

ECONOMIC NEWS SUMMARY APRIL 26 – MAY 3

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ECONOMY & FINANCE



MF PROPOSES BUDGET IN 2019 – 26. 4.

The MF¹ proposes budget, state funds spending frameworks for 2019 at a maximum of CZK²1,496bn³, which should grow to CZK1,533bn in 2020 and CZK1,579bn in 2021.

Compared to the medium-term outlook for the CR's⁴ state budget, the MF increased the frameworks for 2019 and 2020 by CZK22bn and CZK25bn, respectively.

Approving of the budget strategy⁵ is one of the first steps in drafting next year's state budget.

The 2018 budget was approved with a CZK50bn deficit. The budget should run the same deficit in 2019 and 2020, according to medium-term spending frameworks approved last year.

This year, the MF worked out the budget strategy of the public finance sector according to a methodology approved by the newly established National Budget Council.

The council recommended the government to set the real state budget and funds spending lower.

Complete using of spending frameworks would lead to a fiscal expansion which is undesirable, taking into account the current phase of the business cycle, as it could deepen macroeconomic imbalances, the budget council said.

On the other hand, by not using the frameworks to full extent there will be room for an active fiscal policy in case of unexpected worsening of the economic development, the council added.

The proposed amounts could be changed during drafting of the state budget, state funds' budget and their medium-term outlook only in case of a different macroeconomic or total revenues forecast.

Tax revenues, including social security payments, should grow from CZK1,250bn planned for this year to CZK1,306bn next year, rising to CZK1,405bn by 2021, according to the strategy. Structural balance is estimated to be in surplus in the coming years, according to the MF.



ABOLITION OF SUPER-GROSS WAGE FROM 2020 – 26. 4.

The 2019 tax package will not include the originally planned proposal to abolish super-gross wage⁶ and the related adjustments to income tax rates. The bill neither contains the possibility to deduct 75% of paid premiums from the tax base for the self-employed. The MF added the system measures

¹ MF: Ministry of Finance

² CZK: Czech Crown, the currency of the CR since 8 February 1993

³ bn: billion

⁴ CR: the Czech Republic, a nation state in Central Europe. The Czech Republic covers an area of 78,866 km² with a mostly temperate continental climate and oceanic climate. It is a unitary parliamentary republic, has 10.5 million inhabitants and the capital and largest city is Prague, with over 1.2 million residents.

⁵ The budget strategy is to be approved by the government, representing a binding document for drafting of the state budget, state funds' budget and their medium-term outlook.

According to the law on budget responsibility rules, the government institutions performance is not to exceed the medium-term budget target which has been set for the CR as a structural deficit of 1% of gross domestic product.

would be included in the new income tax act which was expected to become effective in 2020.

BOOSTING CUSTOMS ADMINISTRATION'S TAX POWERS – 27. 4.

The MF has lodged a new demand that customs officers are allowed to investigate and pursue a much wider range of tax related crimes. At the moment, they only have full competence with regard to VAT⁷ and customs duties. Other tax related cases must be handed over to the police. A similar attempt to widen the competences of the customs administration was made in 2016 by the then MF Minister Babiš. It failed to win support from other government parties.

TAX COLLECTION GROWS IN Q₁ – 29. 4.

The FA⁸ collected some CZK93bn in VAT in the Q₁⁹ 2018, 13% more y-o-y¹⁰, and corporate income tax brought in 1% more y-o-y at CZK39bn.

Table 1: Collection of shares taxes in 2017 and 2018 (in CZK bn)

Collection as of	March	March
	29.2018	31.2017
VAT	92.6	81.9
corporate income tax	39.1	38.6
individual income tax (employees)	44.3	38.4
individual income tax (special rate)	3.6	3.4
individual income tax	6.8	7.0
payments from lotteries	-	0.8
tax on gambling games excluding technical games	1.0	-
tax on technical games	2.2	-

Higher revenues were registered also in collection of individual income tax.

Total state revenues from taxes without social security insurance increased by 9% (CZK19.6bn) y-o-y to CZK234.9bn.

VAT, corporate income tax and individual income tax rank among the so-called shared taxes whose revenues go to the state budget and budgets of municipalities and regions.

Regions receive 8.92% and municipalities 23.58% of the total gross revenues from corporate income tax and individual income tax.

The share of municipalities and regions in VAT revenues has increased from a previous 21.4% so they could gain an extra around CZK8.5bn annually.

The state budget alone gained CZK62.8bn in VAT in the Q₁ 2018, 10% more y-o-y. Corporate income tax brought CZK26.7bn to the state coffers, a 1.3% y-o-y growth.

⁶ **Supergross wage**: a total costs of labor. Gross employment income increased by the mandatory social security and health insurance contributions paid by the employer. The personal income tax rate has been set at a flat rate 15% from the supergross wage.

