

ECONOMIC NEWS SUMMARY MAY 1 – MAY 7

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ECONOMY & FINANCE

Govt approves bill making cross-border euro payments cheaper – 4.5.

Cross-border payments in euro should be cheaper and the conditions of dynamic currency conversion (DCC) should be stricter under a draft amendment to the law on payment transactions approved by the government today, Finance Minister Alena Schillerova said at a press conference after the cabinet meeting.

The bill is yet to be passed by the Chamber of Deputies and signed by the head of state.

The legislation is a response to several EU regulations and has no relation to the current coronavirus epidemic.

Under the bill, banks should charge the same amount for cross-border payments in euros as they do for domestic payments in crowns. So far, they have been charging even several hundred crowns for such payments.

DCC consists in an option to be charged in Czech crowns instead of the local currency when making a card payment and ATM withdrawal abroad. However, the exchange rate for such transactions is not usually advantageous for clients.

Thanks to the new EU regulation, clients should now be informed via the ATM or payment terminal display whether the offered exchange rate is advantageous for them or not.

ČNB: AVERAGE RATE ON LOANS DOWN TO 3.24% - 4.5.

The interest rate on new loans to non-financial corporations (excluding overdrafts, revolving loans and credit cards) fell to an average of 3.24% in March 2020. The information was provided by the Czech National Bank. The rate on loans of up to CZK 7.5m decreased to 4.45%. The rate on loans with a volume of CZK 7.5 to 30m dropped to 3.43% and for loans with a value above CZK 30m to 3.10%. The interest rate on overdrafts, revolving loans and credit card loans decreased to 3.38%. Of this, the rate on overdrafts was lower by 0.90 pp and amounted to 3.39%.

CZECH GOVT'S PROPERTY OFFICE UPS REVENUES TO CZK 475M IN Q1 – 5.5.

The Czech Republic's Office for Government Representation in Property Affairs (UZSVM) saw its revenues grow annually by CZK 68.2m to CZK 475.3m in Q1, the largest portion being generated from the sale of unnecessary state-owned property, spokesman Radek Lezatka told CTK today.

Last year, the office generated revenues of CZK 1.48bn. For this year it plans revenues worth CZK 910m.

"The first quarter was very successful in terms of sale, the most successful since 2016. However, March started reflecting the impacts of the coronavirus crisis, and some auctions had to be cancelled," Lezatka said.

The crisis will certainly have a big impact on the office's full-year revenues, he added.

"We nevertheless suppose that we will meet the binding plan for the entire year which is based on the state budget," he said.

UZSVM signed 311 agreements on representing state institutions in lawsuits, approximately the same amount as a year ago. Last year it signed 1,486 such agreements.

The office conducted about 1,000 electronic auctions of unnecessary state property in Q1, generating CZK 138m. From the launch of the electronic auction system in February 2018 to the end of March of this year, the office performed 6,600 auctions, which have brought CZK 339m.

UZSVM represents the state in legal disputes concerning state assets. Sale and lease of land and buildings represent the main source of the office's revenues.

EGAP INSURED EXPORTS WORTH CZK 40BN TO 63 COMPANIES – 5.5.

The Export Guarantee and Insurance Company (EGAP) insured in 2019 exports worth over CZK 40bn. In 2018, it was CZK 35bn. The insurance company supported the export of 63 Czech companies (+2) to 35 countries. EGAP signed a total of 140 business agreements. Due to the need to create a capital reserve for the unfinished project of the Adularya coal-fired power plant in Turkey, the management ended with a loss of CZK 2.38bn, which EGAP will cover from the 2018 capital increase, business activities and debt collection. The total volume of recovered receivables was CZK 546m, the most in Cuba, Ukraine and Russia.

FINMIN SELLS GOVT BONDS WORTH CZK 31.2BN, DEMAND IS BIGGER – 6.5. (EXCERPT)

The Finance Ministry sold government bonds worth CZK 13.2bn in three auctions today, having intended to sell bonds worth CZK 12bn at the most, while investors wanted to buy up to CZK 59.3bn worth of the bonds, the Czech National Bank (CNB) said on its website.

Government bonds have been in high demand for the past few weeks.

In previous weeks, the ministry sold predominantly bonds with shorter maturity. Today, it offered bonds with maturity of 8-13 years.

"The previous record-high auctions have secured funds to finance the state budget deficit planned for this year," Komerční banka economist Frantisek Taborsky noted.

The ministry's issuing activity is likely to fall in the weeks ahead, he added.

"The ministry is planning to issue up to CZK 350bn worth of government bonds and CZK 50bn worth of treasury bills in Q2. But, as we have seen, these plans are very flexible and will depend mainly on further steps by the government and the development of the state budget," Taborsky said.

The ministry is planning to organise another three auctions of government bonds on May 13.

Since the beginning of the year, the ministry has secured 92.6 percent of the needed CZK 510.3bn, including the CZK 300bn budget gap, according to Taborsky.

AGRICULTURE & ENVIRONMENT

CTK SZPI'S FINES GROW TO CZK 156.7M IN 2019 – 5.5.

The Agriculture and Food Inspection Authority (SZPI) imposed CZK 156.7m worth of fines last year, a rise from 2018's fines of CZK 100.59m, and it checked over 45,000 shops and e-shops, restaurants, bistros, food producers, and customs warehouses, SZPI said in a press release.

Some 25.6 percent of defects, the highest figure, were found in food items imported from third countries.

With regard to foodstuffs produced in EU countries and in the Czech Republic, the inspectors found defects in 17 and 13.7 percent of cases, respectively.

SZPI checked 14,146 public catering facilities, finding 3,398 shortcomings.

Some 30 percent of facilities failed to meet hygiene standards, and law violations were serious in 49 percent of cases as a result of which the restaurants and bistros in question had to be closed.

SZPI completed 2,495 administrative proceedings last year.

ČIA ČNB APPROVES AQUAPONIC FARMING TECHNOLOGY'S BONDS – 5.5.

The Czech National Bank (ČNB) approved the prospectus of ISIN CZ0003524506 paper bonds with an expected total nominal value of CZK 250m for Aquaponic Farming Technology for the purposes of its public offering. The nominal value of one bond is CZK 50,000. The yield is given by a fixed interest rate of 6.20% pa. The due date is set for November 1, 2024.

ČIA VLS ESTIMATE DAMAGE ON 110,000 M3 AFTER FEBRUARY STORMS – 6.5.

Vojenské lesy a statky (VLS) estimates damage to 110,000 m3 of forests administrated by its division in Horní Planá in the Bohemian Forest after the Sabine and Julie windstorms in February 2020. Black Forest was the worst affected location. The state-owned enterprise has already processed 80% of random extractions from windfalls and is currently in the stage of completing the clearing of forests.

SAVE THE BEER INITIATIVE RESCUES HECTOLITRES OF CRAFT BEER FROM DESTRUCTION – 6.5.

Microbreweries are among the businesses hardest hit by the coronavirus lockdown in the Czech Republic. Due to the closure of restaurants, demand for their beer dropped significantly from one day to the next. To save hectolitres of craft beer from destruction, the owner of the Kytín brewery in Central Bohemia launched an initiative called Zachraň pivo or Save the Beer. It was promptly joined by over 300 microbreweries from the Czech Republic and Slovakia.

INDUSTRY & ENERGY & TRANSPORT

CTK UNIT 3 AT NUKE PLANT DUKOVANY RESTARTED AFTER THREE MONTHS – 1.5.

Unit 3 at Czech nuclear power plant Dukovany resumed power supplies after a three-month shutdown and the unit's first turbine was connected to the grid about an hour before midnight on Thursday, the plant's spokesman Jiri Bezdek told CTM.

The second turbine was connected to the grid before 11:00 on Friday.

The outage began on January 25 in line with the schedule, said Bezdek.

The remaining three units have been in operation.

Unit 3 was to be put back online at the beginning of April.

Early in April, however, energy group CEZ, Dukovany's operator, said it would make use of the country's lower electricity consumption to do some additional work in the reactor unit.

