

ECONOMIC NEWS SUMMARY AUGUST 1 – AUGUST 7

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ECONOMY & FINANCE

CTK CNB UPGRADES GDP GROWTH ESTIMATE FOR THIS YEAR, 2020 – 1.8.

The Czech National Bank (CNB) improved a GDP growth estimate in its new forecast, predicting a 2.6% rise for this year and 2.9% expansion for 2020, CNB governor Jiri Rusnok told journalists after the policy meeting today.

In its previous estimate in May, the CNB envisaged economic growth of 2.5% for this year and a 2.8% rise for next year.

For 2021, the CNB predicts a 3% growth rate.

"The economic growth prediction does not virtually change," Rusnok said.

The central bank also predicts the exchange rate of the Czech crown to be weaker, expecting an average rate of Kc25.50/EUR for this year. For next year it expects firming to an average of Kc24.90/EUR.

In its previous forecast, the CNB put this year's average rate at Kc25.30/EUR, next year's rate at Kc24.70/EUR and 2021's rate at Kc24.50/EUR.

As regards inflation, the CNB upgraded its estimate for Q3 2020 to a 2.2% growth, compared with May's estimate of 2%. For Q4 2020 it raised its estimate from the previous 2% to 2.1%. A decrease in inflation next year will be hampered by a tax hike, Rusnok noted.

The Finance Ministry is planning to raise the excise duty on alcohol and cigarettes.

The risks for the estimated development are slightly anti-inflationary, one of them being a notable slowdown of demand in the CR's main trading territories, Rusnok said.

In addition, there are uncertainties connected with the impacts of protectionist measures in global trade and a potentially uncontrolled Brexit, according to Rusnok.

The Finance Ministry said in its July forecast it upgraded its GDP growth estimate for this year to 2.5% while downgrading its estimate for next year to 2.3%.

The Czech Banking Association (CBA), in a forecast released last week, kept its economic performance estimate for this year at 2.4% and for next year at 2.3%.

The CNB has drafted its latest forecast in accordance with a new model. It said earlier the new model would not change the creation of forecasts in a fundamental way, its main aim being to keep pace with latest research and development.

CTK STATE BUDGET DEFICIT DOWN AT Kc9.7BN AT END-JULY – 1.8.

Czech state budget deficit fell to Kc9.7bn at end-July from June's Kc20.7bn, and last July saw a surplus of Kc16.6bn, the Finance Ministry said in a press release today.

Full-year deficit has been approved at Kc40bn this year.

The worse result yr/yr was adversely affected by EU and financial mechanisms funds. These funds had a positive effect of Kc1.8bn this year, against Kc20.3bn last year, the ministry said. The amount of Kc20.7bn - part of final payments linked with the programming period 2007-2013 - was a state budget revenue in the first months last year, the ministry said.

Adjusted for funding from the EU and financial mechanisms, the gap reached Kc11.4bn, against the adjusted figure of minus Kc3.7bn in the same year-ago period.

Excluding EU and financial mechanisms funds, total revenues grew by an annual rate of 9.3% or by Kc67.7bn and expenditures rose by 10.3% or by Kc75.5bn.

Commenting on the state budget data, Komerční banka analyst Frantisek Taborsky said it was the worst result for July since 2013. The third quarter is usually a stronger period, however, towards the end of the year there is pressure to use up the funds and the overall balance is sinking again.

"Overall we expect the state budget to end the year near the set target," said Taborsky.

Tax revenues including social security payments totalled Kc429.2bn, rising by Kc21bn or 5.2% yr/yr. VAT collection was Kc4.8bn or 3% higher annually at Kc165.1bn.

Individual income tax revenues grew by nearly 13% (employment) and by 78.9% (self-employed) in annual terms. Corporate income tax revenues were 5.2% higher.

Total expenditures grew by Kc90.2bn or 11.5% to Kc873bn annually, with social benefits growing the most, by Kc27.6bn. Capital expenditures were Kc15.3bn higher annually.

CTK CNB BANK BOARD LEAVES INTEREST RATES UNCHANGED – 1.8.

The governing board of the Czech National Bank (CNB) left interest rates on hold at its policy meeting today, and the basic interest rate stayed at 2 percent, CNB spokeswoman Marketa Fiserova said.

Uncertain external development is a major reason behind the decision, analysts said.

"External development risks persist, which is why today's decision is not a surprise," said ING chief economist Jakub Seidler.

Czech economic data in recent months were a "slightly positive surprise," and inflation accelerated, but developments abroad stay uncertain. "In such environment, a wait-and-see policy is the best strategy for the CNB," said Seidler.

Generali Investments CEE chief economist Radomir Jac sees stable interest rates as an appropriate decision. "After delivering rate hikes over the past two years, the CNB has no reason to rush into taking further steps," he said.

The rate-setting meeting was attended by all seven members of the Bank Board.

CTK CZECH GDP ABOUT 700 PCT HIGHER SINCE 1989 IN NOMINAL TERMS – 4.8.

Czech gross domestic product (GDP) has increased by nearly 700% since November 1989 in nominal terms, from Kc672bn at current prices in 1990 to Kc5,329bn in 2018, according to data of the Czech Statistical Office (CSU) and analysts' calculations.

In real terms, the economic output has risen about twofold since the overthrow of the communist regime in 1989.

Czechia is a standard market economy and the purchasing power of the population has grown 2.5 times but it is still

much dependent on the manufacturing industry and the economically active population has stayed virtually unchanged, analysts said.

Many Czech products are no longer seen as items of inferior quality in the country and, in some branches, Czech production has also earned a reputation abroad, said Ceska sporitelna economist Michal Skorepa.

In spite of growing prices and living costs, the people's purchasing power has increased 2.5 times, said Raiffeisenbank chief economist Helena Horska.

The country unfortunately stayed focused on the manufacturing industry, which is not good, said Skorepa. The tourism industry and other services should be given a boost in the future, he added.

Some other economic parameters have not changed markedly over the past 30 years, too, said UniCredit Bank chief economist Pavel Sobisek.

The economically active population, for instance, has remained more or less the same although the number of inhabitants has increased by about 250,000.

"There were only partial changes in the structure of employment in terms of branches," said Sobisek. A little was done in the manufacturing industry in this respect. This industry was and still is the largest employer, its workforce at some 1.4mn against 1.5mn in the past, he said.

The number of workers has decreased significantly in agriculture, while the number of sole traders in the sector has risen to 750,000 nowadays from 110,000 in 1990.

The household spending structure has changed since 1989, Sobisek said.

Over 27% of total expenditure was spent on foodstuffs and non-alcoholic drinks in 1990, while nowadays it is less than 18 percent, he said.

Less than 16% of the income was paid for housing including energy consumption, against nearly 26% at present, Sobisek said.

The changes are the result of Czechs' standard of living approaching that of their counterparts in advanced economies and of new consumer preferences seen globally, Sobisek said.

The biggest inflation rate over the past 30 years was 1991's 56.6% because of the currency devaluation and price liberalisation. The lowest inflation rate of 0.1% was registered in 2003.

Economic transformation took into account the fact that after 1989 the country lacked capital for privatisation. The country needed to teach lessons on new market principles and to establish links with western markets as eastern markets were collapsing, said Horska.

That is why it happened many times that significant national enterprises were sold to foreign owners. Voucher privatisation was meant to get ordinary people involved in the process of transformation and privatisation of state-run enterprises and make them co-owners of the firms. Speed was a priority and law was disregarded, for quite a long time unfortunately, said Horska.

Unfair practices were behind the creation of some privatisation funds, which helped spread "wild" capitalism, said Horska.

