

EVENTS OF THE WEEK

Government: Only O or N for services and events

As of November 22, 2021, the Czech government will make stricter rules to operate stores and services and visit large-group events. Only persons who have been vaccinated (O) or have had Covid-19 (N) will be able to use services or attend events. The possibility of introducing blanket testing of employees in companies and at all other employers has also been discussed. Minister of Health Adam Vojtěch (for ANO) was tasked to prepare a relevant emergency measure that will introduce a mandatory weekly test for the unvaccinated. Antigen testing is no longer a part of the measure to perform free testing of clients of health insurance companies at their request. The number of free tests for persons under 18, persons without completed vaccination and persons who cannot be vaccinated for medical reasons has increased to five tests per month. ■

Panattoni revitalises brownfield in district of Teplice

Industrial zone builder Panattoni has revitalised the brownfield site of the former Kavalier glassworks in Hostomice, Teplice, for investment group Accolade. The first tenant of the new industrial zone Panattoni Park Teplice South is Czech sanitary equipment retailer Sanitino. It has started operating a distribution centre here, which will gradually serve the whole of Europe. This continues the transformation of a brownfield with more than a century of glass history into a modern zone for light manufacturing and distribution of goods with an investment of more than CZK 500m. ■

ZDR Investments acquires retail park Gatterederstraße

ZDR Investments SICAV has expanded its portfolio with the purchase of the Gatterederstraße retail park in Vienna from an Austrian private investor. The value of the property is CZK 400m. The financing partner is Bank Austria Wien from the UniCredit Group. The main tenants of the retail park are BILLA, dm drogerie, Fussl, JYSK, LIBRO, and BIPA. ZDR Investments partner Roman Latuske said that this is the fourth property purchased in Austria in 14 months. The share of Austrian and German properties in the fund's total portfolio for qualified investors rose to 23%. ■

Zip completed acquisition of Czech fintech Twisto

Zip has completed the acquisition of Twisto, opening the door to 27 European markets. The founder of Twisto and now also a shareholder of Australian Zip, Michal Šmída, stated that under Zip's leadership Twisto has almost unlimited opportunities for further growth, in which Zip's expertise in building a global company, contacts, technological know-how and last but not least finance will help. Its responsibility will now be to explore Europe and make full use of the payment institution's license from the Czech National Bank, which allows Twisto to provide its payment solution in all EU countries. ■

EP and Council agree on EU budget

The European Parliament (EP) and the Council of the EU reach an informal political agreement on the Union's 2022 budget on the basis of a proposal from the European Commission (EC). This is the second budget of the EU's Multiannual Financial Framework for the period 2021-2027. EUR 169.5bn in commitments and EUR 170.6bn in payments have been agreed. Once adopted, the budget will allow the EU to mobilise significant resources to respond to the pandemic and its consequences, kick-start a sustainable recovery, stimulate further investment in a greener, digital, and more resilient Europe, and ensure job protection and creation. ■

TOP HEADLINE NEWS

Government approves SFPI draft budget at CZK 3.03bn**K. Havlíček: Government might compensate companies****Schillerová: Extraordinary pension valorization ahead****Rohlik Group to expand to Italy, Romania and Spain****Eurowag acquiring Webeye for tens of millions of euros****SŽ calls tender for modernization of Bubny track****Industrial producer prices grow by 11.6 %**

Currency and Bourse

Currency	Value	% w/w
CZK/EUR	25,23	0,000
CZK/USD	22,24	0,225
CZK/GBP	29,97	0,400
CZK/CHF	24,00	0,167

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

Prague bourse

Share	Value	% w/w
AVAST	↗ 178,00	0,337
ČEZ	↘ 731,00	-0,274
ERSTE	↘ 1021,50	-1,224
Kofola	↘ 330,00	-0,303
KB	↘ 918,00	-0,817
Moneta	↗ 89,25	1,120
O2 C.R.	→ 261,00	0,000
PM	↗ 15 800,00	0,127
Stock	↗ 112,20	0,713
CZG	↘ 506,00	-1,581
VIG	↘ 653,00	-3,216

PX index ↘ 1376,34 -0,488

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

Q/Q real

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

Source: Czech Statistical Office

ECONOMIC POLICY

Government approves SFPI draft budget at CZK 3.03bn

In 2021, the State Investment Support Fund (SFPI) should get CZK 3.03bn, of which CZK 1.149bn consists of a state-budget subsidy, CZK 800m will come from the National Recovery Plan and CZK 300m from the IROP. The draft budget was approved by the government and is now subject to an approval by the Chamber of Deputies. Expenditures are planned at CZK 4.449bn. Through low-interest loans and subsidies, the fund will continue to support the construction of social housing, repairs of residences in case of damage by a natural disaster, revitalisation of areas and regeneration of public spaces. ■

