

## EVENTS OF THE WEEK

**Sekyra builds CZK 18bn Rohan City, will have HQ there**

The Sekyra Group has begun constructing its Rohan City project. It will build 380,000 m<sup>2</sup> of primarily residential, but also administrative and commercial premises. Total investment costs will amount to CZK 18bn. Among other things, the project will include residential towers and the new headquarters of the Sekyra Group. Within the new neighbourhood where 11,000 persons should reside or work, it is also planned to build a one-kilometre-long embankment for relaxation and sports, which a park will follow. In the future, the embankment will be connected to a leisure-time island via footbridges. ■

**EBRD wants to invest EUR 200m/year in CR in next 5 years**

On September 15, 2021, the European Bank for Reconstruction and Development (EBRD) adopted the so-called Country Strategy for the Czech Republic. This is the main investment strategy for the next three to five years. During these years, the EBRD plans to invest approximately EUR 100 to 200m per year in the Czech Republic, primarily in the private sector, to support the economic recovery from the coronavirus crisis. The Ministry of Finance of the Czech Republic (MF) informed that the first EBRD projects in the Czech Republic are currently under preparation, especially in the area of equity and Green Cities. In the near future, the EBRD will also start working on a credit line focusing on energy efficiency. ■

**PSP excludes Russia/China from nuclear projects**

On September 15, 2021, the Chamber of Deputies of the Czech Republic approved a law on the Czech Republic's transition to low-carbon energy. Minister of Industry and Trade Karel Havlíček (ANO) said that this fulfilled the government's last task, which enables the construction of a new nuclear power unit. The so-called Lex Dukovany also contains safety safeguards added by the Senate and a ban on Russian and Chinese companies participating in the tender for the delivery of the nuclear power plant. ■

**ŠKODA records over 4,700 orders for new FABIA**

ŠKODA AUTO has begun selling the fourth generation of its ŠKODA FABIA model. The vehicle was bindingly reserved in advanced sales by more than 4,700 customers, with supplies to commence in the coming days. A total of 71% of the cars were ordered in Style, a higher level of equipment. Regarding optional equipment, 53% of the deliveries will come with the Style Plus package, including the KESSY keyless locking and start system, Sunset and the Climatronic two-zone air-conditioning system. The FABIA model's price on the Czech market starts at a recommended sales price of CZK 329,900, including VAT. By the end of 2021, the model line will be complemented with a 1.5 TSI turbocharged four-cylinder engine with an output of 110 kW. In 2022, the Monte Carlo version will be added. ■

**Benzina filling stations to be gradually renamed to ORLEN**

The Polish ORLEN Group, the parent company of the local ORLEN Unipetrol Group, is entering the next phase of its plan to rebrand Benzina filling stations in the Czech Republic, Slovakia and Germany. After completing its intention announced in 2019, as all its 421 filling stations in the Czech Republic are now known under the name Benzina – ORLEN, the Polish group will start transferring the filling stations under the exclusive ORLEN brand. The rebranding process will begin at eight filling stations in the Czech Republic in December 2021. In Slovakia, where the brand operates 15 outlets, the brand change will start with the first ten outlets in October. ■

**CNB will no longer restrict bank dividends across board**

The Czech National Bank (CNB) has completed its assessment of the capital situation of individual banks and has commented on their intentions to pay dividends from their profits for 2019 and 2020. For the next period, the central bank will no longer restrict the amount of commercial banks' dividends across the board, but recommends considering further payouts after the announcement of the 2021 results. ■

## TOP HEADLINE NEWS

**MPs approve EIA Act making possible completion of D1****Maláčová: Minimum wage should grow to CZK 18,000****ŠKODA AUTO to stop production at end-September****Bonami expands to Balkan and Baltic****End of measures help economy to recover and grow**

## Currency and Bourse

Currency	Value	% w/w
CZK/EUR	25,28	-0,158
CZK/USD	21,49	0,372
CZK/GBP	29,74	0,437
CZK/CHF	23,22	-0,560

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

## Prague bourse

Share	Value	% w/w
AVAST	↗ 171,70	0,029
ČEZ	↗ 706,50	1,486
ERSTE	↗ 906,60	1,853
Kofola	↗ 324,00	2,778
KB	↗ 853,00	0,821
Moneta	↗ 88,80	0,056
O2 C.R.	↘ 262,00	-0,191
PM	↗ 15 940,00	0,125
Stock	↗ 113,40	0,353
CZG	↗ 478,00	0,628
VIG	↘ 628,00	-0,318