GDP development in 1990-2018

year	GDP (Kc bn, current prices)
1990	672
1995	1,580
2000	2,379
2005	3,265
2010	3,962
2015	4,596
2018	5,329

Annual rate of inflation in 1989-2018 (in pct)

Year	%
1989	1.4
1990	9.7
1991	56.6
1992	11.1
1993	20.8
1994	10.0
1995	9.1
1996	8.8
1997	8.5
1998	10.7
1999	2.1
2000	3.9
2001	4.7
2002	1.8
2003	0.1
2004	2.8
2005	1.9
2006	2.5
2007	2.8
2008	6.3
2009	1.0
2010	1.5
2011	1.9
2012	3.3
2013	1.4
2014	0.4
2015	0.3
2016	0.7
2017	2.5
2018	2.1

CTK CZECH INSURERS COLLECT Kc69BN IN PREMIUMS IN H1 – 5.8.

The Czech insurance market keeps growing this year, as Czech insurance companies collected Kc68.9bn in premiums in the first six months, which was an annual increase of 4.7 percent, the Czech Insurance Association, including insurers making up 98% of the market, told CTK today.

Life insurance rose by 2.9% and non-life insurance added 5.7 percent, the association said.

Last year, the market grew by 4.8% to Kc129.3bn.

Life insurance premiums amounted to Kc22.6bn in H1.

"In comparison with Q1, the growth slowed down moderately, but these results still exceeded the life insurance increase for the entire 2018 (by 0.6 pct)," association analyst Jaroslav Urban said.

One-off payment products in the life insurance segment grew by 32% in H1, while posting an 18% drop at the end of 2018. Regularly paid products increased by 2.2% in H1. However, the ongoing decrease in the number of insurance contracts is alarming, Urban said. Since H1 2018, 114,000 contracts have been terminated, the number of active contracts thus falling by 2.2% yr/yr to 5.145mn.

"In comparison with the previous period when the growth of non-life insurance was in notable contrast with the decline of the life insurance, the difference between both segments is getting smaller at present," Urban noted.

Non-life insurance premiums grew to Kc46.3bn in H1, not exceeding the 7.2% growth recorded for the entire 2018.

Billed premiums in third-party car insurance added 7.8% to Kc12.8bn, partly thanks to a 3.6% increase in the number of insured cars.

Accident insurance grew by 10.6%.

After an exceptional decrease in business insurance in Q1, billed premiums in this segment stabilised, showing a negligible y-o-y drop of 0.5% for H1.

Retail property and liability insurance increased by 5.6% year on year, keeping a similar stable growth as for the entire 2018.

ALMOST ONE QUARTER OF CZECH FIRMS USE VIRTUAL SEATS – 5.8.

Almost 122,000 companies in the CR use a virtual address as the place of their registered office, which is nearly one quarter of all companies in the country and 27% more than a year ago, according to an analysis conducted by consulting firm Bisnode.

In Prague alone, almost 98,000 companies have virtual offices.

"Some virtual seats are bursting at the imaginary seams. The most occupied addresses show annual increases of tens of% in terms of the number of new firms registered. The record holder is building number 572 in Ovocny trh street in Prague 1, where the number of virtual occupants rose by an extreme of 900 percent," Bisnode analyst Petra Stepanova said.

The popularity of rented addresses is on rise, mainly among entrepreneurs who have established firms in recent years. More than 30% of the companies set up in 2012-2019 have their registered office at a virtual address, Stepanova said.

The absolute record holder is the address at Rybna 716/24 in Prague, where 7,045 companies have their virtual registered office.

The use of virtual registered offices is legal in the CR.

NO. OF FIRMS EXTINGUISHED IN H1 IS HIGHEST SINCE 1993 – 6.8.

A total of 15,589 new companies came to existence in the CR in the first half of this year, while 8,262 companies ceased to exist, which was the biggest amount since the establishment of the independent CR in 1993, according to an analysis compiled by CRIF.

The share of companies that terminated their business on insolvency grounds decreased to 4.3 percent, which is the lowest figure since 2008, when the current insolvency law took effect.

"Five years ago, bankruptcies accounted for nearly one quarter of company extinctions. Since then, their share has been falling gradually, which has been caused by a decrease in the number of business bankruptcies as well as by the

growing number of extinctions based on other grounds," CRIF analyst Vera Kamenickova said.

The growing number of companies that wind up their business is also a logical consequence of the generally higher number of companies active on the Czech market, she added. The ratio of new companies to extinct companies has changed over the years as well. While in 2010 the ratio was nearly 5 to 1, in H1 2017 it was 3 to 1, and H1 2019 saw a record of less than 2 to 1.

The number of companies established in H1 decreased moderately for the second year in a row in annual terms. Despite this, it was the third highest half-year result in history. Most of new companies were established in Prague (7,433), South Bohemia (1,807) and Moravia-Silesia (1,214). The biggest amount of companies that ceased to exist was seen in Prague (4,787), South Moravia (725) and Central Bohemia (719).

In terms of segments, the biggest number of companies both established and terminated was recorded in trade and real estate.

AGRICULTURE & ENVIRONMENT

AGRICULTURE MINISTRY TO DIVIDE CZK 1.8BN IN SUBSIDIES – 2.8.

The Ministry of Agriculture has prepared a total of CZK 1.643bn for the 8th round of applications for subsidies from the Rural Development Program. Investments will be directed e.g. to the suppression of bark beetle calamity, the development of food and forestry businesses and education. In the 16th round of receiving applications for subsidies from the OP Fisheries, CZK 130m is prepared. Applicants can send applications for grants through the Farmer Portal from October 8 to 29, 2019.

DROUGHT CAUSING MANY MORE FIRES THAN USUAL IN JULY – 3.8.

Czech firefighters had to extinguish an increased number of 2,388 fires in July due to the long-lasting dry and warm weather, the spokeswoman for the Fire Rescue Service, Nicole Studena, has told journalists.

On average, the firefighters were putting out 77 fires a day in July, considerably more than the long-term average of 49 fires.

However, the figures were still lower than in July a year ago, when the firefighters had to extinguish 2,688 fires, Studena said.

Due to the drought, the firefighters mostly face the fires in the wild. There were 1,117 of them.

"Human negligence was the most frequent cause of the fires. Smoking, bad manipulation of open fire and the like," Studena said.

Besides, fires also start due to technological defects. "At the time of harvest, one can encounter this often in the equipment used in the fields. A short-circuit and a small spark may cause the start of a fire," Studena said.

Last month, the fires claimed ten lives. In all, there were 92 injuries caused by the fires in July. The damage reached over 169mn crowns.

One of the biggest firefighters' intervention was needed when a haystack and two fields caught fire in Lipenec, north Bohemia, on July 5. Due to bad weather, the firefighters'

work took almost six hours, while they were helped by a helicopter.

Five days later, eight firefighting units along with a military helicopter extinguished a forest stand and grass in a poorly accessible terrain in Frantiskov nad Ploucnici, also in the Usti Region in north Bohemia.

The helicopter poured 32,000 litres of water on the burning wood.

However, July was not worst month of the year. Most, 3,084 fires were recorded by firefighters in April. In this month, the damage was put at almost 222mn crowns and ten people died.

CTK CZECHS BUY FROZEN SEAFOOD FOR Kc173M IN ONE YR UNTIL JUNE – 4.8.

Czechs bought frozen seafood for Kc173m in one year until June, eating 880 tonnes of sea creatures, and the volume saw a 2% annual fall, while the sales figure added 6 percent, representatives of Nielsen analytical services company have told CTK.

Sales are driven up by an increased demand for frozen mussels and seafood blend (cocktail) and by growing shrimp purchases.