During the shutdown, technicians replaced part of the fuel assemblies, carried out revision and maintenance work on the equipment in the primary and secondary circuits and performed the planned modernisation of the unit's systems. Extraordinary measures had to be taken to minimise the risk of coronavirus infection. "We realise we are a significant part of the state's critical infrastructure," said Bohdan Zronek, director of CEZ's nuclear energy division.

A controlled fission reaction was renewed in the reactor on Wednesday.

"The unit should be running at full capacity on Sunday, which will depend on the outcome of further operating tests," said Bezdek.

Unit 4 was also taken offline this year due to replacement of part of fuel and technology checks. Shutdown of another unit is scheduled for the end of September.

With a total installed capacity of 2,040 megawatts, Dukovany covers a fifth of Czechia's electricity consumption.

It has produced 4.06 terawatt hours of electricity this year.

CTM SPRAVA ZELEZNIC RAILWAY COMP UPS LOSS TO CZK 1.08BN IN 2019 – 3.5.

Rail track management company Sprava zeleznic, formerly SZDC, raised its loss by some CZK 500m to CZK 1.08bn last year and revenues grew by CZK 4bn to CZK 30.4bn, the firm said in the annual report.

Sales of services were CZK 1.8bn higher at CZK 8.3bn. Wage, energy and service costs went up.

The 2019 loss was similar to that posted for 2017. The firm managed to cut its loss by a half in 2018 thanks to write-offs. Sprava zeleznic put into operation 92 km of reconstructed railway lines last year. It invested nearly CZK 20bn in the railway infrastructure upgrade, with further billions going for repairs and maintenance, said the report.

Some CZK 1.5bn was spent on repairs and modernisation of railway stations.

A major project launched last year were repairs of the historic Fanta building of the main railway station in Prague.

Sprava zeleznic manages over 3,000 railway buildings in total.

CTK ENGINEERING FIRM SKODA JS RAISES SALES, PROFIT IN 2019 – 4.5.

Czech engineering company Skoda JS raised its sales annually by 15 percent to CZK 4.7bn in 2019 by IFRS international accounting standards, and its pre-tax profit increased by 4 percent to CZK 244m, company head Frantisek Krcek told CTM today.

The 2019 results are similar to figures reported in exceptional year 2017. Skoda JS was profitable for the 20th year in a row and kept all its 1,100 employees, Krcek said.

The company is getting more export-oriented because of a lack of opportunities at home. Exports accounted for 68 percent of its sales last year, the same share as in 2017 and 2018.

The company exported to 12 countries, mostly to Slovakia, Ukraine and Hungary.

Skoda JS secured new contracts worth CZK 3.2bn last year. This year is fully covered and next year is 70-80 percent covered, which is very good in engineering, Krcek said.

The company has contracts for the production of spent fuel containers for both Czech nuclear power plants Temelin and Dukovany until 2035.

The coronavirus crisis has not affected the company significantly. If key clients, mostly energy companies, do not have to change their investment plans because of lower consumption and energy prices, the impact on Skoda JS should be minimal, Krcek said.

There are some complications with components and material supplies, but no project has been stopped or very delayed.

Skoda JS is based on three pillars - engineering, production and servicing, which ensures long-term stability of sales and profit.

Engineering (modernisation and construction of nuclear sources) brought in 49 percent of sales last year. The construction of units 3 and 4 of Slovak nuclear power plant Mochovce is the most important project of the last ten years. Skoda JS also continues working on its five-year contract on the modernisation of check and control system at Hungarian power plant Paks, and has large projects concerning Ukrainian nuclear power plants and some projects in Armenia. Servicing's share in sales grew to 25 percent last year. Skoda JS has a contract valid until the end of 2021 with power utility CEZ, the operator of Temelin and Dukovany.

The company proved its nuclear decommissioning qualification and ability at Slovak nuclear power plant Bohunice V1, Krcek said.

Production accounted for 26 percent of sales. Skoda JS's long-term programme involves spent nuclear fuel containers and the production of water-water energetic reactor components, Krcek said.

Skoda JS started working on the production and delivery of two sets of the EPR 1600 MW reactor pressure vessel internals for the Hinkley Point C nuclear power plant in Britain. It is an important project as it shows that Skoda JS can produce for all designs, Krcek said.

The company is also a supplier for the Loviisa power plant in Finland.

Skoda JS, formerly Jaderne strojirenstvi, is a unit of Russian engineering group OMZ whose main shareholder is Gazprombank.

ČEZ POWER PLANTS' CO₂ EMISSIONS DOWN 6.7% - 4-5.

ČEZ Group recorded a decrease in CO₂ emission intensity from its power plants by 6.7%. The value of average specific emissions reached 0.36 tons of CO₂ / MWh. In 2018, it was 0.39 tons and in 2016 a total of 0.48 tons. Thanks to a change in the structure of its sources, ČEZ reduced CO₂ emissions by 14% and emission intensity by 20% over the past three years. By 2040, it expects a decrease of 72% to the limit of 0.1 tons of CO₂ / MWh.

ČEZ'S HYDRO POWER PLANTS PRODUCED 19% MORE POWER IN Q1 - 5-5.

ČEZ produced 338 million kWh of electricity in its pumped-storage hydropower plants Dlouhé stráně, Dalešice and Štěchovice II in Q1 2020, up 19% y/y. The volume would thus

cover the annual consumption of almost 100,000 Czech households. This is 28.6% of production in 2019, which amounted to 1.18 billion kWh. At the same time, the number of starts took place by 1.3%. Compared to 2009, the volume of production in 2019 in pump storage sources increased by 92.5%.

TPCA CONTINUES TO PREPARE PRODUCTION OF TOYOTA YARIS HYBRID DURING SUSPENSION - 7-5.

Kolín automaker TPCA continues as part of the suspension of production related to COVID-19 to prepare technology for the production of hybrid model Toyota Yaris. This was confirmed for ČIANEWS by spokesman Tomáš Paroubek, who added that he will not comment on the date on which the suspension will end as it may still change. TPCA will also announce the schedule for the production of the new model, the volume of investments and the anticipated production volume later.

PANDEMIC SARS-CoV-2

News in this category are excerpts or are limited to the latest information.

ECONOMIC MEASURES

Government to pay half of rent for entrepreneurs - 4-5.

The state will also cover 50 percent of commercial rent for entrepreneurs who had to close the premises they rent due to the coronavirus epidemic. The lessees will cover 20 percent and the owners 30 percent of the rent, Havlicek said at a press conference after the cabinet meeting.

The programme will be in place for three months from April 1 to June 30.

Havlicek is to prepare details of the programme within a week. This support will cost the state about CZK 4bn. According to Havlicek, it may apply to 150,000 up to 200,000 entrepreneurs.

Govt OKs deferral of EET scheme until year end - 4-5.

The government today approved the Finance Ministry's proposal to defer the electronic registration of sales (EET) scheme for all until end of this year, the Finance Ministry said. The Chamber of Deputies is to debate the measure in a state of legislative emergency on Tuesday.

The lower house had previously approved a deferral of the entire scheme during the state of emergency, which is to stay in force until May 17, plus the following three months. As a result, entrepreneurs need not register their sales and authorities are not checking the fulfilment of the duty.

EET was launched on December 1, 2016, applying to restaurants and accommodation facilities in the first wave. It has been obligatory to retail and wholesale businesses since March 2017. From May this year, it was to be extended to the remaining branches from craftsmen and taxi drivers to medical doctors and lawyers.

"We must respond to the seriousness of the crisis flexibly and allow the economy to take a deep breath. At this moment, it is primarily important for companies to operate," Schillerova said.

According to Petr Linx of consulting firm BDO, the EET deferral is good news for all entrepreneurs concerned. "They will be able to focus on coping with the current unfavourable situation," he said.

"I understood why EET was deferred in case of the third and fourth waves. But how to substantiate the deferral until the end of the year for all? Does the budget no longer need CZK 6bn?" consulting firm Apogeo partner Jiri Zezulka said. According to available data, 197,463 entrepreneurs were registered in the EET systems at the end of April.

Govt approved support for Limited liability companies – 4.5.

The government approved a proposal that small limited liability companies affected by the coronavirus epidemic be entitled to a one-off payment of CZK 500 a day, similar support as that paid to sole traders, the Finance Ministry said in a press release.