K. Havlíček: Government might compensate companies

The government could introduce some compensation programmes for companies from December 2021 along with the upcoming abolition of the recognition of antigen tests. Karel Havlíček (ANO), Minister of Industry and Trade and Transport in demise, said this on Czech Television's discussion program Otázky Václava Moravce, adding that the programmes are already prepared, but the professional associations and the future government must agree on them. He added that compensation could reach ca. CZK 1bn per month. ■

Schillerová: Extraordinary pension valorization ahead

The Czech Republic has been heading for an extraordinary valorization of pensions since June 2022. Minister of Finance Alena Schillerová (ANO) stated that this is an extraordinary step which, according to the law, will adjust pensions in a situation where inflation is above 5%. Seniors would thus improve their lot by CZK 650 to 730 during the year. This would be the second time in history that this mechanism has been activated. ■

P. Fiala announces ministerial candidates to President

ODS chairman and candidate for Prime Minister Petr Fiala announced to President Miloš Zeman the names of the proposed ministers of his government. The government's first deputy chairman and minister of the interior is to be STAN chairman Vít Rakušan, while the deputy prime minister and minister of labour and social affairs is to be KDU-ČSL chairman Marian Jurečka. The Ministry of Regional Development should be headed by Deputy Prime Minister for Digitisation, Pirate Party chairman Ivan Bartoš. The health care sector is to be handled by Vlastimil Válek (TOP 09), who is also to be deputy prime minister. Zbyněk Stanjura (ODS) is to become Finance Minister, while Zbyněk Stanjura (STAN) is to become Industry and Trade Minister. The President plans to appoint Fiala as Prime Minister on November 26, 2021. ■

President M. Zeman signed seven laws

On November 15, 2021, President Miloš Zeman signed seven laws. These include amendments to the Environmental Impact Assessment Act or the Railways Act. Furthermore, M. Zeman signed an amendment to the standard on the use of state symbols, on fire protection and IRS, on the police and customs administration, on archiving and the file service, as well as an amendment to the Act on Liability for Offenses and Proceedings concerning them. ■

MŽP to allocate CZK 3.2bn to schools and authorities

The Ministry of the Environment of the Czech Republic (MŽP) will support the reduction of energy consumption in public buildings under a new call from the Environment Programme. A total of CZK 3.2bn will be distributed from the National Renewal Plan. The funding will be directed to repair schools, offices, and hospitals. Renovations can include new facades, windows, rooftop photovoltaic panels, energy-efficient lighting, or smart blinds. Minister of the Environment Richard Brabec (ANO) added that since 2014 the ministry has supported energy-saving renovations of 2,437 buildings with CZK 11bn. ■

MŽP will support preparation of coal regions

From November 16, 2021, to January 17, 2022, applicants whose projects were recommended by the Regional Standing Conference of the Karlovy Vary, Ústí nad Labem, and Moravian-Silesian Regions may apply for support under the first call of the Operational Program Fair Transformation (OPST). The Ministry of the Environment of the Czech Republic (MŽP) informed that the aim is to provide funds for pre-project and follow-up preparation of strategic projects, which will then be able to apply to the OPST 2021-2027 calls. A total of CZK 170m is prepared for applicants. OPST will be financed from the European Fund for Fair Transformation and CZK 42.7bn will be available for the period 2021-2027. Jan Kríž, Deputy Minister of the

Environment, said that the program could be finally approved by the European Commission in 2Q 2022. It will be possible to submit applications through the Agenda Information System. ■

Government passes two blanket testing waves at schools

On November 12, 2021, Andrej Babiš's outgoing government approved the proposal to change emergency anti-epidemic measures. The Czech Ministry of Health will order preventive antigen testing to be performed on November 22 and 29 at schools and school institutions all over the Czech Republic that are entered in the School Registry, except for schools established by the Czech Ministry of Justice, schools established at facilities for the execution of protective youth and young offenders rehabilitation, and schools established at medical facilities. ■

Prague asks PSP for power to regulate rents

The City of Prague, through its councillor for legislation Hana Kordová Marvanlová, has sent a draft amendment to the Trade Act to the chairwoman of the newly elected Chamber of Deputies (PSP) of the Parliament of the Czech Republic. In it, municipalities should have powers to regulate the provision of short-term accommodation services in flats and houses in their territories through by-laws, if needed. ■