Crab sticks are most popular, constituting 68% of seafood purchases but 36% of the sales figure as the sticks are cheaper than other food items in the group, said Nielsen.

Three years ago crab sticks made up over three quarters of the sales volumes.

Shrimps account for 45% of the sales figure, ranking first, followed by the crab sticks and seafood blend. Frozen mussels constitute 4% of the turnover in the category.

Consumption of frozen fish fillets was 11% lower annually and frozen fish sale went down by 10 percent, Nielsen said.

Czechs prefer December to summer months when buying seafood.

Prague Mussel Week is an event to be held for the first time in Prague on September 23-29, said Hopi Holding, a company organising the event.

Some 16 tonnes of fresh Dutch mussels will be imported to Prague to be offered by more than 100 restaurants. The festival aims to show that mussels should not be looked at as luxury unavailable food any longer, said Jan Skoda of Hopi Holding.

GIA AGRICULTURE MINISTRY TO OBTAIN CZK 1BN EXTRA FOR ITS BUDGET – 6.8.

The budget of the Ministry of Agriculture will receive an extra CZK 1bn compared to the original proposal. Of this amount, CZK 700m will go to support forestry and CZK 300m to subsidies for water management. In 2020, the Ministry of Agriculture should manage the budget from national sources in the amount of CZK 24bn, while the total budget is planned at CZK 55.9bn. The information was provided by the Ministry of Finance.

GIA ČSPS: BEER PRODUCTION DOWN TO 1.861MN HL IN JUNE – 7.8.

Beer production in the CR totalled 1.861mn hl in June 2019. The information was provided by the Czech Beer and Malt Association (ČSPS). Tank beer sales grew 3.5% y/y, keg beer dropped 6.5%. Canned beer sales increased by 3.5%, while sales in PET bottles dropped 12.5%.

INDUSTRY & ENERGY & TRANSPORT

CTK MANUFACTURING INDUSTRY CONDITIONS IN JULY WORST SINCE JUNE 2009 – 1.8.

Conditions in the Czech manufacturing industry further deteriorated in July as the Purchasing Managers' Index (PMI) sank to 43.1 points from June's 45.9 points, hitting the lowest value since June 2009, IHS Markit firm said today.

A marked drop in production is to blame for the PMI decrease, the former's pace being the fastest since May 2009. Some respondents attributed it to an ongoing slowdown in the automotive sector.

The 50-point level sets the difference between growth and fall.

The index follows production, new orders, employment, delivery times and inventories.

Low production and new orders figures went further down, at a faster rate than in June, said IHS Markit economist Eliot Kerr.

Firms responded with the biggest workforce cuts in three months and lowering of purchases for an eighth month running. Price pressures got weaker and prices of raw materials saw only a mild hike, being the lowest since April 2016, said Kerr.

Along with the confidence indicator in industry, the PMI figure shows domestic industry is very fragile this year, said ING chief economist Jakub Seidler.

Industry data have rather been a positive surprise but June should see an annual drop in industrial production and a slowdown in industry in H2 seems inevitable given the leading indicators, said Seidler.

Industry sentiment is reflecting a slower economic activity globally and risks affecting world trade, namely Brexit and trade wars, said Raiffeisenbank analyst Lubos Ruzicka.

Germany's development is crucial for domestic industry as a third of products are exported to the country's neighbour, he said.

Poland's PMI stays near 50 points, however, the Czech PMI is going down because of the situation on the German market, said Ruzicka.

GIA AIRPORT OSTRAVA WILL LAUNCH REGULAR CARGO ROUTE TO ASIA – 2.8.

Transport company EGT Express will in cooperation with Airport Ostrava and Uzbekistan Airways launch regular cargo air transport between Chinese Urumqi, Ostrava and Tashkent. General cargo and e-commerce goods will after arrival in Ostrava be distributed throughout the European Union. In the opposite direction shipments will depart twice a week for the hub in Tashkent, from where they will be distributed throughout Asia. The air cargo bridge between Asia and Europe will be served twice a week with aircraft B767.

GIA ČD TRANSPORTED 2.2MN MORE PASSENGERS IN 1H19 – 2.8.

In 1H 2019 České dráhy (ČD) transported 91.6mn passengers, up 2.2mn passengers y/y. This was stated by the deputy chairman of the company's board of directors, Radek Dvořák, who added that the greatest increases are in suburban transport and on key long-haul routes. ČD saw double-digit growth on the routes from Prague to Ostravsko, to Brno, Hradec Králové, České Budějovice, Olomouc and Ústí nad Labem. Thanks to revenues from ticket sales and **cost**

inspections, the company outperformed plans for the first half of the year according to Czech accounting standards with profits exceeding CZK 300mn.

CEZ MUST GET PERMIT TO FURTHER OPERATE TEMELIN NUKE PLANT IN 2020 – 2.8.

The state-controlled CEZ, the biggest Czech energy group, must receive permission for the further operation of the two units of the Temelin nuclear power plant next year, CEZ Group CEO Daniel Benes told CTK today.

He said CEZ is busy preparing the documents to prolong the operation of the blocks and it should receive the permission in late 2020. The procedure includes documents that have more than 1000 pages and CEZ must submit them by next mid-April so that the State Office for Nuclear Safety (SUJB) can issue the permission by October 2020 when the current permission expires, Benes said.

"It is very important to confirm to state authorities that the power plant is reliable," he said.

The new permission will be given for an indefinite period, according to the new atom law.

Benes said a number of conditions must be met and if they are not met, there is the risk that the permission for the plant operation will be revoked.

Industry and Trade Minister Karel Havlicek (for ANO) said after his visit to the plant today that the security measures at Temelin are perfect. He said CEZ has been meeting the time schedule of the permission procedure until now.

Benes said Temelin would operate until 2060 since the units should operate for at least 60 years. He added that the plant may still operate in the 2060s and the 2070s.

CEZ launched the operation of the plant's first unit in 2000 and of the second one in 2001.

Benes said the power plant is in a good condition.

CEZ is gradually upgrading some facilities in the power plant. The second unit has been out of operation since June 21. The two-month shutdown was scheduled and technicians are replacing 42 out of 163 fuel assemblies during it.

This is Temelin's second planned shutdown this year. The first unit was off for two months in the spring.

Temelin is the largest power source in Czechia, covering about 20% of the domestic electricity consumption.

The power plant generated 15.66 terawatt hours of electricity last year, and it has produced 8.4 terawatt hours this year so far, CEZ nuclear communications department head Petr Suler told CTK.

ČEZ WILL BUILD A FURTHER 125 QUICK-CHARGING STATIONS - 2.8.

ČEZ will build a further 125 quick-charging stations for electromobility. Elektromobilita ČEZ was successful with its application for subsidy support from Operating Program Transport, financed from EU funds and managed by the Ministry of Transport of the CR. New stations will be created in all regions throughout the CR, their number will double.

ŘSD CALLING TENDERS FOR MODERNIZATION OF D1 WORTH CZK 1.35 AND 1.50BN – 5.8.

The Czech Road and Motorways Directorate (ŘSD) is calling two tenders for the modernization of highway D1. The anticipated value of the tender for the completion of section 12 (EXIT 90 Humpolec - EXIT 104 Větrný Jeníkov) is CZK 1.35bn.

The value of the contract for the modernization of section 23 (EXIT 168 Devět Křížů - EXIT 178 Ostrovačice) should reach CZK 1.50bn.

NEW CAR SALES IN CZECHIA GROW TO RECORD OF 21,816 UNITS IN JULY – 5.8.

New car sales in the CR rose annually by 0.8% to a record-breaking amount of 21,816 units in July, while in the January-July period the market fell by 9% to 150,314 units, the Car Importers Association said today.