⁷ **VAT**: Value-added tax, a type of tax that is assessed incrementally, based on the increase in value of a product or service at each stage of production or distribution. VAT essentially compensates for the shared services and infrastructure provided in a certain locality by a state and funded by its taxpayers that were utilized in the elaboration of that product or service. Not all localities require VAT to be charged and goods and services for export may be exempted (duty free). VAT is usually implemented as a destination-based tax, where the tax rate is based on the location of the consumer and applied to the sales price.

⁸ **FA**: Financial Administration of the Czech Republic

⁹ **Q₁**: * quarter of the year

¹⁰ **Y-o-y**: year on year, compared, compared with the corresponding month of preceding year

As 2018, a law on tax from gambling is in force, it has introduced tax on gambling and tax on technical games. They have replaced payments from lotteries. The state has acquired roughly CZK3.2bn from gambling and technical games in the Q₁ 2018.

GA FEWEST PERSONS IN 6 YEARS QUIT BUSINESS IN Q₁ – 30. 4.

According to the CRIF¹¹, 16,609 natural persons started doing business in Q₁ 2018, while 12,645 natural persons ceased their business activities. The number of terminated business licenses fell y-o-y by 1/5 and was the lowest since 2012. In March alone, nearly 5,300 natural persons started doing business and more than 3,900 stopped.

The most natural persons started doing business in Q₁ in Prague (2,665), Central Bohemia (2,158) and the South Moravia Region (1,914).

CNCB DEBT OF NON-FINANCIAL COMPANIES GREW – 2. 5.

The total volume of loans provided to non-financial companies in the CR reached CZK1.046tn¹² as of the end of March 2018. At the end of March 2017, the debts of companies reached CZK1.023tn. Loans to households reached CZK 1.556tn in March 2018. In the same period of the previous year it was CZK1.446tn.

AGRICULTURE & ENVIRONMENT

CSO SMALL FARMERS FORM 60% OF TOTAL – 30. 4.

According to the CSO¹³, small farms¹⁴ account for almost 60% of the total of 26,525 agricultural entities in CR, but they manage 5% of farmland and 4% of livestock.

Large farms manage 2/3 of the land and account for 76% of animal farming.

The average farmer in 2016 managed 132ha¹⁵ of land, by ▲7ha less than in 2000. The average cattle breeder had 121 animals and the poultry breeder 3,373.

HOSPODÁRSKÉ NOVINY FSC CERTIFICATION OF TIMBER – 30. 4.

About 4,000 jobs at Czech furniture makers are reportedly at risk because the vast majority of Czech timber does not have the strict environmental certification that will be required by Ikea, Jysk, XXX Lutz and other retailers. Papermakers are in a similar situation. Ikea will require FSC¹⁶ certification as of 2020, at the latest. LČR¹⁷ said it is addressing the issue but

¹¹ **CRIF:** CRIF - Czech Credit Bureau, is administrator of CBCB - Czech Banking Credit Bureau (register of bank clients), and CNCB - Czech Non-Banking Credit Bureau (register of debtors). It is subsidiary of CRIF, which is a global company specializing in credit bureau and business information, outsourcing and processing services, and credit solutions. Established in 1988 in Bologna (Italy), CRIF has an international presence, operating over four continents (Europe, America, Africa and Asia).

¹² **tn:** trillion

¹³ **CSO:** Czech Statistical Office, 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. It accomplishes this goal through the management of the Czech Statistical Service.

¹⁴ **CSO,** Basic characteristic of agricultural holdings by utilised agricultural area, average utilised ha per holdings: small – 10ha, medium – 100ha, large – 1,000ha.

¹⁵ **ha:** hectare is a non-SI metric system unit of area equal to 10,000 m²

¹⁶ **FSC:** Forest Stewardship Council, an international non-profit, multi-stakeholder organization established in 1993 to promote responsible management of the world's forests. The FSC does this by setting standards on forest products, along with certifying and labelling them as eco-friendly. The FSC's stated mission is to "promote environmentally appropriate, socially beneficial and economically viable management of the world's forests".

¹⁷ **LČR:** Forests of the Czech Republic, state enterprise based in Hradec Kralove founded by the Ministry of Agriculture. LCR main activity is the management of the majority of forests (over 1.3 million ha), which are owned by the CR. Furthermore, the company is in charge of nearly 20,000 kilometres of small watercourses.

does not consider it proper for an ultimatum to be given. Czechs wood is currently experiencing problems due to two systems of certification, FSC and PEFC¹⁸. International companies, such as Ikea and Hornbach, are only accepting FSC certification. This is, however, only used by 2% of Czech forests. The rest uses PEFC certification.

ENERGY & INDUSTRY & TRANSPORT

GA MT TO SUPPORT LNG STATIONS – 30. 4.

The MT¹⁹ will support from the Operational Programme²⁰ Transportation the construction of fuelling stations offering LNG²¹. A total of CZK100mn²² is allocated for LNG stations from European funds as part of the infrastructure for alternative fuels.

MT Minister Ťok has added that the MT would like to support the construction of at least 5 LNG stations to make sure that trucks using LNG can pass through CR.

GA TOLL COLLECTION UP TO CZK 2.6BN IN Q₁ – 30. 4.