ČNB: Michl, Dědek disagreed with rate increase

Czech National Bank (ČNB)'s bank council members Oldřich Dědek and Aleš Michl voted against increasing the basic rate by 125 basis points to 2.75%, according to the minutes from the meeting that took place on November 4, 2021. Instead, they favoured leaving the rates unchanged because, according to them, the current high inflation was due to external cost factors outside the control of the domestic monetary policy. However, other bank council members, including ČNB Governor Jiří Rusnok, warned against a loss of anchored inflation expectations and said that the monetary policy had to react to this risk. ■

HK ČR accepts testing, but will negotiate compensation

The Czech Chamber of Commerce (HK) accepts testing in companies, but will negotiate compensation for companies. Its president Vladimír Dlouhý said that the Chamber will not agree on delays between the acquisition and payment of the test. He added that if the government accepts the obligation to test, it is essential that the Health Ministry coordinates all activities so that employers have clear, effective and legal tools to order employee testing while ensuring that such an obligation is met by the employee. ■

HK ČR: Entrepreneurs will accompany M. Vystrčil in UK

Twenty Czech companies will accompany Senate President Miloš Vystrčil (ODS) on a working visit to Great Britain from 18 to 21 November 2021. The Chamber of Commerce of the Czech Republic (HK ČR) informed that the entrepreneurs will be led by the Vice-President of HK ČR Radek Jakubský. The delegation consists of companies in the field of security technologies, manufacturers of electronics, medical devices and companies engaged in the reconstruction of buildings, energy and financial services. The mission is organized by HK ČR together with the Czech Embassy in London. ■

Business personalities initiate second transformation

A total of 32 Czech business personalities 32 years after the 1989 revolution have supported an initiative to help launch further economic reform. The challenge, called the 2nd Transformation of the Economy, is the result of cooperation with professional and non-profit organisations. The initiators are Tomáš Salomon (Česká spořitelna), Radek Špicar (Union of Industry and Transport of the Czech Republic), Martin Vohánka (Eurowag), Martin Wichterle (Wikov). Signatories include owners or directors of companies such as Avast, Česká zbrojovka, ČEZ, Koh-i-noor, Mattoni, Rohlík, ŠKODA AUTO, Tescoma, among others. The goal of the initiative is an open and environmentally friendly economy. It also proposes to raise awareness of the benefits of the Czech Republic's membership in the EU and NATO. It is also in favour of the establishment of a central authority for the digitalisation of the state and for tax support for residents to invest in shares of small and medium-sized publicly traded companies. ■

Brno Psychiatric Care Center secured CZK 491m from IROP

The Integrated Regional Operational Program (IROP), which is administered by the Ministry of Regional Development of the Czech Republic, supported the CZK 491m project of the Center for Comprehensive Psychiatric Care in Brno. It should be completed at the end of 2021. It is being established on the site of Pavilion G of the Psychiatric Clinic of the University Hospital in Brno-Bohunice and will provide hospitalization to approximately 1,500 patients per year. A new psychiatric ward has been operating in the České Budějovice hospital for over two years, and the IROP contributed CZK 153m

to its reconstruction. It is also equipped with an electroconvulsive therapy (ECT) device. So far, the IROP has provided almost CZK 2bn for the deinstitutionalization and modernization of psychiatric care. It set aside almost CZK 1bn for the period up to 2027. ■

COMPANY NEWS

Rohlik Group to expand to Italy, Romania and Spain

In the first half of 2022, the Rohlik Group will launch its online groceries delivery in Italy and Romania under the new brand Sezamo. As of next spring, almost 2.5m new households from Milano and Bucharest will access the Rohlik Group's services. Under the management of a new CEO, Andrea Colombo, Italy will be the second-largest market after Germany, where the Rohlik Group online supermarkets will be present. In the second half of 2022, the Rohlik Group will also expand to Spain. The group is launching operations in new countries after market analyses showed an increased demand for online grocery shopping. Overall, the e-shop will be present in seven countries. ■

Eurovag acquiring Webeye for tens of millions of euros

Eurovag is acquiring the Hungarian company WebEye, which operates as a provider of fleet management services in Central and Eastern Europe. A total of 57,000 trucks in Europe are connected to WebEye services. The total value of the transaction can reach up to EUR 55.9m. Of this, EUR 38.5m will be paid by Eurovag immediately after the transaction and the other part in the deferred settlement over the next three years. WebEye generated revenues of EUR 16.5m and adjusted EBITDA of EUR 4.3m in 2020. Completion of the acquisition is planned after obtaining the approval of the authorities in 1Q 2022. ■