The Chamber of Deputies is to debate the proposal in a state of legislative emergency.

Limited liability companies may receive up to CZK 44,000 for the period from March 12 to June 8.

The support is intended for limited liability companies with two members at the most or with more members provided that they are the immediate family. The minimum required turnover is CZK 180,000 for 2019 or the next two years.

There are about 300,000 limited liability companies in Czechia at present.

Development bank CMZRB provides CZK 15bn to businesses until May 3 – 5.5.

Entrepreneurs received CZK 15bn from Czech guarantee and development bank CMZRB from the beginning of this year until May 3, with the volume more than doubling yr/yr, and the aid via COVID programmes amounted to roughly CZK 8bn, CMZRB spokeswoman Marie Lafantova told CTK today.

The amount CMZRB provided until early May corresponds to two thirds of the record-breaking aid granted during 2019, Lafantova said.

CMZRB helped fund over 2,600 projects of mostly operating nature, she said.

The bank approved CZK 8.2bn worth of loans for more than 1,000 sole traders and small and medium-sized businesses in COVID programmes.

Normally, CMZRB grants about CZK 2bn in loans and guarantees a month, funding about 500 projects, CMZRB head Jiri Jirasek said.

In April, CMZRB provided the said CZK 2bn on top of COVID programmes, which means that the total aid was five times higher than usual, he said.

Businesses need not only operating financing but also investment in new technology and development, Jirasek said. The bank tries to help also through programmes other than COVID, he said.

CMZRB put together COVID programmes cooperating with the Industry and Trade Ministry.

In the first wave, the bank received more than 3,200 applications worth CZK 10bn, and the second one, which included commercial banks, registered 5,900 applications worth CZK 19bn.

Entrepreneurs could ask for interest-free loans of up to CZK 15m.

The city of Prague designed COVID Praha for businesses from the capital. The programme was used up in ten minutes. Applications were submitted by 363 businesses and the value of guaranteed loans is expected at CZK 1.8bn.

While most applications in COVID I were rejected because of errors, the success rate of applications in COVID II and COVID Praha is over 90 percent.

COVID III should be ready in May with an allocation of CZK 150bn, which means CMZRB will be able to guarantee loans worth up to CZK 500bn. The aid should go to about 150,000 businesses with up to 500 employees.

Preparations for COVID plus, which will be for large export companies, are underway with the cooperation of export guarantee and insurance corporation EGAP.

The European Commission (EC) approved Czechia's state aid worth EUR5.2bn (CZK 142bn) for companies hit by the coronavirus, the EC said in a press release today.

Recipients of the aid in the form of state loan guarantees should be mainly larger companies that generate at least 20 percent of their revenues abroad.

ECONOMIC IMPACTS

Car glass producer AGC Automotive Czech to cut jobs – 4.5.

Car glass producer AGC Automotive Czech is planning to cut jobs due to a drop in demand for car glass, with hundreds of employees to be laid off by the end of the year, the company said in a press release today.

The firm is one of the largest automotive glass producers in Europe and employs roughly 2,000 people in the Teplice area (northern Bohemia).

The government's Antivirus programme has helped preserve as many jobs as possible but it cannot make up for the enormous drop in demand, the firm said.

AGC Automotive Czech has been forced to consider restructuring its operations, it added.

Over 50 pct of Czech businesses not planning job cuts – 4.5.

More than 50 percent of Czech firms have not made any job cuts and neither are they planning to, including 71 percent of construction businesses and 28 percent of firms active in restaurant services, a survey conducted by the Czech Chamber of Commerce among its 796 members shows.

Over 65 percent of firms that have laid off staff or are planning to will cut as many as 20 percent of jobs. This applies to 84 percent of large companies considering staff reductions.

As many as 11 percent of firms have or will cut more than 50 percent of jobs. They mostly include micro and small enterprises.

The survey was conducted between April 21 and April 23. The effects of the coronavirus situation are being handled better by digital firms, such as online retailers Alza and Rohlik, or firms that have been able to digitise their activities, consulting company Bubenik Partners has told CTK.

The firms will derive benefits from their digital business models or digital transformation in the future as well, said Jan Bubenik, founder and managing partner at Bubenik Partners.

Czech state budget gap widens to CZK 93.8bn in April – 4.5.

The Czech state budget gap grew to CZK 93.8bn at the end of April from CZK 44.7bn month on month and CZK 29.7bn year on year, the Finance Ministry said today.

It is the worst April result since the country's establishment in 1993. Until now, the worst April figure (CZK 78.2bn) was recorded in 2010.

Anti-coronavirus measures resulted in a major drop in economic activity and with that a decrease in tax income, the ministry said.

The situation has also required extraordinary resources from the budget to fight the epidemic and boost the economy, the ministry said.

Adjusted for EU funds, the state budget deficit reached CZK 88.8bn in April, the ministry said. In April 2019, it would be CZK 27.7bn.

State budget revenues went down by CZK 3bn to CZK 467.9bn at the end of April. Tax revenues, including social security payments, decreased annually by CZK 4bn to CZK 395.4bn.

Budget expenditures grew by CZK 61.1bn to CZK 561.7bn.

On April 22, the Chamber of Deputies raised this year's budget deficit to CZK 300bn because of impacts of the coronavirus.

The largest deficit of over CZK 192bn was recorded in 2009 because of impacts of the global economic crisis.

According to analysts, today's data indicate that the recently adjusted budget deficit for the entire year will need to be raised further.

The budget can expect another blow in the form of economic fall, which has already affected the collection of VAT, social security payments and advance payments of individual income tax, CSOB analyst Petr Dufek said.

"But the main blow will come at the moment of the expected rise of unemployment. In this perspective, the approved budget deficit of CZK 300bn seems too optimistic," he said. Additional expenditures have so far been kept on rein, which can, however, be the result of the slow start of many kind of state aid, according to Raiffeisenbank analyst Vit Hradil.

Revenues, on the other hand, are falling at a rate that is raising doubts regarding the achievability of the budgeted volumes. "In our opinion, the currently planned deficit of CZK 300bn will unavoidably require reconsideration," Hradil said.

Czech jobless rate grows to 3.4 pct in April – 4.5

The Czech unemployment rate grew to 3.4 percent in April from 3 percent in March, and employment offices registered 254,040 jobless people, some 28,400 more, Labour Minister Jana Malacova said at a press conference today.

The number of job seekers rose by 52,995, she said.

The numbers are still decent, but the coming weeks will show how much unemployment can grow, Malacova said.

The biggest turn is expected in late May and early June, she said.

In April, employment offices registered mainly people from services, especially food services, sales, hotels, hauling and service mediation, Malacova said.

Unemployment increased month on month in all 77 districts of the country, with Cheb recording the biggest hike of 53 percent.

The number of job vacancies went down to 332,748 in April from 342,287 in March.

Some companies plan mass lay-offs, Malacova said.

A total of 92,898 of those unemployed received unemployment benefits in April. The average amount paid was CZK 8,427.

Malacova has said that she would propose higher unemployment benefits, if unemployment jumped up.

According to Komerční banka's economist Michal Brozka, the unemployment figure for April was below expectations, with lower flexibility of the Czech labour market and some government measures being behind its slow growth.

"Even though the economic activity fell steeply, the unemployment data have not reflected this very much yet. The rigidity of the labour market has, however, its limits, and the jobless rate is likely to grow in the months ahead," Brozka said.

The unemployment rate may reach up to 4 percent in May, and the start of summer holidays may see more than 5 percent.

The ministry expects the jobless rate to grow by up to 5 percentage points because of the coronavirus crisis, according to documents on the Antivirus programme on the kurzarbeit (shortened working time) scheme.

Impacts will depend on how many people are out of a job and for how long, the ministry said.

Six-month unemployment hike of 5 percentage points would cost the state budget CZK 44bn in taxes, mandatory payments and provided benefits, the ministry said.

Skoda Auto delivers almost 25 pct fewer cars yr/yr in Q1 – 4.5.

Czech car maker Skoda Auto delivered 232,900 cars worldwide in Q1, down by almost 25 percent annually, with the drop caused mainly by the coronavirus pandemic, the firm said in a press release today.