In Q₁ 2018 toll collection on Czech roads increased by 4% y-o-y to CZK2.6bn. Monthly income from tolls did not fall below CZK800mn. The increase was caused by the economic growth rate in the CR and neighboring European countries. Vehicles subject to tolls completed 117mn transactions (+6%). The number of active dashboard units connected to toll accounts totaled 526, 767 on March 31, 2018. In more than 11 years (135 months) of the toll system's operation, the CR has collected CZK90.5bn from tolls with operating costs totaling 15%.

E ČEZ'S DIVIDENDS IN 2018 – 30. 4.

ČEZ's²³ management has proposed a dividend intended for the state budget of CZK12.4bn. Additional approximately CZK2.6bn will be added thanks to the withholding tax on dividends. So far, ČEZ has paid the state CZK158.4bn in dividends. Another CZK39.9bn was received by the state in withholding tax. If the general meeting approves the proposal, the state will acquire more than CZK213 bn from ČEZ's dividends.

GA ŠKODA AUTO'S KAROQ IN GERMANY – 30. 4.

Due to increased demand, Škoda Auto²⁴ has decided to use the production capacities in VW²⁵ group and paint and

¹⁸ **PEFC:** Programme for the Endorsement of Forest Certification, an international, non-profit, non-governmental organization which promotes sustainable forest management through independent third party certification. It is considered the certification system of choice for small forest owners.

¹⁹ **MT:** Ministry of Transport

²⁰ **OP:** Operational programmes are detailed plans in which the Member States set out how money from the EU Funds will be spent during the programming period. They can be drawn up for a specific region or a country-wide thematic goal. For the European Territorial Cooperation goal, cross-border or interregional operational programmes are drawn up.

²¹ **LNG:** Liquefied natural gas

²² **mn:** million

²³ **ČEZ:** ČEZ Group is a conglomerate of 96 companies (including the parent company ČEZ, a.s.), 72 of them in the CR. It is involved in the electricity generation, trade, distribution and heat, as well as coal mining. ČEZ is the biggest electricity supplier in the Czech Republic.

²⁴ **Škoda Auto:** is a Czech automobile manufacturer founded in 1895 as Laurin & Klement. It is headquartered in Mladá Boleslav, Bohemia, Czech Republic. The car manufacturer was acquired by Škoda Works in 1925 and became a wholly owned subsidiary of the Volkswagen Group in 2000, positioned as the entry brand to the group. Its total global sales reached 1.127 million cars in 2016.

²⁵ **VW:** Volkswagen is a German car manufacturer headquartered in Wolfsburg, Lower Saxony, Germany. Established in 1937, Volkswagen is the top-selling and namesake

assemble the Karoq model in the German plant in Osnabrück from late 2018 and in 2019. The production of the Fabia has also been moved to Germany partially to cover the production peaks in painting. The core of production remains located in the Czech production plants in Kvasiny and Mladá Boleslav.

INVESTMENTS & TRADE & SERVICES

ROAD REPAIRS IN REGIONS – 2. 5.

The Cabinet²⁶ approved the payment of CZK 4bn to the regions via the SFTI²⁷. PM²⁸ Babiš added that the finance is intended for repair of 2nd and 3rd class roads.

He added that MT Minister Ťok and MF Minister Schillerová will prepare a proposal for how to finance systemically in the future, and not ad hoc, as has been the case so far.

CABINET'S AGREEMENT WITH UBER AND PRAGUE – 2. 5.

The Cabinet has reached an agreement with Uber²⁹ and the capital city of Prague. A specific commitment of the company to share data with the MF of the CR is being adjusted, so the government will have a clearer idea over taxes paid in the CR. All parties have also agreed that Uber will introduce EET³⁰ for its services. All drivers should also fulfil statutory conditions.

ČD'S PROFIT IN 2017 – 2. 5.

In 2017, the ČD³¹ posted a profit of CZK984mn. Revenue from the core business was close to CZK34bn. The passenger transport segment generated a net profit of CZK6mn, up by CZK652mn y-o-y.

The services were used by almost 175mn people. Income from the sale of fares was higher by almost CZK0.25bn.

In the near future, the group will focus on the solution of the business model in passenger transport after 2019 when the most of long-term contracts with the regions and the MT expire. The carrier must also defend its international rating, repay koruna bonds in the summer of 2018 and refinance euro bonds in 2019.

marque of the Volkswagen Group, the holding company created in 1975 for the growing company, and is now the second-largest auto maker in the world

²⁶ **Cabinet:** The Government of the Czech Republic exercises executive power in the Czech Republic. The members of the government are the Prime Minister of the Czech Republic (Chairman of the Government), the deputy ministers and other ministers. It has its legal basis in the Constitution of the Czech Republic. The government is led by the Prime Minister, who selects all the remaining ministers. Government of the Czech Republic is responsible to the Chamber of Deputies of the Czech Republic. The Prime Minister is appointed by the President of the Czech Republic. The current Prime Minister is Andrej Babiš.

