

RUSSIAN-UKRAINIAN CONFLICT ECONOMIC AND POLITICAL IMPACTS

December 22, 2022

For your notes

STATE AND INTERNATIONAL INSTITUTIONS' MEASURES

Govt to discuss January compensation for energy traders

Wednesday, December 21 | ČIANEWS

Prime Minister Petr Fiala (ODS) has agreed with the largest energy traders on the final form of the compensation mechanism for the capping of electricity prices. After the meeting, the Prime Minister said that the proposal aims on the one hand to compensate for the traders' justified losses, but at the same time it must also guard taxpayers' money against any unjustified demands. The mechanism will be approved by the government in early January 2023.

Government approves cap on regulated energy prices

Wednesday, December 21 | ČIANEWS | Information Source

The government at its meeting on December 21, 2022 agreed to cap the regulated part of electricity and gas prices. Prime Minister Petr Fiala (ODS) said that this would ensure that the costs of distribution of both commodities would not rise. The Ministry of Industry and Trade (MPO) estimated the total compensation related to the capping of energy prices at almost CZK 23bn. The cabinet also approved the subsidies to heating companies.

CNB left rates unchanged, 2T repo remains at 7%

Wednesday, December 21 | ČIANEWS | Information Source

The Czech National Bank's Bank Board (CNB) left interest rates unchanged at its meeting on December 21, 2022. Thus, the two-week repo rate (2T repo rate) remains at 7%, the discount rate at 6% and the Lombard rate at 8%. The bank board also decided that the CNB will continue to prevent excessive fluctuations in the koruna exchange rate.

Analysts: Repo rate will remain at 7% until August

Wednesday, December 21 | ČIANEWS

The repo rate will remain at 7% until August 2023, at which point it could start to fall gradually. Komerční banka economist Martin Gürtler commented on the Czech National Bank's (CNB) decision to keep the rate at this level. He predicts that the repo rate will be close to 5% at the end of next year and should reach the 3% level by the end of 2024. Raiffeisenbank analyst David Vagenknecht said the market is currently waiting to see when the CNB will commit to the first rate cut. However, he does not expect this to happen as early as Q1 2023. Broker Consulting's chief analyst Martin Novák welcomes keeping the rate at 7%. He believes that an increase would hurt businesses at the moment.

Govt approved increase in non-forfeitable amounts

Wednesday, December 21 | ČIANEWS | Information Source

The Ministry of Justice (MSp) has submitted a regulation on non-forfeitable amounts. The document has been approved by the government. The regulation concerns the calculation of the basic amount that may not be withheld from a debtor's monthly wages during enforcement of a judgment and sets the amount above which wages are liable to be withheld without limitation. As of January 1, 2023, the non-forfeitable amount will be increased from the previous CZK 11,000 to approximately CZK 13,500 for a debtor without dependents. For a debtor with one dependent person, it will be CZK 17,000 instead of previous CZK 15,000. ■

REACTIONS OF BUSINESSES, COMPANIES AND ASSOCIATIONS

ČEZ will send 30+ energy equipment units to Ukraine

Wednesday, December 21 | ČIANEWS | Information Source

ČEZ will donate more than 30 important power facilities to DTEK Group in Ukraine. The aim is to help put the wardamaged energy infrastructure back into operation. The equipment has been donated by, for example, the Prunéřov, Dětmarovice, Energotrans, Temelín Nuclear Power Plant and the Výškov substation of ČEZ Distribuce. The transfers will take place in several stages, with the first equipment being shipped already this week. ČEZ expects to equip a total of 13 trucks with energy assistance. ■

Tatra develops alternative fuel cars in response to EU

Wednesday, December 21 | ČIANEWS | Information Source

Tatra Trucks has prepared studies and started design work on further versions of alternative drive vehicles in line with the EU Green Deal in 2021. The annual report also shows that last year's development activities were related to the victory in the tender of the Belgian Ministry of Defence for the supply of 879 logistics vehicles. Tatra also said that the total value of capitalized investments amounted to CZK 160m. The most significant events included the reconstruction of the customer centre building (CZK 78.5m), including the addition of a new hall and the installation of technology. Net sales reached CZK 5.91bn and profit after tax reached CZK 148.35m.



For your notes

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Pradue	Airbort	motivates	partners '	tor	sustainability

Wednesday, December 21 | ČIANEWS | Information Source

Prague Airport engages business partners in reducing CO2 emissions. A full 85% of the airport's emissions come from third parties. Motivating suppliers and partners to be sustainable is done, among other things, through the TOP Sustainable Airline competition. In 2010, the airport joined the Airport Carbon Accreditation (ACA) initiative and in 2022 it received its Level 3 certificate, which is characterised by the involvement of partners. Environment, Sustainability and ESG Director Sonia Hykyšová said that in 2021 the airport had reduced emissions by 72% compared to 2009. It will achieve carbon neutrality by 2030 and net carbon neutrality by 2050. Currently, the infrastructure is being prepared to switch Czech Airlines Handling (CAH) ground handling equipment to electric power. The airport has e.g. been using green electricity since 2019.

Moody's withdrew all NET4GAS ratings

Wednesday, December 21 | ČIANEWS | Information Source

Moody's Investors Service has withdrawn all ratings on NET4GAS. The last rating was Ba2 with a negative outlook. NET4GAS said that Fitch's credit rating service for the company remains in place. ■

IMPACT ON ECONOMY AND ENERGY

CNB: External debt down to CZK 4.34tn in Q3 2022

Wednesday, December 21 | ČIANEWS | Information Source

At the end of Q3 2022, the Czech Republic's foreign debt stood at CZK 4,340.7bn (i.e. 65.7% of GDP). Compared to the same period of the previous year, it is CZK 25.7bn lower. The deficit of the investment position vis-á-vis foreign countries (the balance of financial assets and liabilities of Czech residents in relation to non-residents) widened by CZK 282.3bn to CZK 1,442.4bon. It was CZK 486 billion higher year-on-year and represents 21.8% of GDP at current prices.

AAA AUTO: Used cars prices up 18% in CR, 15% in Slovakia

Wednesday, December 21 | ČIANEWS | Information Source

Czech drivers could choose from a total of 785,550 cars on the secondary car market in 2022. The average age of these cars was 11 years, making it the oldest offer of used cars on the Czech market in the last eight years. This is according to statistics from AURES Holdings, the operator of the AAA AUTO and Mototechna networks. The average price of vehicles has been at CZK 190,000 for the last few months. Prices in the Czech Republic have risen by more than 18% year-on-year, while in Slovakia there was a 15% increase from CZK 145,200 to CZK 167,000. In Poland, prices grew by 22% to almost CZK 124,000. In Hungary, the figure rose by almost 28% to CZK 141 900.

SITUATION IN SLOVAKIA

MSp SR to spend EUR 182m on cost-saving renovations

Wednesday, December 21 | ČIANEWS | Information Source

The Slovak Ministry of Justice (MSp SR) will spend EUR 182m on investments in 15 court buildings. It is currently sending direct invitations to courts for project documentation worth EUR 4.4m. On the basis of these, the buildings will be renovated to ensure 30% energy savings. This was announced by the Slovak Government Office.

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