Skoda was the best-selling make with a market share of over 34 percent, though its sales went down by 2.6% to 51,275 units. Volkswagen was second with a drop of almost 25% to 12,444 vehicles. Hyundai ranked third with a decrease of 13% to 11,004 cars.

Dacia with 10,349 cars sold and Peugeot with 7,116 cars sold came next, followed by Renault, Kia, Toyota, Ford and Citroen.

Skoda Octavia was the top-selling model (13,364 units), followed by Skoda Fabia (12,601) and with Skoda models Rapid, Karoq and Kodiaq ahead of Dacia Duster and Hyundai i30.

In terms of fuel, petrol cars made up 70.2% and diesel cars 27.2% of the sales figure.

Privately-owned cars accounted for 29 percent, while corporate cars made up 71%.

New LUV registrations increased annually by 5.3% to 11,823 vehicles in the Jan-July period. In July alone they rose by 13% year on year. Volkswagen was the leader with 1,745 units sold, followed by Peugeot and Fiat.

Lorry sales rose annually by 13.5% to 6,484 units in Jan-July. In July alone they, however, sank by half. Mercedes-Benz was the best-selling make, followed by Scania and MAN.

Bus registrations went up by 11.2% year on year to 718 units in Jan-July. Market leader SOR sold 249 buses, followed by Iveco Bus (200 units) and Mercedes-Benz (42 units).

New motorbike sales were 14% higher at 13,308 units in Jan-July, rising by 25% in July alone. Honda was number one with 2,923 motorbikes sold, followed by Yamaha, KTM, CF Moto and BMW.

LABOUR & SOCIAL

AVERAGE AGE OF CZECH EMPLOYEES GROWS TO 43.3 YRS IN Q2 – 5.8.

The average age of employees in the CR has increased by 2 years over the past 9 years, reaching 43.3 years in the second quarter of this year, the Czech Statistical Office (CSU) said today.

The reason lies chiefly in longer preparations of young people for their career and the rising retirement age, the CSU said.

The average age of working women of 43.7 years is one year higher than that of men. This is partly due to the fact younger women are more frequently economically inactive because they are on maternity leave, the CSU said.

The average age of self-employed persons with employees increased by 3.7 years since Q2 2010 to reach 49 years in Q2 of this year. At the same time, the average age of self-employed persons without employees grew by 2.6 years to 45.8 years.

A total of 5.295mn people aged 15-64 were employed in Q2, which was an annual increase of 0.1%.

However, the number of employees over 40 years of age decreased, mainly because the strong generation born in the first half of 1970s has moved to the elder age group.

The number of employees over 45, on the other hand, increased.

The biggest y-o-y increase in the number of employees was registered in the age group 55-59 and a slight increase was seen in the age group 65+.

According to the International Labour Organisation (ILO) methodology, the general jobless rate in the CR dropped by 0.3 points to 1.9% in Q2, the CSU said.

CZECHS OPPOSE GOVT MEASURES TO ATTRACT UKRAINIAN WORKERS – 5.8.

Czechs do not mind hiring and working with foreigners but do oppose the recent government regulatory measures that aim at attracting and supporting workers from Ukraine, daily Mlada fronta Dnes (MF DNES) writes today based on a poll by STEM.

As Czech companies lack more than 342,000 employees, business associations have convinced the government to allow them to bring in a higher number of foreign workers than last year.

However, according to the STEM poll, more than 57% of Czechs do not approve of the plan to raise the number of Ukrainian workers legally allowed into the country to 40,000 per year, MF DNES writes.

Almost three-quarters of Czechs also oppose the government measure that would increase the guaranteed wage of Ukraine employees by 20%. Only 5% of the polled support this way of protecting foreign workers from dishonest employers.

"This wage parameter does not mean that foreign workers get paid 20% more than Czechs," Confederation of Industry employer section chairwoman Jitka Hejdukova explains.

The measure states that a foreign worker can only be employed in positions where the wage is at least 1.2 of the minimum guaranteed wage.

The minimum guaranteed wage differs between professions, based on the complexity of the work performed, and companies usually offer more than that. For example, a welder's wage usually starts at 23,000 crowns and the government measure states that a foreign employee in that category must receive at least 17,680 crowns.

The measure is also designed to put a stop to the practice of "pulling" foreign workers in trial periods away from competitors, a method companies use to secure enough workers.

"For us, it is more important that people do not seem to mind foreign personnel. Given the long-term lack of employees, clients often ask us about the option of employing foreigners," Predvyber.cz employment agency sales director Frantisek Boudny says.

According to Hejdukova, the Confederation of Industry supported the 1.2 of guaranteed wage measure but denied that its goal is just to attract more foreign workers.

"A foreigner is not a cheap solution to a lack of workers," Hejdukova says, noting that companies also need to take into account the non-negligible administrative, recruitment and training costs.

The STEM poll also shows that 11% of respondents think foreign workers are more diligent and hard-working than Czechs.

Boudny added that foreign work force demand is highest among smaller manufacturing companies that who have a hard time finding local employees.

"The highest demand is surely among blue-collar and industrial companies, where skill is more important than knowing the language. The same goes for segments like commerce, services and gastronomy, mostly meaning shop assistants, cleaning personnel, chambermaids and receptionists," Boudny said.

Boudny also added that companies tend to immediately ask for Ukraine nationals more often.

"Probably because we have the most experience working with them and our mentality is rather similar," Boudny explained.

The government also focused on Ukrainians, later adding a focus on workers from the Philippines, Mongolia and Serbia. From September, a new Qualified Worker Programme will add Belarus, Montenegro, India, Kazakhstan and Moldova to the list.

In 2018, there were 568,700 foreigners working in the CR, 36% from non-EU and 64% from EU countries. Among the foreign workers, the largest groups were 191,818 Slovaks, 121,086 Ukrainians, 44,896 Poles and 44,099 Romanians.

INVESTMENTS & TRADE & SERVICES

PM BABIS, BUSINESSPEOPLE TO VISIT TURKEY IN EARLY SEPTEMBER – 4.8.

Prime Minister Andrej Babis (ANO) along with a business mission of the Czech Chamber of Commerce (HK) will visit Turkey in early September, HK spokesman Miroslav Diro told journalists today.

Babis and HK President Vladimir Dlouhy will open a business forum in Istanbul, Diro said.

Babis said earlier he primarily wanted to solve the problems with the project of the unfinished brown-coal power plant Adularya in which Czech companies had taken part.

For the mission, the HK is preparing business meetings and bilateral talks of Czech and Turkish firms in Ankara and Istanbul.

There will be also a separate meeting of Czech companies with Babis, who will be accompanied by Industry and Trade Minister Karel Havlicek (for ANO).

The delegation will leave for the three-day visit on September 2.

In mid-June, a plant of the Czech energy group Energo-Pro was opened in Ankara.

On the other hand, the national power company CEZ is planning to withdraw from Turkey, as from Bulgaria and Romania.

In mid-March, Babis refused to comment on President Milos Zeman's having said that Turkey was a de facto ally of Islamic State, which was dismissed by Ankara.

Foreign Minister Tomas Petricek stressed that the CR was interested in developing relations with Turkey and that Ankara played a vital role in the solution to the conflict in Syria.

According to HK, Turkey with its 80mn population offers business opportunities to Czech manufacturers and

deliverers in the sphere of energy, defence industry, mining technologies, automobile industry and transport and engineering industries.

Turkey also wants to invest in the construction of water treatment plants and other water-related projects.

Czech companies export goods worth roughly 53bn crowns to Turkey, primarily cars and components for the automobile industry.

Turkey primarily exports to the CR textiles and food. Its exports have reached the equivalent of 36bn crowns annually.

