

EVENTS OF THE WEEK

CTP acquiring Amsterdam Logistic Cityhub

The CTP development group has announced the acquisition of 100 % of the Dutch company Amsterdam Logistic Cityhub (ALC). The value of the transaction is EUR 307m. The logistics complex, which is currently being built in the Amsterdam docks, will include 120,000 m² upon completion. The complex will offer 11,000 m² of office space, 1,700 parking spaces, 200 loading docks and a private 180m long waterfront. Completion of construction is planned in 4Q 2022. ■

J&T INVESTMENTS invests in J&T CAPITAL PARTNERS

The qualified-investor fund J&T INVESTMENTS has invested in the J&T CAPITAL PARTNERS holding company via the J&T ALLIANCE fund. The recently established holding company, in which Patrik Tkáč plans to consolidate all his shares in his joint projects with Daniel Křetínský, currently owns approximately 44% of Energetický a průmyslový holding. J&T FINANCE GROUP SE investment director Adam Tomis said that the investment in J&T ALLIANCE should make up a substantial part of the J&T INVESTMENTS fund portfolio for a long time. As of March 31, 2021, the J&T INVESTMENTS fund owned assets worth more than CZK 4bn. Apart from J&T CAPITAL PARTNERS, its portfolio consists of investments in logistics sites Pardubice and Moravia, a minority share in the online supermarket Rohlík.cz and in the Slovak retail chain Terno. ■

Government eases event restrictions, permits online tests

At its meeting on August 16, 2021, the Czech government approved an increase in the number of persons at one table to six in catering outlets, effective from September 1. This information was provided by the Czech Ministry of Health, which added that the capacity of choir members was expanded to 50 persons. Sport and cultural events with a total of up to 3,000 persons can be attended by participants complying with vaccination/test/disease (OTN) rules. With a higher capacity, newly at least half the capacity must be filled with persons fully vaccinated or who have had Covid-19. The government is also introducing the possibility to use online testing as an alternative to an on-the-spot test. A person performs a self-test under the supervision of medical staff via a web camera. ■

ČEZ: 3 bidders for EDU unit accepted assessment

The bidders for the construction of the new nuclear unit have signed an Acknowledgement Letter and thus accepted to participate in the safety assessment. Director of New Energy and Distribution Division and member of ČEZ's Board of Directors Tomáš Pleskač has announced that ČEZ has handed over the preliminary tender documentation to EdF, Westinghouse and KHNP. This should give potential bidders more time to prepare their bids. ■

A. Schillerová: e-VDO will be tool against tax evasion

The Ministry of Finance of the Czech Republic submits an amendment to the Act on Excise Duties to the external comment procedure. Its purpose is to transpose a European directive. The main adjustments include a more effective interconnection of customs regimes for excise duties with the tax system. The implementation also introduces pan-European electronic system e-VDO for monitoring goods in free tax circulation. Minister of Finance Alena Schillerová (for ANO) stated that e-VDO will be an important and more effective tool in the fight against tax fraud. She added that a fully electronic solution will also relieve the administration of entrepreneurs. ■

Gov't approved CZK 1.4bn for tornado recovery

At an extraordinary meeting on August 16, 2021, the Government of the Czech Republic approved CZK 1.4bn for people affected by the tornado both in South Moravia and storms in the Ústí nad Labem Region, in order to ensure ongoing funding for applications. Applicants must provide an estimate of the amount of damage costs in the case of a subsidy contract or, in the case of insured real estate, the statement of the insurance company of the damage or the statement of an insurance company employee. ■

TOP HEADLINE NEWS

MPO proposes to subsidise up to 20% of costs to investors**Govt to discuss decree on tax revenue allocation****ORLEN Unipetrol to invest CZK 30bn in green projects****ZAT receives CZK 800m worth of orders, invests CZK 40m****Moore: GDP growth in CR was second slowest in EU****Currency and Bourse**

Currency	Value	% w/w
CZK/EUR	25,50	0,235
CZK/USD	21,80	0,459
CZK/GBP	29,82	-0,168
CZK/CHF	23,78	0,252

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

Prague bourse

Share	Value	% w/w
AVAST	↘ 176,60	-0,764
ČEZ	↘ 654,00	-2,141
ERSTE	↘ 866,00	-1,801
Kofola	↗ 294,00	1,701
KB	↘ 828,50	-2,173
Moneta	↘ 86,55	-1,386
O2 C.R.	↗ 263,00	0,380
PM	↗ 15 400,00	0,130
Stock	→ 113,60	0,000
CZG	↘ 432,00	-0,231
VIG	↗ 639,00	0,313

PX index	↘ 1274,20	-1,305
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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