PX index ↗ 1305,31 0,778

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

## Q/Q real

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

Source: Czech Statistical Office

## ECONOMIC POLICY

### MPs approve EIA Act making possible completion of D1

On September 15, 2021, the Chamber of Deputies of the Czech Republic approved a draft amendment to the Environmental Impact Assessment Act. MP Marian Jurečka (KDU-ČSL), who is one of the drafters of the norm, said that the amendment to the EIA Act will allow the D1 and D49 motorways to be completed in the coming years without having to implement all the construction procedures from the beginning. He said this averted the threat that D1 might not be completed for another 10 years. ■

### Maláčová: Minimum wage should grow to CZK 18,000

Abolition of super-gross wage, especially the way it was performed, largely contributed to the current inflation growth, Minister of Labour and Social Affairs Jana Maláčová (ČSSD) said on Czech Television's debate, Otázky Václava Moravce. She added the step was taken against the ČSSD's will. She also wants to increase the minimum wage to CZK 18,000. She says it's wrong that people taking minimum wage must also apply for other benefits. ■

### R. Mátl: CZK 160bn to be spent on road reconstruction

Investments in reconstruction and maintenance of motorways and first-class roads should reach up to CZK 160bn in the next ten years. Radek Mátl, Director General of the Road and Motorway Directorate (ŘSD), said this at the 2021 Conference of Directors of Project Companies. According to him, ŘSD's total plans for 2022 amount to around CZK 65b, which exceeds the planned allocation of around CZK 60bn. For 2023, the ŘSD plans to spend up to CZK 83bn. In case of lack of financial resources in the next period, the authority would consider the biggest mistake to be stopping the preparatory works again. ■

### PSP approves RES Support Act

The Act on the Support of Renewable Energy Sources submitted by the Ministry of Industry and Trade of the Czech Republic passed the Chamber of Deputies of the Czech Republic. Minister Karel Havlíček (ANO) said that the aim of the standard is, among other things, to ensure household heating at affordable prices and to cope with the solar tunnel of 2009 and 2010. He clarified that the solar tax was adopted within the framework of the norm and at the same time support for serious investors in RES. Meanwhile, the amount of support will be decided by the government through its regulations. The so-called internal rate of return would be between 8.4% and 10.6%. ■

### PSP approves amendment on electronic communications

The Chamber of Deputies of the Czech Republic outvoted the Senate and approved the transposing amendment to the Electronic Communications Act in its original version. This is the implementation of the European Code into Czech law. The Czech Telecommunications Office (ČTÚ) said that the aim is mainly to strengthen consumer protection and unify it within the EU. The Ministry of Industry and Trade of the Czech Republic stated that this is another step to facilitate the development of high-speed internet. The amendment is based on the Action Plan to support the planning and construction of electronic communications networks. The Action Plan also provides the basis for the strategic objectives of the National Recovery Plan to be implemented. ■

### MD: Gov't has approved a plan to secure railways

The Government of the Czech Republic approved the Plan for Modern Security of the Czech Railways. It proposes the gradual introduction of a single European train protection system, ETCS, on 4,800 km of railway lines by 2030 and throughout the rail network by 2040. The plan aims to increase the level of safety and enable better use of domestic rail capacity. The Minister of Transport Karel Havlíček (ANO) added that the costs of equipping the tracks by 2030 should amount to CZK 47 billion. ■

### MPSV: Gov't prepared ten commandments for aging CR

The Government of the Czech Republic approved the Strategic Framework for Preparation for the Aging of Society 2021-2025. It contains priorities as well as proposals for measures. These include the provision of fair pensions, more accessible and better quality social and health services, barrier-free housing or barrier-free public space, safe living for the elderly, the labor market and active aging or education and media coverage of the topic. The Ministry of Labor and Social Affairs of the Czech Republic (MPSV) further informed that the ten measures will be elaborated in detail in the action plan within 12 months after its approval. There are currently 2.4 million people aged 65+ in the Czech Republic. According to the assumption,

there will be about 3 million in 2025. ■

### MMR to support only healthcare from second REACT-EU

On September 13, 2021, the Government of the Czech Republic approved the proposal of the Ministry for Regional Development of the Czech Republic (MRD) to use the second tranche of REACT-EU funds in the amount of approximately EUR 208m (CZK 5.4bn). Due to the high excess demand of health projects in the first tranche of REACT-EU and the need to prepare the health system in the Czech Republic for possible further waves of COVID-19 and similar infectious diseases, the Ministry of Regional Development decided to use the entire second tranche for health projects. The funds must be used up by the end of 2023. ■