²⁷ **SFTI:** State Fund for Transport Infrastructure

²⁸ **PM:** Prime Minister, the Czech Republic is a parliamentary representative democracy, with the Prime Minister acting as head of government and the President acting as head of state. The first Prime Minister of the Czech Republic was Václav Klaus, who served as the second President from 7 March 2003 until 7 March 2013. The current and 12th Prime Minister is Andrej Babiš, leader of the ANO 2011, who was appointed by the President on 6 December 2017.

²⁹ **Uber:** Uber Technologies Inc. is a peer-to-peer ridesharing, food delivery, and transportation network company headquartered in San Francisco, California, with operations in 633 cities worldwide. Its platforms can be accessed via its websites and mobile apps. Uber has been prominent in the sharing economy, so much so that the changes in industries as a result of it have been referred to as Uberisation. Uber has also been the subject of protests and legal actions and the subject of a criminal investigation for its use of Greyball - a software tool used by the ride-hailing service Uber to identify and deny service to certain riders, including riders who Uber suspects of violating its terms of service.

³⁰ **EET:** electronic cash registers system, a method of online registration of sales, when the data on each transaction of merchant are sent online to the financial administration. EET system was launched in the CR on December 1, 2016, it has been introduced already

OFFICE VACANCY RATE DROPPED IN PRAGUE – 27. 4.

The vacancy rate in office premises in Prague decreased by ▲1.1 p. p.³² in Q1 2018 compared Q4 2017 to 6.2%. A total of 207,300 m² of vacant office premises were registered in Prague. The highest vacancy rate was posted by Prague 3 (11.1%) and Prague 5 (7.7%). The lowest vacancy rate was registered in Prague 2 (3.6%), Prague 10 (3.9%) and Prague 8 (4.6%).

LABOUR & HEALTH & SOCIAL

TUs SEEK PAY RISES, CUT IN WORKING WEEK – 27. 4.

The ČMKOS³³ is focusing on higher wages and a shorter working week. The TUs³⁴ want to see a cut in the working week by 2.5 hours. They also want to see a CZK1,500 hike in the minimum wage from January next year from the current CZK12,200 to CZK13,700. The TUs point out that past increases in the minimum wage have not dented the performance of the Czech economy, as employers had warned.

INCREASED INCIDENCE OF MEASLES – 30. 4.

Doctors have registered an increased incidence of measles³⁵ in the CR, reporting over 100 cases, mostly in Prague. In previous years there were only isolated cases of the disease. A combined vaccine against measles, mumps and rubella was introduced in the CR in 1969 which practically eradicated these diseases in the CR and the increased incidence today is ascribed to a growing fear of vaccinations on the part of some parents who put off getting their children vaccinated for as long as possible.

ANO & ČSSD AGREE TO CANCEL WAITING PERIOD – 30. 4.

The potential ANO³⁶-ČSSD³⁷ government will commit to the reimbursement of the first 3 days of sickness leave on the level of 60% of wage, ČSSD's chairman Jan Hamáček has stated. The change will gain effect from July 1, 2019. He has added that the text of the readied government program is

in other countries: in Croatia (2013), in Hungary (2015), where it is operated via a hybrid system of cash registers and online registration, in Slovenia (early 2016); in Slovakia, where online registration of sales is optional. Offline registration of sales using cash registers was introduced also in other 15 EU countries by 2016.

³¹ **CD:** Czech Railways, is the main railway operator in the Czech Republic providing regional and long-distance services.

³² **P. p.:** percentage point

³³ **ČMKOS:** a dominant union confederation in the CR, which had almost 400,000 members in 2011. ČMKOS is the Czech successor of the Czech and Slovak union confederation. It has separate affiliated member unions divided broadly on an industry basis, of which the largest are the metalworkers union, OS KOVO, with some 140,000 and the teachers' union, ČMOS PŠ, with around 50,000 members.

³⁴ **TU:** Trade union, around 1/6 of all employees are union members in the CR.

³⁵ **Measles:** Measles is a highly contagious infectious disease caused by the measles virus. Symptoms usually develop 10–12 days after exposure to an infected person and last 7–10 days. Initial symptoms typically include fever, often greater than 40 °C, cough, runny nose, and inflamed eyes. Small white spots may form inside the mouth 2 or 3 days after the start of symptoms. A red, flat rash which usually starts on the face and then spreads to the rest of the body typically begins three to five days after the start of symptoms. Complications occur in about 30% of cases and may include diarrhea, blindness, inflammation of the brain, and pneumonia, among others. Measles is an airborne disease which spreads easily through the coughs and sneezes of infected people. It may also be spread through contact with saliva or nasal secretions. Nine out of ten people who are not immune and share living space with an infected person will catch it. People are infectious to others from 4 days before to 4 days after the start of the rash. Most people do not get the disease more than once.

³⁶ **ANO:** ANO 2011, centre-right party

³⁷ **ČSSD:** Czech Social Democratic Party, centre-left party

virtually completed. The party-wide referendum in ČSSD about potential entry into government with ČSSD could be held in early June.

MINIMUM WAGE INCREASE NOT A PROBLEM – 30. 4.