Its operating profit fell by 25 percent year on year to EUR307m (roughly CZK 8.3bn) and sales decreased by 1.4 percent to EUR4.85bn (almost CZK 131bn), the car maker added.

"Skoda Auto has achieved record results in recent years and still has sufficient liquidity," said board chairman Bernhard Maier. "This is of great benefit to us in this extremely difficult situation. At present, nobody can accurately estimate how the covid-19 pandemic will affect global car sales in the coming months. One thing is clear: due to the production stop, more than 100,000 vehicles could not be manufactured at Skoda," added Maier.

The company is adhering to its medium- and long-term plans but is now dependent on government stimuli for the whole economy so that jobs can be sustained in the long term, he said.

Skoda Auto has adopted extensive measures to effectively reduce costs and expenditures in the short term, said board member Klaus-Dieter Schurmann.

"We expect the greatest impact of the current crisis to be in the second quarter, followed by a gradual recovery in the third quarter and a possible return to the previous year's level in the fourth quarter," added Schurmann.

The car maker's Czech plants resumed operations last Monday after an almost six-week closure due to the coronavirus pandemic.

Skoda Auto runs three factories in Czechia. It also makes cars in China, Russia, Slovakia, Algeria and India, mostly through group partnerships, and in Ukraine and Kazakhstan in cooperation with local partners. It is active in over 100 markets.

Last year, it delivered 1.24 million vehicles worldwide.

It has some 39,000 employees, almost 34,000 of them in Czechia.

Holding a roughly 40 percent share of the Czech market, Skoda Auto is the best-selling brand in the country.

Aero will not meet objectives for 2020 – 4.5.

Aero Vodochody Aerospace will not be able to meet the objectives originally set for 2020 before the crisis. The company said that the company's management had decided to keep the company running during the coronavirus pandemic and to continue all production activities: MRO, aerostructures and the project of the new L-39NG jet aircraft. Aero also continues to fully implement the L-39NG program with the goal of achieving certification in 2020.

Conditions in Czech manufacturing sector worst since March 2009 – 4.5.

Conditions in the Czech manufacturing sector worsened markedly in April due to the coronavirus and the Purchasing Managers' Index (PMI) fell to 35.1 points monthly from 41.3 points, which is the lowest level since March 2009, company IHS Markit said today.

The 50-point level sets the difference between growth and fall, with readings above 50 showing improvement.

The drop is not a big surprise given the shutdowns of car companies which were gradually extended for almost the entire April, ING chief economist Jakub Seidler said.

PMI probably touched bottom in April and should show better results in May because of production resuming, Seidler said.

Even though the industrial activity drop in Europe will likely slow in May, the year-on-year fall will still be significant and the recovery will be gradual, Generali Investments CEE chief economist Radomir Jac said.

Poland and countries in Western Europe registered a bigger fall in the manufacturing industry activity, while Hungary reported an improvement for April.

The Czech April data showed the steepest drop in the volume of output and new orders since the beginning of the survey in June 2001.

Decline in demand caused by the pandemic contributed to the biggest employment decrease since the 2009 financial crisis and sent business confidence to the lowest level since July 2012.

Producers lowered prices of their goods in an attempt to remain competitive, even though input prices kept increasing because of delays in supplies and unavailability.

The sector's purchasing activity dropped significantly.

"The effects of the COVID-19 pandemic and emergency public health measures took hold across the Czech manufacturing sector in April," IHS Markit economist Sian Jones said.

"Although restriction across the Czech Republic have been slowly easing, companies expect output to fall over the coming year as worries surrounding the longevity of lockdowns, the timespan of any recovery and fears of a potential drop in investment drag confidence down," she said.

Pandemic affects income of almost 40 pct of Czechs – 6.5.

Almost 40 percent of Czechs have seen their income affected by the coronavirus pandemic, and over 30 percent of Czechs have savings to live on for four and more months while 42

percent only for one month at most, according to a survey by agency NMS Market Research for Raiffeisenbank.

Some 25 percent of respondents have savings to cover two to three months of no income.

University graduates with household income exceeding CZK 40,000 per month reported bigger financial reserves. In contrast, as many as 60 percent of households with monthly income of less than CZK 20,000 have savings to live on for one month at most.

Most respondents whose income has shrunk are people with elementary school children (50 percent).

As many as 7 percent of respondents have been laid off. Despite this, 78 percent of Czechs are not afraid of losing their job.

The survey was conducted in April among 1,066 respondents.

CRIF: Corporate bankruptcies fall due to emergency – 6.5.

In April 2020, 44 bankruptcies by commercial firms, 601 bankruptcies of natural entities-entrepreneurs and 1,355 personal bankruptcies were declared in the Czech Republic, according to an analysis by CRIF - Czech Credit Bureau. At the same time, 91 proposals for company bankruptcies, 507 proposals for entrepreneurial bankruptcies and 1,146 proposals for personal bankruptcies were submitted. Their number was the lowest in all monitored categories since June 2019 when the amendment to the insolvency act came into effect. The reason for it is the restricted functioning of courts during the state of emergency.

New passenger car sales fall by 53 pct to 10,679 units in April – 6.5.

New passenger car sales in Czechia dropped by 53 percent to 10,679 units in April due to the coronavirus situation and lower demand in general, and the market saw a 26.3 percent fall to 60,873 units sold in the January-April period, the Car Importers Association said today.

Car dealerships were closed until April 20 under the government's coronavirus measures.

The decline affected all vehicle segments and types, the exception being electric and hybrid passenger cars, which posted an annual rise in registrations due to tighter emission regulations imposed on car makers.

Skoda sold most passenger cars but reported a 17 percent drop to 23,628 registrations in the January-April period.

It was followed by Hyundai with a 6 percent rise to 5,398 units sold, and Volkswagen with a 30 percent decrease to 5,267 units.

Toyota and Dacia took fourth and fifth places, respectively.

Besides Hyundai, higher sales were also reported by Tesla, SsangYong, DS and Ferrari.

The best-selling passenger cars are the Skoda Octavia, Fabia, Scala, Karoq and Hyundai i30.

Petrol cars accounted for 66 percent of sales, while diesel cars only made up 29 percent.

The number of LUV registrations fell by 28 percent to 4,787 cars in the January-April period and by 29.4 percent year on year in April. Most LUVs were sold by Volkswagen (666), followed by Ford and Peugeot.

Lorry sales decreased by 32 percent annually to 2,278 units in the January-April period, and posted a 52 percent annual drop in April. MAN reported the highest number of registrations (414), followed by Mercedes-Benz and DAF.

Bus registrations went down by 15 percent to 260 units. Motorcycle sales fell by 18 percent year on year to 4,942 units in the January-April period, seeing a 22 percent drop in April. Honda accounted for most registrations (924). CF Moto, Yamaha, KTM and BMW followed.

CTK EC: Czech economy to contract by 6.2 pct this year – 6.5.

The Czech economy will contract by 6.2 percent this year because of the coronavirus crisis, according to a spring macroeconomic forecast of the European Commission (EC), while analysts approached by CTK envisage a drop of 6.5 to 11 percent this year.

The 6.2 percent fall is bigger than during the 2009 financial crisis, the Commission said in the forecast published today.

Next year will see a rise of 5 percent, the EC added.

The export-oriented economy will decrease because of lower production and a weaker demand abroad, EC analysts said.

CTK CNB: GDP to drop by 8 pct this year, rise by 4 pct next year – 7.5.

The Czech National Bank's (CNB) new forecast expects domestic GDP to drop by 8 percent this year and to grow by 4 percent next year, but despite the growth resumption, the economy will not get to the pre-crisis level before the end of 2021, governor Jiri Rusnok said at a press conference after the CNB Bank Board meeting today.

The board today lowered the two-week repo rate by 0.75 points to 0.25 percent.

According to Rusnok, the decrease in market interest rates in Q2, followed by their stability, is consistent with the new forecast.

With regard to the current extraordinary situation, the governing board has assessed the risks of the forecast as unprecedentedly high and requiring further significant loosening of monetary conditions against the basic scenario, Rusnok said.