SŽ calls tender for modernization of Bubny track

The Railway Administration (SŽ) has announced a tender for the contractor of the Prague section of Bubny – Výstaviště. The highest admissible bid price of the contract is CZK 3.8bn. The construction will mark the start of the transformation of Holešovice, which will be connected by a new district in the place of today's Bubny railway station. The modernization will be completed by 2025. A new Prague-Bubny railway station will be created as part of the line reconstruction. The Jakub Cigler Architekti studio will create an architectural design of the railway station with three platforms and four tracks. The project is part of a renovated line from Prague to Kladno with a turnoff to Václav Havel Prague Airport. ■

Alza.cz starts sales on the French market

Alza.cz has launched a French version of its online shop. This information was confirmed to ČIANEWS by spokeswoman Daniela Chovancová. Apart from expansion abroad, the priorities for 2021 also include the creation of an open AlzaBox platform and the growth of the partner Alza Marketplace. Similarly to the German one, the French market is served by Alza from the Czech Republic, assisted by a call centre operating in six languages, including French. ■

CTP increases Q1-3 profit 92% to EUR 317.8m

Between the first and third quarters of 2021, logistics real estate developer and owner CTP reported a 92% year-on-year increase in its profit to EUR 317.8m. In Q3, the portfolio of the gross leasable area increased in quarter-on-quarter terms from 6.6m m2 to 7.1m m2. Updated revenue from leases grew from EUR 380m at the end of Q2 to 7.1% to EUR 407m in Q3. In the Czech Republic, the group completed 68,000 m2 of leasable area for Loxness. ■

BILLA to lease over 10,000 m2 in P3 Prague-Počernice

BILLA is establishing a new distribution centre in the retail-focused P3 Prague Horní Počernice park. This information was provided by P3. The retail chain found a detached hall with an area of more than 10,000 m2. It offers the possibility of goods loading and off-loading from two sides. It has a large adjacent parking area for cars, vans and trucks. An outdoor roofed area of almost 700 m2 is connected to the loading gates. By optimising its logistics processes, BILLA will reduce its carbon footprint by minimising fuel consumption and reducing exhaust-gas emissions during the entire logistics process. ■

Toyota in CR heads to doubling sales to 20,000 vehicles

Toyota's Czech agency heads to concluding a record number of 20,000 customer contracts in 2021, approximately 7,000 more than the estimate at the beginning of the year. In 2020, Toyota sold almost 11,000 vehicles in the Czech Republic. Toyota and Lexus CR general director Martin Peleška added

that the high number of orders resulted in the brand having almost sold out its in-stock vehicles. Most of the new orders had to be produced first. ■

SSČS registers 559,000 contracts in 3Q21

Stavební spořitelna Česká spořitelna (SSČS) records 58,722 new building savings contracts for 1-3Q 2021, including increases. Their average target amount is CZK 372,000. Communication specialist Monika Kopřivová told ČIANEWS, adding that 10,493 contracts were added in October 2021. She added that the total number of registered active contracts at the end of 3Q 2021 was 559,000. According to her, the aggregate amount of loan contracts as of the same date was 121,000. The data also shows that the savings bank concluded 16 255 new loans in the amount of CZK 14.311bn in 3Q 2021. In October 2021, 1,765 new loan contracts were negotiated in the amount of CZK 1.478bn. ■

Photon Energy places EUR 50m green bonds on market

Photon Energy has placed its first 6.50% green bond 2021/27 in the total amount of EUR 50m. The issue attracted strong demand from existing holders of the company's bonds who subscribed EUR 21.28m in an exchange bid for the existing euro bond 2017/2022, which lowered the outstanding amount of this bond to EUR 23.72m. At the same time, a host of new institutional and private investors all over Europe, including the European Bank for Reconstruction and Development, showed interest in the bonds. Photon Energy will use the yield from the bond issue to finance the development and construction of its own portfolio of photovoltaic installations. ■

ICP buys offices in Palm Beach Gardens, Florida

The Czech ICP Group continues expanding its real estate portfolio in the United States by acquiring an office building in Palm Beach Gardens, Florida. It has more than 1,200 m2 of leasable area and two stable tenants. The group is considering the possibility of expanding it significantly. In the past, ICP had obtained the Belcan Property office building in West Palm Beach, Florida, for more than CZK 0.5bn. In addition, it is participating in the Seaward Landing project involving family houses on the Florida Keys. Another project is the Solera complex in Palm Beach Gardens, including 136 flats and commercial premises. ■

