10bn compared with 1H 2019. It is also 8% down compared with 1H 2020. In total, for the first six months of 2021, it helped with the implementation of 3,600 business projects. Director general Jiří Jirásek said that ČMZRB participated in half of all new loans up to CZK 30m provided to entrepreneurs in the monitored period of time. Under normal circumstances, ČMZRB accounts for a fifth to a quarter of new loans. ■

MPs raise remuneration for foster parents

MPs approved a modified form of an amendment to the Act on Social Legal Protection of Children, which provides for an increase in the amounts paid to foster parents providing foster care for children. The allowance in favour of facilities for children in need of immediate assistance will rise from CZK 22 800 per occupied bed to CZK 36 000 per occupied bed and month. The amendment also addresses remuneration for foster care. It also restricts the placement of children under the age of four in residential facilities. According to Labour and Social Affairs Minister Jana Maláčová (ČSSD), the amendment could change the stagnating interest of foster parents and give a boost to foster family care. ■

MF: Part of EUR 17.4m EU fund to go towards testing pupils

Screening testing of primary and secondary school pupils and students will take place in September to ensure safe return to school and minimise the risk of Covid-19 transmission. The testing will be carried out using antigen and RT-PCR tests, which will be paid for by the Czech Ministry of Education, Youth and Sports (MŠMT) from the EU Solidarity Fund. The Czech Ministry of Finance (MF) announced that the Czech Republic will receive EUR 17.4m (ca. CZK 442m) from the Fund. According to a government resolution, funds of up to CZK 237m are allocated for children's testing. The money from the fund must be used to reimburse public expenditure in the area of public health protection. Finance Minister Alena Schillerová (ANO) said that the funds must be used within 18 months, i.e. by roughly Q1 2023. ■

CNB described bail-in recapitalization tool

The Czech National Bank (CNB) is publishing a simplified process for the implementation of the internal recapitalisation instrument (bail-in). According to the central bank, the resolution of a potential failure of a financial institution through a bail-in is the preferred instrument given the structure of the Czech banking sector. The implementation uses existing processes, technologies and conventions. The CNB cooperated with, among others, the Central Securities Depository and the Stock Exchange in the preparation. It has drawn, inter alia, on the principles of the Financial Stability Board (FSB). ■

K. Havlíček: Austria will bring S10 to border, connect D3

Austria has approved the completion of the S10 expressway from Freistadt to the border with the Czech Republic. There it will connect to the D3 motorway in South Bohemia. Transport Minister Karel Havlíček (ANO) also said that the D3 motorway should be completed to the border with Austria by 2025 at the latest. He added that a common priority of both countries is to improve the railway connection between Prague and Linz. Work on the modernisation of the Prague - České Budějovice railway corridor IV is therefore already underway. ■

Senate to discuss e-healthcare bill

The Senate will open its session on August 18, 2021. On the agenda is a bill amending the Act on Supported Energy Sources. Senators will also consider a bill on the electronicisation of healthcare, an amendment to the law on sickness insurance and an amendment to the law on pension insurance. ■

SPOLU wants more organic farming and renewable investment

The priorities of the SPOLU coalition (ODS, KDU-ČSL and TOP 09) are to minimize the effects of climate change, to achieve carbon neutrality in the EU by 2050 and to invest in renewable energy sources. Tomáš Tesař, a member of the TOP 09 Presidency, specified that the goal is also to have a quarter of the land farmed in organic mode by 2030. The coalition also supports the creation of new national parks in the Krivoklátsko region and the so-called Moravská Amazonia (the confluence of the Morava and the Dyje rivers). KDU-ČSL deputy chair Petr Hladík added that it is also necessary to fight heat islands in cities by changing public space or green roofs. ■

Pirates, STAN want Czech equivalent of Tagesmutter

The Pirates-STAN coalition wants to introduce a so-called Tagesmutter and Tagesvater. Pirates deputy chairwoman Olga Richterová said that they were typically women (or men) with their children who wanted to earn some money by babysitting other children, which might even become a full-fledged profession. She added that these persons should be entitled to a state contribution after meeting certain conditions. According to the coalition, it is also vital to increase the number of places in kindergartens and motivate firms to introduce flexible working hours. ■