In principal PM Babiš has no problem with a further increase in the minimum wage. At the congress of ČMKOS on April 27, 2018 he said that a discussion is currently underway about creating a formula or relationship between average and minimum wage. He added that companies should not have a problem with increasing minimum wages. It is however also necessary to deal with the lack of employees, which he considers the main factor limiting the economy.

MISCELLANEOUS

FIRMS HAVE POSITIVE STANCE TO EU MEMBERSHIP – 27. 4.

More than 75% of entrepreneurs evaluate the CR's membership in the EU positively, they think that the EU should accept new members, in particular Serbia, according to the latest poll that the CCC³⁸ made among entrepreneurs across regions and sectors.

They see also Montenegro, Macedonia and Ukraine as suitable candidates for EU entry.

Entrepreneurs are of the opinion that EU enlargement would help remove obstacles to trade cooperation and contribute to higher political and security stability.

They also think that facing economic competition from China, India, Russia and other large market players would then be easier.

Nearly a 1/3 of Czech firms see EU's enlargement as a possibility for gaining allies for pressure for reforms of Brussels' bureaucracy.

The CCC also asked the entrepreneurs about Brexit. Most of the respondents said that their feelings about Great Britain leaving the EU are negative (44%) or mixed (31%).

The poll was made mainly among micro companies and small firms with 10 employees at most. Large companies with over 250 employees made up a 1/10 of the respondents.

The CCC's president Dlouhý has recently called on the public to be cautious as regards the populism of some politicians who demand the CR's exit from the EU.

Czexit would also have a dark side. With the departure, the solid wage growth would end and a protracted crisis would follow, he said.

TOTAL BAN ON SMOKING AT PRAGUE AIRPORT – 1. 5.

A total ban on smoking came into effect at Prague's Václav Havel Airport on May 1, 2018. Previous smoking areas in the facility's transit areas have been done away with and the ban

³⁸ CCC: Czech Chamber of Commerce (also HK ČR in Czech), is an organisation which represents the business community in the Czech Republic and is an essential part of the Czech business environment. The chamber's competencies are defined by Act No. 301/1992 Coll., on the Czech Chamber of Commerce and the Czech Chamber of Agriculture. It is organised into two sections - region and industry-based chamber networks. The region-based network is broken down into district, area and Region chambers of commerce. The industry-based network is made up of business communities divided into four professional associations: Retail and tourism; Industry and transport; Business services and other; and Construction, technical crafts and technical equipment. It protects the interests of its members - small, mid-sized and large companies that are in the region-based chamber network and business communities. The Czech Chamber of Commerce has over 13,000 members organised in 65 regional and 83 industry subdivisions. Membership of the Czech Chamber of Commerce is voluntary.

also applies to electronic cigarettes. Operators said they expected the number of smoke-free airports to grow and wished to get on board with the healthy trend. Fourteen spots near entrances to the airport's buildings have been reserved for smokers.

CONDITIONS IN MANUFACTURING INDUSTRY WORSEN – 2. 5.

Conditions in the Czech manufacturing industry worsened again in April, with the PMI³⁹ falling to 57.2 points from March's 57.3 points and hitting the lowest value since September 2017.

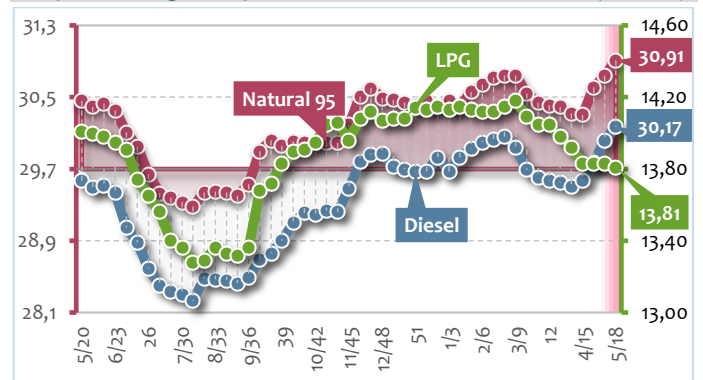
The April figure shows that output growth was weaker, however, an increase of new orders jumped up from a seven-month low in March. Foreign demand increased and export orders volumes went up at the fastest rate since the beginning of the year. The lack of workers and growing wage costs are still causing problems to producers.

STATISTICS

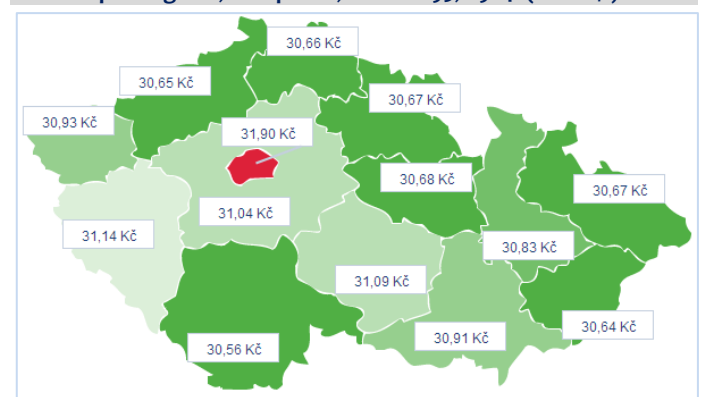
FUEL PRICES – 27. 4.