CTK CZECH FOREIGN TRADE IN JUNE INDICATES SLOWDOWN – 6.8.

The June results of the CR's foreign trade are solid but indicate a slowdown and a weakening of demand for Czech goods on the German market, said analysts polled by CTK today.

Czech foreign trade surplus rose annually by Kc5bn to Kc18.4bn in June, according to preliminary figures released by the Czech Statistical Office (CSU) today. Both exports and imports decreased.

Even though the foreign trade balance will most likely reach record-breaking values this year in terms of volume, its growth is clearly decelerating, Komerční banka's economist Michal Brozka said.

The Czech foreign trade maintains remarkable resistance to the unfavourable development abroad, but this will not last forever, Czech Fund's chief economist Lukas Kovanda said.

Weak data from the German industry, a decrease in demand for cars in the EU, the escalation of the trade tension between the USA and China and the potential "hard Brexit" are factors that will be reflected in a slowdown of domestic exports in the second half of the year, Association of Exporters deputy chairman Otto Danek said.

June is the first warning, he added.

"Automotive exports decreased by Kc27bn annually and machinery exports recorded a drop of Kc1bn. Exports declined in general, which can be an indication of the deteriorating condition of the key European markets. The outlook for the development of exports in the months to come can be described as a strong uncertainty," Danek said. According to Brozka, the foreign trade result for June is weak and is connected closely with the decline of the Czech industry.

"The still high surpluses of the Czech foreign trade are benefiting from lower import activity, which is linked with slower growth of investments. This, in turn, is partly connected with lower influx of European funds," Brozka said.

"Today's data confirmed the trend of weakening demand for Czech goods on the German market, which we have been observing in the past weeks and months. For the remaining part of the year we expect the foreign trade to continue weakening," Raiffeisenbank analyst Vit Hradil said.

Leading indicators from the Czech industry are signalling a gradual decrease in orders and the expected recession in Germany, he added.

"For the entire 2019 we expect the foreign trade surplus to reach Kc100bn, provided that the worst-case scenarios regarding international trade relations do not come true," Hradil said.

According to UniCredit Bank economist Jiri Pour, the June result was not as brilliant as in May but it was still solid, even

though car imports, which had pulled the trade balance upwards in the previous month, dropped in June.

One drop after four months of steady growth cannot, however, be regarded as a change of trend, even though the demand for cars on global markets is saturated, Pour said.

MISCELLANEOUS

CTK 46.3% OF FLATS IN PRAGUE COST OVER CZK 100,000/M² – 2.8.

Totally 46.3% of new apartments in Prague exceed the limit of CZK 100,000 per m² developers' offers. Four years ago, 2% of apartments for sale in the capital fell into this price category. This stems from a survey by IPSOS for CENTRAL GROUP. The most popular three-room apartments grew to an average of CZK 8.35m per unit in H1 2019, i.e. CZK 100,190 per m². At the same time, 6.3% of luxury apartments cost over CZK 150,000/m². They are located in reconstructed apartment buildings in the city center.

CTK RAILWAY ACCIDENTS ON RISE IN CR – 3.8.

A total of 634 accidents occurred at Czech railways in the first six months of this year or 15% more than in the same period a year ago, according to the statistics the Rail Safety Inspection (DI) has released.

The situation was serious especially in the first months, while in May and June, the number of accidents decreased.

The number of collisions at level crossings increased, too. March was the worst month with 117 accidents. Of them, the most serious was the collision of two trains in Brno in early March, in which 23 people were injured and the damage was over half a million crowns.

The Czech Railways (CD) national rail operator also saw the biggest increase in the number of accidents in January, February and April, when the growth reached almost 30%.

By contrast, in May and June, there was an annual decrease by roughly 10%.

Experts say the state of affairs has returned to the normal situation.

Due to the rising number of accidents, both the state and the CD have introduced some measures.

The CD has intensified routine checks of engine drivers and conducted hundreds of exceptional checks.

The CD said the inspection had not uncovered any system mistakes. In most cases, there were individual failures.

Due to the accidents, the state has started preparing a new point system for engine drivers that is to punish them for frequent errors.

The state is also preparing the checking of engine drivers' leisure time to prevent their working for a different rail operator instead of their having a compulsory rest.

The number of collisions on level crossings with cars, people or other barriers increased, too. There were 92 of them or 11% more than a year ago. They claimed 13 lives.

This year, the Railway Infrastructure Administration (SZDC) invests tens of million crowns in the safety of level crossings.

It said recently it would install gates on almost all level crossings on the first-class roads in the CR by 2023.

By the end of this year, gates will be on 132 out of the 164 level crossings on the first-class roads that are now equipped with lights or other warning signals only.

On 14 July, four people, two adults and two children, died in a collision of a car with a train on a level crossing with lights in Cernozice village, east Bohemia.

EC SLAMS CZECHS OVER LENGTHY EIA PROCEDURES – 4.8.

The European Commission has criticised the CR over its lengthy Environmental Impact Assessment (EIA) of construction projects and its agricultural management, it said in the report debated by the Senate.

Environment Minister Richard Brabec (ANO) said the government had reservations about some parts of the report, but in general, it welcomed it as efforts to introduce better the environmental legislation into practice.

"The resulting report brings a largely objective description of the real state of affairs, but the CR has reservations about some chapters," Brabec said.

"This primarily relates to nature conservation, the EIA and international agreements," Brabec said.

Senator Petr Orel (Greens) said according to the EC, the CR had good results in the sphere of waste recycling, but there was still the problem of air quality.

This is why the upper house has asked the government to prepare proposals of concrete measures in this sphere, including a timetable with a special respect to the situation in the Moravia-Silesia Region.

The Senate also said the government should present the proposals of the concrete measures with which to lower the dependence on solid fuel.

The government should also draft the legislation relating to invasive non-native species which harm the original European biological diversity.

"The duty to adopt such a regulation arises from the EC provision from 2014 on invasive non-native species. As a result, we have a five-year delay in the implementation of the provision," Orel said.

TRADE INSPECTION AUTHORITY MOST TRUSTWORTHY INSTITUTION – 6.8.

From among the courts and control authorities, almost three-fourths of Czechs selected the Czech Trade Inspection Authority (COI) as the most trustworthy, a July STEM poll released today says.

In the same poll, three-fifths of participants put significant trust in institutions like the supreme and high courts, the CR Supreme Audit Office and the office of the ombudsman.

Compared to last year, trust in the aforementioned institutions did not change in any significant way.

COI is perceived as trustworthy by 72% of poll participants.

"In the long-term, the Trade Inspection Authority is one of the most trustworthy institutions in the country," STEM representatives said.

Most other institutions dragged behind the COI by more than 10%.

The Supreme Court is seen as trustworthy by 65% of people, the Supreme Audit Office and the Constitutional Court both reached 62% and the ombudsman and the Supreme Administrative Court both reached 61%.

Trust in courts and control authorities is overall higher among people with higher education.