The bank also said it does not deem necessary to intervene on markets now by supplying liquidity to financial institutions. But in relation to the amended law on the CNB, the central bank is preparing a tool to supply liquidity to some non-banking entities for preventive reasons, it said.

Overall inflation should decrease to the tolerance band around the 2-percent inflation market fast, achieving the monetary policy horizon near 2 percent, according to CNB's new forecast.

In Q2 and Q3 2021, inflation is to reach 2.1 percent, CNB said.

The Czech crown's exchange rate should stay around the current levels due to the unfavourable economic development. It should be at an average of CZK 26.90/EUR this year and at CZK 27.50/EUR next year, CNB said.

In the previous forecast released in February, before the coronavirus pandemic, the CNB expected the domestic economy to rise by 2.3 percent this year and by 2.8 percent next year.

COVID-19 DISEASE MEASURES RELATED INFORMATION

CTK Foreigners with expired visas, residencies can stay until July 17 – 4.5.

All foreigners will be able to stay in the Czech Republic until July 17, even if their visa or residence permit expires, the Foreign Ministry said in a press release today.

Foreigners staying in Czechia with an expired visa or residence permit will not have to turn to the Foreign Police Department.

The Czech Republic closed its borders to all foreigners without permanent residence in the country in mid-March over the novel coronavirus pandemic, but allowed those who arrived earlier to stay even if their visa or residence permit expired.

Today, the ministry said that foreigners will be able to stay for 60 days following the end of the state of emergency in the country, now planned for May 17.

Once a person with an expired visa or permit decides to leave the country, they will receive an official stamp in their passport, confirming that their stay in Czechia was legal.

CTK Bus maker Iveco CR and car lights maker Koito Czech resume production - 4.5.

Bus maker Iveco Czech Republic resumed production today following a closure that started on March 30 due to a shortage of spare parts caused by the coronavirus pandemic, spokeswoman Katarina Nemcova has told CTK.

The company is constantly in touch with its suppliers and the situation is stable at present, she added.

Iveco Czech Republic is one of the largest employers in the region. It manufactured 4,612 buses last year.

Koito Czech, a Czech unit of Japanese car lights producer Koito, also restarted production today and is running at 50 percent of its capacity, general manager Zdenek Sima told CTK today.

Operations could be resumed thanks to some of Koito Czech's key customers ending factory closures, added Sima.

The firm had suspended production on March 25.

CTK Ban on international railway and bus passenger transport to be lifted on March 14 – 4.5.

The government also agreed to lift the ban on international railway and bus passenger transport, which was put in place due to the coronavirus pandemic on March 14, Industry Minister Karel Havlicek told CTK, adding that the ban would be lifted as of May 11.

The ban currently applies to all operators in international road, railway and water passenger transport. Some carriers have said in recent days they are ready to resume the operation of their international lines quickly if the government lifts the ban.

According to carriers, the resumption will depend on the conditions for travel abroad as well as on passengers' demand.

The Transport Ministry is also expected to allow international airports in Brno, Ostrava and Karlovy Vary to resume international traffic in the days to come, Havlicek said.

So far, only Prague's Ruzyně airport has been open for international flights.

National railway operator Ceske drahy is in talks with authorities ordering transport from it as well as with partners abroad.

Private rail operator RegioJet is ready to resume its international lines almost immediately, spokesman Ales Ondrj said.

Leo Express said it is ready to resume its lines to Poland and Slovakia.

These two countries, however, are still restricting the entry of foreigners.

CTK Control of internal borders prolonged until June 13 – 4.5.

The Czech government prolonged the control of internal borders until June 13 due to the coronavirus epidemic, but as of May 11, all border crossings for commuters and lorries will reopen, the Interior Ministry told journalists today.

In a week, the government will also reopen selected border crossings for railway transport.

"In all places now only open to commuters and road freight transport, all categories of passengers will be able to cross the borders as of Monday, May 11," the ministry said.

"In the same form, another three places where the border with Germany can be crossed will be made accessible: Dolni Poustevna, Hrensko and Kraslice," it added.

Interior Minister Jan Hamacek (Social Democrats, CSSD) said the government wanted to diminish the negative impact of the lockdown rules on cross-border transport.

"However, since we also have to take into consideration the police capacity, the operational hours between 5:00 to 23:00 are still valid for this category of border crossings," Hamacek said.

Due to the expected renewal of international rail transport, the main railway corridors will reopen on May 11, he added.

These are those in Ceska Kubice and Decin on the border with Germany and Breclav and Horni Dvoriste on the border with Austria.

Transport Minister Karel Havlicek (for ANO) said the reopening of further international airports was being prepared. At present, only the Vaclav Havel Airport in Prague is functioning.

CTK Industry ministry receives 83 applications for aid worth CZK 409m – 4.5.

The Industry and Trade Ministry has received 83 applications for CZK 409m worth of aid under the Technologie COVID-19 programme since the morning, ministry spokeswoman Stepanka Filipova told CTK today.

The ministry has allocated CZK 300m for the programme but is ready to increase the sum, said Filipova.

The programme is intended for small and medium-sized producers of medical devices and protective equipment helping to curb the spread of the coronavirus.

The programme will be open for submissions until June 5.

The Financial Administration has so far received 476,924 financial aid applications from sole traders, settling 444,603 applications and paying CZK 10.7bn in total, the administration said on Twitter.

The average amount per application was CZK 24,622, it added. Sole traders are eligible for a contribution of CZK 500 per day for the March 12-April 30 period.

The Finance Ministry estimates as many as 700,000 sole traders will apply for the aid.

CTK People from outside EU may enter Czech Republic as of May 11 – 4.5.

People from outside the EU will be able to travel to the Czech Republic as of May 11 due to seasonal works, provided they will test negative for the novel coronavirus, the Interior Ministry told journalists today, announcing a government decision.

"These are, e.g., seasonal employees in agriculture as well as health and social care systems," the ministry said in a press release.

Agriculture Minister Miroslav Toman (Social Democrats, CSSD) said agriculture lacked some 3,000 workers at the end of April and beginning of May.

The government also decided today that all foreigners would be able to stay legally in the Czech Republic until July 17 even if the validity of their visas expires or the length of the permitted visa-free stay ends.

The foreigners will not have to ask foreign migration police for the prolongation of their stay until this date.

Since mid-March, the Czech Republic did not allow foreigners without permanent stay to come to the Czech Republic.

CTK Govt should re-launch foreign labour programmes – 6.5.

The government should re-launch its foreign labour programmes for key economic sectors as soon as possible as Czech businesses will not do without third-country workers once the covid-19 crisis subsides, Czech Chamber of Commerce head Vladimir Dlouhy said in a letter to ministers. Interest in foreign labour remains steady among employers despite the adverse economic situation, the chamber said. Only 3 percent of relevant firms have laid off some third-country workers and 7 percent are considering taking such steps, it added.

Czech firms are able to implement the necessary health measures at their own expense, including employee health checks, covid-19 testing, protective equipment and social distancing, the chamber said.

The government should openly communicate with businesses so that they know when to expect the return of foreign workers and how to adjust their operations accordingly, said Dlouhy, adding that this is of key importance for economic recovery.

When the government starts issuing work visas again, it should take into account which sectors are the most reliant on foreign labour, the chamber said.

Unemployment is certain to rise in Czechia and demand for foreign labour may not be as high, but some sectors will not do without foreign workers, said Dlouhy. This applies particularly to construction, engineering, transport, personal care, social services and the food industry, he added.

CTK VÍTKOVICE STEEL hires staff; no production restriction – 6.5.

VÍTKOVICE STEEL continues hiring new employees even during the restrictive measures related to the coronavirus. In the next weeks, 30 new employees will start working there. Interviews were conducted by a video-call and modern applications. The HR department created its own chatbot for communication with job seekers. The company currently needs crane operators, burners and binders. Production continues according to plan; apart from preventive protective measures, no restrictions had to be adopted.

CTK Babis admits govt may seek emergency prolongation again – 7.5. (excerpt)

Czech PM Andrej Babis (ANO) today admitted that his cabinet may ask the Chamber of Deputies to approve another one-week prolongation of the state of national emergency if the MPs fail to decide on a bill raising the Health Ministry's powers during the coronavirus epidemic in time.