ZDR Investments refinanced its portfolio worth CZK 1.2bn

The ZDR Investments Group refinanced part of its retail real estate portfolio. With the help of the new bank financing of Česká spořitelna in the amount of CZK 660m, the existing loans provided by various banking houses were refinanced. This concerns seven retail parks in the Czech Republic with a total value of CZK 1.2bn. CFO of the ZDR Investments group Ondřej Sychrovský stated that this consolidation of bank financing will lead to a reduction in the administrative burden and costs of bank financing and added that the aim is to ensure the future long-term stability of the portfolio. ■

Sekyra Group plans to sell nearly 400 flats this year

Prices of some building materials have doubled and inflation is also reflected in energy and labour prices. Leoš Anderle, executive director of Sekyra Group, told ČIANEWS that most of the group's properties in the current stages have already been sold and the price increases will not be reflected in their prices. Demand for housing has increased even more with rising inflation and has been exceeding supply for a long time. In recent months, the majority of buyers are people who are purchasing housing directly for themselves or intergenerationally within their families. Sekyra Group expects to sell nearly 400 flats in 2021. ■

Accolade to build hall near Seville

Accolade Group, an infrastructure investment company for modern and sustainable business, is preparing its fourth project in Spain. In Andalusia, near the city of Seville, it is investing in land on which a modern industrial hall with an area of more than 11,000 m2 will be built. The value of the project reaches almost EUR 11m. CEO Milan Kratina said that there is a very low supply of industrial halls around the city, while there is high demand and enough manpower, which represents a great opportunity for further growth. Construction will begin in 2Q 2022 and will last approximately nine months. ■

Solek to build solar power plants in Chile for BlackRock

The Solek energy group has signed a contract with US investment firm BlackRock for the construction and supply of solar power plants in Chile. Solek will build power plants for BlackRock with a total installed capacity of up to 200 MW. Subsequently, it will also provide professional O&M services to these projects, i.e., ensure their management and operation. The media

representative of the Solek group, Lucie Mareš Heřmanská, confirmed to ČIANEWS that the planned installed capacity of completed and built solar power plants in Chile will reach 500 MW by 2023. Solek plans to complete all solar parks during 2023. ■

ČSOB increases net Q1-3 profit 84% to CZK 11.6bn

Between the first and third quarters of 2021, the ČSOB Group posted a net profit of CZK 11.6bn (up 84% y/y). The quality of the loan portfolio, whose total volume grew 3% to CZK 1,821bn, had a particularly positive effect. Deposits grew 17% to CZK 1,261bn. The Tier 1 capital ratio is at 23.0%. ČSOB general director John Hollows said that the number of mobile-banking users had grown 43% y/y. In comparison, the number of transactions had increased 59%. So far, 95,000 clients have used the bank identity for securely signing in to the services of the state and companies. A total of 26,000 clients use an eco-friendly payment card, which was also newly introduced by Poštovní spořitelna. ■

T-Mobile CR increases revenue to CZK 21.41bn, expands 5G

Between the first and the third quarter of 2021, T-Mobile Czech Republic reported a 2.9% year-on-year increase in total revenue to CZK 21.41bn. Its EBITDA After Lease grew 5.0% to CZK 8.96bn. The total number of mobile customers increased to 6.259m (up 1.3%). The company focused on developing optical infrastructure and the 5G network. Since September, it has covered 10.4% of the Czech population. By the end of the year, it should cover 25%. Corporate customers and state administration division director Luboš Lukášik added that the operator continued collaborating with leading Czech universities. It contributed to the creation of testing and development environments that served not only for instruction but mainly for research and development and for testing industrial solutions using state-of-the-art technologies. ■

OMNIPOL & Aero hand over 4 repaired L-39Cs to Kazakhstan

In collaboration with Aero Vodochody, OMNIPOL handed over four L-39C aircraft after a general overhaul to the Kazakh Air Forces in October 2021. Aero vice-president Pavel Tůma said technicians had integrated the main avionic elements in the L-39NG standard into the aircraft, including a head-up display by Speel Praha and multi-function displays by US company Genesis Aero Systems. In addition, a Kazakh government delegation visited both companies and discussed enhanced collaboration. Currently, OMNIPOL is arranging L-39 modernisation in the same configuration as for Kazakhstan for other customers. ■

AGC Automotive invests CZK 25m in digitisation per year

AGC Automotive Czech invests up to CZK 25m in production digitisation and automation in 2021 and up to CZK 25m per year in the next two years. This year, the vehicle-glass manufacturer is digitising the production of laminated windshields. In addition, the measuring of head-up displays on windshields is also undergoing digitisation. Digitisation project head Pavel Vaněk said that thanks to data collection and subsequent analysis, they were able to optimise production processes, improve facility parameters, lower the failure rate, and improve the quality of the final product. ■