### MZe provided CZK 3.4bn for water management

In 2020, a total of 64 new wastewater treatment plants, 121 km of water mains and 531 km of sewers were built in the Czech Republic with the help of the Ministry of Agriculture of the Czech Republic (MZe). The Ministry of Agriculture provided subsidies of CZK 3.4 billion for water management. Minister Miroslav Toman (ČSSD) stated that the Ministry of Agriculture provided over CZK 1 billion for the construction and renovation of water supply and sewerage systems, more than CZK 750 million went to flood prevention and over CZK 500 million went to the restoration of small watercourses and tanks. This follows from the Report on the State of Water Management in the Czech Republic in 2020, the so-called Blue Report, which the Ministry of Agriculture submitted to the Government of the Czech Republic on September 13, 2021. ■

### MPO: Amendment will support fight against energy scam

With the amendment to the Energy Act, the fight against energy scammers will enter a practical phase. The Ministry of Industry and Trade of the Czech Republic said that consumers will see greater rights and energy suppliers and especially energy intermediaries will have more obligations. The Energy Regulatory Office (ERÚ) will gain supervision over intermediaries. The amendment will come into force in January 2022. ■

### K. Dostálová: 323 building offices in new system

A network of 323 construction offices is to operate in the Czech Republic under the new state system. The Ministry of Regional Development wants to determine in the spring of 2022 in which municipalities building authorities will be preserved. The relevant decree is to be prepared in the summer of 2022, Minister of Regional Development Klára Dostálová (ANO) said at the conference Public Administration at the Crossroads, organized by the Association of Local Self-Governments of the Czech Republic (SMS CR). She added that the ministry also wants to discuss the final form of the network of construction authorities with the SMS CR or the Association of Towns and Municipalities. Representatives of ODS and STAN spoke against the Building Act and the institutionalization of construction authorities at the conference. The SMS CR also reported that the representatives of the parliamentary parties agreed on the need for a fundamental change in the budget determination of taxes for regions and municipalities. ■

### NRB will support financing of infrastructure in ULK

The National Development Bank (NRB) concluded a memorandum of cooperation with the Ústí nad Labem Region with the aim of fulfilling the ULK Development Strategy until 2027 and the needs of the region in implementing infrastructure projects in transport, healthcare, energy and supporting the business sector. Governor Jan Schiller (for ANO) said that they are preparing several large development projects, but the region's resources and municipal budgets are limited. The chairman of the board of directors of NRB, Jiří Jirásek, stated that funds from the European Investment Bank (EIB), for example, can be used for financing. The involvement of the National Development Fund is also planned. ■

### SZIF to provide CZK 627m to tornado-stricken farmers

The State Agricultural Intervention Fund (SZIF) has started making advance decisions in the Tornado subsidy programme, focusing on mitigating damage caused in plant and animal production and the food industry in the South Moravian and Ústí Regions in 2021. Kateřina Adamcová, director of the PRV project measures, OP Fisheries and National Subsidies section, specified that CZK 627m would be divided among 81 applicants. Documents proving the entitlement to the subsidy can be submitted from October 1, 2021 to September 30, 2022 via the Farmer's Portal. ■

### MMR will increase budget for recovery by CZK 888m

The Ministry for Regional Development of the Czech Republic (MRD), in cooperation with the Ministry of Finance of the Czech Republic, prepared a draft Strategy for the Restoration of a Part of the South Moravian Region

Affected by a Tornado in June 2021. In it, the Ministry of Regional Development requests an increase in its budget funds by CZK 888m for the renewal of property of municipalities and regions. The preliminary estimate of renovation costs according to the overview submitted by the South Moravian Region amounts to approximately CZK 6.89bn. The document was approved by the government on September 13, 2021, which also increased the state's co-financing for the region to 60 % of eligible expenditure. ■

### MMR: SFPI received 855 requests from Element program

The staff of the State Investment Support Fund (SFPI) received a total of 855 applications for support from the Živel (Element) programme by September 9, 2021. The Ministry for Regional Development (MMR) informed that mobile teams of officials are assisting in South Moravia in Hrušky, Hodonín, Lužice, Mikulčice and Moravská Nová Ves. Minister for Regional Development Klára Dostálová (ANO) said that as of September 10, 410 subsidy contracts worth more than CZK 567m had been concluded. They have also paid advances of CZK 35m for 70 demolitions. ■

### API will distribute CZK 300m for digital transformation

The Agency for Enterprise and Innovation (API), the intermediary body of the Operational Programme Enterprise and Innovation for Competitiveness (OP PIK), has started receiving applications for funding in the call ICT and Shared Services - Digital Enterprise. SMEs can apply for financial support for their digitalisation. It is possible to receive up to CZK 10m per project. The call was announced on August 15, 2021, by the Ministry of Industry and Trade of the Czech Republic. API will accept applications until November 15, 2021. A total of CZK 300m is available for applicants. ■

