

EVENTS OF THE WEEK

J. Rusnok: ČNB to increase rates despite warning

The Czech National Bank (ČNB) supports the government's general economic policy leading to sustainable economic growth only if it does not affect its main goal, which is to maintain price stability. ČNB Governor Jiří Rusnok stated this in response to a statement by Finance Minister Alena Schillerová (for ANO), who warned against a sharp rise in rates. According to him, the Bank Board heard A. Schillerová at its meeting on August 5, but for the most part concluded that it is necessary to raise interest rates and at the same time announce their further increase. He added that the ČNB is determined to reinforce expectations that the current increase in inflation is only temporary and that it will return to 2 % in 2022. Interest rates are now deeply negative after deducting inflation, which is why it is necessary to continue their return towards positive levels. ■

Gov't approved increase in support for RES

On September 20, 2021, the Czech government approved a draft regulation on setting state budget funds for supported energy sources for 2022. Minister of Industry and Trade Karel Havlíček (for ANO) said that following the approval of the solar tax, the government decided to increase funds for supported energy sources from CZK 23bn to CZK 27bn. As a result, companies and entrepreneurs will save approximately 17 % on RES contributions. At the same time, K. Havlíček stated that he will also look for solutions within the Ministry of Industry and Trade of the Czech Republic to mitigate the effects of rising energy prices on households. ■

NET4GAS: Central European gas firms want hydrogen corridor

Four Central European gas companies – NET4GAS (Czech Republic), Eustream (Slovakia), Gas TSO of Ukraine and OGE (Germany) – have joined forces for an initiative called The Central European Hydrogen Corridor. It should serve hydrogen transportation from the future central production locations in Ukraine, which offers environmentally friendly mass production conditions. It will then be transported via Slovakia and the Czech Republic to areas of expected strong demand in Germany and the EU. The initiators have agreed that the corridor could be created by partial re-utilisation of the existing gas infrastructure combined with targeted investments in new specialised hydrogen pipelines and compressor stations. Therefore, they have begun looking into the corridor's technical feasibility for daily transportation of up to 120 GWh/h of pure hydrogen from Ukraine to Germany by 2030. ■

MŽP to give CZK 11bn for green savings from recovery plan

The Ministry of the Environment (MŽE) has announced the next stage of the New Green to Savings Programme. In the first calls, CZK 11bn from the National Renewal Plan will be available for energy-efficient renovation and construction of houses and now also for their adaptation to the changing climate. By 2030, the ministry also expects other sources to be involved, mainly proceeds from the sale of emission allowances or money from the Modernisation Fund. In total, the programme will have at least CZK 39bn at its disposal in the next decade. ■

Panattoni and Accolade to build Amazon robotics centre

Panattoni will build a robotics centre for Amazon's expansion into Moravia on a brownfield site of former sugar factory settling tanks near Kojetín in the Přerov district. The industrial zone builder informed that it will be a fully multi-storey logistics building with state-of-the-art technological equipment. The zone was prepared by Accolade Group, which is also the investor and owner of the industrial park. The 52,000 m2 building will offer nearly 190,000 m2 of leasable area on four floors. Up to 2,000 people will work here during peak operation. The hall is scheduled to be handed over into use by 2022. Pavel Savička, Panattoni's CEO for the Czech Republic and Slovakia, added that the hall aspires to a high score in the BREEAM environmental certification. ■

TOP HEADLINE NEWS

MMR: CZK 124bn to be allocated in IROP 2021-2027**Tripartite discussed draft state budget****Broker Trust enters Golem Finance****Rockaway Ventures Fund targets digitizing startups in CEE****ČNB: ČR's foreign debt fell to CZK 4,183.8bn**

Currency and Bourse

| Currency | Value | % w/w |
|----------|-------|--------|
| CZK/EUR | 25,36 | -0,079 |
| CZK/USD | 21,64 | 0,000 |
| CZK/GBP | 29,66 | 0,506 |
| CZK/CHF | 23,41 | -0,214 |

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

Prague bourse

| Share | Value | % w/w |
|---------|-------------|--------|
| AVAST | ↘ 168,05 | -0,268 |
| ČEZ | ↗ 700,00 | 0,286 |
| ERSTE | ↗ 936,20 | 3,012 |
| Kofola | ↗ 322,00 | 0,311 |
| KB | ↗ 865,50 | 1,560 |
| Moneta | ↘ 88,20 | -0,170 |
| O2 C.R. | ↗ 263,00 | 0,380 |
| PM | → 15 940,00 | 0,000 |
| Stock | ↗ 110,00 | 0,364 |
| CZG | ↘ 477,00 | -0,210 |
| VIG | ↗ 627,00 | 1,435 |

