

EVENTS OF THE WEEK

EC approved CR's EUR 7bn recovery and resilience plan

The European Commission (EC) has approved the Czech Republic's EUR 7bn Recovery and Resilience Plan, which will support the implementation of key investment and reform measures to help the Czech Republic emerge stronger from the COVID-19 pandemic. The aim is to tackle common European challenges through green and digital transformation and to strengthen economic and social resilience and cohesion of the Single Market. As a next step, the European Council now has four weeks to adopt the EC proposal. Thereafter, the Czech Republic will be paid EUR 910m in pre-financing, representing 13% of the total amount allocated. Further disbursements will be authorised by the EC on the basis of satisfactory achievement of the milestones and targets set out in the Council Implementing Decision. ■

MD: CR and Germany agree on navigability of Elbe River

Minister of Transport Karel Havlíček (ANO) and Andreas Scheuer, Minister of Transport and Digital Infrastructure of the Federal Republic of Germany, signed an agreement on making the Elbe River navigable between the Czech Republic and Germany. The specific objective is to ensure the navigability of the section from Pardubice to Hamburg by 2030 for 340 days a year. The agreement provides for the establishment of a joint commission whose task will be to monitor the parameters of the fairway and propose measures to improve it. The Elbe is included in the TEN-T network of major road and rail corridors, international airports and waterways. Other topics discussed at the meeting included the preparation of a high-speed line between Prague and Dresden and a train link to Munich. ■

Senate supported proposals to complete NPPs

The Senate returned on July 19, 2021, the government's bill on measures for the Czech Republic's transition to low-carbon energy to MPs with adjusting proposals. Minister of Industry and Trade Karel Havlíček (for ANO) said that the upper chamber had adopted compromise amendments that respect the agreement of the majority of the political parties in the Chamber of Deputies and that allow for the construction of additional nuclear power plants. The Senate wants, among other things, to strengthen safety guarantees in the selection of suppliers for the construction of the new unit at Dukovany or to allow parliamentary approval of the nuclear power purchase agreement. ■

ŠKODA AUTO suspends production faster due to missing parts

ŠKODA AUTO will start production shutdowns at most of its plants before the full holiday scheduled for the 31st and 32nd week of 2021, union representatives have announced, citing the continued lack of parts and the need to free up production halls for planned maintenance. In Mladá Boleslav, production will stop at 10pm on July 28, 2021 on the MBI and MBII lines, the MBI and MBII welding shops and Paint Shop B. In Paint Shop A, production will be shut down on the night shift on July 29. In Kvasiny, production will run on the Wednesday afternoon shift on both assembly lines and in the paint shop. Production of cars in Boleslav and Kvasiny, as well as the 15-shift system in Vrchlabí, will start after the collective holiday with the night shift on Monday August 16, 2021. ■

SUAS GROUP boosts capacities with BAU-STAV acquisition

The energy company SUAS GROUP is merging with the construction company BAU-STAV. SUAS is thus fulfilling the first steps in its transformation vision and expanding its competence in the construction sector. SUAS Construction is participating in the acquisition and will exercise ownership rights in BAU-STAV after the transaction is approved by the Office for the Protection of Competition. SUAS GROUP will, among other things, start the construction of new production capacities in locations designated for industrial zones. It intends to build residential housing. It will also revitalise residential buildings in Sokolov. The existing construction company, SUAS - Stavební, will be included in the group, also under the management of SUAS Construction's holdings, from January 2022. ■

TOP HEADLINE NEWS

MPSV to get CZK 23bn from Recovery Plan**CNB: Banks approved loans worth CZK 36.23bn under COVID III****Rockaway Fund and Ackee form Ackee Blockchain JV****Topíte.cz expands to Poland after Movens Capital deal****Industrial producer prices up 5.3% in Q1****Currency and Bourse**

Currency	Value	% w/w
CZK/EUR	25,64	-0,234
CZK/USD	21,77	-0,276
CZK/GBP	29,97	0,734
CZK/CHF	23,67	-0,084

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

Prague bourse

Share	Value	% w/w
AVAST	↗ 172,25	0,581
ČEZ	↗ 596,50	0,335
ERSTE	↘ 801,60	-0,175
Kofola	↗ 280,00	0,357
KB	↗ 776,00	0,644
Moneta	↗ 85,50	0,585
O2 C.R.	↗ 262,50	0,381
PM	↗ 14 600,00	1,370
Stock	↘ 78,10	-0,256
CZG	↘ 425,00	-0,471
VIG	↘ 592,00	-0,084

PX index	↗ 1192,24	0,346
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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