HK to propose labor code change enabling digitization

The Czech Chamber of Commerce (HK) will prepare proposals for a change in the Labor Code for the newly formed Chamber of Deputies of the Parliament of the Czech Republic, enabling companies to make more use of data boxes and other digital tools. The Chamber - also in view of the experience with the coronavirus crisis and the start of home office work - will prepare a proposal that will allow employers and employees easier delivery of documents via data boxes or also to conclude employment contracts in electronic form. The current restriction on e-delivery is described as an unnecessary burden by 44 % of employers with more than 250 employees. ■

HK: State should support recovery with quick depreciation

According to the Czech Chamber of Commerce (HK), the recovery and more sustainable growth of the Czech economy is threatened by insufficient investment of companies in machinery and technology. The state has not supported them with accelerated depreciation as the Chamber recommended. Karina Kubelková, a senior analyst, said that the HK CR had proposed tax benefits for the acquisition of investments classified in the 3rd depreciation group. These include machinery and technological equipment, which are normally depreciated over 10 years. The Association proposed depreciation over four years, 50% of which in the first year. It believes that policymakers will extend the extraordinary depreciation introduced because of the pandemic to 2022 to help businesses make investments. ■

HK examines condition of companies and their preparation for pandemic

The Chamber of Commerce of the Czech Republic (HK CR) has launched a questionnaire survey of the Chamber Barometer among its members. Through it, it wants to find out what condition domestic companies are currently in and what obstacles they will face. Whether their orders will grow if they are going to raise prices, hire or lay off employees, or if they are preparing for possible further waves of a pandemic. The survey will run for three weeks in all regions. The results of the survey will be published in September 2021. Based on the data obtained, the HK CR compiles recommendations for the economic policy of the state. ■

Prague plans to convert waste from incinerator into building materials

The City of Prague is preparing to convert tens of tons of slag produced during waste incineration in the Malešice incinerator, into building materials. Instead of waste that has to be taken to landfills for tens of millions of CZK a year, the City can obtain a raw material that can be used mainly as a base material in the construction industry. The municipal waste disposal process would thus be more environmentally friendly with a direct impact on reduced CO2 emissions. Within the approved Climate Plan, Prague wants to reduce CO2 emissions by 45% by 2030. The aim is to increase the share of recycling and further use of waste. Thanks to research and technological innovations, waste and its further use have great potential. In the case of the Malešice incinerator, a feasibility study is currently being completed. The estimated investment in the entire line for the separation of metals from slag is approx. CZK 250m with an estimated return of four to nine years. ■

JHM approved renewal of Hodonín S-center for CZK 513m

The councillors of the South Moravian Region (JHM) approved the start of preparations for the restoration and modernisation of the Hodonín senior centre, which was damaged by a tornado. Councillor Jana Leitnerová (Pirates) said that the costs will amount to about CZK 513m. The reconstruction of the building will be accompanied by a major modernisation. Additional evacuation lifts and an elevator for clients and staff will be built. Damaged garages and garden buildings will also be repaired. The region intends to use subsidies to the maximum extent possible for financing. The JHM has tentatively set the S-Center for reopening in April 2024. ■

Olomouc built two car parks by new tram line

During the construction of the tram line to Nové Sady, the City of Olomouc set up two new car parks with 26 parking spaces. In Roosevelt Street, where the construction connects to the temporary final tram line, the tracks are now laid and a new junction and overhead contact line poles are being built. At the same time, new sidewalks and a cable duct are being built. In Zikova Street, work is underway on a sewer collector. The construction of a 1200m tram line for approx. CZK 470m is to be completed in the autumn of 2022. ■

Holešov Strategic Industrial Zone offers ca. 190 ha

The Holešov Strategic Industrial Zone has a total area of ca. 190 ha ready for new investors. It offers companies plots of 0.5 to 100 ha with ready infrastructure. The greatest demand is registered from companies from the Zlín Region (ZLK). The zone, as ZLK further informed, does not support activities or companies that pollute or endanger the environment. ■