| | | |
|----------|-----------|-------|
| PX index | ↗ 1307,55 | 1,005 |
|----------|-----------|-------|

source: BCP Praha

CR'S RATING

Long-term rating

| | |
|---------|-----|
| Moody's | Aa3 |
| S&P | AA- |
| Fitch | AA- |

Short-term outlook

| | |
|---------|-----|
| Moody's | P-1 |
| S&P | A-1 |
| Fitch | F1+ |

Source: Moody's, Standard&Poor's, Fitch

GDP

Y/Y real

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

Q/Q real

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

Source: Czech Statistical Office

ECONOMIC POLICY

MMR: CZK 124bn to be allocated in IROP 2021-2027

The 2014-2020 programming period of the Integrated Regional Operational Programme (IROP), in which applicants could apply for subsidies from the amount of CZK 145bn, is coming to an end. Most of the funds have already been distributed to more than 11,600 projects. So far, CZK 80 billion has been paid to beneficiaries. IROP continues in the new programming period 2021-2027 with an allocation of CZK 124bn. New areas of support will be added, such as support for public infrastructure in sustainable tourism, revitalisation of public spaces in municipalities and cities. The first calls will be launched in spring 2022, once the European Commission approves the programme. Minister for Regional Development Klára Dostálová (ANO) said that IROP will support areas including cyber security and low and zero emission vehicles. ■

Tripartite discussed draft state budget

At its meeting on September 20, 2021, held by videoconference, the tripartite addressed the growth of the minimum wage in 2022 or the salaries and wages of civil servants. Its members did not agree on the level of growth. The Council of the Economic and Social Agreement also discussed the draft state budget for 2022 submitted by the Ministry of Finance of the Czech Republic. Total budget revenues should amount to CZK 1,486bn and expenditures to CZK 1,876bn, and the estimated state budget deficit is CZK 390bn (CZK -110bn y/y). Budget priorities are investment and living standards. ■

Gov't will co-finance COVID - Uncovered Costs with CZK 1.9bn

On September 20, 2021, the Government of the Czech Republic approved the last part of the support for entrepreneurs resulting from covid programs, specifically the so-called COVID program - Uncovered Costs. According to the Minister of Industry and Trade Karel Havlíček (for ANO), the point was that some entrepreneurs who did not make it in their deadlines had the opportunity to send applications until the beginning of September 2021, which needs to be reflected. The government therefore decided to increase resources from the Ministry of Finance of the Czech Republic for the Ministry of Industry and Trade of the Czech Republic (MIT) by CZK 1.46 billion. In total, the MIT will need more than CZK 1.9 billion. The remaining roughly CZK 500 million will be provided from its own reserves. ■

MRD wants to digitize the building law by 1H 2023

Digitization of building management and spatial planning (DSŘÚP), which will ensure the digitization of all permitting processes, digitization of maps and equipment of building authorities, is a key project of the Ministry of Regional Development of the Czech Republic (MRD). Minister Klára Dostálová (ANO) stated that this project managed to secure funding from European funds. A total of CZK 976 million will be allocated from the Integrated Regional Operational Program, and the Ministry of Regional Development should draw CZK 1.75 billion from the National Recovery Plan. Deputy Minister Jan Koudelka added that the digitization schedule is relatively ambitious, because by 1H 2023 all systems should be functional. ■

ČNB: Banks approved COVID III loans worth CZK 39bn

As at August 31, 2021, banks in the Czech Republic had approved 3,147 applications for loans worth CZK 14.16bn 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 304 applications with a total value of CZK 1.56bn. Those interested in support from the COVID III program sent 9,781 applications. Banks have so far approved 5,960 worth CZK 39.16bn. The total number of submitted applications in the COVID EGAP program reached 167. 118 of them were approved for applicants in the amount of CZK 16.79bn. ■

Zeman considers inflationary wage growth to be maximum

According to President Miloš Zeman, the most possible increase in the salaries of state employees is inflation. Czech Finance Minister Alena Schillerová (ANO) said this after a meeting with the president, adding that Prime Minister Andrej Babiš (ANO) spoke of CZK 1,400 per month, while the Czech Social Democratic Party (ČSSD) wants an increase of CZK 3,000. ■

Gov't approved a freeze on politicians' salaries

On September 20, 2021, the government of the ANO movement and ČSSD approved an amendment to the Act on Salaries and Other Requirements Related to the Performance of the Function of Representatives of State

Power and Certain State Bodies and Judges and Members of the European Parliament. Deputy Prime Minister Karel Havlíček (for ANO) said that this was a freeze on politicians' salaries. He added that the decision should not apply to judges or prosecutors. At the same time, the government is working to include the standard as an extraordinary item at the meeting of the Chamber of Deputies of the Parliament of the Czech Republic on October 5, 2021. ■