	%
1Q/2021	-2,4
4Q/2020	-4,8
3Q/2020	-5,0
2Q/2020	-10,9

Q/Q real

	%
1Q/2021	-0,3
4Q/2020	0,6
3Q/2020	6,9
2Q/2020	-8,7

Source: Czech Statistical Office

ECONOMIC POLICY

MPSV to get CZK 23bn from Recovery Plan

The Ministry of Labour and Social Affairs (MPSV) will receive CZK 23bn of the total volume of the National Recovery Plan, which includes CZK 180bn from EU funds and CZK 20bn from national sources. The ministry will use the funds for construction and reconstruction in the area of social infrastructure, construction and reconstruction of children's groups and digital education. On top of that, the Czech Social Security Administration will use around CZK 2.4bn. ■

Banks approved loans worth CZK 36.23bn under COVID III

Banks in the Czech Republic have approved 3165 applications for loans worth CZK 14.16bn under the state guarantee programme COVID II for non-financial enterprises as of June 30, 2021. This is based on data from the Czech National Bank (CNB). Within the COVID PRAHA programme, there were 303 applications for a total value of CZK 1.55bn. Those interested in support from the COVID III programme sent 8,995 applications. The banks have so far approved 5,483 applications worth CZK 36.23bn. The total number of applications submitted under the COVID EGAP programme reached 161. 111 of them were approved to the interested parties in the amount of CZK 16.60bn. ■

Govt approved substantive plan of Expropriation Act

The ANO-ČSSD government approved on July 19, 2021, the draft substantive plan of the Expropriation Act. Its main objective is to speed up the preparation of constructions by accelerating the expropriation process by reducing the length of the expropriation procedure to approximately 90 days, reducing the number and length of court proceedings and speeding up the commencement of constructions that depend on the expropriation process. The substantive plan also addresses issues of conflict between expropriation and execution or insolvency proceedings. The information was provided by the Ministry of Regional Development. ■

MF requested remaining EUR 100m from CEB

The Ministry of Finance (MF) will submit on July 16, 2021 an application for the remaining EUR 100m it can draw from the Council of Europe Development Bank (CEB). Finance Minister Alena Schillerová (ANO) said that the funds are intended to mitigate the costs associated with the covid-19 pandemic. Czech Republic has a contract with CEB for the provision of totally EUR 200m. The first EUR 200m was received earlier. ■

Govt to discuss support for low-emission transport

The ANO-ČSSD government will discuss on July 26, 2021, the proposal to increase the share capital of Thermal-F. Also on the agenda is the introduction of the Rules for the Promotion of Low Emission Vehicles through Public Procurement and Public Services in Passenger Transport and a proposal to appoint three members of the Board of the Technology Agency. ■

MMR to support tourism with ca. CZK 1.2bn p.a.

The government approved the Czech Republic's Tourism Development Strategy 2021-2030 and the first Action Plan for this strategy for 2022-2023 on July 19, 2021. The priority is to help the sector after the pandemic has subsided. The framework assumes an annual allocation of approximately CZK 1.2 billion for tourism support from the budget of the Ministry for Regional Development of the Czech Republic (MMR). Minister Klára Dostálová (ANO) added that the MMR proposes a budget of roughly CZK 560m for the CzechTourism agency to enable it to carry out tasks related to the restoration of visitor numbers after COVID-19 and the transformation of tourism. The MMR envisages approximately CZK 1.4bn in support for public tourism infrastructure under IROP 2021-2027. The information was published by MMR. ■

Senate approved constitutional right of self-defence

The Charter of Fundamental Rights and Freedoms will newly contain a provision stating that the right to defend one's life or the life of another person with a weapon is guaranteed under the conditions laid down by law. The Senate approved the constitutional change, stating that this right will not be restricted by ordinary law. The amendment is a response to EU efforts to reduce arms. The law will now be signed by President Miloš Zeman. ■

J. Hamáček: Figures are good, measures remain

The epidemiological situation is much better than it was in the past, but despite the high vaccination coverage, the disease has not yet disappeared. Jan Hamáček, chairman of the Czech Social Democratic Party and interior

minister, said this after a meeting of the Central Crisis Staff, adding that the disease is spreading mainly in places where people go for entertainment. According to Mr Hamáček, the current set-up of coronavirus measures is sufficient. The aim is to achieve the highest possible vaccination coverage. ■

PSP approved regulation of door-to-door energy sales

The Chamber of Deputies approved on July 16, 2021, in the third reading of the government's draft amendment to the Energy Act, which is aimed at combating unfair practices of door-to-door energy sellers. Among other things, the law introduces mandatory registration of energy service intermediaries with the Energy Regulatory Office (ERÚ). The MPs also supported the new power of municipalities, which will have the possibility to ban door-to-door energy sales in their territory by means of an ordinance. ■

