

EVENTS OF THE WEEK

Government declares state of emergency, stricter measures

At its extraordinary meeting, the outgoing government of Prime Minister Andrej Babiš (ANO) has declared a state of emergency in the Czech Republic. It should be valid for 30 days starting from midnight, November 25, 2021. At the same time, the government approved stricter measures. For instance, restaurants, bars and clubs will have to close at 10 PM. Alcohol consumption in public will be banned, and so will Christmas markets, except for the sale of Christmas trees and fish. At most 1,000 people will be allowed to attend mass culture and sports events, while there will be up to 100 attendees for social events. ■

Gov't approved support for firms and sole traders

The resigned government approved support for companies and sole traders affected by anti-pandemic measures. With a decrease in sales of at least 30 %, companies will be able to draw 40 % of uncovered costs or CZK 300 per employee per day. Self-employed persons will be entitled to a compensation bonus of CZK 1,000 per day. For the period from November 22 to June 31, it can be up to CZK 71,000. Antivirus B will also be launched. ■

Avast shareholders approve merger with NortonLifeLock

Avast's shareholders have approved the sale of the company to US company NortonLifeLock. The value of the transaction, which has already been approved by the U.S. Department of Justice, is nearly CZK 200bn. More than 86% of shareholders, holding a combined 94% stake, voted in favour of the merger. Subject to regulatory approval in other countries, the transaction is expected to be completed in mid-2022. ■

Moneta agrees on changes in Air Bank acquisition with PPF

Moneta Money Bank has reached an agreement with PPF Group on revised terms for the acquisition of Air Bank, Czech and Slovak Home Credit, and Benxy. Both parties will proceed with the acquisition for a purchase price of CZK 25.9bn. It has also been agreed to finance at least 80% of the price through an equity increase in Moneta by issuing new shares. The capital increase aims to raise additional funds of at least CZK 20.95bn. As a result of this issue, the total number of shares traded on the Prague Stock Exchange would increase from the current 511 million shares to 766.5 million shares. If Moneta's shareholders do not exercise their pre-emptive right in the first round of the capital increase, PPF Group has committed to subscribe for all unsubscribed new shares in the second round at an issue price of CZK 90 per share. ■

MPSV: Government approves extraordinary sickness benefit

At its extraordinary session on November 19, 2021, the Government of the Czech Republic approved a proposal by Czech Labour and Social Affairs Minister Jana Maláčová (ČSSD) to reintroduce an extraordinary allowance for employees who are ordered to be quarantined (the so-called izolačka). In this case, the employee will be entitled to an allowance of CZK 370 for each calendar day. However, for the first 14 calendar days of the quarantine, at most. The bill will be discussed by the Chamber of Deputies and the Senate. The Ministry of Labour and Social Affairs further informed that it is expected to take effect on the day of its promulgation. ■

Apollo Funds to acquire 5.5% stake in CPIPG for EUR 300m

Apollo Funds will acquire a stake of ca. 5.5% in CPI Property Group (CPIPG). The transaction will take place through the issuance of new shares, which is expected to take place by the end of 2021. The value of the investment is EUR 300m. In addition, the majority owner of the group, Radovan Vitek, will also subscribe for new shares to strengthen the capital of CPIPG in the amount of EUR 150m. After this increase, R. Vitek will control 93.90% of the share capital of CPIPG. ■

TOP HEADLINE NEWS

ČNB to increase countercyclical capital buffer to 2%**Coalitions SPOLU/PirSTAN introduce covid fight plan****Sekyra Group to build apartments in Prague-Opatov****ČEZ seeks permission to acquire German Belectric Group****IMF: GDP to grow 2.6% in 2021**

Currency and Bourse

Currency	Value	% w/w
CZK/EUR	25,48	-0,078
CZK/USD	22,70	-0,264
CZK/GBP	30,22	-0,529
CZK/CHF	24,31	-0,041

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

Prague bourse

Share	Value	% w/w
AVAST	↗ 181.85	0.247
ČEZ	↗ 736.50	1.086
ERSTE	↗ 1007.00	0.735
Kofola	↘ 314.00	-0.318
KB	↘ 878.00	-0.513
Moneta	↗ 94.90	0.421
O2 C.R.	↘ 259.00	-0.386
PM	↘ 15 720.00	-0.382
Stock	↘ 111.00	-1.261
CZG	↘ 518.00	-2.703
VIG	→ 649.00	0.000