PGRLF launches another round of loan support for farmers

The Support and Guarantee Agricultural and Forestry Fund (PGRLF) announced the 13th round of the Farmer Investment Loans program. It will be launched on October 13, 2021. Within it, clients can request a reduction of the loan principal in the amount of up to CZK 400,000, while it may not exceed 30 % of its total amount. For start-ups, support to reduce the loan principal can be up to 40 %. Agriculture Minister Miroslav Toman (ČSSD) said that the ministry has long succeeded in increasing investments in the renewal of agricultural machinery, which helps the competitiveness of agricultural enterprises. ■

A. Schillerová predicts CZK 400bn deficit

The state budget deficit for this year will be around CZK 400bn, Finance Minister Alena Schillerová (ANO) estimates. She said this on Czech Television's discussion show Otázky Václava Moravce, adding that the deficit growth rate has been gradually decreasing since May, but the volume of investments will still affect the final amount. The minister also said that at the tripartite meeting on September 20, 2021, she will propose to raise the minimum wage by no more than CZK 1,000 next year. ■

MV: State should compensate CZK 779m to Czech Post

The state should compensate the Czech Post, as well as other companies, for losses for services that the state-owned enterprise was legally obliged to provide during the COVID-19 pandemic. Czech Interior Minister Jan Hamáček (ČSSD) and Czech Post CEO Roman Knap agreed on that. Czech Post quantified its loss at CZK 779m. Hamáček said that failure to pay compensation would have a negative impact on the company's operations, which would also be felt by employees. The Ministry of the Interior of the Czech Republic (MV) informed about this. ■

Gov't to review changes to ÉTA's applied research programme

Prime Minister Andrej Babiš's (ANO) government will discuss on September 20, 2021, a proposal to amend the programme to support applied social science and humanities research, experimental development and innovation ÉTA. The agenda also includes information on the public procurement of Data and Information Assurance of the Digital Technical Map of Railways implemented by the Railway Administration. The Ministers will also be briefed on the forthcoming public procurement by SÚRAO: Use of the EURAD project for the preparation of a deep-sea repository - 2nd wave. ■

Gov't approved increase in film incentives by CZK 300m

On September 20, 2021, the government of the ANO movement and the ČSSD approved an increase in funding for film incentives by CZK 300 million. The Minister of Culture Lubomír Zorálek (ČSSD) said that another CZK 300 million to the current CZK 800 million in 2021 means for the Czech economy the acquisition of another CZK 2 billion spent on local goods and services. According to him, companies such as Netflix, Amazon, Lions Gate, NBCUniversal and Sky are preparing their projects in the Czech Republic. In addition, Apple TV is moving the production of The Foundation series from Ireland to the Czech Republic. ■

MPO: CR warns EC against unbalanced Euro 7 proposal

The Czech Republic warns the European Commission (EC) against the unbalanced proposal of the European emission standard Euro 7 for light and heavy vehicles. The Ministry of Industry and Trade informed that the EC should consider all the problematic aspects and the necessity of the new Euro 7 standard for this segment. The aim of Minister of Industry and Trade Karel Havlíček (ANO) is to prevent the automotive industry from becoming less competitive and new cars becoming more expensive. According to him, although the Czech Republic respects the objectives of the Green Deal, it has a fundamental problem with the way it is being implemented, as it does not take into account the different industrial and energy infrastructure of individual EU countries. ■

SZIF pays out CZK 0.5bn to tornado-stricken farmers

The State Agricultural Intervention Fund (SZIF) has already paid out over CZK 0.5bn to farmers affected by a tornado in June 2021. This is approximately 80% of the registered damage. The highest share of the money went to the Břeclav District, almost CZK 400m. Minister of

Agriculture Miroslav Toman (ČSSD) added that his ministry also supported farmers from the Ústí Region. Their hop fields were destroyed by the natural catastrophe. Further support comes from Lesy ČR that will donate timber to people to be used for new roof trusses or heating or CZK 100,000. This way, Lesy ČR has distributed over CZK 34m. ■

IIB issued extra bond issue worth CZK 1.25bn

The International Investment Bank (IIB) followed up on September 14, 2021, on its issue of Czech koruna-denominated securities in April by issuing an additional issue of CZK 1.25 billion to the original issue of CZK 2.5bn. This was announced by the Czech Ministry of Finance. The organiser of the issue, as in previous cases, was Erste Group Bank AG. The current issue involved, among others, nine Czech investors. ■

ČD: Green Railway supports Green Deal

Czech Railways (ČD), together with ČD Cargo, Čepro, Siemens Mobility, CZ LOKO, Škoda Transportation and the University of Logistics, founded the association Zelená železnice (Green Railway) on September 17, 2021. Its main objective is the coordinated development of emission-free transport. Investments in the development, production of vehicles and in the construction of the related infrastructure are to be efficient and affordable for both carriers and customers. The association is open to other companies and institutions. It plans to use the European Union Green Deal as a tool to fulfil the objectives of the association. ■