In effect since mid-March, the state of emergency ends on May 17 for now, while the cabinet wants a number of anti-

virus restrictive measures to keep in force until May 25 at least.

Smart quarantine system to help lift lockdown measures – 7.5.

Selected data about the smart quarantine project to curb the spread of the novel coronavirus and help lift the lockdown measures, launched in the Czech Republic on May 1 and whose second part is being prepared:

- The smart quarantine system is to create a "footprint" of infected persons to track where they moved in the past five days and whom they met for more than 15 minutes. With the infected persons' consent, the mobile operators tell the public health offices the necessary data about their movement (approximate times and locations) and the banking data about their card payments will also be released. The regional public health offices will create memory maps of the places where the infected were moving. If the persons disagree, they should remember where they were moving in an interview with a public health officer. Afterwards, a qualified estimate of the risk persons who will be quarantined and tested is made. They will either drive to the testing points on their own or a sampling team will arrive in their homes.

- The aim of the smart quarantine is to prevent the COVID-19 spread in the Czech Republic in the shortest possible time and start releasing the lockdown measures to enable people to return to normal life as soon as possible. The smart quarantine will also help regional public health offices to speed up and improve their procedures. Thanks to the use of digital technologies, it is to be much easier and more precise to identify the persons who got in touch with the novel coronavirus.

- The Mapy.cz mobile application is part of the smart quarantine. It can send its users a warning if they face a higher risk of COVID-19 infection, on the basis of a significant personal contact with a person tested positive for the disease.

- The e-Mask (eRouska) application as part of the smart quarantine system is to help public health officers trace the possible personal contacts of infected patients in an easier, more efficient and faster way. Thanks to Bluetooth technology, it can remember other users of eRouska whom the respective person met.

- Both applications use different technologies and help provide more accurate data for public health officers to curb the epidemic.

- According to the Health Ministry, the system is in harmony with the law on personal data protection and the data collected this way will only be used after the persons' informed consent. The obtained data on the location will not be abused, the ministry said.

- Individual parts of the smart quarantine system are created under the aegis of the Health Ministry, cooperating with the Covid19CZ association of firms. A number of independent experts participate in the Covid19CZ platform, including academics. The association has been preparing other projects, such as the launching of the COVID-19 information line 1212.

- The military also takes part in the project. Soldiers formed teams to take samples from people suspected of having contracted coronavirus. The military allocated 14 teams and

is ready to raise their number to 33 if need be. Up to 330 soldiers will be involved in the project, PM Andrej Babis (ANO) said.

- According to Deputy Health Minister Roman Prymula, the system should reveal some 80 percent of COVID-19 cases. It will also be accompanied by penalties for smart quarantine violations, he added. On the other hand, its introduction may enable the easing of some anti-coronavirus restrictions.

- Babis is of the view that the smart quarantine is one of the most significant projects in the fight with the coronavirus pandemic.

- Some advanced Asian countries have introduced their versions of smart quarantine, such as South Korea, Taiwan, Hong Kong and Singapore, several weeks ago, and many European and some other countries use various digital technologies, too. Prymula told media on March 24 that the ministry would like to launch the smart quarantine in the Czech Republic after Easter.

- The testing started in south Moravia on March 30. On the same day, the government appointed then Central Crisis Staff chairman Prymula as the head of the COVID-19 central steering team. Prymula is in charge of the healthcare part of the anti-coronavirus fight, including the smart quarantine project.

- On April 8, the firms participating in the project were still saying that no one was using the smart quarantine system. Neither the memory map creators nor mobile phone operators received any demands from public health officers to describe the infected persons' movement. Government digitisation commissioner Vladimir Dzurilla said the memory map was just one function of the system and would start working in the days to come.

- Public health officers created the first memory map of a COVID-19 infected person in South Moravia on April 12.

- Since April 20, some elements of the smart quarantine have spread to all regions, primarily controlled testing and information exchange between the regional public health offices, sampling points and laboratories to regularly use electronic order forms as a web application.

- The model antiCOVID-19 for the Czech Republic worked out by 29 scientists from 20 domestic and foreign institutions has proven that smart quarantine can replace a higher number of lockdown measures against the coronavirus spread if three-fifths of the people who were in a broader contact with the infected are sent to home isolation.

- Health Minister Adam Vojtech (for ANO) said the smart quarantine would also enable more blanket testing in one locality thanks to the teams formed for the study of the exposure of the population to the infection or collective immunity and tackle the regional epicentres of COVID-19.

- Babis announced today that the other part of the project was being prepared to use the eRouska mobile application and the Mapy.cz programme of location sharing as well. Besides, a big call centre is to be established. Vojtech said the strategy would change from across-the-board measures towards local interventions.

iDNES.cz CSA will resume flights from Prague on May 18, first to Paris or Frankfurt – 7.5. (excerpt)

On Monday, May 18, Czech Airlines will resume operations on four of its routes. Namely to Amsterdam, Frankfurt, Paris and

Stockholm. Flights to Kiev will resume from May 24, and a day later to Odessa and Bucharest.

STATISTICS

EUROSTAT RETAIL TRADE - MARCH 2020: SALE OF NON-FOOD GOODS SIGNIFICANTLY DECREASED DUE TO CORONAVIRUS – 6.5.

In March, sales adjusted for calendar effects decreased in real terms (at constant prices) by 9.3%, year-on-year (y-o-y). Non-adjusted sales dropped by 8.9%, y-o-y. Seasonally adjusted sales in retail trade decreased by 12.2%, month-on-month (m-o-m).

Seasonally adjusted sales in retail trade, except of motor vehicles decreased in real terms (at constant prices) by 12.2%, m-o-m, in March. Sales for sale of automotive fuel decreased by 15.8% and sales for sale of non-food goods by 22.7%, while sales for sale of food increased by 3.2%.

Sales in retail trade adjusted for calendar effects decreased by 9.3%, y-o-y. Sales for sale of automotive fuel dropped by 17.5% and sales for sale of non-food goods dropped by 18.5%, while sales for sale of food increased by 4.9%.

Non-adjusted sales in retail trade decreased by 8.9%, y-o-y. Sales for sale of automotive fuel decreased by 16.4% and sales for sale of non-food goods decreased by 17.1%. Consumers spent for food by 3.9% more, y-o-y.

Results for March 2020 were influenced by measures taken to prevent the spread of coronavirus because of which many stores with mostly non-food goods were closed for part of the month or their operation was limited. The most significant year-on-year sales decrease (drop by 64.9%) occurred in stores with clothing, footwear and leather goods and in stores with cultural and recreation goods (drop by 47.1%). Sales decreased also in retail sale in specialised stores with information and communication equipment (drop by 29.7%) and in retail sale of other household equipment in specialised stores (drop by 22.0%). Sales for sale of goods via mail order houses or via Internet increased (+20.8%). Growth of sales was reported also for the sale of dispensing chemist, medical and orthopaedic goods (+9.1%). The above mentioned overall growth of sales for food was entirely owing to retail sale in non-specialised stores with food, beverages or tobacco predominating (growth of sales by 5.2%). Sales in retail sale of food, beverages and tobacco in specialised stores decreased by 17.3%.

The price deflator in retail trade, except for motor vehicles and motorcycles related to the corresponding period of the previous year (VAT excluded) was 102.7%. It was influenced mainly by higher prices of food, clothing, footwear and leather goods, dispensing chemist, medical and orthopaedic goods, cosmetic and toilet articles, other household equipment, and cultural and recreation goods. On the other hand, prices decreased in automotive fuel and retail sale of information and communication equipment in specialised stores.

Seasonally adjusted sales for sale and repair of motor vehicles⁴ decreased in real terms (at constant prices) by 29.3%, m-o-m, and sales adjusted for calendar effects decreased by 31.7%, y-o-y. Non-adjusted sales decreased by 29.5%, y-o-y; sales for repair of motor vehicles decreased by 26.5%, y-o-y, and sales for sale of motor vehicles (including spare parts) decreased by 30.3%, y-o-y.