Natural 95 increased by 17h⁴⁰ to CZK⁴¹30.91/⁴² over the past week, Diesel oil increased by 15h to CZK30.17/l.

Graph 1: Average fuel prices⁴³, 2017 – 2018, Month/Week (in CZK/l)



Map 1: Regions, fuel prices, Natural 95, 29. 4. (in CZK/l)⁴⁴



³⁹ PMI: Purchasing Managers' Index - index is based on the state of new orders, stocks at factories, delivery deadlines, and the recruitment of new workers. Any score higher than 50 is still in positive territory.

⁴⁰ 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.

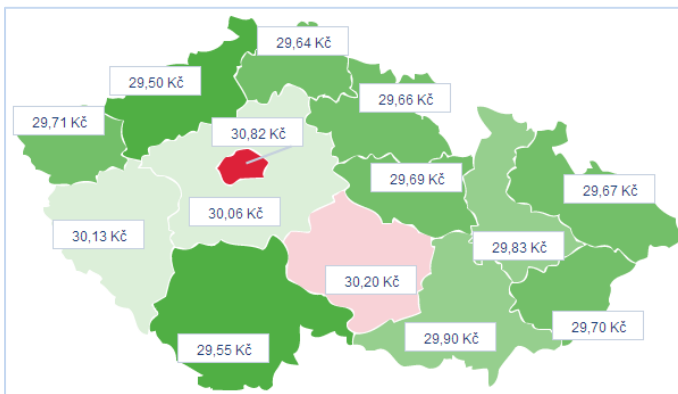
⁴¹ CZK: Czech Crown, the currency of the CR since 8 February 1993

⁴² l: litre

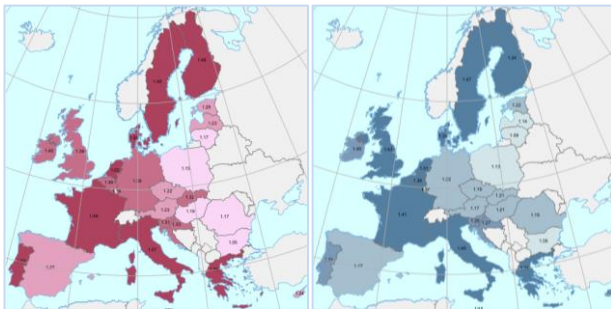
⁴³ Consumer price indices calculated from the weekly price survey are not qualitatively adjusted and thus do not express the net price development applied at inflation measurement, data issued by the CSO

⁴⁴ data issued by the mBenzin.cz; <https://www.penize.cz/ceny-benzinu-a-ceny-nafty>

Map 2: Regions, fuel prices, Diesel, 29. 4. (in CZK/l)



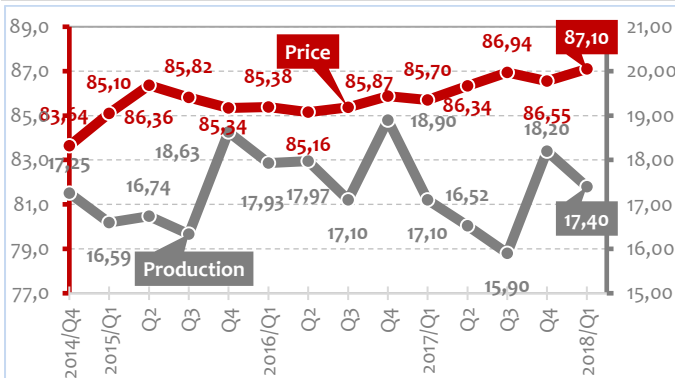
Map 3: Average fuel prices, Natural 95, Diesel, 23. 4. (in €/l)⁴⁵



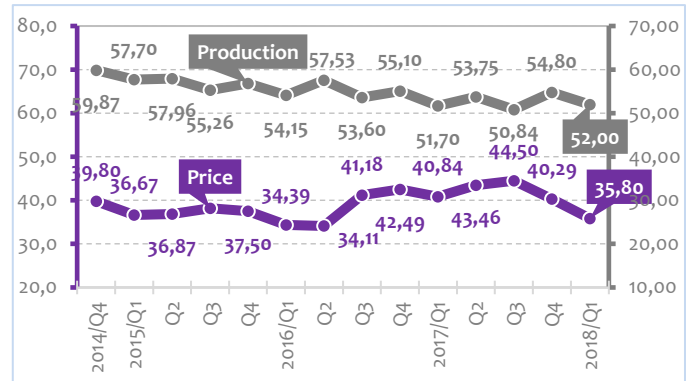
AGRICULTURE IN Q1 – 30. 4.