Pirates, STAN want to create Government Analytical Unit

The Pirates and STAN want to create a Government Analytical Unit (VAU) after the October election to be filled by independent experts. They will process analyses of important problems that go beyond the competencies of individual ministries. The proposal counts on employing 30 to 50 highly qualified persons. The objective is for the state to manage more effectively, prepare quality and understandable laws, and look for ways to adapt the Czech economy to modern trends. Moreover, in the case of unexpected crises, such as the Covid epidemic, it would help state institutions make quick decisions. ■

KVK council approved CZK 2.5bn credit facility

The Karlovy Vary Region (KVK) will, as in previous years, draw a loan to co-finance large projects with EU subsidies or from state budget subsidy programmes. The total credit framework for the years 2022 to 2025 amounts to CZK 2.5bn. The terms and conditions of the loan were approved by the regional council. The loan agreement will be concluded with Komerční banka in the amount of CZK 1 billion, with ČSOB (CZK 625m) and with UniCredit Bank Czech Republic and Slovakia (CZK 875m). ■

COMPANY NEWS

Broker Trust enters Golem Finance

Financial adviser Broker Trust (BT) is acquiring Golem Finance and Gofis. The merger will also include the Hypoexpert analytics platform. The identities of all three brands will be retained and further developed. At the same time, a personnel change is taking place, as Libor Vojta Ostatek, who together with his father is behind the two companies being bought, will newly be responsible for the credit products area under the BT brand. ■

Rockaway Ventures Fund targets digitizing startups in CEE

Rockaway Capital launches a new capital fund Rockaway Ventures Fund with a target size of EUR 100m. It focuses on startups primarily in Central and Eastern Europe that are digitizing traditional industries while following the principles of green, socially conscious business. The first investments are Estonian language startup Lingvist and German platform Vivere, which develops innovative products in the FMCG sector. The fund is sending units of millions of euros to them. As of mid-2021, Rockaway's venture portfolio was worth CZK 2.4bn. Investment Partner Dušan Zábrodský said that they are ready to invest up to EUR 15m in each company. ■

ŠKODA AUTO could be renting e-car batteries

Due to higher prices of electric cars, ŠKODA AUTO could make a change in the system of sales within which VW or other group brands would own the car battery, and it would only be rented to the customers. This statement was made by Works Council chairman Jaroslav Povšík, adding that Daniell Porsche voiced this idea at a meeting of ŠKODA AUTO's supervisory board on September 20, 2021. This idea assumes the customer buying only the car and would only be renting the expensive battery. Povšík further stated that ŠKODA AUTO was preparing to set up a sustainability advisory committee; such a committee already exists in Volkswagen and Porsche. The plan is to

increase the number of ŠKODA AUTO employees from 43,976 to 44,518 by the end of 2021. ■

J&T Banka is new Fondée broker

Czech fintech start-up Fondée, which makes investing accessible to people, has a new broker and expands to Slovakia. The original broker, Degiro of the Netherlands, has been replaced by J&T Banka. For instance, the change results in new functions of automatic re-balancing and ensures smoother operation for future Slovak clients. Eva and Jan Hlavsa, the wife and husband in charge of Fondée, serve more than 4,400 clients. By the end of the year, they would like to have 10,000 clients. ■

Greenbuddies to build PV installations for SENS

In May 2021, Greenbuddies concluded a contract with SENS from the Steag Group to build photovoltaic installations in the Benelux countries. They will prevailingly be power installations on free land, huge logistics centres and factories. The development will be done by the Dutch team of Greenbuddies Energy BV with a registered seat in Eindhoven. This information was provided to ČIANEWS by executive Aleš Spáčil who added that the estimated costs of the construction alone were approximately CZK 4bn. However, the created value which Greenbuddies and its partner on the market will monetise in a few years will highly exceed this amount. He also said that the starting ambitions for the power installations' output were 250 MW. ■

Sales of Hyundai KONA Electric exceed 100,000 units

Hyundai has already produced over 100,000 KONA Electric cars in Nošovice since 2018, which have been sold in Europe. One in four KONA series vehicles sold, comprising a total of five different powertrains, is fully electric. In the Czech Republic, around 400 customers have bought a KONA Electric model so far. More than 142,000 of these cars have been sold worldwide. The South Korean carmaker plans to introduce a total of 12 new battery electric vehicles by 2025. ■