### MMR will provide CZK 120m to remove barriers in houses

The Ministry for Regional Development (MMR) announced on September 10, 2021, the second call for proposals under the Housing Houses without Barriers programme. Almost CZK 120m is available in the call. It will support the removal of barriers at the entrance to apartment buildings and elevators and their construction. The subsidy is provided in the amount of 50% of the eligible expenses, but the maximum amount is CZK 200,000 in the case of barrier-free modifications and CZK 800 000 in the case of the construction of a passenger lift for one entrance to an apartment building. Applications will be accepted until October 15, 2021. ■

### SME, Deloitte: Gigafactory to boost GDP by CZK 172.1bn

The construction and operation of the gigafactory would bring billions of korunas in GDP and thousands of jobs to the Czech Republic. Specifically, a study presented by Deloitte and the Modern Energy Association (SME) shows that one 40 GWh plant would create around 6,000 jobs in the investment phase alone. The operation of the gigafactory alone would create an additional 33 035 jobs in manufacturing and downstream supply companies. The operation of the factory would increase the Czech GDP by a total of CZK 172.1bn. The union also said that in Czech conditions it could also synergistically support the transformation of traditional coal regions. ■

### PAK: CzechInvest wants to provide CZK 1bn to start-ups

CzechInvest plans to support up to CZK 1bn for more than 300 innovative start-ups within the Technology Incubation project over the next seven years. The agency is counting on intensive cooperation with regional innovation and technology centres to increase the synergy of the support offered. The Pardubice Region informed that this is an opportunity for the Pardubice Business Incubator to further develop its programmes for start-up entrepreneurs throughout the region. ■

## COMPANY NEWS

### ŠKODA AUTO to stop production at end-September

Currently, there are still shutdowns underway at the ŠKODA AUTO carmaker, and the coming Week 38 will be almost a carbon copy of the previous one. This information was provided by the carmaker's Works Council chairman, Jaroslav Povšík. He added that the CKD centre would partially join in the restrictions. According to him, the situation will worsen in Week 39 when the mass day off on September 27 and state holiday on September 28 will be followed by the cancellation of shifts for the rest of the week, including the Saturday shifts in the 17- and 18-shift system. The reason for cancelling production for the entire week is the ongoing shortage of components, namely chips. The Volkswagen Group has shutdowns all over the world. Povšík added that it partially preferred high-margin brands, such as Porsche and Audi. However, according to him, there will also be partial problems in production in Russia which will be reflected in the operation of the Czech CKD centre. On the other hand, India will be producing as usual. ■

### Bonami expands to Balkan and Baltic

Online furniture and home accessories retailer Bonami is expanding into Slovenia, Croatia, Lithuania and Latvia. With this move, the company will almost double the number of countries in which it has operated so far. It will gradually offer all its services in the new regions, but with a strong focus on local customer preferences. Initially, the range will comprise around 40,000 items of home furnishings and smaller furniture, but gradually the range will be expanded to include larger items. In the new markets, the company wants to be one of the online leaders in the segment within five years. The new markets will initially be served by the central warehouse in Prague, which has been expanded to almost 40 thousand m<sup>2</sup> in 2021. ■

### KB: CNB approves dividend payment of CZK 4.54bn

The Czech National Bank has evaluated Komerční banka's intention to pay dividends of CZK 4.54bn in 2021 and has no comments on its implementation. The amount of the dividend has been determined in accordance with the limits set for credit institutions in the CNB's supervisory notice of March 2021. At the same time, the central bank expects to implement any further dividend payments only after the final economic results for 2021 are available and the development and impact of the pandemic in the autumn and winter months are also known. KB's board of directors intends to convene a general meeting in Q4 2021 to decide on the proposal to pay a dividend in the amount confirmed by the CNB, equivalent to CZK 23.86 per share. ■

### Accolade refinances EUR 204m parks in CR, Poland

Accolade has refinanced the Czech and Polish industrial real estate portfolio worth more than EUR 200m in total. Together with ČSOB and Unicredit Bank, it refinanced parks worth EUR 150m in the Czech Republic. The refinancing of the Polish portfolio followed a transaction from 2020 worth EUR 153m. In addition, an additional EUR 54m was added to it in collaboration with German Aareal Bank. The refinancing applies to four Czech and four Polish parks in Cheb, Hořovice, Pavlov, Stříbro, Bydgoszcz, Białystok, Mińsk Mazowiecki and Legnica. The industrial parks are BREEAM certified. ■