COMPANY NEWS

ČEZ shows profit of CZK 1.6bn

ČEZ Group's net profit fell by CZK 13.1bn to CZK 1.6bn in 1H 2021. Operating profit before depreciation (EBITDA) was CZK 31.6bn (-CZK 7.1bn). The results were influenced, inter alia, by the sale of Romanian assets and specific temporary market effects following the spread of the COVID-19 pandemic. Net debt decreased by CZK 43bn. Cash flow in 3Q will be supported by the already collected income from the sale of Bulgarian assets. The CO2 emission intensity of electricity production decreased by 19%. In line with the set strategy, production from emission-free renewable sources increased by 9%. Production in coal-fired sources decreased by 23% mainly due to the sale of the Počerady power plant and the shutdown of the Pruněšov I power plant. Thanks to positive developments across all segments, ČEZ Group increases its full-year EBITDA outlook to the level of CZK 58 to 60bn and a net profit adjusted for exceptional effect at CZK 18-20bn. ■

T-Mobile posts CZK 14.2bn revenue, 1 4.0

T-Mobile Czech Republic increased total revenues by 3.6% y/y to CZK 14.2bn in H1 2021. EBITDA rose to CZK 5.98bn (+6.0%). The amount of investments reached CZK 1.5bn. T-Mobile's CFO Pavel Hadrbolec reminded that the operator is building 5G campus networks in the country to support experimental sites for the development of Industry 4.0. Ultrafast fibre-optic internet coverage also continued to be expanded. As of June 30, 2021, more than 6.2 million customers were using T-Mobile's mobile services. High-speed fixed connections were used by 383 thousand customers (+7.6%). T-Mobile TV is watched by 205 thousand customers. The number of minutes called increased by 5.6% to 6.96 billion. SMS decreased by 10.8% to 2.37 billion. ■

KVADOS acquires COMTRIX and Průmyslová automatizace

By acquiring COMTRIX and Průmyslová automatizace Czechia, the KVADOS GROUP has expanded its competencies in supplying automation solutions. Both companies will be active as one company called PAC Technology. After training, the group's new member will take over responsibility for service support of all supplied robotic solutions. By entering into DERUTEX, the KVADOS GROUP has also obtained capacities to implement its projects and structures of more comprehensive solutions in logistics, including planning shelving systems and robotised workplaces. ■

Accolade invests EUR 80m in fleet expansion in Poland

Accolade is investing more than EUR 80m in the expansion of an industrial park in Gorzów Wielkopolski, Poland. In addition to the current 53,000 m2 of space, the company has acquired additional land, providing almost 100,000 m2 for new industrial buildings. The projects aspire to BREEAM sustainability certification at the Excellent level. Total investment in the

region will reach EUR 125m. Prepared spaces and those still under construction are leased by tenants such as Omnipack, Logoplaste, Magma, Fiege, Faurecia and Borne. ■

EPH plans full carbon neutrality by 2050

By 2030 group EPH will stop using coal as a fuel for electricity and heat production. It wants to reduce emissions from existing sources by 60%. By 2050, the group plans to be fully carbon neutral. From 2014 to the end of 2020, EPH managed to reduce its emission footprint by almost half, which means a saving of 21 million tons of CO2 per year. The EU's target of reducing emissions between 1990 and 2030 is 55%. In 2020, 81% of the energy produced by EPH sources came from zero-emission or low-emission sources. ■

Avast increases revenue to USD 471.3m

In the first half of 2021, software group Avast reported adjusted revenue of USD 471.3m, representing 10.8% year-on-year organic growth and 8.8% growth at the current foreign-exchange rate. The adjusted EBITDA grew 11.9% to USD 270.2m. The adjusted EBITDA margin was 57.3%. The final dividend for 2019 was paid out in the amount of USD 0.103 per share. The proposed interim dividend due in June 2021 amounts to USD 0.112 per share. CEO Ondřej Vlček said that in the second half of 2021, his company would launch a new flagship product, Avast One, on the market. He added the company would focus on acquiring and retaining customers, which would require higher investment in research and development, innovations and marketing. In the first half of 2021, the number of paying customers in the Consumer Direct segment increased 1.5% to 16.72m. ■