Govt approved longer state of danger, expansion of Element program

The government approved the extension of the state of danger and the extension of the Živel (Element) programme for under-construction buildings before approval. Those who did not manage to get their houses approved before the tornado occurred in South Moravia will be eligible for financial support. Minister for Regional Development Klára Dostálová (ANO) said that the subsidy is CZK 2m and loans may reach up to CZK 3m. The requirement that the applicant must not have been bankrupt or in liquidation for three years before submitting the application for support was also removed from the government regulation. ■

MŽP to distribute CZK 0.5bn to tornado-hit municipalities

The Ministry of the Environment (MŽP) together with the State Environmental Fund (SFŽP) has allocated CZK 0.5bn for municipalities affected by the tornado. Based on cost estimates, CZK 300m will be spent on the removal of temporary landfills that are being created at several designated sites near the affected municipalities. A total of CZK 100m will be spent on the restoration of water infrastructure and wells and domestic wastewater treatment plants, and another CZK 100m will be used for the restoration of green infrastructure. The subsidy will always be 100% and can be paid in advance as an advance. People from the South Moravian and Ústí nad Labem regions can apply for support. ■

ÚP ČR offers up to CZK 57,900 to those hit by floods

The Labour Office (ÚP ČR) is offering help to people who were hit by flash floods in recent days. These are mainly inhabitants of villages in the Ústí nad Labem and Liberec regions. Those affected can apply for an emergency aid benefit of up to CZK 57 900. In addition, municipalities can also benefit from support in repairing damage as part of public works, to which the ÚP ČR contributes financially. ■

MMR prepared CZK 123m+ for municipalities to fight bark beetles

The Ministry for Regional Development announced for the second time a call for municipalities to repair roads damaged by logging. More than CZK 123m is available in the programme for the Zlín, Moravian-Silesian and Olomouc regions. The subsidy can be used, for example, for repairs to roadways and shoulders, rest areas, auxiliary and additional lanes or for the rehabilitation of sewers, including water drainage improvements. The subsidy is granted up to 60% of the eligible costs, with an upper limit of up to CZK 10m per project. ■

MZ and ČLK to cooperate against COVID-19

The Ministry of Health (MZ) and the Czech Medical Chamber (ČLK) have agreed to cooperate in the fight against the COVID-19 epidemic. Currently, the priority is vaccination, which ČLK believes is the only viable way to keep the virus under control without repeating drastic anti-epidemic measures that limit the lives of citizens and devastate the economy. The Chamber will help with the awareness campaign and urge doctors to take an active role in persuading their patients. ■

SZÚ: CR requests CZK 90m from EU for sequencing capacity

The Czech Republic, represented by the State Health Institute (SZÚ), is seeking to obtain CZK 90m from the European HERA grant for investment in medical laboratories. The grant is intended to strengthen the variant surveillance system and increase the SARS-CoV-2 sequencing capacity in the country. The HERA (Health Emergency Preparedness and Response) working group was set up by the European Centre for Disease Prevention and Control and the European Commission Directorate General. HERA has already launched activities to help strengthen the capacity of Member States to detect SARS-CoV-2 variants. ■

Security Council dealt with migration and cybersecurity

The National Security Council discussed the current issues of the North Atlantic Alliance and the European Union in the security field, including the current security situation in the Czech Republic. The Council also took note of the Report on the situation in the field of migration and integration of foreigners and the Report on the provision of national defence. It also analysed the Czech Republic's preparedness to face a serious disinformation wave. The Security Council also approved a draft amendment to the Statute of the Committee on Cyber Security. The Council was presented with the requirements of users of the mass radio communication network of the integrated rescue system, including funding options. ■

M. Benešová, I. Stříž discuss changes to Plaintiffs Act

Czech Justice Minister Marie Benešová (ANO) and Chief Public Prosecutor Igor Stříž discussed issues related to the State Prosecution Act at a working meeting. Stříž said he would like to revise the norm. According to him, the system of the public prosecutor's office must be clearly anchored in law. The position of the Chief Public Prosecutor should then be defined in time. The minister and the Chief Public Prosecutor also discussed the systemization agreement or personnel changes at the Chief Public Prosecutor's Office. They also discussed the budget and financing of specific projects in progress, such as the continuation of work on the electronic information system of the prosecutor's office. ■

MZ approves CZK 1.53bn investment in VFN's multipavilion

The Ministry of Health (MZ) has approved the registration of a strategic investment of CZK 1.53bn in the General University Hospital in Prague (VFN) for the construction of a new combined facility on the site of the original A7 building. Of this amount, CZK 1.07bn will be financed from the state budget and CZK 459m from the hospital's own resources. The project's preparation and implementation is planned for 2022-2025. The aim is to build a modern multipavilion that will accommodate selected fields of emergency care, a transfusion department and laboratory facilities. ■