PT raises revenues by 3%, sources will comply with limits

Pražská teplárenská (PT) invests CZK 350 - 400m annually. ČIANEWS was told by spokesman Marek Pšeničný, adding that in 2020, the company modernized a source in Malešice. This year, the company started preparing an analogous modernization of the source in the Michle heating plant. Upon completion, all sources will comply with all stricter emission limits in advance. Even during the pandemic, the company connected almost 2,000 households and institutional buildings to the grid in 2020 in cooperation with developers and investors. It connected 55 consumption points with a capacity of more than 12 MW. At the same time, 30 contracts were signed for future projects with a capacity of 18.5 MW. Thermal power sales were down 2% y/y due to the weather. Sales, on the other hand, were almost 3% higher due to price increases. ■

S.E.H. Private Equity acquires Luxury Brand Management

Joint-stock company S.E.H. Private Equity representing the Hes brothers, will be the new owner of Luxury Brand Management (LBM), which operates a chain of boutiques with luxury fashion goods in the centre of Prague. The sale agreement between the seller, investor Zdeněk Bakala, and the buyers was signed on August 31, 2021. The transaction will be settled in the coming weeks. Both parties have agreed not to disclose details. S.E.H. Private Equity board member Martin Hes added that LBM is characterized by its excellent location in Pařížská street, long-term partnerships with most prestigious global brands and strong relationship with local clientele. S.E.H. Private Equity intends to build on this combination in the implementation of its plans. ■

NIDO opens delicatessen store in Prague, will build flats

The NIDO investment group has expanded to Prague through a residential developer project in Hostivař and the opening of two Uzenářství.cz outlets. The expansion will be funded from the group's profit, bonds, and bank loans. It is also looking for collaboration opportunities with individual investors and funds. NIDO opened its first outlet at the Signál shopping centre at Jižní Město in June 2021 and planned to open the second one at the Šestka shopping centre by the end of the year. In addition, the Villa Organic project with 14 flats in Prague-Hostivař is being prepared. In total, NIDO is currently working on implementing four residential projects with an estimated value of CZK 360m, and it has more land in stock. The group has already done developer projects worth CZK 400m. Its delicatessen production yielded CZK 30m in 2020. ■

ETL buys a share in Arrows, wants to invest in expansion

German consulting group ETL Global has entered Czech law office Arrows. The parties have decided not to disclose the value of the transaction.

Through the acquisition, ETL wants to develop its business in the Czech Republic further. Via Arrows, it plans to accelerate the company's growth in consulting, finances and regulation, e-commerce, M&A, technologies and healthcare. The joint ambition of Arrows and ETL is to exceed a turnover of CZK 1bn within five years, for which ETL will provide necessary investments in the development of consulting and technological projects. Arrows founding partner Jakub Dohnal said that the goal was to continue digitising the law office's function with the ambition of creating a legal tech. At the same time, they will focus on acquiring progressive offices or lawyers and their teams all over the Czech Republic. ■

Dataddo plans 400% growth and hiring

In the first half of 2021, Dataddo reached 200% of its last year's turnover. In the second half of this year, it plans 400% growth. Annually recurring revenue (ARR) should thus total USD 1m for the entire year. The Czech-US start-up also expanded its programmer team to 28 persons and planned to have 40 employees by the end of the year. Therefore, it is moving its Prague offices to the HubHub co-working centre in Jungmann Square. Dataddo has a solution for data-system fragmentation in companies resulting from an ever-growing adoption of cloud tools. It enables them to integrate data from various sources into one location and prepares it for subsequent reporting, analytics, and interpretation. ■

ŠKODA tests ecological materials in OCTAVIA

ŠKODA AUTO's Technical Development Department developed a sustainable material together with the Technical University of Liberec and applied for a patent. The starting material is sugar beet. The carmaker is working on another material based on the grass genus ornamental grass. Both could be used in the interior of new models in the future. The new raw materials are being tested in a specially adapted OCTAVIA. Another option for the use of sustainable raw materials is, for example, the regenerative fuel HVO, to which ŠKODA diesel engines will switch from the 2022 model year. Using these energy sources can reduce greenhouse gas emissions by up to 90%. ■

Bidli prepares to sell Chinese cars

Real estate company Bidli will be the first in the Czech Republic to sell Chinese cars from October 2021, specifically from Dongfeng Motor Corporation. The company will focus mainly on its range of electric cars. Bidli currently offers three Chinese car models, two petrol models and one electric SUV. ■

Prazdroj's sales down 10%, offers Qerko to pubs

Plzeňský Prazdroj recorded a y/y sales decline of more than 10% in H1 2021. The brewery's spokesman Zdeněk Kovář told ČIANEWS that the reason for this is the longer lockdown, which lasted almost five months in 2021. However, he said the situation has improved over the last three months and, for example, during June and July Prazdroj's sales returned to pre-COVID figures. Among the trends set by the crisis, according to him, is the acceleration of the digitalisation of pubs and restaurants. More and more people prefer contactless payments, follow pubs on social networks or want to order food online. This is why the brewery has been offering restaurants the option to use the Qerko app for easier payment and ordering since spring. ■