### ŠKODA AUTO sales down 34.3 % to 53,900 vehicles in August

In August 2021, ŠKODA AUTO deliveries fell by 34.3 % y/y to 53,900 vehicles. From January to August, the carmaker delivered 644,200 cars (+ 4.4 %). This was reported by the Volkswagen Group, which in the first eight months of 2021 increased deliveries by 13.3 % to a total of 6.32m vehicles. In August alone, there were 616,500 cars (-22.3 %). ■

### ČEZ Distribuce invests CZK 3bn in Central Bohemia network

ČEZ Distribuce invests CZK 3bn in networks in the region of Central Bohemia, up by CZK 300m y/y. Among other things, it started reconstructing the 22-kV distribution point in Benešov for CZK 112.8m and the Uhlířské Janovice substation for CZK 142.8m. In total, it will invest CZK 13.5bn in network construction, reconstruction, and digitisation in the Czech Republic in 2021, up by CZK 1bn y/y. An ever-growing amount of money is going to the network's adaptation to connect renewable sources of energy. During the 2024-2027 period, the company will install approximately 800,000 smart electric metres at points with consumption in excess of 6 MWh. Between 2020 and 2025, ČEZ Distribuce is investing over CZK 83bn to ensure electricity supplies. In addition, more than CZK 23bn is going to digital technologies. ■

### Eurowag preparing IPO on London bourse

Eurowag has announced its intention to list on the London Stock Exchange. At the same time, the provider of commercial road transport solutions announced the appointment of Paul Manduc as Chair and Independent Non-Executive Director. General manager Martin Vohánka said that the potential IPO will enable the company to accelerate its growth and provide all commercial road hauliers with access to the benefits of digitization. In 2020, Eurowag reported net sales of EUR 128.6m. In Europe, it serves more than 100,000 trucks in about 30 countries. ■

### Crestyl starts construction in Warsaw

Crestyl is continuing construction of the Mińska 69 residential complex in Warsaw following the acquisition of Polish developer Budimex Nieruchomości (now Spravia). Two phases have already been completed and a third is under construction. The construction of the fourth and fifth phases, which will offer a total of 396 apartments, has just started. Completion is scheduled for mid-2023. The apartments will be intended for long-term lease. Heimstaden Bostad will buy them on the basis of a strategic partnership. ■



### Natland completing merger of ZOOT with Digital People

Investment group Natland is completing the merger of fashion and accessories retailer ZOOT with Digital People, which it acquired in June. The latter operates online fashion stores Bibloo and Urban Store. The sole shareholder in Digital People is Company New of the Natland investment group. The group's majority owner, Tomáš Raška, said the merger, which will be effective from October 1, 2021, is intended to simplify accounting, warehousing, IT, and purchasing. Customers of all e-stores will be able to use the network of outlets, of which ZOOT now offers more than 120. One of the key steps of the merger is also the improvement of the websites thanks to a single IT solution. The new ZOOT mobile app, which is currently installed by 80,000 customers, will be available for download in the coming days. ■

### CUBE starts producing bicycles in CR

German manufacturer of premium bicycles and accessories CUBE invests in a new building of 10,000 m<sup>2</sup> in CTPark Cheb. It is expanding its operations and plans to launch a bicycle assembly line in February 2022. In the highest expansion phase, the park could produce around 1,600 bicycles or e-bikes per day. CUBE is now actively looking for over three hundred new employees. ■

### BCN3D acquires cloud platform AstroPrint

BCN3D, a manufacturer of 3D printing solutions, has acquired AstroPrint, a 3D printing software provider. The investment will allow BCN3D to leverage its new cloud-based platform and team of software developers to further develop solutions in the 3D printing segment. BCN3D will maintain the AstroPrint brand as an independent platform and continue to work with its existing user base to develop new functionality. The information was published by Elvira, the supplier of BCN3D printers to the Czech and Slovak markets. Elvira CEO Jan Šmejcký said that software and cloud-based tools will be available in the near future to simplify work and increase productivity for BCN3D printer users. ■

### Westinghouse to modernize systems at ETE for ČEZ

Westinghouse Electric Czech Republic and ČEZ have signed an agreement to modernize the command and control systems at the Temelín Nuclear Power Plant (ETE) over nine years. The comprehensive modernization of the systems will enable continuous operation of the key Czech carbon-free energy source. The original systems, which have been in operation at the plant since their installation in 2000, will be renewed in stages as planned. The project builds on existing cooperation between the two companies that began in 2006. ■

### VZP: Oncology costs up 11.7 % to CZK 16.2bn

In 2020 Všeobecná zdravotní pojišťovna ČR (VZP) registered 301,078 patients with oncological diseases. Most of them (40,212) were in Prague. In terms of 100,000 insured persons, clients in the Olomouc Region most often received an oncological diagnosis. The total number of VZP patients with the disease probably decreased by 5.2 % y/y due to neglected prevention. On the other hand, treatment costs increased by 11.7 %: from CZK 14.5bn to CZK 16.2bn. The insurance company paid almost CZK 12m for the treatment of the most expensive cancer patient. ■