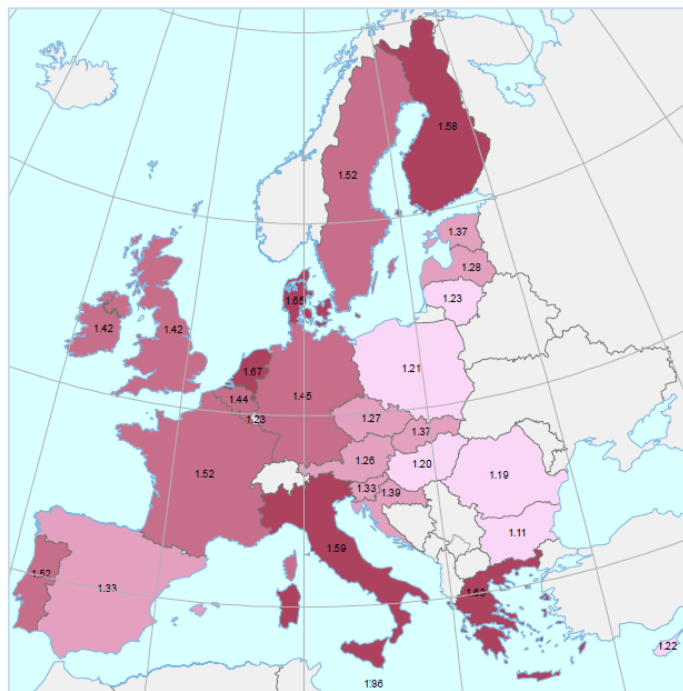
It is also higher among supporters of Christian Democrats (KDU-CSL), Mayors and Independents (STAN) and ANO. It is significantly lower among supporters of Freedom and Direct Democracy (SPD) and the Communists (KSCM).

The STEM agency conducted the poll between June 14 and June 30 with 1,004 participants of 18 years or older.

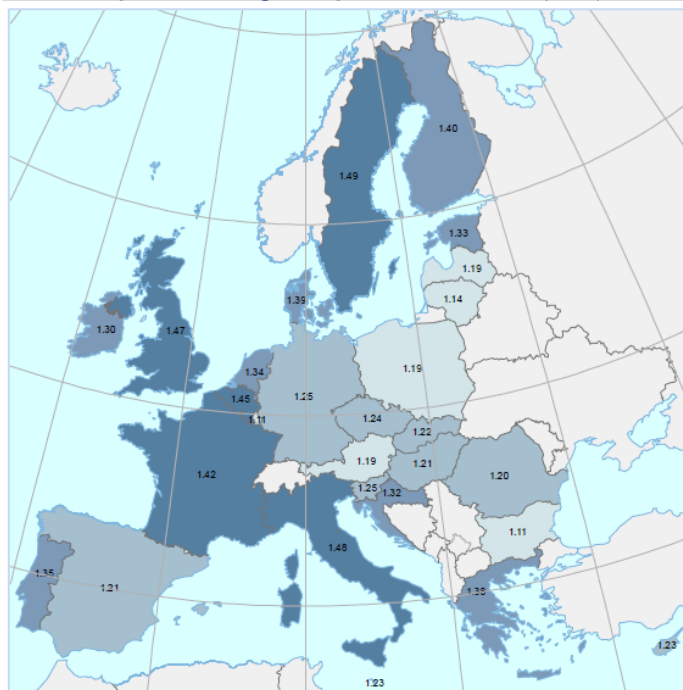
STATISTICS

FUEL PRICES IN THE EU – 29.7.

Map 1: EU, Average fuel prices, Natural 95, 29.7. (in €/l)¹

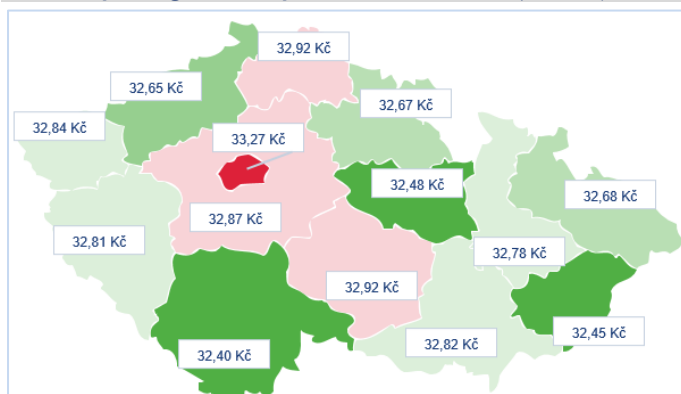


Map 2: EU, Average fuel prices, Diesel, 29.7. (in €/l)

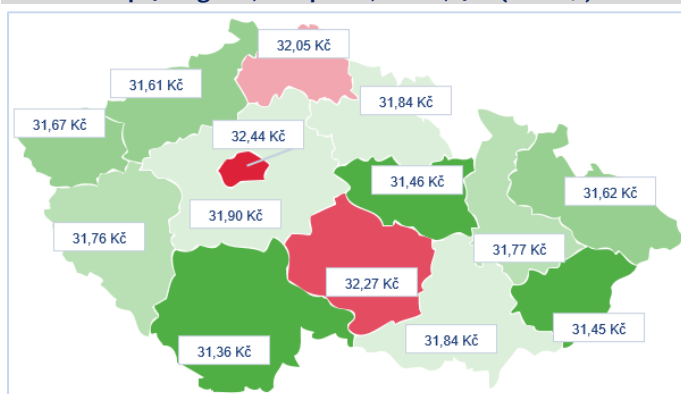


¹ data issued by the EC; <https://ec.europa.eu/energy/en/data-analysis/weekly-oil-bulletin>

Map 3: Regions, fuel prices, Natural 95, 4.8. (in CZK/l) ²



Map 4: Regions, fuel prices, Diesel, 4.8. (in CZK/l)



EXTERNAL TRADE - JUNE 2019: EXPORTS AND IMPORTS
DECREASED Y-O-Y – 6.8.

According to preliminary data in current prices, in June 2019 the external trade balance in goods ended in a surplus of CZK 18.4 bn, which was by CZK 5.0 bn higher, year-on-year (y-o-y).

Total balance in the national concept, was favourably influenced mainly by lower 'deficits in basic metals' (by CZK 3.1 bn), 'refined petroleum products' (by CZK 1.8 bn) and 'chemicals and chemical products' (by CZK 1.7 bn). Furthermore, surplus improved in 'other transport vehicles' (by CZK 1.9 bn) and 'computer, electronic and optical products' (by CZK 1.1 bn).

Lower surpluses in 'motor vehicles, trailers and semitrailers' (by CZK 2.7 bn) and 'machinery and equipment' (by CZK 1.0 bn) had the opposite effect on total balance.

In June 2019 the trade balance with the EU28 Member States ended in a surplus of CZK 62.2 bn, and thus it was by CZK 6.2 bn higher, y-o-y. The trade deficit with the non-EU countries increased by CZK 0.7 bn to reach the amount of CZK 42.1 bn.

Compared to May 2019 the seasonally adjusted exports and imports fell by 4.1% and 1.9%, respectively. The development trend shows decreasing exports (-0.4%) and imports (-0.7%).

Compared to the same month of 2018, exports decreased by 4.2% to reach CZK 304.9 bn, and imports fell by 6.1% to attain CZK 286.5 bn. June 2019 had one working day less than June 2018.

In the period from January to June 2019 the trade balance surplus in the national concept amounted to CZK 114.7 bn which represented an increase by CZK 23.6 bn, y-o-y. From the beginning of the year exports and imports went up by 3.9% and 2.8%, respectively, y-o-y.

According to preliminary data in current prices of the cross-border concept, exports and imports decreased by 4.0% and 7.5%, respectively, in June 2019. Total exports and imports of goods amounted to values of CZK 362.4 bn and CZK 317.0 bn, respectively.

According to the Eurostat statistics, in May 2019 the CR shares in the total exports and imports of the European Union were 3.1% and 2.8%, respectively.

INDUSTRY - JUNE 2019: INDUSTRIAL PRODUCTION AND
ORDERS DECREASED – 6.8.

In June, working day adjusted industrial production decreased at constant prices by 3.8%, y-o-y (y-o-y). Seasonally adjusted industrial production decreased by 2.8%, m-o-m (m-o-m). The value of new orders decreased by 9.9%, y-o-y.