Govt approved CZK 20,000 premium for police officers and firefighters

A total of 33,861 police officers and firefighters who have been directly involved in the fight against the COVID-19 pandemic will receive a one-off award of EUR 20,000. The Ministry of Interior informed that the bonus was approved by the government. The members of the security forces worked in the state of crisis without the right to compensatory leave and without the right to overtime pay, they had to serve 150 hours. ■

COMPANY NEWS

Rockaway Fund and Ackee form Ackee Blockchain JV

Rockaway Blockchain Fund and developer agency Ackee are forming a joint venture called Ackee Blockchain. As equal partners, Ackee and Rockaway Blockchain Fund will combine their technological know-how with contacts to offer an answer to the growing demand for the services of blockchain experts. Ackee will bring a team of developers to the new company, Rockaway Blockchain Fund's international contacts and an initial investment of CZK 14m, setting the valuation of the new company at CZK 35m. A total of 10% of the company's shares will remain reserved for employees under the stock option program. ■

Topíte.cz expands to Poland after Movens Capital deal

The Topíte.cz platform acquires a new strategic partner Movens Capital. The Polish fund will play a key role in the planned expansion into the local market. Topíte.cz recorded contracts worth CZK 150m at the end of H1 2021, double the amount in full year of 2020. The target for 2021 is to grow by 400-500% to ca. CZK 300m. Topíte.cz currently has 80 employees. At the beginning of 2021, the company merged with the eleven-person team of Lucie Bedničková from Rewix Elektro, which focuses on photovoltaic power plants. ■

ŠKO-ENERGO, Ambient enter CZK 1bn energy contract

ŠKO-ENERGO will also supply ŠKODA AUTO with electricity from the Moravice-Melč wind park. By concluding the contract with Ambient Energy, ŠKO-ENERGO has committed to purchasing electricity from four specific wind power plants in a total volume of 26,280 MWh per year. Building work on the source will be provided by companies from the Micronix Group. The contract worth more than CZK 1bn was concluded by both parties for 20 years with long-term cost fixation and minimization of the risk of price fluctuations based on the principle of PPAs (Power Purchase Agreements).

The first deliveries to ŠKO-ENERGO and ŠKODA AUTO will start flowing at the beginning of 2023. ■

Solitea completes Mainstream and Powerstream acquisition

Solitea has acquired 100% of Mainstream Technologies and its parent company Powerstream. This is the seventh acquisition of a Microsoft partner. Mainstream's current executive management will continue to run the company and there is no change to the business. The price of the acquisition is undisclosed. The transaction is subject to approval by the Office for the Protection of Competition. Solitea supplies accounting and enterprise resource planning (ERP) systems to the commercial segment as well as government and non-profit organizations in the CEE region. It also offers complete turnkey payroll outsourcing - for example, the eReceipt solution in the domestic market and the TULLI system for the Finnish customs administration abroad. Solitea serves over 260,000 customers in 15 countries. ■

ČEZ ESCO acquires EP Rožnov

ČEZ ESCO has acquired 100% stake in EP Rožnov, a design and construction company active in the design and construction of cleanrooms. ČEZ ESCO's portfolio of services will be expanded to include design and implementation of cleanrooms in the electrical and automotive industries, pharmaceuticals, optics, medical technology, healthcare, and science and research. The information was provided by ČEZ Group. Roklen advised the seller. ■

MONETA upgrades ATM network

MONETA Group has completed the modernisation of its ATM network. It now consists of 30% deposit machines. The bank invested in 70 new machines in 2020, and purchased another 60 with a large touchscreen display in 2021. The aim was to support mainly sole traders and small entrepreneurs. The deposit machines are located in locations where MONETA has closed a branch in the past. More than 90% of the network is also fully barrier-free. The bank's distribution currently includes 154 branches and 555 ATMs, digital platforms and website services. Monthly deposit volumes at the end of June 2021 grew by 140% y/y. In the last week of June, the volume of deposits into MONETA ATMs amounted to CZK 265m. ■

MONETA: Clients invested CZK 22.5bn in investment funds

MONETA Money Bank has 45,000 clients who have invested their money in one of 30 investment funds. The total volume of investments exceeded CZK 22.5bn. Tomáš Spurný, the chairman of MONETA's board of directors, said that the bank does not charge entry fees and this pricing policy is paying off for the group. The strategic goal in the medium term is now to gain at least a 5% share of the investment services market. The bank most recently expanded its investment portfolio at the end of June 2021 to include the possibility of investing in the dynamic UNIQA Small Cap Portfolio, which invests through so-called ETF funds. ■