PX index ↗ 1374.77 0.251

source: BCP Praha

CR'S RATING

Long-term rating

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

Short-term outlook

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

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

GDP

Y/Y real

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

Q/Q real

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

Source: Czech Statistical Office

ECONOMIC POLICY

ČNB to increase countercyclical capital buffer to 2%

As of April 1, 2022, mortgage-loan providers will again be obliged to adhere to the limits of the debt-to-income (DTI) ratio and the debt service to income (DSTI) indicator. The Czech National Bank (ČNB)'s board decided on the limits. The DTI limit (total debt ratio) will be 8.5 (9.5 for applicants under the age of 36). The DSTI limit (the ratio between the total amount of monthly instalments of the loan applicant and their net monthly income) will be 45% (50% for applicants under the age of 36). The central bank has decreased the upper limit for the LTV indicator to 80% (90% for applicants under the age of 36). At the same time, as of January 1, 2023, it will increase the banks' countercyclical capital buffer by 0.5 pp to 2%. ■

Coalitions SPOLU/PirSTAN introduce covid fight plan

UPDATE - The SPOLU and PirSTAN coalitions have presented their own plan to fight COVID-19. The plan has three levels in terms of time - immediate, medium, and long term. The immediate measures include financial support to hospitals for the increased costs associated with caring for covid patients, effective mid-December 2021. There should be a compensation reimbursement decree modelled on that of the previous wave. Medium-term measures effective from the end of 2021 to the end of 1Q 2022 are to include compensation schemes for entrepreneurs, the cultural sector, and employees (sick leave, treatment of family members) due to measures taken by the government, and the flexibilisation of labour law. As part of the long-term measures, a Covid fund should be created to finance the state's costs of dealing with the epidemic. ■

ČNB: Banks approve COVID III loans for CZK 42.55bn

As of October 31, 2021, banks in the Czech Republic have approved 3151 applications for loans worth CZK 14.16bn under the state guarantee programme COVID II for non-financial corporations. This is based on data from the Czech National Bank (CNB). Within the COVID PRAHA programme there were 302 applications for a total value of CZK 1.56bn. Those interested in support from the COVID III programme sent 10 574 applications. Banks have approved 6,565 applications worth CZK 42.55bn so far. The total number of applications submitted under the COVID EGAP programme reached 169. 122 applications were approved for CZK 17.0bn. ■

MoE to allocate over CZK 1.75bn for water management

It will be possible to apply for subsidies aimed at returning water to the landscape from January 12, 2022 through the National Environment Program. The Ministry of the Environment of the Czech Republic (MoE) informed that finances in the amount of more than CZK 1.75bn will come from the National Recovery Plan. Almost CZK 1bn is set aside for regions, municipalities, state and non-profit organizations and other applicants for projects dealing with rainwater management, and CZK 762m is allocated for the city of Brno. The call will last until August 31, 2022 or until the allocation is exhausted. The Minister of the Environment Richard Brabec (ANO) stated that since 2014, the Ministry of the Environment has supported more than 21,500 projects with a sum exceeding CZK 16.5bn from national and European sources. ■

MPSV: Government approves crisis care allowance

On November 19, 2021, the Government approved Czech Labor and Social Affairs Minister Jana Maláčová's (ČSSD) proposal for crisis care allowance, which will be reintroduced in connection with the high increase in the number of children tested positive and schools or parts of schools being closed. The Ministry of Labour and Social Affairs of the Czech Republic (MPSV) informed that thanks to this proposal, parents who are at home with their children will be entitled to the nursing allowance for the entire period of school or class closure or when an individual quarantine is ordered for the child. The nursing allowance will be increased to 80% of the daily assessment base. Parents will receive a minimum of CZK 400 per day. The crisis nursing allowance will also apply to so-called "contractors" who pay the insurance premium. The government proposes the validity for the period from November 1, 2021, to February 28, 2022. ■

MŽP: Heating plants get CZK 1.4bn from Modernisation Fund

Minister of the Environment Richard Brabec (ANO) signed the support of CZK 1.4bn for the first six projects recommended by the Council of the State Environmental Fund of the Czech Republic from the HEAT 1/2021 subsidy call. Approval of grant applications is on-going, with intake continuing until January 14, 2022. Projects can currently be started by their owners at six locations. The Sviadnov district heating plant in Frýdek-Místek already produces a substantial part of its heat from biomass. This share will be increased and at the same time, the coal-fired boilers will be converted to

natural gas, which will serve as a supplementary fuel. The project is to cost CZK 430m, and the applicant will receive a CZK 226m subsidy from the Modernisation Fund. The heating plant in Karviná was also successful in its application for a subsidy for decarbonisation. Other supported projects are the gas gasification of the heating plant in Tábor, the decarbonisation of the Kolín power plant, the switch to biomass in the heating plant in Plana and the hot-water biomass and gas boiler plant in Dvůr Králové. ■