Prusa Research buying 80% stake in Trilab

Prusa Research is buying an 80% stake in the Czech company Trilab, which develops and manufactures 3D printers designed primarily for the corporate sector. The value of the acquisition was not disclosed. For Prusa Research, the acquisition is another step in expanding the offer for companies. Trilab's flagship, the AzteQ Industrial 3D printer, features an actively heated print chamber, removable printheads and plates, and remote management. It can print large, up to 40cm high objects and supports advanced materials with high mechanical and chemical resistance. ■

Carvago expanding its e-offer of used vehicles to Germany

Czech startup Carvago has started providing services on the German market. Through the Carvago platform, local customers can purchase used cars completely online, incl. delivery to the door, a six-month warranty, securing financing, vehicle registration and the possibility of a refund within 14 days. Carvago offers German customers over 650,000 cars. At the European level, it wants to trade 500 cars a month with a turnover of CZK 250m by the end of 2021. Next year, it plans to surpass 2,000 cars sold per month and a monthly turnover of almost a billion. ■

SAB Finance anticipates profit of CZK 168m for 2021

For SAB Finance, 3Q 2021 became the most profitable quarter in history with revenues of almost CZK 85m. In October, it achieved record revenues of CZK 42.5m. The expected profit before tax for the first 10 months is CZK 148m. Profit before tax for 2021 is planned at CZK 168m. Founder Radomír Lapčík

said that he plans sustainable conservative profit growth in the range of 7 to 13 % for the coming years. In the coming period, he expects higher volatility in virtually all market assets due to dynamic developments in the global economy. Through its subsidiaries, SAB Finance owns a 99% stake in the Maltese FCM Bank and almost 9.9 % in the Czech TRINITY BANK. The group also includes the ProStream fintech platform for online payments and foreign exchange exchanges of B2B clients. ■

BAE Systems buys Bohemia Interactive Simulations

BAE Systems has finalised an agreement on acquiring Bohemia Interactive Simulations (BISim), which develops combat simulators. The company added that the transaction's closing would take several months depending on further steps, such as the approval by market regulators. BISim was established in 2001 and has over 325 employees in the United States, Great Britain, Australia, the Czech Republic and Slovakia. BISim engineers develop training and simulation software products using the latest gaming technologies. ■

MACROECONOMIC DATA AND POLLS

Analysts: Production inflation indicates growth in rates

Inflationary pressures from the manufacturing sector were intensifying, which augured a further acceleration in consumer inflation. Jakub Seidler, chief economist at the Czech Banking Association, said this in response to the Czech Statistical Office data, adding that high energy prices remain a problem. Martin Gürtler, economist at Komerční banka, believes that the industrial price data will probably only confirm the central bank's view that it should raise interest rates further. According to him, they are likely to rise above 3.0% at the December meeting. Raiffeisenbank analyst Vít Hradil expects average producer price growth of 6.8 % for the whole of 2021. ■

Industrial producer prices grow by 11.6 %

Prices of agricultural and industrial producers in the Czech Republic increased by 1.9% m/m in October 2021. Construction work increased by 0.9% and market services for businesses by 0.5%, the Czech Statistical Office reported. On a year-on-year basis, prices of agricultural producers were 14.1% higher, industrial producers 11.6% higher, construction work 7.5% higher, and market services 1.9% higher. According to Eurostat data, prices in the EU rose by 16.2% in September. They rose by 9.9% in the Czech Republic and 8.5% in Slovakia. ■

AutoSAP: Car production down 47% in October

Car production in the Czech Republic dropped 47% year on year in October 2021 due to shutdowns caused by the chip shortage. A total of 68,202 cars were manufactured. Overall, 899,855 cars have been made in 2021, down 4% year on year. This information was provided by the Automotive Industry Association (AutoSAP), adding that it appealed to the government to approve an employment support system from the Antivirus programme. Executive director Zdeněk Petzl said that domestic companies were disadvantaged compared to their foreign competitors which could use comparable programmes, such as active kurzarbeit in Germany or the Antivirus programme in Slovakia. In October, Hyundai made 24,300 cars (down 8.8%) and ŠKODA produced 32,865 cars (down 59.2%). So far this year, 100,856 electric cars have been manufactured, making up 11.2% of total production and 14.7% in October alone. ■

ACEA: Car sales up 5.7% by October

Between January and October 2021, new car registrations in the Czech Republic increased 5.7% year on year to 174,494. In October, the market dropped 24.7% to 12,670. In Slovakia, the registrations totalled 64,486 (up 3.5%) in the first ten months of the year. In October, they amounted to 5,767 (down 13.8%). This information was provided by the European Automobile Manufacturers' Association (ACEA). In the EU, registrations grew by 2.2% to 8.19m cars between January and October. In October, the market dropped 30.3% to 665,001 cars. ■