Industrial production decreased in June 2019 at constant prices by 2.8%, m-o-m. In the y-o-y comparison, it decreased by 3.8%, which was partially due to a high comparison basis in the previous year. The following economic activities contributed the most to the y-o-y change in industrial production: manufacture of motor vehicles, trailers and semi-trailers (contribution -0.8 percentage point (p. p.), drop by 3.9%), manufacture of fabricated metal products (contribution -0.63 p. p., drop by 5.9%), and electricity, gas, steam and air conditioning supply (contribution -0.56 p. p., drop by 6.5%). Industrial production increased in the following economic activities: manufacture of rubber and plastic products (contribution +0.4 p. p., growth by 5.7%), manufacture of computer, electronic and optical products (contribution +0.2 p. p., growth by 7.1%), and manufacture of basic pharmaceutical products and pharmaceutical preparations (contribution +0.1 p. p., growth by 8.6%). Non-adjusted industrial production was by 6.4% lower, y-o-y (there was one working day less in June 2019 compared to June 2018).

Sales from industrial activity at current prices decreased by 3.8%, y-o-y, in June 2019. Direct export sales of industrial enterprises decreased at current prices by 5.9%. Domestic sales, which include also indirect export via non-industrial enterprises decreased at current prices by 0.9%.

The value of new orders in surveyed industrial CZ-NACE activities decreased by 9.9%, y-o-y, in June 2019. Non-domestic new orders decreased by 11.3%, while domestic new orders decreased by 6.8%. The y-o-y decrease of new orders in total was the most contributed to by the following CZ-NACE divisions: manufacture of motor vehicles, trailers and semi-trailers (contribution -3.2 p. p., drop by 8.9%), manufacture of other transport equipment (contribution -2.5 p. p., drop by 58.1%), and manufacture of machinery and equipment (contribution -1.1 p. p., drop by 9.3%). New orders increased in manufacture of computer, electronic and optical products (contribution +0.3 p. p., growth by 3.6%) and manufacture of basic pharmaceutical products and pharmaceutical preparations (contribution +0.1 p. p., growth by 6.4%).

² data issued by the mBenzin.cz; <https://www.penize.cz/ceny-benzinu-a-ceny-nafty>

The average registered number of employees in industry decreased in June 2019 by 0.6%, y-o-y. Their average gross monthly nominal wage increased in June 2019 by 4.7%, y-o-y. According to the Eurostat news release, working day adjusted industrial production in the EU28 in May 2019 increased by 0.4%, y-o-y. According to a preliminary release calendar, Eurostat will release data for June 2019 on 14 August 2019.

Industry in the Q2 2019

Seasonally adjusted industrial production in the Q2 2019 was at constant prices by 0.7% higher compared to the Q1 2019. In the y-o-y comparison it increased by 0.8%.

Sales from industrial activity at current prices were by 3.3% higher, y-o-y, in the Q2 2019. Direct export sales of industrial enterprises increased at current prices by 1.6%. Domestic sales, which include also indirect export via non-industrial enterprises increased at current prices by 5.7%.

The value of new orders in surveyed industrial CZ-NACE activities increased by 0.8%, y-o-y, in the Q2 2019. Non-domestic new orders increased by 0.3%, while domestic new orders increased by 2.0%.

The average registered number of employees in industry decreased in Q2 2019 by 0.5%, y-o-y. Their average gross monthly nominal wage increased in Q2 2019 by 6.6%, y-o-y.

CONSTRUCTION - JUNE 2019: NUMBERS OF DWELLINGS STARTED AND COMPLETED GREW – 6.8.

In June 2019 the working days adjusted construction output increased by 2.4% y-o-y (y-o-y), in real terms. The seasonally adjusted construction output increased by 1.1%, m-o-m (m-o-m). The planning and building control authorities granted by 4.2% more building permits, y-o-y, and the approximate value of permitted constructions grew by 22.4%, y-o-y. The number of started dwellings increased by 8.3%, y-o-y; and the number of completed dwellings jumped up by 29.0%, y-o-y.

In June 2019 the construction output increased by 1.1%, m-o-m, in real terms. From annual point of view, it grew by 2.4%, y-o-y. The production in building construction increased by 2.8% (contribution +2.0 percentage points (p.p.)), y-o-y. The production of civil engineering construction grew by 1.5% (contribution +0.4 p.p.), y-o-y. The working days unadjusted construction output increased by 1.1%, y-o-y. June 2019 was by one working day shorter than June 2018.

The average registered number of employees in construction grew by 0.4%, y-o-y in June 2019. Their average gross monthly nominal wage increased by 5.5%, y-o-y, in April 2019.

In June 2019 the number of building permits granted increased by 4.2%, y-o-y. The planning and building control authorities granted 7 390 building permits. The approximate value of the permitted constructions attained CZK 39.5bn and grew by 22.4% compared to the same period of 2018.

The number of dwellings started in June 2019 increased by 8.3%, y-o-y, and attained 2 850 dwellings. The number of dwellings started in family houses declined by 2.4% and that of dwellings started in multi-dwelling buildings soared by 51.0%.

The number of completed dwellings jumped up by 29.0%, y-o-y, in June 2019 and was 3 032 dwellings. The number of completed dwellings in family houses grew by 9.3%. The number of completed dwellings in multi-dwelling buildings soared by 71.4%.

According to Eurostat the WDA (working days adjusted) construction output in the EU28 increased by 2.5%, y-o-y, in May 2019. Buildings increased by 2.0% and civil engineering works grew by 4.7%. According to the preliminary schedule Eurostat shall release the data for June 2019 on 20 August 2019.

Construction in Q2 2019

In Q2 2019, compared to Q1 2019, the construction output was by 0.5% lower, quarter-on-quarter, in real terms. The construction output increased by 3.5%, y-o-y. The production in building construction increased by 2.3% (contribution +1.7 p.p.), y-o-y, and the production of civil engineering construction grew by 6.8% (contribution +1.8 p.p.), y-o-y. The working days unadjusted construction output increased by 3.0%, y-o-y. Q2 2019 was by one working day shorter than Q2 2018.

The average registered number of employees in construction increased by 0.3%, y-o-y in Q2 2019. Their average monthly nominal wage increased by 7.6%, y-o-y in Q2 2019.

In Q2 2019, the number of building orders of construction enterprises with 50+ employees declined by 10.4%, y-o-y; the enterprises received and concluded 16 643 building orders in the CR. The total value of the orders decreased by 11.2%, y-o-y and was CZK 63.3bn. The building construction orders were for CZK 27.7bn (decline by 9.7%) and those for civil engineering constructions were for CZK 35.6bn (drop by 12.3%). The drop was strongly affected by a high comparison base of Q2 2018 when the value of new construction orders was the highest in the recent ten years. The average value of a new concluded building order was CZK 3.8mn and was by 0.8% lower, y-o-y.

At the end of Q2 2019 construction enterprises with 50+ employees had 21.2 thousand orders contracted (decrease by 0.4%) and these orders represented the inventory of still unimplemented construction works of the total value of CZK 184.1bn (increase by 6.9%).

In Q2 2019 the number of building permits granted increased by 4.5%, y-o-y; the planning and building control authorities granted 22 639 building permits. The approximate value of constructions permitted in Q2 2019 accounted for CZK 107.0bn and grew by 19.5%, y-o-y, compared to the same period of 2018. The floor area of new buildings permitted in Q2 2019 was 1 905 thousand m², which means a decline by 3.8%, compared y-o-y. The floor area of permitted residential buildings grew by 6.4%, and that of non-residential buildings dropped by 13.3%.

