

ECONOMIC NEWS SUMMARY AUGUST 23 – AUGUST 29

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ECONOMY & FINANCE

CZECHS' DEBT RISES BY – 23. 8.

The total Czechs' debt increased annually by 8.5% to CZK²2,230bn³ at the end of the H¹³ 2018, while the volume of debts with default risk fell by 9.2% to CZK36.9bn, according to the CRIF⁴.

The number of people having problems repaying their housing loans went down by 5,000, and the number of those not paying back consumer loans decreased by more than 20,000.

The volume of long-term debt reached CZK1,800bn at the end of H¹, which is 8.5% more y-o-y⁵. Short-term debts rose by 8.4% to CZK456.7bn.

Long-term and short-term debt volumes have been increasing, the number of clients remains the same as a year ago, which means they owe a bigger average amount.

A long-term debt per client is CZK1.58mn⁶ on average, and the average short-term sum owed is CZK190,000.

Mortgage loans account for 65% of the total amount owed, with their volume rising annually by nearly CZK115bn, or 8.7%. The number of people with mortgage loans is around 1.11-1.12mn. The overall volume of short-term debt with default risk dropped annually by 5.5% to CZK25.9bn. The number of clients having trouble paying off their short-term debts fell to 276,000 in Q₂.

Table 1: Debt volume, regions

region	long-term (CZK bn)	debt	short-term (CZK bn)	debt
Prague		332.7		49.3
Central Bohemia		279.2		62.4
South Moravia		211.2		46.7
Moravia-Silesia		147.7		53.1
Usti		84.6		39.0
South Bohemia		92.4		29.6
Hradec Kralove		91.0		24.6
Olomouc		88.6		25.4
Pardubice		74.6		19.0
Plzen		84.3		24.5
Zlin		78.9		20.9
Liberec		67.5		21.1
Vysocina		61.4		18.9
Karlovy Vary		37.0		15.8

The average amount that people have not paid back increased by nearly CZK5,000 to CZK483,000 and by CZK1,375 to almost CZK94,000 in housing loans and consumer loans, respectively.

¹ CZK: Czech Crown, the currency of the CR since 8 February 1993

² bn: billion

³ H-: Half of year

⁴ 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).

⁵ Y-o-y: year on year, compared, compared with the corresponding month of preceding year

⁶ mn: million

⁷ M-o-m: month on month, compared with preceding month

⁸ MF: Ministry of Finance

The volume of long-term debt with default risk fell annually by 16.9% to CZK10.9bn, and the number of clients with such debts decreased by 17.7% to 4,880.

MORTGAGE VOLUME DOWN TO CZK15.39BN – 23. 8.

Totally 7,016 clients took a mortgage in July 2018, down 2,000 m-o-m⁷. The value of loans dropped by almost CZK4bn to CZK15.39bn. The average loan totalled CZK2.19mn.

The Fincentrum Hypoindex indicates that the average interest rate grew to 2.5%.

Fincentrum has stated that all major banks kept their rates on earlier levels, in an effort to make use of the last months before the effect of CNB's recommendation for stricter rules for clients' financial position testing.

MF TO PRESENT BUDGET WITH CZK40BN DEFICIT – 27. 8.

MF⁸ Minister Schillerová will present a state budget draft for 2019 with foreseen deficit of CZK40bn. The MF originally planned a deficit of CZK50bn. The deficit's reduction by CZK10bn is based on the new macroeconomic prediction, which foresees pressure on wage growth, to which tax and social payments forming more than 1/3 of the budget income are linked.

AGRICULTURE & ENVIRONMENT

GOODS TRANSPORTED ON ROADS – 23. 8.

Lorries and vans transported approximately 88mn t⁹ of goods on Czech roads in Q₁¹⁰ 2018. This was the highest value achieved in the Q₁ in last 10 years.

According to the CSO¹¹, the majority of the result was formed by the national transport. The international transport formed 11% and exports prevailed over imports.

Metal ore and products of extraction showed a share of 29% of the goods structure. Food, beverages and tobacco represented roughly 9%, while agriculture products including fish nearly 10%.

EGAP INSURES CZECH AGRO-EXPORTS – 23. 8.