CTP plans to have 7.7m m2 of GLA by year-end

By the end of 2021, developer CTP increases its GLA (gross leasable area) growth target to more than 7.7m m2. As a result, the share of an income-producing portfolio has increased to 6.6m m2. In the first half of the year, net revenue from leases grew 17% y/y to EUR 160.3m. Adjusted company-specific EPRA earnings grew by EUR 0.25 per share. The total land bank increased from 13m m2 to 14.7m m2 at the end of the first half of 2021. The value of its assets totalled EUR 6.4bn. ■

Jet Industrial Lease acquires leased site in Germany

Fund Industrial Lease, which is controlled by financier Igor Fait, has bought an industrial complex in Grosskötz, Germany. The transaction took place in the form of an asset deal. The area has an area of 42,000 m2 and is almost 100% leased. Leasable areas form a mix of modern production, office, warehouse, and R&D areas with the potential for further development on an area of approximately 8,200 m2. The current tenants are AL-KO KOBER SE and their garden technology division AL-KO Geräte, ALOIS KOBER, a manufacturer of automotive components, and Empaios Real Estate. According to the executive director of the fund, Pavel Drabina, it can be assumed that the premises of the complex will enable further construction with an area of 10,000 to 15,000 m2. As ČIANEWS has already informed, the seller was the company AL-KO. The price was not published. ■

AdaBla to repair corridor Adamov-Blansko for CZK 2.62bn

The Railway Administration (SŽ) will start the modernization of the corridor section between Adamov and Blansko in autumn 2021. The contractor is the company AdaBla, which consists of OHL ŽS, Firesta-Fišer, rekonstrukce, stavby, and TRAMO RAIL. The tendered price amounts to CZK 2.62bn excluding VAT. The project will be co-financed from the CEF Blending Facility, which combines funds from the EU Connecting Europe Facility and a loan from the European Investment Bank. The investment project includes the reconstruction of the railway superstructure in the entire intermediate section and the rehabilitation of the railway substructure in selected sections of the second line track as well as the renovation of the Adamov stop. ■

Škoda Transportation's Ekova to produce trams

Ekova Electric becomes a member of the Škoda Transportation Group and changes its name to Škoda Ekova. Until now, the owner was Dopravní podnik Ostrava. Within the group, Škoda Ekova will focus on servicing, modernization, and repair of public transport vehicles. It will start producing trams for Ostrava. It currently has nearly 200 employees. Martin Bednarz, the new deputy chairman of the board of directors, said that the plan is not only to expand the production itself but also to create new skilled jobs. Miroslav Mareš remains the chairman of the board of directors and Marek Herbst is a new member. Škoda Transportation currently has a four-year backlog of work worth CZK 80bn. The Group is concentrating its technological know-how in control, multimedia, and diagnostic systems in Ostrava through Škoda Digital. ■

KKCG and Jazz Venture invest in Mahana Therapeutics

KKCG and Jazz Venture funds participated in an investment in the American company Mahana Therapeutics. The company is engaged in the development of digital prescription therapies for patients with chronic health conditions. Mahana has completed a USD 61m Series B financing. The company will use the funds to launch new digital therapeutics. Gurnet Point Capital led the financing with JAZZ Venture Partners, with participation from new and existing investors Main Street Advisors, KKCG and Lux Capital. JAZZ and Lux also led the company's previous rounds. Mahana Therapeutics raised a total of USD 81m to develop and commercialize its portfolio of digital therapeutics. ■

Recall entering stock exchange as FIXED.zone

Recall, a manufacturer of mobile accessories under the brand FIXED, will enter the START market of the Prague Stock Exchange in 2021. Its ambition is to raise CZK 45m. It wants to develop products for the Internet of Things (IoT) and plans to cover the market in the whole of Europe. The company will be renamed FIXED.zone. ■