TEDOM installs 5 MW cogeneration plant in Polish town

TEDOM Poland and its partner Promat have won a tender for the supply of cogeneration units with a total capacity of 5 MW. Three TEDOM QUANTO units will be installed in the heating plant in Tarnowskie Góry, which run on natural gas and will supply the town with heat. In addition, a member of the TEDOM Group will also be the system operator, as it will continue to own the CHP units and provide service support. The system will be leased to Veolia Energia Polska. ■

Škoda Transportation launches Škoda D'CITY; sees demand

Škoda Transportation has introduced the new Škoda D'CITY, a barrier-free bus for urban and intercity traffic, to several customers in the Czech Republic. The company plans to showcase it to other interested customers. The bus, which is more than 9 m long, is air-conditioned, has a diesel engine and low emissions. Head of communication Jan Švehla told ČIANEWS that the bus will currently go on a roadshow around the country where clients will be able to test it. He added that the company is already registering preliminary enquiries. ■

ČEZ Distribuce to invest CZK 13.5bn in net digitisation

ČEZ Distribuce will invest CZK 13.5bn in its networks in 2021, i.e. CZK 1bn more y/y. Expenditure is directed at remotely controlled elements and monitoring of the distribution system and the voltage control and regulation system. ČEZ Distribuce CEO Martin Zmelik added that ČEZ is switching to a system based on internal digitalisation and that the distribution network needs to be prepared for the growing requirements of connecting renewable sources and the increase in electromobility and accumulation. The company is also continuing to develop fibre optic infrastructure supporting

decentralised energy. Investments to ensure reliable electricity supply will exceed CZK 83bn in 2020-2025. ■

CNB: Fondée obtains securities dealer licence

Startup Fondée has received a securities trader license from the Czech National Bank (CNB). The company focuses on online investing. The company offers seven model portfolios, which combine stocks and bonds of different focuses. Fondée brokers clients' accounts with a broker and takes care of all orders and portfolio maintenance. As ČIANEWS reported, J&T Bank entered the startup in late 2020 as a strategic investor. It provided the amount of CZK 10m for the growth of the online investment tool. ■

UNIQA Ventures: 5y investment yields double-digit returns

UNIQA Ventures, focused on investing in innovative companies with solutions applicable to the insurance industry, has acquired 30 stakes in companies across Europe in its five years of existence. It has divested five holdings. The company reports double-digit returns on investments, which typically range from EUR 1-5m. Among the most successful is Twisto, a Czech company focused on deferred payments. Other favourites are Bitpanda, Wayflyer in the FinTech sector, as well as Luko, Omnium or INSLY in the InsurTech sector, as well as Telemedico, Second Nature and Bestdoctor in the HealthTech segment. ■

ŠKODA AUTO made 8m MQ200 gearboxes in Boleslav

ŠKODA AUTO has produced the eight millionth MQ200 manual gearbox since production began at the Mladá Boleslav plant in 2000. The manual five- or six-speed gearbox is fitted to various ŠKODA models as well as to the VW, Audi and Seat Group brands. The plant produces 1,900 gearboxes per day. The carmaker also produces the MQ100 gearbox at its parent plant. The Vrchlabí plant produces the DQ200 seven-speed automatic transmission. In total, the company employs around 1,700 people in gearbox production at both plants. In addition to the MQ100 and MQ200 transmissions, ŠKODA AUTO also produces high-voltage traction batteries for plug-in hybrid models in Mladá Boleslav. At the beginning of 2022, it will start production of MEB battery systems for the ŠKODA ENYAQ iV. ■

GEEN opens its third biomass power plant in Croatia

Brno-based energy group GEEN opened another wood chip power plant in Croatia in early July 2021. The investment in the Energana Gospić biomass energy source reached ca. CZK 800m. In total, the company already has three power plants in the country, which will produce a total of 120,000 MWh of electricity per year. GEEN Holding CEO Vít Slezák said that the company is also exploring opportunities in Georgia and Kyrgyzstan. The value of the company's entire energy portfolio, which is spread across four countries, exceeds CZK 6bn. ■

UNIQA registers more insurance frauds in CR, SR

Insurer UNIQA pojišťovna detected a total of 348 new disputed claims in H1 2021 (+14% y/y). The insurer said that analysts put the increase in a possible connection with the pandemic restrictions, which may have been existential for many clients, and therefore they tried to get the missing funds from insurance during the crisis. Investigations with evidence of fraudulent activity were closed in 298 cases in the period under review, amounting to CZK 13.1m. Slovak UNIQA detected a total of 188 new disputed insurance claims in H1 (+6%). 178 fraud cases were closed (EUR 317,000). The total amount retained roughly doubled year-on-year. ■