MPO proposes to subsidise up to 20% of costs to investors

The Ministry of Industry and Trade of the Czech Republic (MPO) has sent for comments an amendment to the Government Regulation on the implementation of certain provisions of the Investment Incentives Act. The amendment will allow more support for projects with higher added value focused on research and development. Newly, in the case of government approval of an investment incentive, applicants could also receive an investment incentive in the form of a financial contribution (so-called material support for the acquisition of tangible and intangible fixed assets) of up to 20% of eligible costs. The financial contribution would be provided instead of part of the support in the form of an income tax rebate, so there would be no overall increase in the liabilities from the provision of public support. The comment procedure, in which both ministries and representatives of businesses participate, will run until September 3, 2021. ■

Govt to discuss decree on tax revenue allocation

The government has adopted for discussion a draft decree on the percentage share of individual municipalities in the shares of the national gross revenue from value added tax and income taxes. The document was submitted by the Ministry of Finance (MF). The decree sets out new percentages of each municipality's share of shared tax revenues and at the same time repeals the previously valid decree. MF is obliged to determine the municipalities' shares in the tax revenues by September 1 each year. ■

MMR: IROP to provide CZK 13bn on cybersecurity

The Czech Ministry of Regional Development (MMR) has provided CZK 8.3bn for 322 projects towards developing Czech e-government and cybersecurity through the Integrated Operational Regional Programme (IROP). In the next IROP programming period, the Ministry placed cybersecurity among its priorities. The 2021-2027 period counts on supporting the development of e-government and public-administration cybersecurity with approximately CZK 13bn from the European Regional Development Fund. ■

MZe to provide forest owners with CZK 3.6bn

The Ministry of Agriculture of the Czech Republic (MZe) will provide CZK 3.6bn to forest owners for 2020 to mitigate the impact of the bark beetle calamity. Forest owners will use the money mainly for forest restoration. In 2020, they will plant 128.5 million deciduous trees and 77 million conifers. The release of the funds must be approved by the government. Agriculture Minister Miroslav Toman (ČSSD) said that CZK 2bn would be released from the government's budget reserve and CZK 1.6bn from the budget reserves of the agriculture ministry. So far, the Ministry of Agriculture has provided CZK 9.3bn to non-state and state forest owners to mitigate the bark beetle calamity. ■

IndustryMin to support digitization with CZK 300m

On August 15, 2021, the Ministry of Industry and Trade of the Czech Republic announced a call for small and medium-sized enterprises in the ICT and Shared Services program - Digital Enterprise with an allocation of CZK 300m. The aim is to support the increase of the digital level of companies operating on the Czech markets by supporting the purchase and introduction of advanced non-production digital technologies. These will help ensure a change in the overall production process, the establishment of a new plant, the expansion of the existing plant, the expansion of the plant's product range or a combination of the above activities by supporting automation, data digitization and more efficient interconnection and management of business processes. Applications are accepted until November 15, 2021. ■

API to allocate CZK 0.5bn for tornado recovery

The Agency for Entrepreneurship and Innovation (API), the intermediate body of the Operational Program Enterprise and Innovation for Competitiveness (OP EIC), has started receiving applications for subsidies in the call Real Estate - Tornado Assistance. Small and medium-sized enterprises can apply for financial support for the reconstruction of damaged establishments. They can receive up to CZK 35m for one project. The call was announced on August 2, 2021 by the Ministry of Industry and Trade of the Czech Republic. The API will accept applications until the end of 2021. A total of CZK 0.5bn has been prepared for applicants. ■

SAO: MLSA incorrectly spent money on social services

The Supreme Audit Office (SAO) revealed shortcomings in the spending of funds by the Ministry of Labor and Social Affairs of the Czech Republic (MLSA) on investments in social services in 2017 to 2019. The inspectors

examined money from two programs intended for social services facilities, improving the quality of these services and promoting mobility. The MLSA set aside a total of CZK 5.9 billion for these purposes. Most of the criticized mistakes have already been dealt with. According to the SAO, subsidies paid to achieve the objectives of individual programs contributed. At present, increasing the number of beds is one of the main priorities of the Ministry of Labor and Social Affairs. According to the Ministry of Labor and Social Affairs, the payment of higher subsidies was criticized in accordance with the governing document, the issuance of which monitors the effectiveness and economy of spending state budget funds. ■

MZ: Government approves change in conditions for tests

At its meeting on August 19, 2021, the government decided that from September, preventive tests for covid-19 will be covered by health insurance only for people under 18 years of age, people between the first and second dose of the vaccine, and those who have a contraindication to the vaccine confirmed by a doctor. Health Minister Adam Vojtěch (ANO) stated that the vaccination is now available to all persons over 12 years of age who wish to receive it. The Ministry of Health also decided not to accept antibody levels as proof of infection-free status. According to the ministry, a third dose of the vaccine will not be necessary but will be recommended for patients at risk. ■