The number of dwellings started in Q2 2019 increased by 6.7%, y-o-y and accounted for 9 536 dwellings. The number of dwellings started in family houses fell by 3.7%, and that in multi-dwelling buildings jumped up by 36.6%.

The number of completed dwellings in Q2 2019 increased by 4.1%, y-o-y and attained 8 330 dwellings. The number of completed dwellings in family houses decreased by 0.9%, y-o-y, and the number of completed dwellings in multi-dwelling buildings jumped up by 22.3%.

RETAIL TRADE - JUNE 2019: SALES IN RETAIL TRADE INCREASED, MAINLY FOR CLOTHING AND FOOTWEAR – 7.8.

In June, sales adjusted for calendar effects increased at constant prices by 6.2%, y-o-y (y-o-y); non-adjusted sales

increased by 4.6%. Seasonally adjusted sales in retail trade increased by 1.7%, m-o-m (m-o-m).

Seasonally adjusted sales in retail trade, except of motor vehicles increased in June at constant prices by 1.7%, m-o-m. Sales for sale of non-food goods increased by 2.2%, sales for sale of automotive fuel increased by 2.0%, and sales for sale of food grew by 1.0%.

Sales in retail trade adjusted for calendar effects increased by 6.2%, y-o-y; sales were increasing concurrently for sale of non-food goods (by 9.4%), for sale of automotive fuel (by 4.0%), as well as for sale of food (by 3.0%). In June 2019, there was one working day less compared to June 2018.

Non-adjusted sales in retail trade increased by 4.6%, y-o-y. Sales for sale of non-food goods increased by 7.7%, sales for sale of automotive fuel increased by 2.6%, and sales for sale of food grew by 1.5%.

Consumers continued to be interested in purchases of goods over the Internet or via mail order services (growth of sales by 14.3%). In specialised stores with non-food goods, consumers were purchasing more especially as for the assortment of clothing, footwear and leather goods (growth by 17.4%); well selling were also cultural, sports and recreation goods (+9.9%), information and communication equipment and other household equipment (both increased by 7.3%). Sales of stores with dispensing chemist, medical and orthopaedic goods, and cosmetic and toilet articles increased by 1.1%. Sales in non-specialised stores with food, beverages or tobacco predominating increased by 1.9%, while in retail sale of food, beverages and tobacco in specialised stores sales dropped by 3.9%.

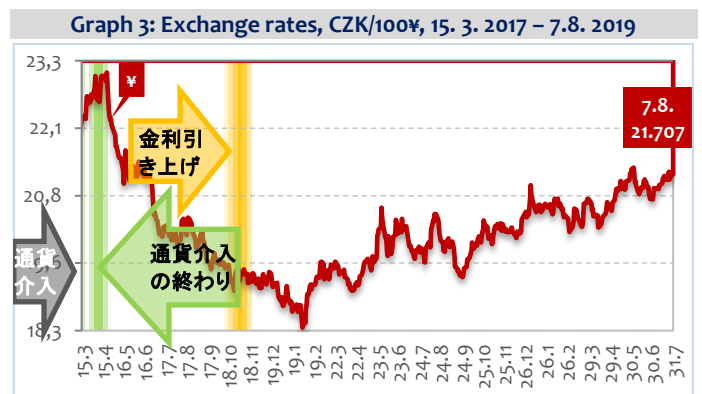
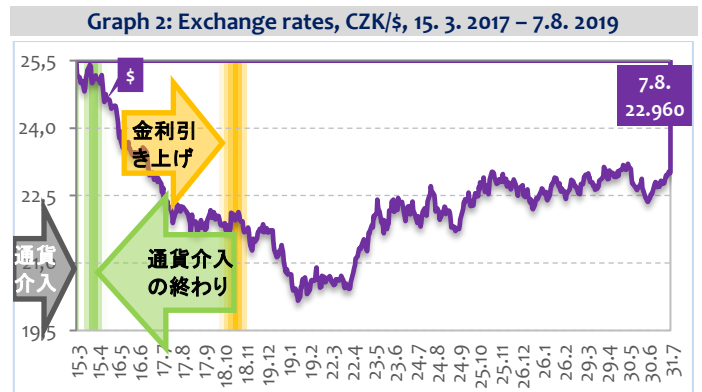
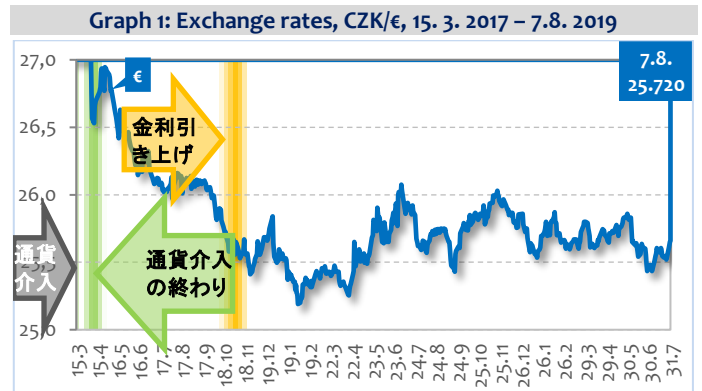
The price deflator in retail trade, except for motor vehicles and motorcycles related to the corresponding period of the previous year (VAT excluded) was 100.5%. It was influenced mainly by higher prices of dispensing chemist, medical and orthopaedic goods, cosmetic and toilet articles, food, and other household equipment. On the other hand, prices decreased in retail sale of information and communication equipment in specialised stores, in retail sale of clothing, footwear and leather goods in specialised stores, in automotive fuel, and in retail sale of cultural and recreation goods in specialised stores.

Seasonally adjusted sales for sale and repair of motor vehicles decreased at constant prices by 2.3%, m-o-m. Y-o-y, sales adjusted for calendar effects decreased by 5.3%. Non-adjusted sales decreased by 8.3%, y-o-y; sales for sale of motor vehicles (including spare parts) decreased by 8.6%, y-o-y, and sales for repair of motor vehicles decreased by 7.3%, y-o-y.

For the entire Q2 2019, sales in retail trade, except of motor vehicles adjusted for calendar effects increased at constant prices by 4.8%, y-o-y; non-adjusted sales increased by 4.7% (there was one working day less in the Q2 2019 compared to

the corresponding period of the previous year). Non-adjusted sales for sale of non-food goods increased by 6.2%, y-o-y, sales for sale of food increased by 3.8%, and sales for sale of automotive fuel by 1.6%. Sales for sale and repair of motor vehicles adjusted for calendar effects decreased by 1.3%, y-o-y; non-adjusted sales dropped by 2.3%, y-o-y. Non-adjusted sales for repair of motor vehicles dropped by 6.2%, y-o-y, sales for sale of motor vehicles (including spare parts) decreased by 1.2%, y-o-y.

CNB CZK VS €, \$, ¥ - 7.8.



News outside the time span of this News summary

- European Commission; European Commission, is the executive body of the EU responsible for proposing legislation, implementing decisions, upholding the EU treaties and managing the day-to-day business of the EU.
- CIA News (Česká informační agentura Ltd.); a news agency, specialising in the CR's economy and markets. It is owned by Inergo Slovakia Jsc., owned by Emil Hubinák.
- CNB, CNB (Česká národní banka); is the central bank and financial market supervisor in the CR and a member of the European System of Central Banks.

ČTK, Czech Press Agency (Česká tisková kancelář); a national news agency dealing with the gathering, processing, storing, and distributing of text and pictorial information. ČTK is a public corporation and is governed by the law on ČTK number 517/1992 Coll.

ČSÚ, Czech Statistical Office (Český statistický úřad), is the main organization which collects, analyses and disseminates statistical information for the benefit of the various parts of the local and national governments of the CR.

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