### RSBC buys building in Prague from CPI Property

The RSBC Group has signed an agreement with the CPI Property Group regarding selling an administrative building that serves as the headquarters of ČEZ. The structure in Prague-Michle should change its owner at the beginning of 2022. RSBC will buy the buildings adjacent to the BB centrum. It will expand its portfolio with almost 16,000 m<sup>2</sup> of premium office space and 328 parking bays. Currently, the group administers real estate with an area of 68,000 m<sup>2</sup> in a market value of more than CZK 2bn. ■

### SynBiol continued expansion with CZK 5.47bn in revenues

The SynBiol Group reported a loss result of CZK -212.74m for 2020, which is due, among other things, to the recognition of positive and negative consolidation differences of CZK 357.74m. Revenues from the sale of goods, products and services increased by 22 % to CZK 5.47bn. In the annual report, the group further stated that the performance of individual companies is at a good level and the expansion of the segments in which it operates continues - in 2020, especially in aircraft servicing, real estate construction and healthcare. As part of the subsequent acquisition activities, in March 2021 Hartenberg Holding took over a 51% stake in the company Endokrinologie MUDr. Rehořková and enterstore acquired a majority stake in SportObchod.cz and Czech Wool company in June. For the whole of 2021, the group's management expects stable economic development despite Covid-19. ■

### Solitea completed acquisition of Czech PRYTANIS

Solitea has acquired a 100% stake in PRYTANIS, which operates as a supplier of information systems for road hauliers, passenger transport operators and forwarding and logistics companies. Martin Cígler, chairman of the board of directors of Solitea, said that PRYTANIS brings to the group not only its know-how, but also customers who are among the largest entities in their field. In addition, Solitea will complement the PRYTANIS solution with its experience in the field of accounting and corporate information systems or data analytics, thanks to which it can simplify and streamline the solution of internal company processes. The acquisition price is not public. The transaction is subject to approval by the Office for the Protection of Competition (ÚOHS). ■

### MINT buying residential buildings in Pilsen from Trigema

The MINT I. residential housing fund of the SICAV residential subfund has entered into an agreement with the developer Trigema Real Estate for the acquisition of four apartment buildings in Pilsen - Skvrňany. Completion of construction is planned for 4Q 2022 and more than 100 apartments will be created for rent. Wilsons, Project Management Service, TH TAX and LEXXUS advised Mint. Radim Bajgar, a partner in the Mint Investments real estate group, said that they are working on other acquisitions, especially in Prague, Brno and Pilsen. ■

### Investown.cz plans expansion to Slovakia

By the end of 2021, the start-up Investown.cz wants to have 60,000 active users. Currently, there are 25,000 of them. In the same amount of time, it also plans to offer investments in real estate in Slovakia. Since the launch of the platform, Czechs have invested CZK 100m in real estate. In addition, the start-up is preparing a connection with George internet banking with Česká spořitelna that holds a minority share in the company. It will thus offer an opportunity for small investments in real estate to more than 1.8m clients of this banking application. Investown.cz co-founder and CEO Alan Pock said that the company successfully expanded the offer of flats, of which there were more than 40. He added that the average yield for all types of real estate exceeded 4%. ■

## MACROECONOMIC DATA AND POLLS

### End of measures help economy to recover and grow

The lifting of restrictive epidemiological measures, which had limited the activity of some trade and services, gave the Czech economy a much-needed growth boost in 2Q 2021. GDP grew by 8.2% y/y and 1.0% q/q. Marek Roječek, chairman of the Czech Statistical Office, said that domestic demand was the main contributor to the growth of the economy. Household consumption was growing strongly and investment activity was also recovering. By contrast, foreign demand was negative. GVA also grew, with the performance of most sectors improving compared to 1Q. Price growth accelerated significantly. This was partly due to the year-on-year increase in oil prices, which was reflected in a strengthening of annual consumer price growth to 2.9%. The economic recovery was reflected in employment in most sectors. Total employment was up 0.3% y/y, the first increase since 3Q 2019. The unemployment rate fell to 2.9% in June. Average wages rose 1.2% y/y to CZK 38,275 in 1Q. ■