For the whole Q1 2020, sales in retail trade, except of motor vehicles and motorcycles adjusted for calendar effects decreased in real terms (at constant prices) by 0.7%, y-o-y; non-adjusted sales increased by 0.6% (there was one working day more in the Q1 2020 compared to the Q1 2019). Non-adjusted sales for sale of food increased by 4.1%, y-o-y, while sales for sale of non-food goods decreased by 0.8%, y-o-y, and sales for sale of automotive fuel dropped by 4.9%, y-o-y. Sales for sale and repair of motor vehicles⁴ adjusted for calendar effects decreased by 15.2%, y-o-y; non-adjusted ones decreased by 13.9%. Non-adjusted sales for repair of motor vehicles dropped by 11.4%, y-o-y; sales for sale of motor vehicles (including spare parts) decreased by 14.5%, y-o-y.

Note: With regards to extraordinary measures in retail trade in relation to the Covid 19 disease, previously published data might undergo a significant revision. The potential revision is owing to a lower number of enterprises that had filled in questionnaires (reports) and also because part of the data, which are typically modelled based on VAT tax returns for previous periods had to be estimated.

EUROSTAT CONSTRUCTION IN MARCH 2020: CONSTRUCTION OUTPUT DECREASED ONLY SLIGHTLY – 7.5.

In March 2020, the construction output decreased by 2.3%, year-on-year (y-o-y), in real terms. The seasonally adjusted construction output decreased by 3.1%, month-on-month (m-o-m). The planning and building control authorities granted by 14.0% less building permits, y-o-y. The approximate value of permitted constructions decreased by 17.4%, y-o-y. The number of started dwellings decreased by 30.2%, y-o-y. The number of completed dwellings decreased by 6.8%, y-o-y.

In March 2020, the construction output decreased by 3.1%, m-o-m, in real terms. In the year-on-year comparison, it decreased by 2.3%. Compared to the corresponding month of the previous year, the production in building construction decreased by 5.4% (contribution -4.3 percentage points (p. p.)). The production of civil engineering construction increased by 10.4%, y-o-y (contribution +2.0 p. p.).

The average registered number of employees in construction decreased by 1.2%, y-o-y, in March 2020. Their average gross monthly nominal wage increased by 3.4%, y-o-y, in March 2020.

In March 2020, the planning and building control authorities granted 6 222 building permits; it was 14.0% down, y-o-y. The approximate value of the permitted constructions was CZK 29.0 billion and compared to the corresponding period of 2019 it decreased by 17.4%.

The number of dwellings started decreased in March 2020 by 30.2%, y-o-y, and reached the number of 2 947 dwellings. The number of dwellings started in family houses decreased by 23.5%. The number of dwellings started in multi-dwelling buildings decreased by 42.3%.

The number of completed dwellings decreased by 6.8%, y-o-y, in March 2020 and amounted to 2 226 dwellings. The number of completed dwellings in family houses decreased by 14.5%, while the number of completed dwellings in multi-dwelling buildings increased by 20.1%.

According to Eurostat, construction output in the EU27 in February 2020 decreased by 0.9%, y-o-y. Buildings decreased by 1.7% and civil engineering works increased by 3.5%. According to a preliminary release calendar, Eurostat will

release data for March 2020 on 19 May 2020.

Construction in the Q1 2020

In the Q1 2020, the construction output was by 2.9% higher in real terms compared to the Q4 2019. The construction output increased by 2.3%, y-o-y. The production in building construction decreased by 0.7% (contribution -0.5 p. p.), y-o-y, and the production of civil engineering construction grew by 15.8% (contribution +2.8 p. p.), y-o-y.

The average registered number of employees in construction decreased by 0.2%, y-o-y, in the Q1 2020. Their average gross monthly nominal wage increased by 6.8%, y-o-y, in the Q1 2020.

In the Q1 2020, the number of construction orders of construction enterprises with 50+ employees decreased by 3.0%, y-o-y; the enterprises received and concluded 12 592 construction orders in the Czech Republic. The total value of the orders decreased by 13.0%, y-o-y, and was CZK 50.3 billion. The building construction orders were for CZK 24.3 billion (growth by 3.3%) and those for civil engineering constructions were for CZK 26.0 billion (decrease by 24.1%). The average value of a newly concluded construction order was CZK 4.0 million and was by 10.3% lower, y-o-y.

In the Q1 2020, the number of building permits granted increased by 0.3%, y-o-y; the planning and building control authorities granted 19 469 building permits. The approximate value of constructions permitted in the Q1 2020 accounted for CZK 90.4 billion and dropped by 1.4%, compared to the same period of 2019.

The number of dwellings started in the Q1 2020 decreased by 4.5%, y-o-y, and accounted for 9 140 dwellings. The number of dwellings started in family houses increased by 9.5% and that in multi-dwelling buildings dropped by 13.1%.

The number of completed dwellings in the Q1 2020 decreased by 1.3%, y-o-y, and attained 8 000 dwellings. The number of completed dwellings in family houses dropped by 3.3%, y-o-y, and the number of completed dwellings in multi-dwelling buildings increased by 14.5%.

INDUSTRY IN MARCH 2020: INDUSTRIAL PRODUCTION DECREASED BY 10.8% IN MARCH - 7.5.

In March, working day adjusted industrial production decreased in real terms (at constant prices) by 10.8%, year-on-year (y-o-y). Seasonally adjusted industrial production decreased by 8.7%, month-on-month (m-o-m). The value of new orders decreased by 15.7%, y-o-y.

Industrial production decreased in March 2020 in real terms (at constant prices) by 8.7%, m-o-m. In the year-on-year comparison, it decreased by 10.8%. 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 -5.0 p. p., drop by 25.8%), manufacture of machinery and equipment (contribution -1.6 p. p., drop by 17.9%), and manufacture of fabricated metal products (contribution -0.9 p. p., drop by 8.3%). Industrial production increased in manufacture of food products (contribution +0.3 p. p., growth by 6.9%), manufacture of paper and paper products (contribution +0.2 p. p., growth by 12.9%), and manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials (contribution +0.1 p. p., growth by 8.8%).

Sales from industrial activity at current prices decreased by 9.5%, y-o-y, in March 2020. Direct export sales of industrial enterprises decreased at current prices by 11.9%. Domestic sales, which include also indirect export via non-industrial enterprises decreased at current prices by 6.1%.

The value of new orders in surveyed industrial CZ-NACE activities decreased by 15.7%, y-o-y, in March 2020. Non-domestic new orders decreased by 13.1%, while domestic new orders decreased by 21.0%. The y-o-y decrease of new orders in total was contributed to by the following CZ-NACE divisions: manufacture of motor vehicles, trailers and semi-trailers (contribution -10.9 p. p., drop by 28.3%), manufacture of computer, electronic and optical products (contribution -1.6 p. p., drop by 16.6%), and manufacture of machinery and equipment (contribution -1.6 p. p., drop by 14.6%). New orders increased only in manufacture of basic pharmaceutical products and pharmaceutical preparations (contribution +0.2 p. p., growth by 17.0%) and manufacture of paper and paper products (contribution +0.2 p. p., growth by 8.5%). The average registered number of employees in industry decreased in March 2020 by 2.6%, y-o-y. Their average gross monthly nominal wage increased in March 2020 by 3.2%, y-o-y.

According to the Eurostat news release, working day adjusted industrial production in the EU27 in February 2020 decreased by 1.3%, y-o-y. According to a preliminary release calendar, Eurostat will release data for February 2020 on 13 May 2020.

Industry in the first quarter of 2020

Seasonally adjusted industrial production in the Q1 2020 decreased by 3.0% compared to the Q4 2019. In the year-on-year comparison, it decreased by 4.6%.

Sales from industrial activity at current prices were lower by 3.0%, y-o-y, in the Q1 2020. Direct export sales of industrial enterprises decreased at current prices by 5.0%. Domestic sales, which include also indirect export via non-industrial enterprises, decreased at current prices by 0.4%.

The value of new orders in selected industrial CZ-NACE activities decreased by 5.8%, y-o-y, in the Q1 2020. Non-domestic new orders decreased by 6.2%, while domestic new orders decreased by 5.0%.

The average registered number of employees in industry decreased by 2.4%, y-o-y, in the Q1 2020. Their average gross monthly nominal wage increased by 5.3%, y-o-y, in the Q1 2020.