Generali Real Estate Fund preps acquisitions

The value of Generali Real Estate Fund increased by 2.12% in H1 2021, driven by selected acquisitions in residential and retail real estate and active asset management. For the upcoming period, the fund is preparing the acquisition of another retail unit near Prague and a residential historic building in the city centre, where the project will involve extensive renovation. In the remainder of the year, the fund also intends to acquire a residential portfolio in a major regional city. The fund is targeting an underlying target return of 2.5% to 3% p.a. ■

ŠKODA AUTO raised deliveries to 515,300 vehicles in H1

ŠKODA AUTO's deliveries in June 2021 fell by 5% year-on-year to 89,900 vehicles. In January-June, the carmaker delivered 515,300 vehicles (+20.8%). The Volkswagen Group reported that deliveries increased by 27.9% to a total of 4.98 million vehicles in 1H 2021. In June alone, the figure reached 856,300 cars (+6.5%). ■

Staropramen ups exports; sales fall to CZK 4.06bn

Staropramen Breweries recorded a 7% drop in sales to CZK 4.06bn in 2020. While the brewery posted an operating profit in 2019 before the start of the

pandemic, it ran into an operating loss of CZK 4m last year. This was mainly due to the closure of restaurants and pubs. However, retail sales grew by 8%. The coronavirus crisis also affected EBITDA, which fell by 37% to CZK 589m. Exports increased by more than 50,000 hl to 893,000 hl. Slovakia, Sweden, Germany, Hungary and Poland have long been among the most important foreign markets. Licensed production fell by 10%. Ukraine remains the largest licensing market. The breweries supported their clients by, among other things, replacing expired beer at their own expense, sanitising tap facilities and supplying packaging for sales through the window. They participated in the re-opening campaign. Staropramen continues to support restaurants. ■

Generali Fond realit buys second property in Prague

Real estate fund Generali Fond realit bought a second property in Prague in 2021. The fund managed to acquire a residential building in Prague in Ke Karlovu street. The acquisition continues the implementation of its investment strategy. The building is fully leased and comprises 899 m² of residential space and 120 m² of restaurant space. The fund currently owns four residential buildings. So far, it has focused on properties in Prague, but it is already planning its first investments in the regions in the remainder of the year. It is aiming for a base target yield of 2.5% to 3% per annum from the rents of the properties it owns. The potential for further potential returns lies in the growth of the market value of the properties. ■

GZ Media expands in pandemic, earns CZK 3.8bn

The Czech company GZ Media will produce over 40 million vinyl records in its pressing plants in the Czech Republic, the USA and Canada in 2020. The company said it reported sales of CZK 3.8bn and earnings before interest, taxes and depreciation of CZK 870m. GZ Media CEO Michal Štěrbá said that the company lost orders in the first wave of the pandemic, but after the pandemic it gained as many as never before. It has to increase capacity to meet demand. GZ Media also thrived in the printing segment, for which it built a new production hall last year with the most modern printing machines available. In its more than 70 years of operation, GZ Media has produced more than 600 million phonograph records, more than 1.7 billion CDs and DVDs and around 3 billion printing products. ■

Aptien Labs raised tens of m of CZK from J&T Ventures

Startup Aptien Labs and its corporate agenda management tool has received an investment of tens of millions of CZK from the J&T Ventures fund. Aptien is now used by 150 companies for their daily operations. Its clients include brands such as OMV, Decathlon, STRV and Hello Bank!, as well as the Czech Ministry of Health. The goal of the startup, which has completed the Founders Space accelerator program in Silicon Valley, is to expand on the global market. ■

MACROECONOMIC DATA AND POLLS

Industrial producer prices up 5.3% in Q1

Agricultural producer prices rose 3.8% y/y in Q2 2021. Industrial producer prices were higher by 5.3%. Construction work was estimated to have increased by 3.1% and market services for businesses by 1.0%, the Czech Statistical Office reported. Quarter-on-quarter, prices in agriculture increased by 6.0%, industrial producer prices by 2.8%, prices of construction work by 1.4% and prices of market services for enterprises by 0.7%, according to estimates. ■

Inflation in industry 6.1% in June; in construction 4.1%

Agricultural producer prices in the Czech Republic rose by 5.8% year-on-year in June 2021. Industrial producer prices increased by 6.1%, construction work by 4.1% and market services for businesses by 0.9%, according to data from the Czech Statistical Office. Month-on-month, prices of agricultural producers were up by 2.0%, industrial producers by 0.8% and construction work by 1.4%. Prices of market services for businesses fell by 0.4%. In EU countries, according to Eurostat data, industrial producer prices rose by 9.6% year-on-year in May. ■