ČNB: Banks approved COVID III loans worth CZK 38bn

As at July 31, 2021, banks in the Czech Republic approved 3,161 loan applications worth CZK 14.19bn to non-financial corporations under the COVID II state guarantee program. This follows from data from the Czech National Bank (ČNB). Within the COVID PRAHA program, there were 303 applications with a total value of CZK 1.55bn. Those interested in support from the COVID III program sent 9,457 applications. Banks have so far approved 5,746 worth CZK 38.04bn. The total number of submitted applications in the COVID EGAP program reached 166; 115 of them were approved in the amount of CZK 16.97bn. ■

Senate approves e-health bill

The Senate approved a government bill prepared by the Ministry of Health and the Institute of Health Information and Statistics of the Czech Republic on the electronicisation of health care. The bill seeks to legally enshrine new rules and technologies in the field of eHealth. In particular, it contains the basic infrastructure for the electronicisation of healthcare, legally defined roles and responsibilities of entities in the eHealth system, and rules for sharing or transferring medical documentation. At the core of the system are three core health registers (of health service providers, health professionals, and patients). These will be linked into one communicating non-public entity. ■

Senate approves growth in pensions by CZK 300

Senators approved an amendment to the Pension Insurance Act that will increase pensions by CZK 300 above the amount set by law and another CZK 500 for those who have raised children. Rescue workers will also retire earlier, without reducing the amount of their pensions. According to estimates by the Ministry of Labour and Social Affairs, pensions are expected to rise by CZK 797 (5.2%) in 2021, taking into account the additional increase. According to preliminary figures, the average pension should reach approximately CZK 16 275 and should amount to approximately 43 % of the average wage. ■

Senators approve compensation for explosions in Vrbětice

On August 18, 2021, the Senate of the Czech Republic approved a bill on one-off compensation for entities affected by the extraordinary event at the Vlachovice-Vrbětice ammunition depot site. The law compensates individuals, the Zlín Region, and five other municipalities, which are Bohuslavice nad Vláří, Haluzice, Lipová, Slavičín and Vlachovice. Apart from Slavičín, compensation is paid in three stages, i.e. for the first period when the explosions occurred, from October 16 to December 12, 2014, the daily rate is CZK 300. In the second period, from December 13, 2014, to December 23, 2015, the daily rate is CZK 100. And in the third period, the daily rate of compensation is CZK 20. ■

MŠMT orders facemasks in common areas and tests

As of September 1, it will be mandatory to wear nose-and-mouth protection in common areas at schools. In the lessons, there will be no mandatory facemasks or respirators, according to a set of recommendations for schools in the 2021/2022 academic year, published by the Czech Ministry of Education, Youth and Sport (MŠMT) regarding Covid-19. Schools should isolate pupils showing symptoms of an infectious disease. For this purpose, the Ministry recommends setting up an isolation room. Students and employees who are not vaccinated or have not had Covid-19 will have to get

tested at the beginning of the academic year. ■

NSS: Spa regulation was against the law

The Supreme Administrative Court (NSS) ruled that regulating the spa industry due to the pandemic was against the law. According to the Court, the Ministry of Health of the Czech Republic did not sufficiently substantiate why people who suffered from COVID-19 could use spa care without testing for 90 days, while no time limit was set for the vaccinated. According to the NSS, it is not possible to deduce from the regulation why a time limit of exactly 90 days was set for the non-infectious period. ■

COMPANY NEWS

O2 increases revenue to CZK 20.09bn in H1, develops 5G

O2 Czech Republic's consolidated operating income in H1 2021 increased by 3.9% year-on-year to CZK 20.09bn. Income in the Czech Republic increased by 3.1% to CZK 16.29bn. Revenues in the mobile segment reached CZK 10.03bn (+2.2%). Consolidated operating profit EBITDA amounted to CZK 6.83bn (+7.9%). The number of registered mobile SIM cards in the Czech Republic reached 5.99 million. The number of services of any of the O2TV tariffs amounted to 572,000 and fixed high-speed internet services totalled 869,000. O2's CEO Jindřich Fremuth said that the operator's results were supported by the acceleration of fixed internet, the development of 5G, the expansion of the O2TV offer, investments in IT technologies and the digitisation of distribution channels. He added that H1 was further impacted by anti-pandemic restrictions linked to reduced human mobility. ■

PPF: Air Bank increased profits by 25 % in 1H21

Group Air Bank (Air Bank, P2P platform Zonky, Home Credit Czech Republic and Home Credit Slovakia) achieved net profits of CZK 877m in 1H 2021 (+25 % y/y). Volumes of newly provided financing increased by 37 % to CZK 24bn. Air Bank consumer loans increased by 57 %, mortgages by 188 % and Zonky consumer loans by 43 %. The group's total loan portfolio increased by 4 % to CZK 59.1bn. Mobile banking strengthened by 21 % to 676,591 users. PPF also informed that the total number of active clients of the Air Bank Group increased to 1.24m. ■