M. Kupka: Prague Ring Road and D35 are priorities

The incoming government has the construction of the Prague Ring Road and the D35 motorway among the transport constructions. This was stated by the candidate for Minister of Transport Martin Kupka (ODS) at a meeting of the leaders of the Czech construction industry. According to him, the project preparation, which must not stop, is crucial. He also wants to focus on the PPP project for the construction of the D4 motorway and further develop this way of involving the commercial sphere in state projects. ■

MZe to temporarily support farmers with CZK 550m

The Czech Ministry of Agriculture (MZe) has approved rates for temporary national subsidies for 2021. They serve to even up selected disadvantaged commodities by making the single-payment system easier than the full system of direct subsidies in old EU member states. Hops production will be supported with CZK 3,255.10 per hectare. At the same time, there will be a subsidy of CZK 120.51 per hectare for agricultural land. Cattle farming without market milk production will be subsidised with CZK 74.01 per animal, while there will be a subsidy of CZK 65.83 per ruminant. In total, the Ministry will provide more than CZK 550m for this purpose. ■

NRB: Guarantee program will help travel agents

The National Development Bank (NDB) together with the Ministry for Regional Development of the Czech Republic (MMR) and the Ministry of Industry and Trade of the Czech Republic (MPO) have agreed to continue support for travel agencies through the Travel Agency Guarantee instrument. It will seamlessly build on the COVID CK Guarantee program. On the basis of the material approved by the Government, the amount allocated for guarantees will be increased by an additional CZK 200m from January 1, 2022. Together with the funds from 2021, up to CZK 400m will be available for guarantees for CK for the next year (until June 30, 2022). NRB further informed that the detailed parameters will be published by the end of November 2021. ■

MZe to provide over CZK 550m to farmers under PVP

Minister of Agriculture Miroslav Toman (ČSSD) approved the level of rates for transitional national support (PVP) for 2021. The Ministry of Agriculture (MZe) will provide over CZK 550m. PVP is used to match selected commodities that have been disadvantaged by simplifying payments in the single area payment system compared to the full system of direct support in the original, so-called old member states of the European Union. Funds for these payments are paid exclusively from national sources, in the Czech Republic they are paid by the State Agricultural Intervention Fund. ■

MPO opens 3rd ITI Brno call with CZK 300m allocation

The Ministry of Industry and Trade (MPO) has announced the 3rd call of the support programme Infrastructure Services for Integrated Territorial Investments (ITI) of the Brno Metropolitan Area. The allocation amounts to CZK 300m. The call is intended mainly for small and medium-sized enterprises and also for projects of large enterprises focusing on the expansion of innovation infrastructure premises and the acquisition of new equipment and improvement of capacities for joint use of technologies. Applications for support will be accepted from November 30, 2021 to January 31, 2022. ■

Zeman to appoint Fiala PM on November 26

President Miloš Zeman will appoint ODS chairman Petr Fiala as the Prime Minister on November 26, 2021 at Chateau Lány. On November 29, he will embark on a series of meetings with ministerial nominees, starting with Pirates chairman Ivan Bartoš. Others should follow in alphabetical order. This information was provided by the Office of the President of the Republic, adding that Zeman intended to contribute to creating a new government with his comments. ■

I. Bartoš: New government will postpone Construction Act

The new government is going to postpone the entry into force of some parts of the new Construction Act. Ivan Bartoš (Pirates), a candidate for Regional Development Minister, said he would want to change them afterwards. As an example, he cited the establishment of a special construction authority, which should be maintained, but not to the extent of deepening the

centralisation of the state. The law will come into force in mid-2023, but some changes will already be in force from January 1, 2022. ■

HK welcomes reduction of compensation criterion

The Czech Chamber of Commerce (HK ČR) appreciates the government's decision to launch compensation programmes already tested during previous waves of the coronavirus epidemic and that the cabinet did not come up with unexpected experiments. HK ČR president Vladimír Dlouhý said that this should happen quickly and with a guarantee that the money would actually be paid to entrepreneurs. He welcomed the fact that the qualification criterion for applicants for compensation was uniformly lowered from the required at least 50% drop in turnover, or sales, in the spring to the current 30%. ■

HK ČR asks for provision of sources for compensation

The Czech Chamber of Commerce (HK ČR) understands the difficult COVID-19 situation and respects the adopted measures. The Chamber added that they would represent another hard impact on some entrepreneurs who were already at risk. For instance, the ban on Christmas markets will affect tourism, as thousands of tourists not just from abroad visit markets in many Czech towns every year. Therefore, it requires considering whether compensation should be adjusted to the state of emergency, especially in the case of the Covid-Uncovered Costs programme in which the 40% compensation seems to be insufficient now. The approved compensation will also be exclusively covered from next year's budget that does not count on them. Therefore, the Chamber would welcome at least a framework agreement of the old and new governments or an assurance from the new government that it would take over the existing government's compensation commitments. ■