In Q1, 2018 the meat production amounted to 108,735t⁴⁶ (+2.8%, year-on-year); it consisted of 17,410t of beef (+1.8%), 51,978t of pigmeat (+0.6%), and 39,271t of poultrymeat (+6.2%). Prices of cattle for slaughter rose by 3.3%, y-o-y, while they were distinctly lower than in Q1, 2017 for pigs for slaughter (by ▲12.3%); chicken for slaughter were by ▲2.9% cheaper. Milk collection from producers reached 736,910,000l (+3.5%); price of milk grew by 15.8%, y-o-y, and reached CZK9.09/l.

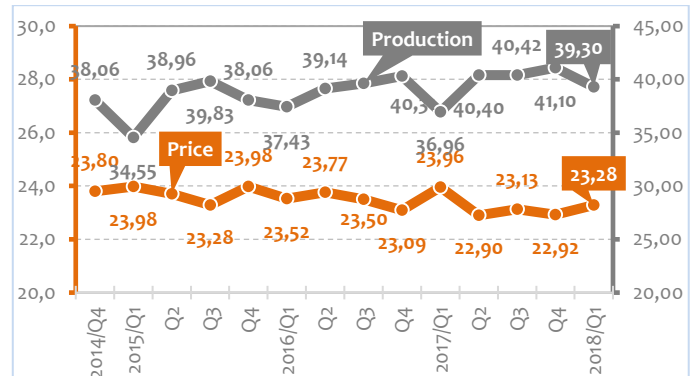
Graph 2: Beef production and average producer prices, 2014 - 2018 (in thousand t, CZK/kg⁴⁷)



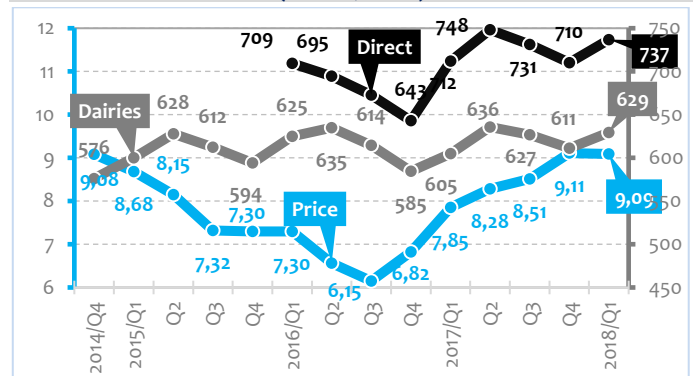
Graph 3: Pork production and average producer prices, 2014 - 2018 (in thousand t, CZK/kg)



Graph 4: Poultry meat production and average producer prices, 2014 - 2018 (in thousand t, CZK/kg)



Graph 5: Milk collection and average producer prices, 2014 - 2018 (in mn l, CZK/l)



ECONOMIC ACTIVITY RATE – 2. 5.

The **employment rate**⁴⁸ SA, reached reached 74.7% in March 2018 and increased by 1.4 p. p. y-o-y.

The **general unemployment rate**⁴⁹ SA, reached 2.2 in March 2018 and decreased by ▲1.1 p. p. y-o-y.

The **economic activity rate**⁵⁰ SA, reached 76.4% and rose by 0.6 p. p. compared to that in March 2017.

⁴⁵ data issued by the European Commission; <https://ec.europa.eu/energy/en/data-analysis/weekly-oil-bulletin>

⁴⁶ t: tonne, metric ton is a non-SI metric unit of mass equal to 1000 kilograms

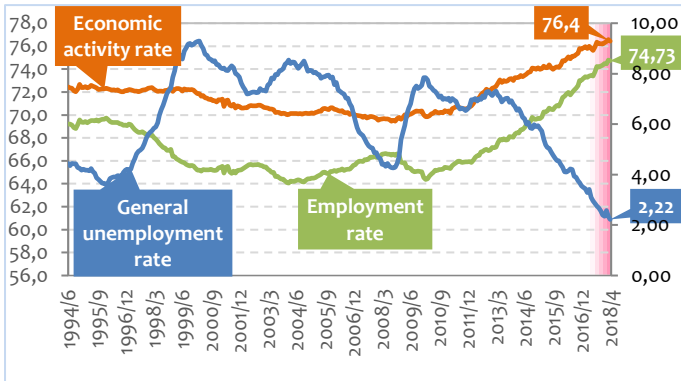
⁴⁷ Kg: kilogram is the base unit of mass in the International System of Units and is defined as being equal to the mass of the International Prototype of the Kilogram (IPK)

⁴⁸ **Employment rate**: the share of the employed persons in the age group 15 – 64 years, as%age, seasonally adjusted, **data are issued by the CSO based** on the results of the Labour Force Survey (LFS).