ČEPS earned CZK 2.4bn and invested CZK 1.3bn in 1H

In 1H 2021, ČEPS had a profit of CZK 2.4bn. Total revenues reached CZK 19.19bn. After adjusting for MC shipping and coupling, it was CZK 8.36bn (CZK +300.7m y/y). The chairman of the board of directors, Martin Duřčák, stated that the increase is mainly due to revenues from the sale of licensed services. The company spent a total of CZK 1.31bn on the acquisition of long-term intangible and tangible assets. The energy transfer in 1H reached 32,492 GWh. ■

Brewery Bernard brew 169 660 hl of beer in H1

The brewery Rodinný pivovar Bernard brewed 169 660 hectolitres of beer in H1 2021, down 0.3% y/y. Spokesman Radek Tulis told ČIANEWS that year-to-date 2021 sales are slightly above 2020 (+1.6%). The brewery exports about a fifth of its production, mainly to Slovakia. Both the brewery and the Bernard Malt Plant in Rajhrad have maintained full employment throughout the anti-epidemic measures. ■

OHL ŽS building tram hall for DPMO

OHL ŽS has started the construction of the Jeremenkova Tram Hall project in Olomouc, the investor of which is the Olomouc Transport Company (DPMO). The construction with a total cost of CZK 279m, which should be completed in March 2023, is being carried out by employees from the Moravia Division. It will relieve the congested depot in Koželužská Street,

but also offer new facilities for trams and drivers. The main dominant feature of the planned area will be the ground floor of the hall with a total length of 105 meters, in which three parking tracks will be located, on which it will be possible to place a total of 9 two-car tram sets. ■

Retia cooperating with Israeli Rafael on Spyder for AČR

On September 23, 2021, the Czech technology company Retia and the Israeli state company Rafael Advanced Defense Systems will sign an agreement on industrial cooperation on the Spyder air defense systems project for the Army of the Czech Republic (AČR). Together with the contract with the Military Technical Institute (VTU), this will ensure a 30% share of Czech industry in the contract, the Czech Republic's self-sufficiency in ensuring the life cycle of technology and shifting the capabilities of the Czech defense industry in air defense. Retia general manager Michal Satrapa said that due to the Spyder project and other strategic orders, the company is expecting a substantial increase in production capacity. A project to expand the complex and also to build a new R&D center in Pardubice is being prepared. It needs to hire 200 highly qualified employees in the next five years. ■

ARBES holds majority in Crede Experto, targets other countries

ARBES Technologies has acquired a majority ownership stake in Crede Experto Praha, a Czech company specialising in banking and payment software. The merger of the two companies will create a group with an annual turnover of over CZK 0.5bn. In terms of legal form, Crede Experto Praha will be a subsidiary of ARBES. The current owner of Crede Experto Praha, Jiří Sandanus, remains a minority shareholder and managing director. Regionally, the joint team will serve the current countries of operation: the Czech Republic, Slovakia, Austria, Poland and Germany. Expansion into other countries is foreseen, especially with the new generation of payment and banking solutions. ■

KŠB assisted Solitea in Prytanis acquisition

Law firm Kocián Šolc Balaščík, advokátní kancelář (KŠB) assisted accounting and business information systems provider Solitea in the acquisition of 100% of Prytanis. The company is a Czech supplier of information systems for road transport operators, passenger transport operators and freight forwarding and logistics companies. The advisory services consisted mainly in conducting a legal due diligence of Prytanis, preparing and negotiating the acquisition documentation and assessing the competitive aspects of the transaction. The latter is still subject to approval by the antitrust authority. ■

MACROECONOMIC DATA AND POLLS

ČNB: ČR's foreign debt fell to CZK 4,183.8bn

The Czech Republic's foreign debt decreased by CZK 92.7bn to CZK 4,183.8bn in 2Q 2021. In a y/y comparison, it is CZK 189.3bn lower. In the time structure of foreign debt, liabilities with an original maturity of more than one year account for 46.5% of total debt liabilities. The Czech National Bank (ČNB) further informed that the deficit of the Czech Republic's investment position vis-à-vis the rest of the world increased by CZK 36.9bn to CZK 530.1bn in 2Q. In a y/y comparison, the deficit is lower by CZK 224.5bn and in relation to GDP it represents 9% at current prices. ■