PAK completed European projects worth CZK 2.78bn

The Pardubice Region (PAK) implemented 116 projects during the 2014-2020 programming period with a total value, including subsidies from EU funds, of CZK 2.78bn. Additional 35 projects worth more than CZK 3bn are in the implementation or contractor selection phase. There are 75 projects worth CZK 6.5bn in the pipeline. Regional governor Martin Netolický (ČSSD) added that PAK drew additional funds in selected operational programmes, where it managed to obtain almost CZK 44bn for the whole Pardubice Region. The region has approved support for 151 projects. ■

COMPANY NEWS

Sekyra Group to build apartments in Prague-Opatov

Sekyra Group wants to launch a residential project in Opatov with an investment volume exceeding CZK 1bn at the beginning of 2022 and a new residential part of Čakovice with approximately the same volume at the end of next year. In 2023, further stages of projects in Smíchov and Rohanský ostrov should be launched. ČIANEWS Executive Director Leoš Anderle informed that the company is considering the construction of institutional rental housing projects. He expects that they will account for about a third of the next stages of construction of new Prague neighbourhoods. Sekyra Group's most important projects currently include Smíchov City, Rohan City, and Žižkov City. In the future, 11,000 people are expected to live or work on Rohan Island, more than 12,000 people on Smíchov, and Žižkov City will offer 3,000 apartments. ■

ČEZ seeks permission to acquire German Belectric Group

ČEZ applied to the federal antimonopoly office Bundeskartellamt for approval of the indirect acquisition of all shares and sole control of the Belectric Group. The German company operates in the field of photovoltaic power plant (PV) development. This follows from information published by the Office on November 19, 2021. ČEZ submitted the application on November 11. ■

Thein invests in hydrogen, founds Hydrogenic Technology

By founding Hydrogenic Technology, investment group Thein has entered the area of hydrogen technologies. The company will supply solutions and integrate hydrogen technologies primarily for rail and road transportation and energy. Hydrogenic Technology executive director František Štefan said that the company was working on a host of projects, ranging from the development of hybrid-powered locomotives using hydrogen fuel cells, through the creation of mobile charging stations for e-cars using hydrogen without batteries, construction of mobile hydrogen filling stations for logistics centres and depots, including an offer of hydrogen-powered trucks and buses to their operators, to the provision of back-up energy sources for continuous operations. ■

OHL, Strabag & AŽD to redo Vsetín station for CZK 3.4bn

The Railway Administration has started reconstructing the Vsetín station. The project with estimated costs of CZK 3.38bn will be implemented by a consortium consisting of OHL ŽS, Strabag Rail and AŽD. In the next months, the track will be reduced and newly arranged, and its direction will be changed in such a way to enable the creation of platforms with a boarding edge at the level of 550 mm above the track with fly-over access for passengers. The dispatching building that will replace the existing one will serve as a joint terminal for rail and bus transit, according to the information provided by the Czech Ministry of Transport. ■

ÚOHS permits Magna's takeover of KLEIN automotive

In a simplified proceeding, the Office for the Protection of Competition (ÚOHS) permitted a merger of Magna Automotive Europe GmbH and KLEIN automotive. The acquired company KLEIN is active primarily in producing and supplying steel parts for motorised vehicles. At the same time, the Magna Group is active in the production and supply of automobile systems, sets and modules. The decision has entered into effect. Furthermore, the Office has issued a decision on the fact that a merger of LIF and MZ Liberec is not subject to its permit, as the merging competitors do not reach turnover criteria. ■

INVESTIKA fund announced investment in Poland

Real estate fund INVESTIKA will acquire branded service centers for MAN and Neoplan trucks and buses in Gdańsk and Wrocław, Poland, for approximately CZK 400m. The areas have a total area of 42,000 m². Each of the buildings offers a leasable area of almost 4,000 m². Both properties are 100% occupied by tenant MAN Truck & Bus. The seller is the German development and investment company HIH Invest Real Estate GmbH. The transaction was brokered by Cushman & Wakefield. The total volume of assets under management of the fund amounted to almost CZK 9.6bn at the end of October 2021. It is currently preparing three more foreign acquisitions. ■