WEDO plans investments for CZK 1bn; sales grow by 50%

Logistics operator WEDO will develop its distribution channels, expand its network of dispatch boxes, build new logistics depots and modernise existing ones. In total, it plans to invest approximately CZK 1bn in the near future. It will be interested not only in the Czech market. The largest investment in 2021 will be the construction of a new central transshipment and depot in Ostředek near D1 at a cost of CZK 0.5bn. It will likely be opened in 1H 2022. CEO Daniel Mareš said that hundreds of millions of CZK will be spent on improvements to other depots in the next two years. The client portal and customer interface will also be developed. WEDO is also continuously increasing the number of employees and is always looking for new people. It launched its own boxes in spring 2021 and currently has more than 100 of them. The company's sales grew by 50% in 2020 and growth continues this year. In February, the company opened a depot in Bratislava. ■

ORLEN Unipetrol to invest CZK 30bn in green projects

ORLEN Unipetrol plans to invest over CZK 30bn in green projects as part of its development strategy until 2030. Key areas include decarbonization, reduction of energy intensity, and a focus on renewables, plastics recycling, and advanced biofuels. The main specific projects are, for example, the construction of a combined heat and power plant and a photovoltaic plant in Záluží near Litvínov, the development of alternative fuels at Benzina ORLEN filling stations in the Czech Republic and Slovakia, and the development of hydrogen infrastructure for road and rail transport. Tomasz Wiatrak, Chairman of the Board of Directors of ORLEN Unipetrol Group, added that the goal is to be completely emission neutral by 2050. At the same time, the plan is to continue the digital transformation, which will involve up to CZK 5bn by 2030. ■

ZAT receives CZK 800m worth of orders, invests CZK 40m

During the pandemic in the financial year 2020, Příbram-based ZAT received orders worth more than CZK 800m, which was the most in five years. ZAT board member Ivo Tichý said that this ensured work for employees for the coming period worth CZK 1.5bn. The manufacturer of control systems posted revenue of more than CZK 426m. The company invested almost CZK 40m in new production machines. It also completed a merger with Definity Systems, which was included in its structure in January 2019. Currently, ZAT realises supplies to nuclear power plants in Hungary, France, Armenia,

Finland, Slovakia, and the Czech Republic. ■

ŠKODA AUTO's July sales down 1/3 to 75,000 cars

ŠKODA AUTO's sales fell by 30.9% y/y to 75,000 cars in July. Volkswagen Group reported that in the first seven months of the year, sales rose by 10.3% to 590,300 vehicles. ■

Central Group buys CZK 750m land for Prague flats

In the first half of 2021, Central Group purchased land at three locations in Prague worth CZK 750m in total. The largest of these acquisitions was a brownfield with an area of almost 15,000 m² at Jarov in Prague 3 where up to 500 flats could be built in the coming years. The other two investments went to Prague 9. The first land lot is in Vysočany. Instead of the current production-commercial facility, a project with up to 180 flats could be created there. The second location is close to the Hloubětín metro station. The site occupied by prevailingly small practices could be turned into a project offering up to 130 flats. ■

Accolade builds 430,000 m² of halls for over EUR 400m

The Accolade Group leased 370,000 m² of space for tenants from e-commerce, logistics, and light industry in 1H 2021. At the same time, it completed almost 100,000 m² of new halls and has another 430,000 m² of industrial space worth over EUR 400m under construction. The largest concluded lease agreement in 1H 2021 was 46,000 m² in Szczecin, Poland with the company Autodoc, which operates in the market of spare parts for the automotive industry. In the Czech Republic, the concluded contracts concerned the localities: Brno, Cheb, Zdice, Stříbro, and Kojetín. In Slovakia it was Košice. ■

With FORTIUS acquisition, RENOMIA enters Slovenia, Bosnia

RENOMIA, a Czech insurance broker, will get a 30% business stake in FORTIUS INTER PARTES, which is active in insuring companies and facultative liability reinsurance. Through this acquisition, RENOMIA is strengthening its position in Croatia and is entering Slovenia and Bosnia-Herzegovina, where FORTIUS has its branches. Overall, the RENOMIA GROUP will be active in ten CEE countries and administer insurance worth CZK 14.4bn for its clients. In addition, RENOMIA connects insurance with digitisation, invests in e-commerce and develops other related services. The RENOMIA Digital Services division develops its own software and applications. Several weeks ago, thanks to an acquisition of a majority stake in GRANTEX dotace, it expanded its offer with comprehensive services in the area of subsidies. RENOMIA shareholders also invested in technological start-up Agdata that specialises in agriculture digitisation. ■