No. of UniCredit Bank's mobile app users doubles

UniCredit Bank Czech Republic and Slovakia has doubled the number of active users of its Smart Banking mobile application since 2020, the bank's spokesman Petr Plocek told ČIANEWS. The amount of transactions via digital payments in H1 2021 doubled compared to H1 2020. The average transaction amount now reaches about CZK 500, compared to just over CZK 400 a year earlier. Millions of transactions a year go through Apple Pay and Google Pay payment methods. A higher percentage of the total volume of payments through these two methods are made through Apple Pay. ■

Lidl to open 11 stores, new PVI and charging points

Lidl Czech Republic has opened new-generation stores in Svitavy and Ostrava in 2021. At a ČIANEWS enquiry, spokesman Tomáš Myler also stated that a two-floor store in the centre of Brno in OD Centrum was currently under construction. By the end of 2021, 11 more stores should open. In 2021, the chain will create more than 1,000 new jobs. Furthermore, by the end of 2021, it should operate 30 fast-charging points for electric vehicles. It is also preparing other photovoltaic installations (PVI) and collaboration with a new operator of delivery boxes. Currently, the stores are equipped with Z-Boxes from Zásilkovna and Alza Boxes. In 2020, Lidl opened nine new outlets and eight new-generation stores created in place of existing facilities. ■

Dáme jídlo expands quick commerce

The offer of the Dáme jídlo platform as part of quick commerce is expanding to other regions. Newly, additional Dáme market warehouses will open in Brno, Plzeň and Prague-Košíře. České Budějovice, Prague-Malešice and Liberec will follow in September 2021. There is also the further collaboration with stores. Customers can have food or drugstore items delivered to their homes and a wide range of other items, such as flowers and toys from Hamleys. The Delivery Hero Group, of which the platform is a member, recorded a 400% year-on-year increase in the number of orders for quick commerce in the first quarter of 2021. Dáme jídlo in Prague, Jihlava and Plzeň has also increased the number of Žabka partner branches. Grocery deliveries from this store will now also be available in Příbram and Tábor. ■

ARETE buys production and storage near Beroun for EUR 10m

The third fund of the ARETE Group has completed the acquisition of a production and warehousing facility near Beroun in July 2021. It is preparing for further new construction. The investment amounted to almost EUR 10m. The complex is used by Hronovský, a manufacturer of cable assemblies, CNC machining, plastic parts moulding and mechatronic components assembly. The industrial complex has almost 14,000 m² of leasable area with the possibility of expansion by almost 12,000 m² more. The transaction is the second of five expected in 2021. By the end of 2021, the group would like to value the managed assets at CZK 1.5bn. ■

Broker Consulting brokers loans worth CZK 13.1bn

In the first half of 2021, Broker Consulting's turnover totalled CZK 843m, up 45% y/y. It brokered loans worth CZK 13.1bn in total to its clients. The loan volume was 93% higher, while the volume of real estate transactions grew 97%. The turnover from investment products increased by 30%. The broader Broker Consulting Group also rose, with its turnover up 39% to CZK 1.205bn. General director Vilém Podliska said that his company would focus on developing the OK POINT franchise concept and hiring and training new colleagues and co-workers who would have new digital tools available in the second half of the year. ■

ORLEN Unipetrol leases 81 rail tanks from Ermewa

The ORLEN Unipetrol Group has invested in increasing the efficiency of rail transportation and leased 81 Safety++ rail tanks from Ermewa to transport LPG. They will enable transporting a larger volume of cargo and offer special features. The contract also includes standard operational maintenance by the supplier. The cargo rail tank was developed in collaboration with the Polish manufacturer of cargo vehicles, CHEMET S.A. There is demand for it in Poland and Italy, too. Ermewa SA reacted to this interest by increasing the option from the same manufacturer by an additional 150 wagons on top of the existing order of 240 vehicles from 2020. ■