CZG increases yields to CZK 7.6bn, sells 463,000 weapons

Between the first and third quarter of 2021, CZG - Česká zbrojovka Group SE reported a 53.1% year-on-year increase to CZK 7.6bn. Increased sales supported the result in all regions, as well as the consolidation of Colt yields as of May 21, 2021. As a result, its normalised EBITDA totalled CZK 1.61bn (up 45.7%) and net profit after taxation totalled CZK 902.8m (up 89.1%). The number of sold weapons grew 37.2% to 463,000. Capital expenditures, mainly to modernise production facilities and capacities, were 83.9% higher and totalled CZK 393.4m. Board chairman Jan Drahotka added that the group's largest market was the United States (59.2% of the yields). Europe without the Czech Republic has 9.6%, while the Czech Republic makes up 6.9%. In Q3, CZG started supplying BREN 2 assault rifles with accessories to the Armed Forces of the Czech Republic. For the entire 2021, the group expects yields between CZK 10.34bn CZK and 10.64bn and EBITDA's upper range between CZK 1.99bn and CZK 2.19bn. ■

3M FUND MSI of MS-INVEST issued CZK 1bn bonds

The investment group 3M FUND MSI, which is part of the property development group MS-INVEST, has completed the sale of a new five-year bond issue worth CZK 1bn. J&T Bank took care of the placement of the secured bonds with a fixed interest yield of 5.70%, which are listed on the Prague Stock Exchange. 3M FUND MSI's CEO Petr Malík said that he is already considering increasing the issue by another CZK 1bn. ■

Energie ČS to merge with Amper Market

Energie ČS ceased operations in mid-October 2021 and thus ended its cooperation with Česká spořitelna. It is therefore merging with Amper Market. All rights and obligations towards customers and business partners will remain. Both companies are 100% subsidiaries of Europe Easy Energy, which is owned by the Bohemia Energy group. The merger is in line with Bohemia Energy's strategy to gradually terminate its operations. ■

ÚOHS assessing ČEZ ESCO merger with Capexus

At the proposal of ČEZ ESCO, the Office for the Protection of Competition (ÚOHS) initiated a simplified procedure for gaining control of Capexus. The merger of competitors is to take place mainly in the area of implementation and revitalization of office space with an emphasis on the technology of office and office buildings. A decision on the above case has not yet been issued. ■

O2 CR raises operating income by 2.9 % to CZK 30.08bn

O2 Czech Republic reported a 2.9% y/y increase in operating income to CZK 30.08bn for 1-3Q 2021. Net profit increased by 12.9% to CZK 4.89bn. Capital

expenditure reached CZK 1.99bn (+44.0%). CEO and Chairman of the Board of Directors Jindřich Fremuth noted that with the introduction of 5G, mobile data consumption is growing - up 67% y/y in the first nine months. The total number of registered mobile SIM cards in the country reached 6.02 million. The number of O2 TV customers was 586,000 and the total number of clients using internet services was 874,000. ■

Liberty Ostrava targets US market, plans to hire 100

Rourovna Liberty Ostrava is increasing its production of seamless pipes for oil production and transport and plans to hire more than 100 new employees. In addition to the European market, the company also plans to supply the USA. Rourovna produces about 130,000 tonnes of seamless pipes annually. It will mainly hire Stiefel rolling mill operators for both three- and four-shift operation. New employees are entitled to a recruitment allowance of up to CZK 35 000 and benefits. Director Libor Černý said that the US market used to account for up to 40% of the company's sales. However, it was able not only to replace it, but to ensure even higher sales of production in Europe. ■

Rohlik.cz Finance will issue more bonds for CZK 850m

Rohlik.cz Finance will increase the issue of five-year fixed-rate bonds with a fixed interest rate of 5.50% per annum from CZK 1.7bn to CZK 2.55bn in November 2021. This is according to information from J&T Bank, which participates in the placement of the bonds. The proceeds of the issue will be used mainly to refinance the existing issue and to develop the company. ■

SmVaK invests over CZK 1bn in water-mains infrastructure

Severomoravské vodovody a kanalizace Ostrava (SmVaK) will invest CZK 753m in the water-mains infrastructure. An additional CZK 288m will be used for repairs. It is the highest ever sum in the company's history. Among other things, the reconstruction of the Záhumenice-Bělá feeder worth almost CZK 85m will be started, as will the modernisation of the automated control and technological system at the Vyšní Lhoty water treatment plant worth over CZK 116m. SmVaK general director Anatol Pšenička said that his company had invested CZK 5.73bn over the past ten years and counted on increased investments. In 2021, it spent 46% more money than ten years ago. ■

Bulgarian Sirma acquires software company SCIAN

SCIAN, a technology company focused on software development, machine learning, and the use of big data or blockchain, is being acquired from its original founders by Bulgaria's Sirma Group Holding. As part of the transaction, Sirma will acquire an 80% stake in SCIAN for an unspecified amount. It will also acquire an option to buy the remaining 20% in the coming years. SCIAN's headquarters, like its new owner, is based in Bulgaria. Since 2018, however, SCIAN has been managing its global sales, marketing, and consulting activities from its office in Olomouc. ■