### CNB expects inflation to slow from late 2021

The 1 p.0-p deviation of inflation from the Czech National Bank's (CNB) current forecast in August was due mainly to higher core inflation and faster growth in food prices. In response to the Czech Statistical Office's data, the central bank also said that the pick-up in consumer demand following the lifting of anti-epidemic measures was expected to lead to price increases, especially in the services sector. By increasing prices, their providers partly compensated for low or zero revenues from the closures and a rise in their operating costs. In its summer forecast, the CNB expects inflation to rise well above the upper boundary of the tolerance band of the 2% target in H2 2021. Currently strong headline inflation pressures will gradually start to ease from late 2021, according to the central bank. ■

### Analysts predict higher inflation, central bank rates

The sharp rise in prices is a logical consequence of a situation where money was pumped into the economy while production capacity was suspended, reducing the amount of products on the market. BHS' chief economist Štěpán Křeček said this in response to data from the Czech Statistical Office. He added that inflation is the fastest in 13 years. Given inflationary pressures, Jakub Seidler, chief economist at the Czech Banking Association, does not rule out the central bank raising rates by 0.50p in September 2021. In his view, base rates could reach 2.50% during 2022. Raiffeisenbank

analyst David Vagenknecht expects further rises. He believes inflation could accelerate to above 4.5% in the winter. ■

### Industrial producers are 9.3% more expensive

In August 2021, the prices of industrial producers grew by 1.2% m/m. The prices of construction work were 1.1% higher, market services for companies cost 0.6% more, whereas the prices of agricultural producers dropped 1.3%, according to figures published by the Czech Statistical Office. In year-on-year terms, prices of agricultural producers grew 7.9%, industrial producers charged 9.3% more, construction work cost 6.6% more, and the prices of market services for companies increased by 1.2%. The preliminary Eurostat data shows that the prices of industrial producers in the Czech Republic increased by 7.8% in July 2021. ■

### Analysts: Inflation in the industry to slow down slightly

Problems in sub-supplies will not disappear for the time being, and the pressure on price increases in the industry will slowly weaken. In reaction to data published by the Czech Statistical Office, this statement was made by Komerční banka economist Michal Brožka. He added that concerning the development of commodity prices, the price increases in the industry might slow down in the coming months. Still, even so, the year-on-year inflation in the sector would exceed 10% in the industry. ČSOB analyst Petr Dufek said that production inflation forecast an increase in the prices of consumer goods that could come in the coming months. Czech Banking Association chief economist Jakub Seidler said that market expectations regarding the increase in rates by the Czech National Bank had significantly increased since the latest inflation data. ■

### ACEA: Car registrations in CR up 12.4%

Between January and August 2021, the number of new car registrations in the Czech Republic grew by 12.4% year on year to 147,659. In August alone, the market recorded a 1.0% decrease to 16,449 cars. In Slovakia, the registrations for the first eight months of the year totalled 52,922 (+7.4%). In the last monitored month, there were 6,778 registrations (-2.9%). This information was provided by the European Automobile Manufacturers' Association (ACEA). Registrations in the entire EU grew by 11.2% to 6.81m cars between January and August 2021. In August, the market dropped 19.1% to 622,993 registered vehicles. ■

### CRIF: Company savings CZK 115bn higher than debts

As of the end of July 2021, companies had CZK 1.26tn in bank deposits. Their savings have increased by CZK 41bn(+3%) year-to-date. The volume of their debt amounted to CZK 1.14tn (+ CZK 21bn). Thus, they had CZK 115bn more in savings than their debt. This represents one of the highest values in history. The fastest growth in savings was recorded by sole traders, who had CZK 18bn deposited with banks. They saved CZK 16bn (+10%). The volume of their debts has been stagnant, reaching CZK 47bn in July. The calculations of CRIF - Czech Credit Bureau also show that household savings increased by CZK 168bn to CZK 2.99tn (+6%). The volume of their loans increased by CZK 93bn and amounted to CZK 1.9tn (+5%). ■

### CRIF: Fewest firms in last year ceased to exist in August

A total of 2,288 new commercial firms were established in the Czech Republic in August 2021, which was one-fifth more than in July. At the same time, 1,069 commercial firms ceased to exist, which was 16 fewer than in July and the lowest number in the past 12 months. Thus, during the first eight months of 2021, 20,138 new commercial firms were established (up 13%), and 9,504 commercial firms ceased to exist, which was 1,031 fewer than last year, according to a data analysis conducted by CRIF. ■

### LI: CR down 3 places in economic freedom ranking

The Czech Republic ranked 27th out of 165 countries and territories included in the annual Economic Freedom of the World 2021 report, published by the Liberal Institute (LI) in cooperation with the Fraser Institute in Canada. A year earlier, the Czech Republic was ranked 24th. The year-on-year decline is due not only to a decrease in the economic freedom index, but also to its growth in absolute terms reported in other European countries. The biggest deterioration in the Czech Republic occurred in the credit, labour and business regulation index. Hong Kong and Singapore top the rankings. Slovakia is in 47th place. ■