EMMA acquires 16% stake in Croatian Bazzar

EMMA Capital has entered into negotiations with the owners of the Croatian technology company Bazzar, whereby it will acquire a 16% stake. Bazzar operates as an online marketplace where customers can find 200,000 products in various categories. 700 different brands are represented here, including a number of world-famous brands. The Bazzar web interface currently receives 750,000 unique visitors per month, and this number is still growing. ■

MACROECONOMIC DATA AND POLLS

ČBA: Economy to grow 3.4% this year; 4.5% in 2022

The chief economists of the banks represented in the forecasting panel of the Czech Banking Association (ČBA) expect the Czech economy to grow by 3.4% in 2021. For 2022, they estimate growth of 4.5%. Most of the risks associated with the weaker-than-expected pace are related to uncertainty about the further development of COVID-19 and its economic impacts, which so far include disruptions in the supply of some components from overseas. Economists predict average unemployment at 4% in 2021, which should then fall to 3.6% in 2022. ■

NKÚ: Debt over CZK 2tn; Covid measures cost 5.4% of GDP

For the first time, the public debt exceeded CZK 2tn in 2020, but the Czech Republic is still among the least indebted EU countries. Only three other member states had a lower public debt, according to the information provided by the Supreme Audit Office (NKÚ). The high rate of indebtedness, however, represents a significant risk for state finances. In the coming years, it is expected to be the second-fastest in the European Union. NKÚ president Milošlav Kala is convinced that if the state looked for savings carefully, it would be able to return CZK 20bn to the budget per year, necessary to stop the Czech Republic before the limit of the debt brake. As for the measures during the pandemic, the Czech Republic spent the second lowest volume of money on direct assistance, namely 5.4% of GDP, compared to five neighbouring countries. ■

Inflation accelerates to 3.4%; it reaches 2.2% in EU

Consumer prices increased by 3.4% y/y in July 2021. It was 0.6 pp more than in June. The development was mainly influenced by prices in the food and non-alcoholic beverages section and in the housing section. The data was published by the Czech Statistical Office. Prices of goods in aggregate increased by 2.9% and prices of services by 3.9%. Imputed rent was 6.0% higher. The aggregate consumer price index excluding imputed rentals was 103.0%. According to preliminary Eurostat data, the annual change in the harmonized index of consumer prices in the EU27 was 2.2% in June, down by 0.1 pp m/m. ■

Industry up 11.4% in June; orders up 22.8%

Industrial production rose 11.4% y/y in real terms in June 2021. It was 1.0% higher month-on-month. The value of new orders increased by 22.8%. Revenues from industrial activity in current prices rose by 15.6%, according to data published by the Czech Statistical Office. Industrial production in Q2 2021, excluding seasonal effects, increased by 1.1% quarter-on-quarter. Year-on-year, it grew by 28.1%. The value of new orders was 48.0% higher than in Q2 2020. Revenues from industrial activities recorded a 33.9% growth. ■

Analysts: Industry will grow by up to 10%

Industrial production in the Czech Republic could increase by up to 10% in 2021. Lukáš Kovanda, chief economist at Trinity Bank, commented on the Czech Statistical Office's data that the industry could grow by 20% if it were not for the difficulties in the form of the transport crisis, supply shortages and rising prices of materials. Komerční banka's analyst Michal Brožka agrees and says he expects the subcontracting problems to persist in the coming months and limit the industry's performance. On the contrary, in his

opinion, it will be pulled upwards by growing demand and orders. Raiffeisenbank's economist David Vagenknecht said that industrial production showed a better-than-expected result in June, rising by 1% month-on-month. In contrast, the forecast was for stagnation. ■

Export prices grow by 3.4%, import prices by 5.1%

Export prices increased by 3.4% y/y, while import prices grew by 5.1% in June 2021. The information was provided by the Czech Statistical Office. Terms of trade fell to the value of 98.4%. In the case of exports, the increase in mineral fuel prices by 48.5% had a decisive influence. In terms of imports, the increase in the price of fuels by 97.2% (oil and petroleum products, gas and electricity) was also essential. Compared with May, export prices increased by 0.6% and import prices grew by 1.2%. Terms of trade reached the value of 99.4%. ■