Kofola predicts EBITDA of CZK 1.12bn

Kofola Group reported year-on-year growth of CZK 34m in sales to CZK 2.11bn in 3Q 2021. The company reported that it had performed well in the summer months in the Czech and Slovak markets as well as in the Adriatic region. The latter experienced a recovery thanks to an inflow of tourists, who were absent from the region last year due to pandemic measures. EBITDA for the first nine months of the year increased year-on-year to CZK 986.4m. Kofola's management has refined its full-year estimate to CZK 1.08-1.12bn and will propose a dividend payout at the November AGM. ■

108 trolleybuses from Škoda to operate in Budapest

Budapest will receive 12 12-metre vehicles and 36 large-capacity 18-metre battery-powered articulated trolleybuses under the new contract. The vehicles are manufactured by Škoda Transportation in consortium with Solaris. The trolleybuses will join the 60 vehicles already delivered. When the project is completed, 108 trolleybuses supplied from Plzeň will be in service in Budapest. Pavel Kuch, head of Škoda Electric's sales department, said that one of the equipment elements is a special system that calculates the weight of passengers, from which the number of passengers carried is derived. The Škoda Transportation Group has supplied products worth more than CZK 5bn to Hungary since 2007. ■

CZ LOKO starts developing hydrogen-powered locomotive

CZ LOKO has started the development of a hydrogen powered locomotive known as HydrogenShunter 1000. Sales Director Jan Kutálek said that the project is still in the feasibility study phase. The locomotive, with a maximum output of up to 800 kW, would use hydrogen cells to recharge traction batteries. Other ecological projects being developed by CZ LOKO include the battery-powered E-Shunter 300 for light shunting, the

DualShunter 2000 for operation on both dependent and independent traction and the plug-in hybrid HybridShunter 1000 for shunting. The DualShunter 2000 locomotive is scheduled to enter service in 2023 in Italy, and two years later in the Czech Republic. The company plans to launch the plug-in hybrid HybridShunter locomotive in 2026. ■

Brno-based ABB builds new hall to expand switchgear production

ABB is building a new 8,000 m² production hall in Brno. The plant there will become the group's only facility that supplies the market with both main types of high-voltage switchgear, i.e. air-insulated and gas-insulated. The company further stated that 98% of its switchgear production is exported. The new orders and the transfer of part of the production from Germany will create approximately 100 jobs. Among the new orders for high-voltage switchgear is a delivery to Chevron in the US. ■

Group Airbank raises profit by 16.9% to CZK 1.47bn

Airbank Group increased its net profit by 16.9% y/y to CZK 1.47bn for 1-3Q 2021. The mortgage loan portfolio grew by 50%. The total net loan volume reached CZK 63.3bn at the end of 3Q 2021. Of this, loans to retail customers amounted to CZK 55bn (+17.8%). The volume of deposits increased by 13.6% to CZK 134.43bn. Mobile banking maintained its 21% year-on-year growth. PPF Group also reported that Air Bank's more than 700,000 mobile banking users reported 23.9% daily application usage (DAU). The group consists of retail Air Bank, direct lending platform Zonky, Home Credit Czech Republic, and Home Credit Slovakia. ■

MACROECONOMIC DATA AND POLLS

IMF: GDP to grow 2.6% in 2021

Czech economy will grow by 2.6% in 2021 and 3.5% in 2022. This is predicted by the International Monetary Fund (IMF), adding that pent-up demand will continue to boost private consumption. In addition, public consumption will fall as support measures are withdrawn. At the same time, the IMF expects unemployment to remain low, wages to continue to rise and exports to recover. Inflation is expected to remain elevated in 2022 on account of overheating in the labour and housing markets. External factors will include supply chain disruptions and high energy prices. ■

MF: Total state assets rose to CZK 5.85tn in 2020

The Czech Ministry of Finance (MF) has prepared financial statements of the Czech Republic for 2020. State assets rose by 4.2% on the year to CZK 5,846bn. In 2020, state assets were covered by equity (37.8%) and other sources (62.2%). State liabilities went up by 14% on the year to CZK 3,406.8bn. Costs of transfers saw a significant increase during the pandemic (+17.7%) to 1,097.9bn. Transfers account for about one-third of the total state costs, which were CZK 3,393.7bn in 2020. Total state income amounted to CZK 3,194.8bn. As a consolidation unit, the Czech Republic posted a loss of -CZK 199.4bn due to the pandemic. ■