AutoSAP: HMMC least affected by summer crisis

Nošovice-based Hyundai Motor Manufacturing Company (HMMC) raised its production by 33.1% y/y to 182,400 passenger cars for January-August 2021 despite the crisis. In July-August, the brand's production fell by 650 cars (-1.6%) y/y. In addition, ŠKODA AUTO recorded a 42% decline in the summer months to 65,585 vehicles. Over the eight months, the brand strengthened by 7.9% to 486,423 cars. Toyota has produced 106,673 vehicles since January (+5.8%). In July, its production reached 6,896 cars (-37.4%). The company stopped production in August. In the bus segment, IVECO CR produced 2,738 vehicles (+0.9%) and SOR Libchavy 233 buses (-16.5%) in eight months. Motorcycle manufacturer JAWA Moto produced 736 machines (+127.9%). This was reported by the Automotive Industry Association (AutoSAP). ■

CBCB/CNCB: Sole traders had CZK 116bn+ in loans

At the end of June 2021, 141,610 sole traders in the Czech Republic had loans from banks and non-bank financial institutions. The total debt amounted to CZK 116.4bn. Of this, CZK 2bn were not properly repaid. This stems from the data from the Czech Non-Banking Credit Bureau (CNCB) and the Czech Banking Credit Bureau (CBCB). 6,500 traders were unable to repay their loans, down 3% m/m. The lowest share of borrowers at risk was in the Central Bohemia Region (3.8%) and Prague (4.1%). Lenka Novotná, executive

director of the Bank's Client Information Register, said that the highest average amounts are owed by the younger age group 35-44 years, where the average amount is CZK 975,000 per borrower. ■

CEEC: 71% of firms rose prices due to costlier materials

95% of construction companies feel the increase in price of building materials. The price of construction works has been raised by 71% of companies. This is evidenced by CEEC Research analysis. 42% of respondents have suspended construction due to lack of materials. HOCHTIEF CZ's CEO Tomáš Koranda said that the biggest problems of price increases are caused by large construction projects for public procurers, which are delayed for procedural reasons. An example is the construction of the D metro in Prague, which should have started long ago. ■

CREDITAS: One half of people to save money differently

Two-thirds of Czechs expect average inflation to be above 3% over the next five years, and almost half expect it to be above 4%. This is according to a survey conducted by Bank CREDITAS, with 81% of people worried about the impact of rising prices on their savings. Lucie Brunclíková, director of communication and marketing, said that almost half of the respondents plan to change the way they save their money. Around a quarter want to move some of their finances into property, such as real estate. Some 17% of respondents plan to use a savings account. More than 13% want to invest in mutual funds. ■

ČOI found 80 % of e-shops had broken laws

In 2Q 2021, the Czech Trade Inspection Authority (ČOI) performed 371 inspections of online stores. It recorded violations of the law in almost 80%. The director of the ČOI, Mojmir Bezečný, said that there is still a high number of violations of consumer rights in the area of online sales. The development of e-commerce is related to the situation surrounding the development of the COVID-19 pandemic. He added that new e-shops were being added and some of their operators were neglecting to inform consumers about the subject of out-of-court settlement of consumer disputes or did not provide information on complaints. Some also engage in unfair business practices. ■

AČN: Furniture production to grow to CZK 54bn

The Association of Czech Furniture Manufacturers (AČN) assumes that furniture production could reach CZK 54bn in 2021 compared to CZK 48.5bn in 2020. The results are also based on exports, where the share of the foreign trade balance in total production should amount to 18.5%. Although this represents a year-on-year decline, the total amount of furniture exports could reach CZK 36bn (CZK +2.43bn). Imports of furniture will also increase, from CZK 23.69bn last year to CZK 26bn. Czech producers are expected to contribute CZK 18bn to the expected sales of CZK 44bn for furniture sold on the domestic market. ■

ČNB: Insurers increased profits to CZK 19.96bn in 1H 2021

Insurance companies active on the Czech market reported a y/y increase in profitability from CZK 7.78bn to CZK 19.96bn in 1H 2021. The result of the technical account for non-life insurance amounted to CZK 11.89bn. The result of the technical account for life insurance was CZK 9.31bn. The total number of insurance companies operating in the Czech Republic fell by two entities y/y to 45 at the end of the period under review. This follows from data published by the Czech National Bank (ČNB). ■

ČNB: PS funds' profits up CZK 3.76bn in H1 2021

The funds of pension companies (PS) operating in the Czech Republic reported a profit after tax of CZK 3.76bn as of June 30, 2021. In the same period of the previous year, it was CZK 2.02bn. Interest income and similar income amounted to CZK 3.51bn. The total number of PS funds increased by three entities to 42. Their total assets increased to CZK 573.03bn from CZK 527.72bn. This stems from data presented by the Czech National Bank (ČNB). ■