Analysts: Producer prices driven by raw material prices

Looking at the products whose prices are consistently rising, it is obvious that the current wave of price increases in industry is mainly due to the high prices of raw materials on world markets. ČSOB's analyst Petr Dufek commented on the statistics data that in addition to oil, it is also metals. BH Securities' chief economist Štěpán Křeček noted that the combination of rising prices of construction work and building materials will push up real estate prices further. Komerční banka's economist Michal Brožka noted that the development so far points to a full-year growth rate of industrial

producer prices close to 4.8%. ■

MF: Government debt down to CZK 2,416.3bn in H1

The absolute amount of state debt at the end of H1 2021 reached CZK 2,416.3bn, down CZK 3.6bn from the end of Q1 2021. The Ministry of Finance (MF) informed that it has already pre-financed in Q1 to cover all this year's CZK-denominated state debt repayments, while the proper repayments of CZK-denominated state debt issued in previous years with a total nominal value of CZK 87.2bn remain to be made by the end of 2021. During H1 2020, the ministry issued CZK 390.8bn of sovereign bonds with maturity over one year at an average yield of 1.3% p.a. ■

Government deficit deepened to CZK 136.3bn

The gross value added of non-financial corporations increased by CZK 1.1bn y/y in Q1 2021. Quarter-on-quarter, it increased by CZK 10.1bn. The information was provided by the Czech Statistical Office. The decline in employment eased to 1.0%. The investment rate continued to decline. Household income rose by CZK 27.6bn, lower than in Q3 and Q4 2020. Dealing with the pandemic crisis in the first quarter of this year led to an increase in government spending. Revenues, on the other hand, stagnated. The general government deficit widened to CZK 136.3bn and total debt climbed to CZK 2.52bn. ■

CNB: Most banks predict lower credit losses

The majority of banks expect a reduction in the loss rate on loans to non-financial corporations and households for consumption and almost half for housing loans for Q3 2021. This was reported by the Czech National Bank (CNB) on the basis of the results of its survey. In Q2 2021, part of the banking market eased lending standards for corporate loans. Some banks also eased standards for consumer loans. Banks did not change standards for housing loans. Demand for them grew. ■

AutoSAP: Passenger car production up to 663,015 in H1

The number of passenger cars produced in the Czech Republic in H1 2021 increased by 37.1% y-o-y to 663,015. The Automotive Industry Association (AutoSAP) reported that after a rise in production in March and April, monthly production in June was back close to the 100,000 vehicles produced mark, down 0.8% y/y. This is mainly due to the lack of chips and weaker demand in EU. ŠKODA accounted for 420,838 vehicles (+24.7%) of total production. ŠKODA was followed by Hyundai (142,400; +47.7%) and Toyota (99,777; +43.3%). Bus production reached 2,327 machines (+4.3%). The truck segment fell by 14.3% to 538. Motorcycle production increased by 124.1% to 558. ■

Fincentrum: H1 mortgage volume record at CZK 223.8bn

Banks in the Czech Republic arranged 14,069 mortgages worth almost CZK 44.5bn in June 2021. The number of mortgages increased by 6,448 year-on-year. Fincentrum & Swiss Life Select product management specialist Jiří Sýkora said the average interest rate on mortgage loans rose to 2.13% p.a. In H1 2021, 72,198 mortgages were arranged at a volume of CZK 223.79bn, a similar volume to the whole of 2016 and 2017 combined and an all-time high. In H1 2020, the value of mortgages granted reached CZK 109.55bn. ■

ČS: Green investments in CR to reach CZK 800bn by 2025

Total green investments in the Czech Republic could reach CZK 800bn between 2021 and 2025. This is estimated by Česká spořitelna (CS), adding that by 2030 the amount may increase to CZK 2tn. The bank also said that investment requirements for the development of RES, energy efficiency and energy infrastructure, which is mentioned in the current National Energy and Climate Plan of the Czech Republic, also total at least CZK 2tn. However, the targets contained therein will be further increased. ČS also assumes that a large proportion of investments in green projects will be financed by subsidies (up to CZK 350bn by 2030). ■

BNP: Property investments up, reached EUR 800m in H1

The total volume of investments in real estate in the Czech Republic in H1 2021 reached almost EUR 800m. Adjusted for the EUR 1.3bn sale of the Residomo residential portfolio in 2020, this represents a y/y increase of 38%. The largest volume of investment was in office buildings and warehouses. This was followed by retail properties, where 14 out of 15 transactions were for shopping parks of around 3,000 m² in smaller Moravian and Czech towns. This is based on BNP Paribas Real Estate data. ■