### AutoSAP: Production down 39%, e-cars make up 20%

Automobile production in the Czech Republic was 39.2% lower year on year in July and August 2021, mainly due to suspended production at key chip suppliers in Malaysia because of Covid-19 and the closure of some large Chinese ports. This statement was made by Automotive Industry

Association (AutoSAP) executive director Zdeněk Petzl. He estimates that approximately 140,000 vehicles that would otherwise be sold will not be manufactured in the Czech Republic because of the chip shortage. ŠKODA AUTO has produced 42% fewer vehicles. In 2021, 775,500 cars have been produced so far, up 12.6% y/y and 166,000 fewer (-17.7%) compared to 2019. Currently, electrified vehicles make up more than 10% of production. In August, 20% of the Czech Republic's production was electrified in one way or another. ■

### Moore: Two-thirds of firms do not expect restrictions

According to an Instant Research poll for the consulting group Moore Czech Republic, two-thirds of Czech firms do not expect the government to restrict their activities in the rest of 2021. At the same time, 66% of the respondents are not preparing anti-epidemic measures for the rest of the year unless ordered or recommended by the government. Moore Czech Republic partner Marcela Hrdá says that it is because of the optimistic mood of the summer and confidence in vaccination. One-third of companies are planning or implementing protective measures beyond the framework of the basic hygienic rules. One-quarter of firms that are preparing anti-pandemic measures for the rest of the year rely on testing. To a similar extent, companies allow employees to work from home. ■

### Fincentrum: Mortgages reached record of CZK 33.7bn

In August 2021, banks arranged 10,444 mortgages with a total volume of CZK 33.73bn. The number and volume of mortgages fell by roughly 5% compared to July, according to Fincentrum Hypoindex data, which shows that this is the best result in the history of the survey in August. Compared to August 2020, the volume of mortgages granted increased by more than 75% and 136% compared to August 2019. The average mortgage loan amount increased by CZK 14,500 to CZK 3.22m. The average interest rate increased by a further 9bp to 2.32% pa. Fincentrum & Swiss Life Select product management specialist Jiří Sýkora expects that in 2H 2021 it will be increasingly close to the 3% mark. In the first eight months of the year, banks arranged mortgages worth almost CZK 293bn. By the end of the year, the volume could approach CZK 400bn. ■

### Economists expect further increases in mortgage prices

Due to high inflation, it is still worthwhile for people to take out mortgages. In response to the Hypoindex data from Fincentrum, BHS chief economist Štěpán Křeček said that the real value of borrowed money is declining significantly faster than interest rates are rising. Miroslav Zámečník, Chief Advisor to the Czech Banking Association, stated that with the prospect of further growth in Czech National Bank rates and a gradual increase in the price of resources on the interbank market, it is clear that mortgage rates will gradually increase further. The executive director of CENTRAL GROUP Michaela Tomášková believes that the high demand for new housing is mainly due to concerns about the devaluation of savings due to inflation and still cheap mortgages. ■

### Prices up 4.1% in August; the most since November 2008

Consumer prices in the Czech Republic rose by 4.1% y/y in August 2021, up 0.7 pts from July and the most since November 2008, the Czech Statistical Office reported, adding that the acceleration in price growth was mainly driven by higher prices in the housing and food and non-alcoholic beverages sections. Prices of goods rose by 3.6% in aggregate and prices of services by 4.9%. The aggregate consumer price index excluding imputed rent was 103.6%. On a month-on-month basis, consumer prices rose by 0.7%. Prices of goods rose by 0.5% in aggregate and prices of services by 1.2%. The inflation rate, expressed as the increase in the average consumer price index over the last 12 months compared with the average of the previous 12 months, was 2.8% in August. ■

### Export prices up 7.7% and import prices up 7.9%

Export prices rose by 7.7% y/y and import prices by 7.9% y/y in July 2021, the Czech Statistical Office reported. Terms of trade increased to 99.8%. In the case of exports, the decisive influence was the 13.1% increase in prices of semi-finished goods. In terms of imports, the price of mineral fuels increased by 86.4%. On a month-on-month basis, export prices rose by 3.1% and import prices by 2.4%. Terms of trade totalled 100.7%. ■

### MZ: Number of hospitalized with COVID-19 fell to 145

The number of confirmed cases related to the disease COVID-19 increased by 553 and reached 1,684,357 as of September 15, 2021. The number of hospitalised patients fell from 152 to 145. There were 25 confirmed cases per 100,000 inhabitants in the last seven days. The total number of deceased remained at 30,417. The information was provided by the Ministry of Health of the Czech Republic (MZ) at its website. ■