Confidence grows in industry and construction

The aggregate confidence indicator, as measured by the base index, decreased by 0.1 point m/m to 95.2 in November 2021. While business sentiment increased 1.5 points to 96.2, consumer confidence fell 8.1 points to 90.4. The data were published by the Czech Statistical Office. Sentiment in industry rose by 4.6 points to 93.2 and in construction by 2.4 points to 114.0. Declines were recorded in the trade sector, down 1.2 points to 104.7, and in services, where confidence fell 1.3 points to 96.3. Compared to November 2020, the aggregate indicator and the business and consumer indicators are at higher levels. ■

CEEC: COntstruction will grow by 2.2 %, next year by 1.1 %

Construction will grow by 2.2% in 2021 and by a further 1.1% next year. This is according to an analysis by CEEC Research conducted with the support of Central Group. Small construction companies expect faster growth than large companies. Revenues of construction companies will grow by up to 2.2% in 2021. Revenues in civil engineering will increase faster, by 3.4%. Large construction companies will see their revenues rise by up to 3.4%. Companies' capacities are on average 96% utilised. In 1Q 2022, they expect their capacities to be 86% utilised on average. Companies now have contracts on average nine months in advance. ■

Analysts: Access to one's own housing to worsen in 2022

The accessibility of one's own housing will significantly worsen in 2022. This statement was made by Trinity Bank chief economist Lukáš Kovanda

who added that the average rate could rise up to 4.5% to 5% in the first half of 2022. He said that banks would be facing increased interest from mortgage-loan seekers in the coming weeks. Czech Banking Association chief economist Jakub Seidler said that the reasons for making macro-cautious policy stricter were not related to the ČNB's effort to correct the housing market but to prevent the banking sector from providing higher-risk loans that could lower its resilience and stability in the future. Komerční banka economist Michal Brožka added that the ČNB decided to increase the banks' countercyclical capital buffer by 0.5 pp to 2% effective from January 1, 2023. ■

D&B: TOP 10 automotive firms' profit down 50%+

The top ten Czech companies operating in the automotive segment saw their revenues fall by 10% to CZK 796bn between 2019 and 2020 and their profits more than halve to CZK 27.5bn. According to a Dun & Bradstreet (D&B) analysis, all of the Top 10 saw year-on-year revenue declines, while pre-tax profit fell for nine out of 10 companies. ŠKODA AUTO topped the list. It was followed by Hyundai Motor Manufacturing Czech and Continental Automotive Czech Republic. ■

Coface: ČR second in CEE Top 500 ranking

The turnover of the 500 largest companies in Central and Eastern Europe fell by 3.3 % in 2020 to 667 billion euros. A study by the credit insurance company Coface CEE Top 500 also shows that Polish companies remain the strongest in the region, accounting for 32.2 % of all companies in the ranking. The Czech Republic is in second place (15.4 %) - in the ranking it represents 77 entities with a total turnover of 102 billion euros (-8.6 % y/y). Polish PKN Orlen, ŠKODA AUTO and Jeronimo Martins Polska lead the ranking. The chemical, petrochemical and pharmaceutical industries are among the three largest segments in the region, accounting for 54 % of total turnover; automotive and transport and the non-specialized sector. ■

SP ČR: 60% of firms plan to increase prices by 5% or more

The prices of main resources necessary for production have grown by more than 50% over the past six months for 27% of the respondents, according to a survey conducted by the Confederation of Industry of the Czech Republic (SP ČR) among industrial companies. Three-quarters of firms have recorded increased prices of important inputs. Almost two-fifths of the respondents have not changed their prices yet, while one-fifth has increased them by less than 5%. Nearly 60% of firms plan to increase their prices by more than 5%. They want to restrict the impact of more expensive inputs on their financial situation in 2022 mainly by lowering operating costs (65%), investing in energy savings (42%) and reducing profit margin by 38%. ■

CNCB: Czechs' indebtedness up to CZK 2.87tn

The total debt of the population recorded in the Banking and Non-Banking Customer Information Register at the end of Q3 2021 reached CZK 2.87t, up CZK 314bn y/y. This is the highest since the registers were established 20 years ago. This was reported by the Czech Non-Banking Credit Bureau (CNCB) and the Czech Banking Credit Bureau (CBCB). The increase is mainly due to housing loans, whose volume increased by CZK 307bn to CZK 2.37tn. During the first three quarters of 2021, the debt of the population increased by CZK 267bn, which is almost the same as in 2019 and 2020 combined, when it increased by CZK 287bn. ■

ACEA: Commercial vehicle registration increase

Between January and October 2021, the number of registered commercial vehicles in the Czech Republic grew 15.2% year on year to 23,517. In October alone, there were 2,171 registrations (down 13.3%). In Slovakia, the registrations in the first ten months increased 34.0% to 9,286, while in October, they were up 37.7% and totalled 909 vehicles. In the EU, this segment showed 1.58m registrations (up 14.7%) between January and October. Last month, the market weakened to 144,409 vehicles (down 16.4%). This information was provided by the European Automobile Manufacturers' Association (ACEA). ■