ACEA: Passenger car in CR up 18.7%, in SR up 13%

The number of new passenger car registrations in the Czech Republic for H1 2021 increased by 18.7% y/y to 112,805. In June alone, there were 22,561

registrations (+8.6%). In Slovakia, the passenger car market grew by 13% to 38,449 in H1. In June, registrations increased by 9.6% to 8,223 cars. This stems from the data published by the European Automobile Manufacturers Association (ACEA). ■

APEK: 14% customers show higher interest in e-shop outlets

External outlets (e.g. Czech Post or Zásilkovna) are now used most often by 27% of online shoppers, compared to 19% in 2018. This was revealed by research conducted by the Association for Electronic Commerce (APEK) in cooperation with Nielsen Admosphere. APEK's executive director Jan Vetyška explained that while 66% of shoppers had packages sent to their homes most often in 2018, 45% of shoppers will do so in 2021. The interest in external delivery points has increased to 14% of shoppers, 11% of shoppers have increased their interest e-shops' own stores e-shops and 10% of shoppers have increased their interest in delivery boxes. 22% of respondents use home delivery more than before the coronavirus crisis. ■

AutoSAP: 1/10 of cars produced in H1 were EVs

Between January and June 2021, 663,015 passenger cars were produced in CR. Of these, 63,340 (9.55%) were electric cars. Of these, 35,115 were battery-powered and 28,225 were plug-in hybrids. 36 electric buses were produced, all of them battery-powered. In June alone, 9,641 passenger electric vehicles were produced, of which 5,549 were battery electric and 4,092 were plug-in hybrids. Nine electric buses were produced. This was reported by the Automotive Industry Association (AutoSAP), adding that vehicle production in the Czech Republic is significantly affected by a shortage of semiconductors. ■

Předvůběr.CZ: 1/5 of Czechs want to change job

9% of Czechs definitely want to change their jobs by the end of 2021. 11% of respondents rather agree with the statement and another 27.5% are considering a change. This stems from the STEM/MARK survey for Předvůběr.CZ. Women are more likely to plan to change than men (22.4% vs. 18.8%) and people aged 30 to 44 (26.4%). People from Prague (26.4%), Moravian-Silesian Region and Vysočina Region (25% each) want a new job. Companies are not counting on layoffs. This is also reflected in the expectations of employees, 75.9% of whom are not afraid of being fired. The During the coronavirus crisis, people found out that savings are important (27.9%) and work is not everything (20.4%). ■

Shoptet: E-shops' turnover up to CZK 50.45bn in Q2

Czech e-shops' turnover reached CZK 50.45bn in Q2 2021, up 100%+ y/y. The record results are also highlighted by the 3,144 new e-shops in this period. According to Shoptet, 41,639 of them are currently operating in the Czech Republic. The biggest growing category in Q2 was travel-focused products (suitcases, caravans, travel and holiday accessories), with sales up 50% compared to 1Q 2021. The building materials category also fared well, with a 29% increase compared to 1Q. Other growing categories were the auto-moto segment (+26%), sports and tourism (+22%) and erotica (+13%). ■

CEEC: No. of announced tenders increased to 713 by May

Between January and May 2021, 713 regular construction tender notices were issued in the Czech Republic, up 5.0% year-on-year. Their total estimated value reached CZK 46.8bn (-31.3%). The fall in value was influenced by a CZK 10.8bn contract for the Prague metro from the Prague Public Transport Company in January 2020. This is based on the CEEC Research analysis. Of the tenders announced, contracts worth CZK 1.7bn were later cancelled. After deducting the awarded and cancelled contracts, tenders worth CZK 39.7bn remain in the system. ■

MH: No. of hospitalised with COVID-19 dropped to 35

The number of confirmed cases in connection with the COVID-19 disease increased by 235 in the Czech Republic as of July 22, 2021 and reached 1,671,933. The number of hospitalized patients fell to 35 out of 38. There were 14 confirmed cases per 100,000 persons in the last 7 days. The number of deaths increased to 30,347 out of 30,346. ■

MZ: Vaccination was completed in 49.9% of 16+ population

As of July 21, 2021, a total of 5,460,726 persons over the age of 16 were vaccinated in the Czech Republic with at least one dose against COVID-19. This represents 61.5% of this population. Vaccination was completed in 4,434,068 people (49.9%). In the youngest monitored age category (12-15 years), approximately 9.5% of people were vaccinated with a single dose. In the category of 16-29 years, the complete vaccination rate reached 13.4%, in the oldest (80+) 77.4%. This is evidenced by data from the Ministry of Health (MZ). ■