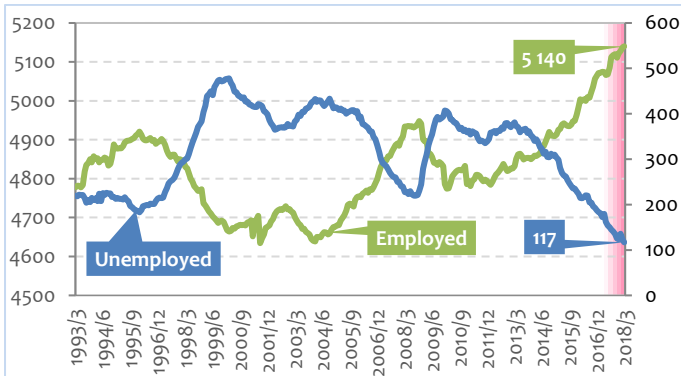
⁴⁹ **General unemployment rate**: the share of the unemployed in the labour force in the age group 15 – 64 years, that is in the total number of the employed and the unemployed, as%age, seasonally adjusted, **data are issued by the CSO based** on the results of the Labour Force Survey (LFS).

⁵⁰ **Economic activity rate**: the share of the number of the economically active in the total number of persons in the age group 15 – 64 years, as%age, seasonally adjusted, **data are issued by the CSO based** on the results of the Labour Force Survey (LFS).

Graph 6: Rates of employment, unemployment and economic activity, SA, 1994 - 2018 (in%), LFS



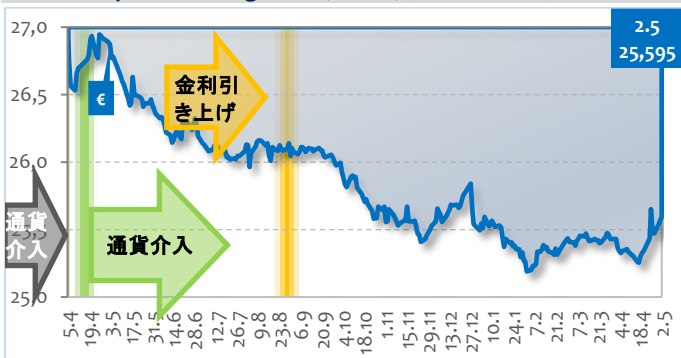
Graph 7: Employed, unemployed, SA, 1994 - 2018 (in thousands)



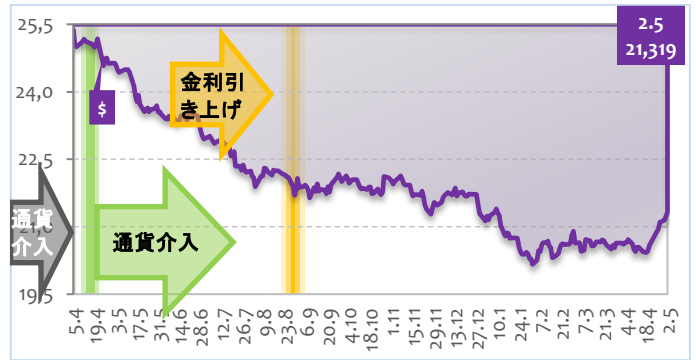
In the Q4 2017, the CR ranked 4th in terms of employment of people between 20 and 64 years among the EU28⁵¹ countries. Its employment rate reached 79.4%. Sweden is in the 1st place with 81.6%. Of the neighbouring countries, a higher employment rate was recorded in Germany (79.8%). Austria also beat the target, i.e. average employment in the EU of 75% (75.8%). In Slovakia and Poland, employment was by about 8 p. p. lower than in the CR.

CZK VS EURO, US DOLLAR, YEN - 2. 5.

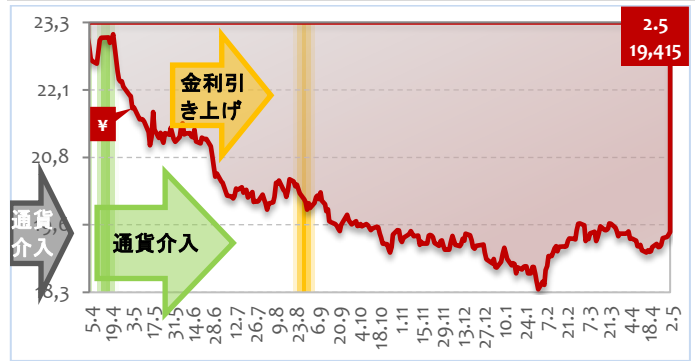
Graph 8: Exchange rates, CZK/€, 5. 4. 2017 - 2. 5. 2018



Graph 9: Exchange rates, CZK/\$, 5. 4. 2017 - 2. 5. 2018



Graph 10: Exchange rates, CZK/100¥, 5. 4. 2017 - 2. 5. 2018



⁵¹ EU28: 28 member states of the EU, which are party to the founding treaties of the union and thereby subject to the privileges and obligations of membership

- News outside the time span of this News summary
- ČEZ
- CIA News (Česká informační agentura)
- Czech National Bank (Česká národní banka)
- Czech Press Agency (Česká tisková kancelář)

- Czech Statistical Office (Český statistický úřad)
- Government of the CR
- Hospodářské noviny Daily
- Ministry of Finance of the CR
- Radio Prague (Český rozhlas)