CRIF: Corporate savings fell to CZK 1.27 trillion

During September 2021, the volume of self-employed deposits with Czech banks fell to CZK 175bn, which was CZK 10 bn lower than in August. This follows from the calculations of CRIF - Czech Credit Bureau, which it performed on the basis of data from the Czech National Bank. The volume of self-employed loans remained almost unchanged at CZK 47bn. In September, as in the case of self-employed persons, corporate savings also fell by CZK 10bn to CZK 1.27 trillion. The volume of their loans increased by CZK 28bn to CZK 1.18 trillion. Household savings amounted to CZK 3.01 trillion at the end of September, up CZK 11bn m/m. The volume of their

loans increased by CZK 19bn to CZK 1.95 trillion. ■

HSBC: Firms plan to invest CZK 117bn in ESG

One-quarter of firms in the Czech Republic have a plan to reach carbon neutrality. Of them, 65% want to factor in criteria from environmental, social and corporate governance (ESG) in the next five years during their investment decision-making, according to a survey conducted by Ipsos for HSBC. By 2025, companies plan to invest on average CZK 27m in ESG, which means more than CZK 117bn on the Czech market. The main investment areas in the Czech Republic include zero-emission energy (48%), better water-mains infrastructure (42%) and electrified transport (33%). The coronavirus pandemic has caused increased interest in ESG, with 22% of the respondents stating they were more open to the topic now. A total of 37% of firms have already used some form of sustainable funding, and four out of ten intend to do so. ■

ČBA: Mortgages including refinanced ones total CZK 40.4bn

In October 2021, banks and building societies granted mortgages in the total volume of CZK 40.4bn. New loans amounted to CZK 31.2bn, an increase of more than CZK 1bn compared to September. In addition, the volume of refinanced loans fell by CZK 1bn to CZK 9.2bn. Of these, just under CZK 7bn were refinanced loans from other financial institutions and CZK 2bn were loans refinanced internally. The interest rate on newly granted loans rose to 2.54% in October. The average mortgage increased to CZK 3.35m. ■

Fincentrum: Mortgages exceeded CZK 32bn and rate 2.5 %

In October 2021, banks arranged 10,065 mortgage loans in the amount of CZK 32.069bn. 463 more people applied for mortgages than in September, 1,265 more year-on-year. The volume increased by almost CZK 1.5bn compared to September and by CZK 6.9bn compared to October 2020. The average amount has increased by CZK 2,420 to CZK 3,186,238 since September. This follows from the Fincentrum Hypoindex survey, with the average interest rate rising by another 11 basis points to 2.54 %. Since March 2021, it has increased by 0.61 pp. Fincentrum & Swiss Life Select mortgage analyst Jiří Sýkora said that rates will gradually rise to over 4 %, they will probably attack 5 %. From January to October 2021, banks arranged mortgages for more than CZK 355bn. Even if there was a sharp slowdown, the volume of mortgages could reach over CZK 400bn. ■

BC Index: Average mortgage rate rose to 2.72 %

The average mortgage interest rate in October 2021 rose by 0.15 pp to 2.72%. This stems from the Broker Consulting (BC) Mortgage Loan Index. Experts assume that mortgage rates will continue to rise as soon as the November increase in Czech National Bank rates by 1.25 percentage points is reflected in them. The average mortgage amount is also growing, which currently amounts to CZK 3,121,000. According to the data of the Ministry for Regional Development of the Czech Republic, the volume of agreed mortgages for the past three quarters of 2021 exceeded the current year-round records from previous years. Specifically, mortgages exceeded CZK 300bn. ■

CEEC: Material prices can make real estate more expensive

Due to the pandemic, the prices of developer projects have increased or will increase by up to 19% due to more expensive construction materials. This is reflected in the prices of 74% of the responding developers. On average, 13% of the respondents have put off the realisation of some construction projects and waited for the prices to drop. Due to re-pricing, 16% have postponed their completion. According to the H2/2021 Study of Developer Companies prepared by the analytical company CEEC Research, 63% of developers have perceived an increase in products for interior equipment, namely on average by 10%. ■