J&T acquired Český Real, wants to own up to 10,000 ha

J&T bought Český Real from a group of owners led by Robert Schneider, who owns butcher chain Zeman. In total, the investment group currently manages more than 6,000 hectares of agricultural land. This was confirmed for ČIANEWS by J&T Marketing Director Jiří Ochetz, who said that the goal is to acquire additional land in the Klatovy region. In total, the group wants to own up to 10,000 hectares. ■

Sipral supplies facades to projects in London

Sipral is involved in the revitalisation of a 31-storey building in south-east London. In the Lewisham Gateway area, it is delivering a facade that varies in shape, size and colour. Balfour Beatty is the main contractor on the site. The London Borough of Lewisham and Transport for London are also behind the project. In addition, Sipral is supplying 40,000 m² of facade cladding for the Cherry Park project in the London Borough of Stratford. The contract was awarded by the client Westfield Europe and the investor Unibail-Rodamco-Westfield. The company is involved in the redevelopment of the area, which is divided into Blocks A, B and C. Sipral is supplying the facade for the entire Block A, which comprises five buildings. ■

Czech startup Mews acquires British platform Hotel Perfect

Czech tech startup Mews is acquiring Hotel Perfect, a hotel management platform in the UK. Mews founder Richard Valtr said the new partnership is in line with its strategy to invest in the UK market, where the startup is pursuing many potential customers looking to adopt cloud technology and looking for solutions. Hotel Perfect has hundreds of clients for whom it offers software products including a booking system, channel management and dynamic pricing. They are from hotels, resorts, spas, golf clubs or conference centres. ■

Bidli sold 1,600 properties and arranged mortgages for CZK 11bn

In 2020, Bidli Holding sold almost 1,600 properties. The increase in agreed

mortgages was 56%. The volume of mortgage loans exceeded CZK 11bn. The company also focused on its own development projects, when it purchased new land for construction. In addition to real estate acquisitions, Bidli strengthened in the energy market, where it more than doubled the number of consumption points. As part of a joint venture with Insight Home, it created the Bidli Technology Division, which focuses on the sale and installation of photovoltaic power plants and smart homes. ■

T. Dudák and J. Stodůlka buy tomato farms from NWT

Manager Tomáš Dudák bought a 70% stake in Farma Bezdíněk, which operates greenhouses for hydroponic tomato cultivation in Dolní Lutyně, from the NWT Group. The remaining share remained with the former director of NWT's agricultural division, Jiří Stodůlka, who remains in the management. The Bezdíněk farm had a turnover of almost CZK 275m in 2020. This year, the plan is to achieve a profit of CZK 20-30m. The farm is now being expanded by a further 3.5 ha and is due to be completed in spring 2022. Both entrepreneurs also acquired the Kameničany farm in Slovakia from NWT. T. Dudák said that the greenhouses are immovable assets, in this case worth hundreds of millions of crowns. ■

Fio banka's profit grows by 40% to CZK 1bn in 1H

Fio banka reported a 40.5% y/y increase in net profit to CZK 936.24m for 1H 2021. The balance sheet total grew by more than 20% and surpassed the CZK 200bn mark. Deposits also increased by more than a fifth to CZK 194bn. Fio banka's Chief Commercial Officer Jan Bláha said that the higher profit was related to the increase in the balance sheet total and the reduction in the cost of risk. In 2H 2021, he expects further improvement in results thanks to the rise in market interest rates. ■

ČEZ closes down Mělník III, will replace coal for heating

ČEZ is closing the Mělník power plant's coal-fired unit. It is the first step in the planned transformation, after which the location will turn into a pure heating plant. At the same time, the preparation of the construction of high-efficiency steam-gas sources has begun. In addition, the use of other low-emission technologies is counted on in the future, such as biomass boilers, heat pumps and facilities for energy recovery from waste. They will gradually replace the Mělník II and Mělník I lignite-powered power plants. The group added that by 2030, the entire Mělník location which supplied Prague, Mělník and Neratovice would be generating energy using low-emission sources only. Overall, ČEZ plans to invest CZK 30bn to CZK 40bn in the coming years in transforming heating plants into low-emission facilities. ■

WITKOWITZ ENVI to build WWTPs in Congo, Tunisia

WITKOWITZ ENVI will build a wastewater treatment plant for a brewery in Congo. It is preparing a treatment plant in Tunisia. The manufacturer and builder of process units for water and agriculture is currently installing additional powder-coated steel tanks for drinking water storage in Uganda. CEO Adam Liška commented that the aim is to help the people of Africa to decontaminate water, contribute to the improvement of sanitation and ecological development there. The company has already completed a number of contracts on the continent, including in 2021 in Ivory Coast and Uganda. Before that, in Algeria, Ethiopia and Libya. ■