Foreign trade ended with CZK 6.9bn deficit in June

The balance of foreign trade in goods at current prices ended with a deficit of CZK 6.9bn in June 2021, a CZK 40.9bn worse result year-on-year. This is based on preliminary data from the Czech Statistical Office. The overall balance was adversely affected mainly by a year-on-year decline in the motor vehicle trade surplus by CZK 10.1bn. Exports rose by 13.2% to CZK 343.9bn and imports by 30.1% to CZK 350.8bn. The balance with the EU27 ended with a surplus of CZK 51.4bn, which was CZK 16.1bn lower year-on-year. ■

Analysts: Recovery in investment supports imports

The shortage of resources and raw materials has plagued Czech exporters for the second month in a row, CzechTrade's CEO Radomil Doležal said in response to the statistics. According to him, the unfavourable situation continues, as companies sometimes have a record number of demands, or even orders, but are unable to fulfil them. UniCredit Bank Czech Republic and Slovakia's economist Jiří Pour believes that the key issue in terms of foreign trade will be how Czech exporters will fare in the context of the global shortage of raw materials and parts. Komerční banka's economist Michal Brožka said that the deficit in the foreign trade balance is related to the recovery in investment and consumption, which is pushing up imports, while exports are also falling due to weaker production of motor vehicles and a widening deficit in the balance with oil and natural gas. For the full year 2021, Raiffeisenbank analyst David Vagenknecht expects import growth to exceed the pace of exports. Thus, foreign trade is expected to contribute negatively to GDP. ■

Construction up 7.9%, projects worth CZK 44bn permitted

Construction output increased by 7.9% y/y in real terms in June 2021. Building authorities issued 8232 building permits (+4.9%). The indicative value of these constructions amounted to CZK 44.3bn (+50.3%). This was reported by the Czech Statistical Office. The number of units launched in June 2021 increased by 54.7% and reached 4,246 dwellings. The number of completed flats fell by 8.5% to 2,251 units. According to Eurostat, construction output in the EU27 rose by 11.6% in May 2021. Civil engineering and civil engineering increased by 12.8% and 6.0% respectively. ■

Analysts: Data on construction are neutral to slightly positive

Construction output in June 2021 built on May's year-on-year increase and added 7.1% on a seasonally adjusted basis. However, that growth rate means that output lagged June 2019 by 3.5%. This stems from comments by UniCredit Bank Czech Republic and Slovakia's chief economist Pavel Sobišek on the Czech Statistical Office's June construction data. He added that the escalation of the problem with the supply of materials may further slow down production in the coming months. ČSOB's Petr Dufek commented that while industrial production rose in June even under the unfavourable pressure of rising prices and shortages of inputs, output in the construction sector stagnated month-on-month. He added that shortage of skilled and ancillary workers remained the main problem for construction firms. Michal Brožka of Komerční banka sees the published data as neutral to slightly positive in aggregate. ■

BNP: Construction will reach pre-pandemic levels in 2023

Developers are preparing almost 40,000 m² of new offices in Prague by the end of the year. In the next period, more than 140,000 m². The balance is mainly affected by the planned Port 7 projects from Skanska or the construction in the area of Masaryk's railway station by Penta. The company BNP Paribas Real Estate informed that the construction will reach the pre-prediction level at the earliest in 2023. The rent remains stable with the highest achieved level of up to EUR 23 / m² in the center of Prague. Vacancy rose to 7.8%. Implemented demand in Q2 2021 quantified by lease agreements was 8% higher year-on-year. In addition to LEED Platinum eco-certification, two new buildings in the River City Prague complex also received WELL Core & Shell and WELL Helth & Safety Rating certificates,

responding to anti-pandemic measures. Nevertheless, most companies are considering permanent introduction of work from home. ■