INTERNATIONAL TRADE IN GOODS (CHANGE OF OWNERSHIP) IN MARCH 2020: EXPORTS, IMPORTS AND TRADE SURPLUS MARKEDLY LOWER - 7.5.

According to preliminary data in current prices, the trade balance in goods in March 2020 ended in a surplus of CZK 3.1 bn, which was CZK 12.6 bn lower, year-on-year (y-o-y).

Total international trade in goods including the trade balance was influenced by the impacts of measures taken to against the spread of the coronavirus (production stoppages and business closures). The largest decreases of surpluses were recorded in 'motor vehicles' (by CZK 12.9 bn); further in 'electrical equipment' (by CZK 3.9 bn) and 'machinery and equipment' (by CZK 2.2 bn). The trade deficit deepened in 'basic pharmaceutical products' (by CZK 3.1 bn) and 'computer, electronic and optical products' (by CZK 1.7 bn).

The total balance was favourably influenced mainly by smaller deficits of international trade in 'crude petroleum and natural gas' (by CZK 5.5 bn) (the impact of falling prices on world markets and lower imported quantities) and 'basic metals' (by CZK 3.1 bn).

In March 2020, the trade balance with the EU27 Member States ended in a surplus of CZK 42.1 bn, and thus it was by CZK 15.9 bn lower, y-o-y. The trade deficit with non-EU27 countries decreased by CZK 3.2 bn to reach the amount of CZK 37.4 bn.

Compared to February 2020, the seasonally adjusted exports and imports fell by 12.1% and 8.6%, respectively. The trend shows decreasing exports (-2.5%) and imports (-4.5%).

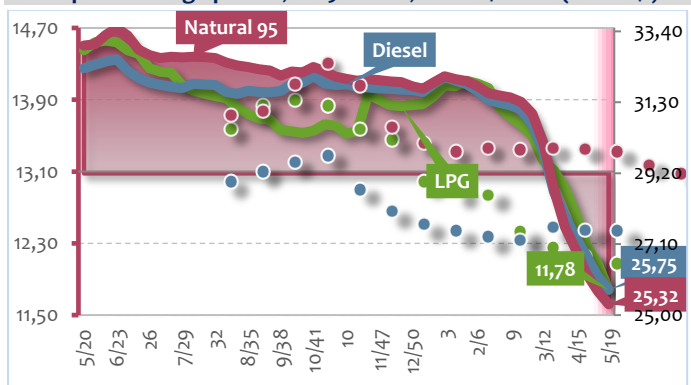
Compared to the same month in 2019, March exports decreased by 13.3% to CZK 284.4 bn and imports fell by 9.9% to CZK 281.3 bn. March 2020 had one more working day than March 2019.

In the period from January to March 2020 the trade balance surplus reached CZK 40.6 bn which represented a decrease by CZK 8.2 bn, y-o-y. From the beginning of the year exports and imports went down by 5.1% and 4.5%, respectively, y-o-y.

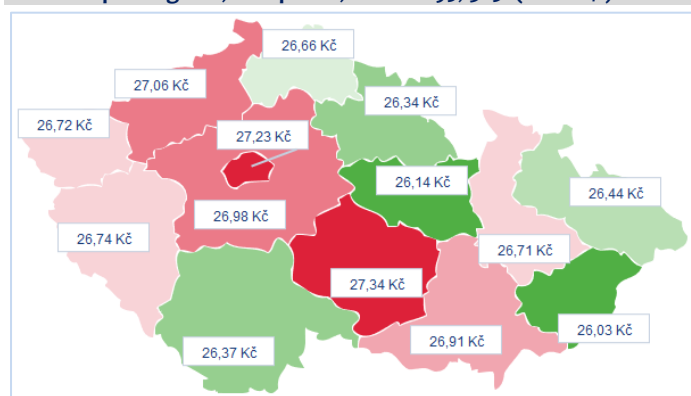
FUEL PRICES – 7. 5.

Natural 95 decreased by 38h¹ to CZK 25.32/l² over the past week. Diesel oil decreased by 39h to CZK 25.75/l.

Graph 1: Average prices³, 2019 – 2020, Month/Week (in CZK /l)



Map 1: Regions, fuel prices, Natural 95, 3. 5. (in CZK /l) ⁴



¹ h: Heller, a term was used for a coin valued at 1/100 of a CZK, it continues to be used as a means of calculation since the CNB removed the coins themselves from circulation in 2008 and notionally replaced them with rounding to the next CZK.

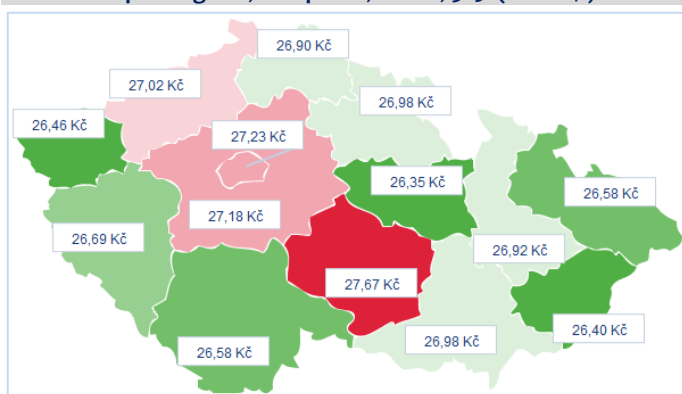
² l: litre, is an SI accepted metric system unit of volume equal to 1 cubic decimetre (dm³), 1,000 cubic centimetres (cm³) or 1/1,000 cubic metre.

³ Consumer price indices calculated from the weekly price survey are not qualitatively adjusted and thus do not express the net price development applied at inflation measurement, data issued by the CSO

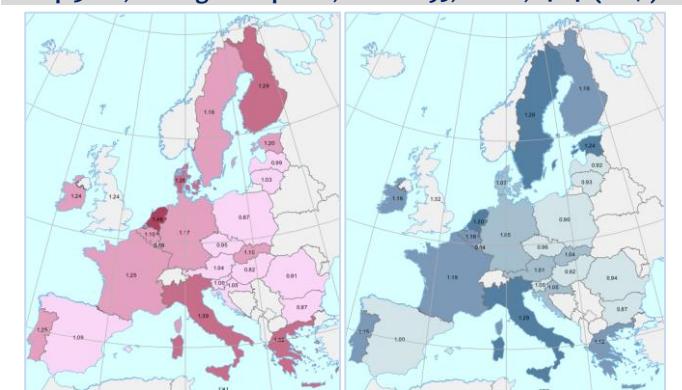
⁴ data issued by the mBenzin.cz; <https://www.penize.cz/ceny-benzinu-a-ceny-nafty>

⁵ data issued by the EC; <https://ec.europa.eu/energy/en/data-analysis/weekly-oil-bulletin>

Map 2: Regions, fuel prices, Diesel, 3. 5. (in CZK /l)

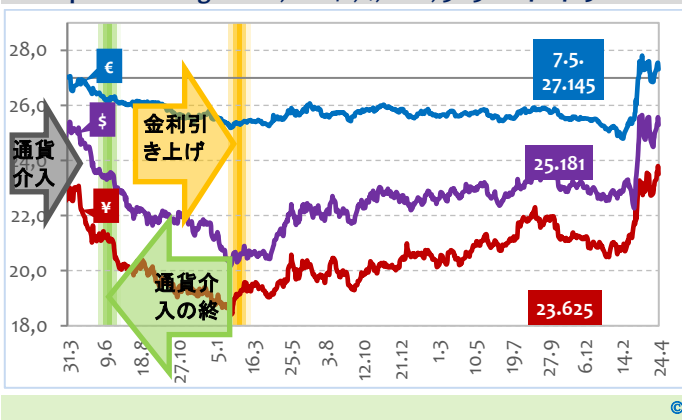


Map 3: EU, Average fuel prices, Natural 95, Diesel, 27. 4. (in €/l) ⁵



CZK vs €, \$, ¥ – 7. 5.

Graph 2: Exchange rates, CZK /€, \$, 100¥, 31. 3. 2017 – 7. 5. 2020



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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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