Partners ups turnover to CZK 1.35bn; expands to Slovakia

Partners achieved a turnover of CZK 1.35bn in H1 2021 (+63% yoy). The firm's target for 2021 is to surpass CZK 3bn. Partners investment company and real estate fund Trigea had a turnover of almost CZK 80m. They grew by 55% year-on-year. The insurance company Simplea recorded a turnover of CZK 164m. Further growth in 2022 should be supported by the newly established Partners Bank. Financial advisory company Partners grew by 52% and its turnover was CZK 1.072bn. Investment assets under management of Partners are close to CZK 30bn. The group also performed well in the area of Partners Market banking and advisory branches, of which it has over 100 across the Czech Republic. Their number is increasing by an average of three per week. The Group is expanding its franchise concept into Slovakia under the new Simplea brand. By the end of 2022, it aims to have 40 open branches and 300 financial professionals. ■

BILLA invests CZK 165m in e-price tags

The BILLA chain is installing electronic price tags at 50 stores and will equip another 30 with self-service checkouts. The total investment in technology will reach CZK 165m, corporate communications manager Dana Bratánková told ČIANEWS. She added that customer shopping behaviour is returning to normal compared to 2020. BILLA no longer sees situations of clients buying in bulk to stock up. And vice versa, when it had to deal with shortages in food supplies from abroad. The situation with disinfectants and mouth and nose sanitisers is also stable and there is an abundance of goods. ■

LOGeco prepares dozens of waste procession units in SR

LOGeco Group, through its subsidiary ERVOECO SIPOX, is merging with the Slovak company SIPOX HOLDING. The aim is to ensure the supply of ERVOeco waste treatment units to Slovakia and worldwide and to meet the demand. LOGeco CEO Miroslav Šilhan said the company is preparing to build dozens of units in Slovakia. The new partner, he said, will help the company to cultivate its waste business into an environmentally friendly one. He added that LOGeco is expanding mainly into markets that have great potential or those with rapidly developing infrastructure. ■

Natland's profit at CZK 168m

Investment group Natland posted a net profit of CZK 168m in 2020, which was essentially equal to 2019. Income grew approximately one-fifth to CZK 484m. The group further strengthened its equity to CZK 1.8bn. The total value of assets of companies in which Natland has a significant influence amounted to almost CZK 6.5bn (+7%). The value of these companies grew almost one-fifth, and their turnover was 46% higher. This was aided significantly by the development of EC Financial Services and by the expansion of the portfolio with the fashion platform ZOOT. The indebtedness level decreased below 45%. Natland passed the final inspection of more than 100 flats and started building 170 new ones. Other residential projects are under preparation. The group counts the sale of SCF Service and the establishment of Anygence that develops healthcare products and runs several SARS-CoV-2 testing points among significant events. ■

Eurovia CS and M - Silnice win I/43 relocation tender

The Road and Motorway Directorate of the Czech Republic (ŘSD) has received six bids for the relocation of I/43 Hradec nad Svitavou - Lačnov. The most advantageous bid for the construction of the 9.5 km long Svitavou bypass was submitted by the consortium of companies Eurovia CS and M - Silnice for CZK 786.9m (63% of the estimated value). The project is expected to start at the end of 2021. ■

Expobank CZ reported CZK 46m loss for H1 21

Expobank reported interest income of CZK 180.52m for H1 2021. The loss after tax was CZK 46.01m. This stems from the bank's mid-year results. The return on average assets (ROAA) was -0.63. Loans and receivables amounted to CZK 11.60bn and deposits to CZK 10.57bn. ■

MACROECONOMIC DATA AND POLLS

Moore: GDP growth in CR was second slowest in EU

The Czech Republic reported annual GDP growth of 7.8% in 2Q 2021. Compared to the EU average (13.2%), this is below average, second slowest after Finland (7.4%). The Czech Republic has recorded growth or decline worse than the EU average for four consecutive quarters. This is based on an analysis of Eurostat data carried out by Moore Czech Republic. The Czech economy also posted a lower growth rate than the EU average (1.9%) in quarter-on-quarter comparison, growing at the fourth slowest rate of 0.6%. This is mainly due to the differentiated impact of the coronavirus crisis and the ways in which it has been addressed. The domestic economy's dependence on the automotive industry, which is affected by supply chain disruptions, combined with rising input prices and long-term labour shortages, is holding back its growth rate. ■