Unemployment remained at 3.7 % in July

As of July 31, 2021, the Labor Office of the Czech Republic registered 272,180 job seekers, which is 1,124 less m/m. The share of unemployed persons was 3.7%. It did not change m/m and decreased by 0.1 pp y/y. The highest share of unemployed persons was in the Ústí nad Labem and Moravia-Silesia regions (both 5.5%) and in the Karlovy Vary region (5.0%). Employers in the Czech Republic are interested in workers in the manufacturing industry and in construction, and in seasonal workers, especially in construction, agriculture, horticulture, forestry, fishing and, for example, in food production. According to Eurostat data, the unemployment rate was the lowest in the whole EU in June 2021, reaching 2.7%, while the EU average was 6.8%. ■

Shoptet: E-shops' turnover in Q2 up to CZK 50.5bn

Czech e-shops' turnover reached CZK 50.45bn in Q2 2021, up over 10% y/y. The record results are underlined by the increase in the no. of e-shops by 3,144. According to Shoptet data, there are 41,639 e-shops currently operating in the Czech Republic. Shoptet's CEO Samuel Huba said that before the pandemic broke out in 2019, Czech e-shops recorded a turnover of CZK 35.4bn from April to June, and this year's results are 40% higher. Travel products were the biggest growing category, with sales up 50% compared to Q1. The building materials (+29%) and auto-moto (+26%) categories also saw growth. ■

Funding by ČLFA members up to CZK 84.4bn in H1

The volume of non-bank financing of companies and households by members of the Czech Leasing and Finance Association (ČLFA) increased by 22.2% y/y to CZK 84.44bn in H1 2021. They provided CZK 57.98bn through leasing or loans. Another CZK 26.46bn was raised by businesses to finance operations through factoring, up 28.4%. The financing of business investments showed a growth of 24.3% with a volume of CZK 46.32bn. In most categories, the association's membership base outperformed 1H 2019. Vehicle loans or leases grew by 30.4% to CZK 34.36bn. The total receivables of ČLFA members from ongoing leasing and loan contracts reached CZK 245.93bn. ■

Harvest of basic cereals to drop 4%; rapeseed down 13%

In 2021, farmers will harvest almost 7.0 Mt of basic cereals (excluding corn for grain) and 1.08 Mt of rapeseed. In year on year terms, the harvest of cereals (-4.0%) and rapeseed (-13.3%) will be lower. The expected harvest of basic cereals is 1.1% lower than the harvest average for the past ten years (sowing area down 4.1%, yield per hectare up 3.1%). Estimates by the Czech Statistical Office further show that the estimated poppy harvest of 31 kt will be the highest in the past ten years. The sowing area of this crop was expanded to 44,000 ha (up 9.0%), and the estimated yield per hectare of 0.71 t/h remained at the level of 2020. ■

Revenues in services up 14.8 % in 2Q21

Revenues in services adjusted for calendar effects in 2Q 2021 increased y/y at constant prices by 13.8%, without adjustment by 14.8%. The data was published by the Czech Statistical Office. In transport and storage they were higher by 25.4%, in accommodation, food and beverage service activities by 32.7% and in information and communication activities by 6.1%. There was also an increase in real estate activities (+2.8%), professional, scientific and technical activities (+10.9%) and administrative and support service activities (+19.8%). Seasonally adjusted sales in services increased q/q by 3.4% at constant prices. ■

MZ: Vaccination completed in 58.7% of 16+ population

As of August 11, 2021, 5,784,228 persons aged 16 years and older in the Czech Republic had been vaccinated with at least one dose against COVID-19. This represents 65.2% of this population. Vaccination has been completed in 5 213 839 people (58.7%). In the youngest age group monitored (12 to 15 years), full vaccination coverage reached 5.0%. In the 16 to 29 years category, 33.4%, and in the oldest category (80+) 79.0%. This stems from the data from the Ministry of Health (MZ). ■

MZ: No. of hospitalised persons up to 53

The number of confirmed cases related to the disease causing COVID-19 increased by 223 to reach 1,675,675 as of August 12, 2021 in the Czech Republic. The number of hospitalised persons has increased from 52 to 53 over the last day. There were 12 confirmed cases per 100,000 population in the last seven days. The number of deaths remained at 30,372. This was reported by the Ministry of Health (MZ). ■