ČNB: Current account deficit reached CZK 10bn in Sept

The current account deficit of the balance of payments reached CZK 10bn in September 2021, due to the deficit on the pension balance. The Czech National Bank (ČNB) informed about it. The balance of goods and services was active in the amount of CZK 3.4bn. In the balance of primary incomes on the liabilities side, dividends from direct investments amount to CZK 14.8bn. Primary and secondary pensions include a passive balance of transfers from the Czech Republic to the EU budget in the amount of CZK 0.7bn. Revenues from the EU budget on the capital account amounted to CZK 3.4bn. In addition, CZK 23.2bn is included in the capital account. These are funds of financial support in the form of a grant allocation from the EU Instrument for Recovery and Resilience for the national recovery plan of the Czech Republic. The current account surplus in annual terms has been

declining in recent months. ■

ČNB: Investment funds' equity up to CZK 712.3bn

The value of investment funds' equity at the end of September 2021 was CZK 712.3bn. Compared to August, it increased by CZK 2.9bn (monthly transactions amounted to CZK +10.2bn) and by 22.0 % y/y. The largest month-on-month change was recorded for real estate funds (+ CZK 2.2bn to CZK 135.5bn). The Czech National Bank (ČNB) informed that 613 resident investment funds were operating in the Czech Republic at the end of September 2021. Of these, 63 were equity, 62 bond, 76 mixed, 96 real estate, 310 other and six funds without an investment policy. ■

PwC: 50% of investors say not to non-eco firms

The pressure on sustainable business has been growing fast also on the side of investors. Almost 50% of them have declared that they will not invest in firms that do not take sufficient steps in environmental, social and corporate governance (ESG). According to PwC's 2021 Global Investor ESG Survey, companies' approach to ESG is one of the decisive factors when making investment decisions for four out of five investors. The most important ESG issue for investors is climate protection and lowering the carbon footprint (65%), followed by employee protection and health (44%) and equality and diversity at the workplace (37%). ■

ČLFA: Non-bank financing exceeded CZK 113.5bn

The volume of non-bank financing of companies and households realized by members of the Czech Leasing and Finance Association (ČLFA) increased by 19.9 % y/y to CZK 113.58bn in the first three quarters of 2021. They provided CZK 86.97bn to businesses and households through leasing or loans. Entrepreneurs received another CZK 26.61bn to finance the operation through factoring. The total receivables of ČLFA members from current leasing and loan contracts reached CZK 246.1bn (-0.5 %). Business investment financing grew by 23 % to CZK 68.65bn. ■

ČAP expects CZK 17bn damage from 3rd-party risk insurance

For 2021, the Czech Insurance Association (ČAP) expects a total of 265,000 damage claims from third-party risk insurance worth CZK 17bn. The ČAP estimates the year-on-year increase in the number of damage claims leading to a core damage frequency at 3.1%. Therefore, the financial volume of health-related damage claims is predicted by CZK 3.52bn for the entire year. The current number of insured vehicles in the Czech Republic totals 8.7m, with 149,000 automobiles uninsured (down 8% y/y). ■

ČBA: Czechs to spend on average CZK 12,700 on Christmas

Czechs plan to spend on average CZK 12,700 on Christmas shopping in 2021. According to a November survey conducted by the Czech Banking Association (ČBA), they want to spend on average CZK 8,058 on presents, CZK 3,408 on food and beverages, and CZK 1,206 on decorations. One in ten persons will be borrowing money for their Christmas shopping. On average, they want to borrow CZK 10,600. Most frequently, they will use the loan for consumer electronics (57%), for instance, a mobile phone or a PC, and toys for children (32%). If people borrow money for presents, they most frequently go to a bank (57%). ■

Energy contracts worth CZK 389m signed on ČMKB

In the 45th week of 2021, contracts for the supply of 183,000 MWh of electricity and natural gas for final customers in the amount of CZK 389 million were concluded on the Czech-Moravian Commodity Exchange Kladno (ČMKB). Annual electricity contracts with supply in 2022 were concluded at a low voltage rate of CZK 3,636/MWh, at a high voltage rate of CZK 3,874/MWh. Three-year contracts with delivery in the years 2022 to 2024 ended trading in low voltage at the value of CZK 3,000/MWh, in high voltage to CZK 3,100/MWh. Annual natural gas contracts with supply in 2022 ended trading in both retail and wholesale, at the same rate of CZK 1,700/MWh. ■

OTE: 4,446 GWh of electricity traded, up year on year

Between January 1 and November 14, 2021, OTE registered 4,446 GWh of traded electricity on the intraday market platform. The amount was higher than for the entire 2020 (4,439 GWh). It is roughly eight times the annual values from the 2015-2018 period. The weighted average of prices for the previous period of 2021 amounted to approximately EUR 84.08 per MWh. The trading development confirmed OTE's expectations arising from record results on the intraday market since the European electricity market was connected in November 2019. The record volumes also apply to the day market. In October, the current monthly maximum of 2,472.4 GWh was traded. ■