MF: Pension-insurance deficit drops to CZK 6.07bn

As the end of August 2021, revenue from pension insurance, including voluntary insurance, totalled CZK 352.44bn, according to data published by the Czech Ministry of Finance (MF). On the other hand, expenditures on pension-insurance benefits, including administration expenditures, amounted to CZK 358.51bn. The resulting deficit of the pension-insurance system was CZK 6.07bn (July 2021: deficit of CZK 7.24bn). As of December 31, 2020, there were 2.88m pensioners in the Czech Republic with an average old-age pension of CZK 14,479. ■

ČNB: Pension companies' profit up to CZK 1.09bn

Pension companies in the Czech Republic reported y/y increase in after-tax profits from CZK 995.33m to CZK 1.09bn in H1 2021. Interest income and similar income amounted to CZK 32.7m. Income from fees and commissions totalled CZK 2.56bn. The number of pension companies increased by one year-on-year to nine. Their assets as of June 30, 2021 amounted to CZK 13.69bn. A year earlier, it was CZK 12.76bn. This stems from the statistics of the Czech National Bank (ČNB). ■

ČNB: Securities dealers post CZK 674.41m profits for H1

Securities Dealers (SDs) operating in the Czech Republic reported a current year profit after tax of CZK 674.41m for 1H 2021. A year earlier, it was CZK 740.70m. Interest income for H1 2021 amounted to CZK 126.79mn. The revenue from fees and commissions amounted to CZK 2.33bn. This is based on data published by the Czech National Bank (ČNB). ■

ČNB: Credit unions reported operating profit of CZK 141.57m

Profit from financial and operating activities of the credit union sector in the Czech Republic as at June 30, 2021 amounted to CZK 141.57m. The current year profit or loss after tax ended with an asset of CZK 11.68m. Interest income was CZK 147.64m. At the end of the period under review, seven credit unions were operating on the Czech financial market. Their total assets amounted to CZK 9.13bn and the number of credit union members was 11,642. This is based on data published by the Czech National Bank (ČNB). ■

ČNB: Banking sector's profit up to CZK 31bn in H1

Banks operating in the Czech Republic reported a profit after tax of CZK 31.06 billion for the current financial year as of June 30, 2021. A year earlier, it was CZK 26.57bn. Profit from financial and operating activities amounted to CZK 87.52bn (H1 2020: CZK 95.12bn). Interest income reached CZK 81.46bn and fee and commission income was CZK 22.93bn. This is based on the statistics of the Czech National Bank (ČNB). The number of banks and branches of foreign banks operating on the domestic market fell by two entities year-on-year to 47. Their total assets increased to CZK 8.75tn from CZK 8.38tn. ■

Hays: Higher pay motivates 23% of people to change jobs

The main motivation for 23% of Czechs to change jobs is the higher financial offer associated with a new role. This is according to the Hays survey, with 22% of respondents citing the need for a change of environment as the main reason, 4% for better benefits and 3% for the lack of work flexibility and the ability to work from home. A pay rise of at least 10% would be required by 25% of respondents if they changed employers. Hays CEO Sándor Bodnár stated that companies have invested a lot of time and resources in 1H 2021 to set the rules for their operations in the new era of work. ■

Energy contracts worth CZK 52.5m signed on ČMKB

In the 37th week of 2021, 63 contracts were concluded on the Czech-Moravian Commodity Exchange Kladno (ČMKB) for the supply of 26,000 MWh of electricity and natural gas for final customers in the amount of CZK 52.5m. They concluded two-year electricity contracts at the level of CZK 2,650/MWh. Two-year gas contracts ended trading at CZK 900/MWh. The daily diesel contract on the ČMKB fuel market was traded at a price of CZK 14.23/liter. ■

Diesel and LPG prices down; oil down; petrol stagnates

The average consumer price of Natural 95 gasoline in the Czech Republic stagnated at CZK 33.80/l in the 37th week of 2021. Compared to week 36, the price of diesel rose from CZK 31.61 to CZK 31.74/l and LPG from CZK 15.17 to CZK 15.42/l. According to the survey of the Czech Statistical Office, gas oil became cheaper from CZK 13 071 to CZK 13 062 per 1,000 litres. ■

Share of arable land down, organic farmers up

The share of arable land in the total cultivated land in the Czech Republic has fallen from 75.9% to 70.8% since 2000. The share of permanent grassland has increased from 22.8% to 28.0%. Czech Statistical Office's chairman Marek Rojíček said that the area of vineyards had increased, while the area of hops and orchards had decreased. The number of organic farmers increased more than tenfold and the area of organically farmed land quadrupled. 44.2% of permanent grassland and 23.7% of orchards are managed organically. The total number of agricultural holdings fell by 26.0% to 29 000. Livestock farmers declined the most, by 42.5%. ■