CNB: Inflation to rise above 2% target tolerance band

Inflation will rise well above the upper boundary of the tolerance band of the 2% target in the coming quarters. Inflation will return towards the target in 2022, helped by a tightening of monetary conditions. This stems from a meeting of the Czech National Bank's (CNB) Bank Board. The board assessed the uncertainties and risks of the new forecast as weakly anti-inflationary in aggregate. The upside risk to the forecast is the greater extent or longer duration of congestion in global supply chains, which could translate into even stronger output price growth. Most members agreed that interest rate normalisation would also contribute to the objective of financial stability, particularly through a cooling of the real estate market. ■

Prices up 7.8 % in industry, 5.6 % in construction

In July 2021, industrial producer prices in the Czech Republic increased by 1.6 % m/m. Construction work prices increased by 1.0 %. Agricultural producer prices (-1.8 %) and market services to enterprises (-0.8 %) fell. Year-on-year, prices of agricultural producers (+ 5.2 %), prices of industrial producers (+ 7.8 %), construction work (+ 5.6 %) and market services for enterprises (+ 1.0 %) increased. This follows from data from the Czech

Statistical Office. Eurostat data show that in June 2021 industrial producers prices rose in the EU by 1.4 % m/m (+ 0.8 % in the Czech Republic) and by 10.3 % y/y (+ 6.1 % in the Czech Republic). ■

Analysts: Prices in industry to grow by 6 %

Inflationary pressures on industrial producer prices will not disappear. In response to data from the Czech Statistical Office, Raiffeisenbank analyst David Vagenknecht stated this, adding that for the whole of 2021 prices may grow by 6 %. Consumer inflation will be at 4 %. According to ČSOB economist Petr Dufek, the pressure to increase prices in production is increasing, mainly due to developments abroad. Businesses will be forced to pass on higher costs to final consumers. According to him, a turnaround will not be the result of stricter domestic monetary policy, but of the start of mining, production and transport capacities and the associated calming of the situation on commodity markets. Komerční banka analyst Michal Brožka added that at the ČNB's September meeting, interest rates can be expected to increase by 25 basis points. ■

C&W: CR is best country for production in Europe

Overall, the Czech Republic ranked fifth globally in the list of 47 countries most suitable for manufacturing. Within Europe, it is first. This is according to the Manufacturing Risk Index by Cushman & Wakefield (C&W). Compared to last year's seventh place, the Czech Republic's position in the sub-ranking of risks improved in 2021, when it ranked fifth overall. This is again the best ranking in CEE. Among all European countries, Finland is one position ahead of the Czech Republic. In terms of costs (for labour, energy, or real estate), the Czech Republic is in the second quarter of the ranking. ■

Fincentrum: New mortgages reached CZK 35.26bn; rates up

In July 2021, banks arranged 10,967 mortgage loans with a volume of CZK 35.26bn. Their volume increased by CZK 13.66bn y/y but fell short of the record March by almost CZK 9.5bn. It results from Fincentrum Hypoindex. The average interest rate on mortgages increased by 10 basis points to 2.23% p.a. This is the largest increase in the average rate since December 2018. Jiří Sýkora, a specialist in the product management department of Fincentrum & Swiss Life Select, said that the increasing ČNB base rate is already affecting the average interest rate. He added that in view of the further increase in these rates in August, it can be expected that mortgage rates will continue to rise and may gradually attack the 3% per annum mark. ■

Analysts: Year 2021 will be record in terms of mortgages

The year 2021 will undoubtedly be a record year in terms of the total volume of mortgages provided, as there is no factor on the horizon that would prevent this. In response to data from Fincentrum Hypoindex, Miroslav Zámečník, the chief advisor of the Czech Banking Association, said this. The chief economist of BH Securities, Štěpán Křeček, considers it obvious that the best time for mortgage loans has passed and now conditions are deteriorating every month. This is likely to cool interest in housing loans, which he said could lead to a slowdown in real estate prices. The economist of Česká spořitelna, Michal Skořepa, pointed out that July is traditionally a weaker month from the point of view of mortgages than June, and that even a month-on-month decline of 21% is therefore nothing special in the context of the previous six years. He would therefore not talk about any major weakening of the mortgage superboom yet. ■

AČSS: Savings banks loan CZK 65bn; more reconstructions

Until the end of July 2021, building savings banks provided loans worth almost CZK 65bn. This was 99% of the loan volume for 2020 and 96% of the volume in 2018, which was the best in more than ten years. This information was provided by the Association of Czech Building Savings Banks (AČSS). The real interest rate was negative (-1.02%) due to inflation. Secretary Jiří Šedivý said that low housing loan rates continue motivating Czechs to buy real estate, even though its prices kept on growing tens of per cent in year-on-year terms. Moreover, the number of reconstructions of existing housing was also on the rise due to high prices. ■