ČSOB Corporate Expectations Index grows to 7.8 point

The ČSOB Corporate Expectations Index for autumn 2021 rose to 7.8 points from -17.9 points in spring. Optimism increased especially among smaller companies and sole traders. In contrast, optimism among medium-sized firms has declined slightly since 1H 2021. Sentiment among companies and entrepreneurs is already only slightly behind the level measured before the pandemic. The economy has become the main risk for companies, cited by 60% of them. 54% of respondents are concerned about the further development of the pandemic. Another risk for 46% is the lack of quality

employees. In Slovakia, the Corporate Expectations Index moved to -11 points from the previous -22.1 points. ■

Analysts: Decline in household confidence is not surprising

The unfavorable development of November confidence among households reflects a combination of negative factors from a jump in energy prices, higher inflation, fears of worse economic growth to a negative pandemic situation. In response to statistical data, the chief economist of the Czech Banking Association, Jakub Seidler, stated that it is not a big surprise that household confidence has fallen significantly. AKCENTA analyst Miroslav Novák added that, in summary, the confidence indicator indicates that the process of a strong recovery of the domestic economy will be interrupted at the end of the year. The development on the supply side of the economy and the willingness of households to purchase goods and services will decide whether this interruption will be only temporary or spill over into part of next year. Petr Kymlička, a partner of the advisory group Moore Czech Republic, pointed out that the modest increase in business confidence reflects, among other things, expectations that a significant part of the economy will not be completely locked and that the incoming government will bring greater transparency and systematicity to anti-covid measures. ■

E-shops to generate almost CZK 4bn on Black Friday

During the Black Friday discount event e-shops will reach sales of almost CZK 4 billion. This is expected by Shoptet, which manages over 28,000 online stores. There will be particular interest in toys, electronics and computer and console games. Many vendors will extend the promotion from Friday, November 26, 2021 to the entire weekend. Experts therefore estimate that sales will exceed the results of 2020, when brick-and-mortar shops were closed due to the pandemic. Element Logic Czech Republic CEO Jindřich Kadeřávek added that the year 2021 is extreme in that people are making large purchases already two weeks before Black Friday. The reason is concerns about the lack of goods and a possible lockdown. ■

ČPZP spends CZK 1.2bn on treatment of addictions

Česká průmyslová zdravotní pojišťovna (ČPZP) has spent over CZK 1.2bn on the treatment of addictions and anxiety in the past three years. Of this, CZK 437.65m was spent in 2020, and CZK 417.58m a year earlier. In 2020, five times more insured persons were treated for anxiety and stress than for alcohol, drug, and non-drug addictions. There is no increase in the number of anxiety patients in 2021 yet. For the three quarters, the ČPZP recorded about 28,400 insureds with treated anxiety, compared to 28,950 at the same time last year. ■

SAS: Czech firms dominate EU in AI introduction

The Czech Republic ranks 18th among the EU Member States according to the results of the Digital Economy and Society Index (DESI). Annually, it has fallen by one position. The SAS Institute reported that the Czech Republic scores better in the integration of digital technologies, where it ranks 15th in the EU. However, the adoption of two or more AI technologies by companies is the highest in the country (40%). The European Commission's ambition is for more than 75% of EU companies to adopt AI technology by 2030. Country Director Petr Šlajchrt said that a tenth of Czech companies use big data analytics. The share of SMEs selling online is growing. Although the share of digital professionals among graduates is increasing, it still does not match the demand. ■

SBK: Card payments up to CZK 343bn in Q3

The total number of payment card transactions in Q2 2021 at merchant outlets reached 517 million, an increase of almost 25% y/y. The total volume of transactions reached CZK 343bn (+30%). This stems from the statistics of the Bank Card Association (SBK). The number of e-commerce transactions increased by almost 50% to 74 million and the volume of online transactions reached CZK 75bn (+40%). The number of transactions by mobile or electronic means increased to almost 100 million (vs. 79 million in 2Q 2021). Their volume reached more than CZK 60bn (Q2: CZK 48bn). The number of ATM withdrawals amounted to 41 million and the volume of withdrawals increased by 10% yoy to CZK 221bn. ■

MZ: Number of COVID-19 patients in hospital down to 5,886

As of November 25, 2021, the number of confirmed COVID-19 cases in the Czech Republic grew 18,004 to 2,062,064. The number of hospitalised patients dropped from 5,989 to 5,886. There were 1,097 confirmed cases per 100,000 inhabitants over the past seven days. The number of the deceased increased from 32,490 to 32,523. This information was provided by the Czech Ministry of Health (MZ). ■