AKAT: Investments in funds total CZK 651bn in 2Q

Investments in domestic and foreign collective investment funds offered in the Czech Republic reached CZK 651bn as of June 30, 2021. This is according to data from the Capital Market Association (AKAT), which published information on the development of asset management, collective investment, and custody for 2Q 2021. The total volume of assets invested through the association's members in investment instruments reached CZK 1.73tn as of June 30, 2021. Households and institutions have CZK 651bn invested in domestic and foreign collective investment funds offered in the country. In 2Q 2021, assets in collective investment funds increased by CZK

32bn (from CZK 619bn as of March 31, 2021, to CZK 651bn as of June 30, 2021). ■

CRIF: Sole-trader savings increase to CZK 185bn

Compared to the end of 2020, savings of sole traders in the Czech Republic grew 11% to CZK 185bn in the first half of 2021. Household savings increased 6% to CZK 3.23tn. At the end of the first six months of 2021, companies had CZK 1.25tn (+3%) deposited in banks. Loan volumes were 4% higher for households and 1% higher for firms, while they stagnated for sole traders. This information was provided by CRIF - Czech Credit Bureau, adding that loans to sole traders totalled CZK 47bn as of the end of June. Corporate indebtedness totalled CZK 1.13tn. Compared to the end of 2020, the difference between the volume of debt and savings grew by CZK 24bn to CZK 118bn. At the end of June, sole traders were in default of 6.84% of their debt (6.12% at the end of December 2020). ■

Colliers: Investments in property will reach EUR 1.5bn

The total volume of real estate investments for 2021 will reach or slightly exceed EUR 1.5bn. This is based on Colliers International's forecast, adding that the various portfolios in the PRS sector can be expected to strengthen further. Investors are increasingly able to acquire additional units across the country, typically through forward purchase or by securing financing for upcoming or under-construction projects. This activity is expected to put pressure on individual investors and the general public, who will have fewer choices than at present. The real estate market could be affected by the trend towards higher commercial property taxes as well as the new construction law, which will come into full effect in mid-2023. ■

EY: Prices of cars grow by 2.3% in 2Q

Passenger car prices increased by an average of 2.3% in both base and top variants during 2Q 2021. The highest average price growth (+5%) was recorded in the SUV segment, where prices of top diesel variants increased by 6.1%. Further, the regular price index by consultancy EY shows that the only categories where consumer prices declined include pure electric vehicles and LPG cars. All other motorizations have become more expensive. Petr Knap, EY's automotive sector lead partner for the CEE/SEE/Central Asia region, said that the main reason for the overall increase in price was the rising costs associated with meeting legislative requirements. ■

ČSOB: Volume of e-commerce transactions grows by 50%

Up to 93% of Czechs aged between 18 and 69 shop online. According to data from the bank Československá obchodní banka (ČSOB), the volume of e-commerce transactions increased by more than 50% during 2020. Due to lockdowns, the number of payment gateways between merchants increased by 20% m/m. Between September and October 2020, this increase was 70%. Mastercard data shows that 54% of payments were made cashless in 2020. ČSOB records a 23% increase in clients paying online in 2021. Data from the ceska-ecommerce.cz website shows that the number of e-shops in the Czech Republic is currently almost 42,000. The share of e-commerce in the total retail turnover is up to 13.5%. The e-commerce turnover was over CZK 100bn in 1H 2021. ■

SBK: Card payments in CR up to CZK 317bn

The volume of payment transactions at card merchants reached CZK 317bn in Q2 2021. In Q2 2020 it was CZK 236bn. Payments in e-shops amounted to CZK 81bn (Q2 2020: CZK 45bn). The number of payment cards issued reached 13.7 million. The number of payment terminals totalled 296,000. This is based on statistics from the Bank Card Association (SBK). CZK 209bn was withdrawn from 5,583 ATMs in 36 million transactions. ■

MZ: Number of hospitalized increased to 60

The number of confirmed cases in connection with the COVID-19 disease increased by 206 in the Czech Republic as of August 19, 2021, and reached 1,677,029. The number of hospitalized patients increased from 59 to 60. The number of confirmed cases per 100,000 inhabitants was 12 in the last seven days. The number of deaths increased from 30,381 to 30,382. The Ministry of Health of the Czech Republic (MZ) informed about it. ■

MZ: Vaccination was completed in 61.0% population 16+

As of August 18, 2021, 5,851,040 people over the age of 16 were vaccinated in the Czech Republic with at least one dose against COVID-19 disease. This represents 65.9% of this population. Vaccination was completed in 5,419,045 people (61.0%). In the youngest monitored age category (12 to 15 years) the complete vaccination rate reached 9.9%, in the category 16 to 29 years then 38.4%, and in the oldest (80+) 79.4%. This is evidenced by data from the Ministry of Health of the Czech Republic (MZ). ■