The insured Czech agro-export in 2018 for more than CZK500mn. Exports of agricultural technology, food and accessories headed to Russia, Kazakhstan, Armenia, Turkey and Ukraine and Cuba. EGAP¹² will also offer its services to other exporters at the Země živelka exhibition in České Budějovice, which starts on August 23, 2018.

⁹ t: tonne, metric ton is a non-SI metric unit of mass equal to 1000 kilograms

¹⁰ Q-: * quarter of the year

¹¹ 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.

¹² EGAP: Export Guarantee and Insurance Corporation is a credit insurance corporation insuring credit connected with exports of goods and services from the Czech Republic against political and commercial risks uninsurable by commercial insurance. EGAP was founded in 1992 as a joint stock company fully owned by the state. The Czech Republic exercises its shareholder rights through the Czech Ministry of Finance, the Czech Ministry of Industry and Trade, the Czech Ministry of Foreign Affairs and the Czech Ministry of Agriculture. Its activities are governed by the Insurance Law and the Act No. 58/1995 Coll., on insuring and financing state supported export.

FOREIGN AGRICULTURAL TRADE GAP DEEPENS – 24. 8.

The foreign agricultural trade deficit of the CR deepened annually by CZK4.8bn to CZK20.2bn in the H₁ 2018.

Agricultural exports decreased by CZK11.8bn to CZK89.6bn, and imports dropped by CZK7bn to CZK109.8bn.

Last year's agricultural trade gap was CZK30.8bn, which was the worst result since 2011, and this year's amount could hit the 2011 level.

Improvement in the foreign agricultural trade was only reported in the short term and it did not stay that way.

"The average agricultural gap of the past 20 years was roughly CZK25bn, which means the foreign agricultural trade situation is not getting better," the AACR¹³ said.

The CR exports raw materials, such as cereals and milk, while importing products with a higher value added, mainly meat. Meat trade accounts for more than a ½ of the foreign trade gap, with most imports going from Germany and Poland.

Meat trade gap reached CZK11.3bn in H₁. Meat imports have been growing and the CR's animal production has been decreasing proportionally. High agricultural imports decrease the number of jobs in the sector by some 40,000, with the state budget losing about CZK4bn a year.

Table 2: Czech foreign agricultural trade in 1993, 2000-2018 (in CZK mn)

Year	Exports	Imports	Balance
1993 (CR's establishment)	32,276	31,497	779
2000	47,729	65,011	-17,282
2001	49,411	69,228	-19,817
2002	45,174	69,040	-23,866
2003	48,805	74,259	-25,455
2004 (EU entry)	61,526	93,822	-32,295
2005	78,520	103,522	-25,003
2006	78,542	112,737	-34,195
2007	96,880	129,333	-32,453
2008	106,931	131,048	-24,117
2009	101,708	133,735	-32,027
2010	105,364	140,008	-34,644
2011 (worst results)	120,381	156,674	-36,293
2012 (biggest y-o-y improvement)	148,309	173,026	-24,717
2013	160,594	184,674	-24,080
2014	180,247	199,909	-19,662
2015	201,383	220,686	-19,303
2016	201,592	224,676	-23,084
2017 (major y-o-y deterioration)	196,741	227,493	-30,752
H1 2018	89,602	109,764	-20,162
H1 2017	101,338	116,712	-15,374

LCR'S REVENUES DOWN – 26. 8.

LCR¹⁴ saw its sales revenues fall annually by 20% to CZK4.68bn at the end of June, which was connected with a dramatic drop of wood prices on the CE¹⁵ market, LCR said.

¹³ AACR: Agriculture Association of the CR, Zemědělský svaz ČR; Organization of employers - entrepreneurs in agriculture. It is a voluntary, independent, non-governmental and non-political association of legal and natural persons - agricultural business companies, agricultural cooperatives, sales cooperatives and companies, farmers and other entrepreneurs whose business is primarily focused on agriculture, breeding, and services. As one of the three agricultural communities it is incorporated into the Agrarian Chamber of the Czech Republic together with the Czech-Moravian Association of Agricultural Entrepreneurs and the Agrarian Union of the Czech Republic.

¹⁴ LCR: 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.

¹⁵ CE: Central Europe, views on which countries belong to Central Europe are vastly varied, the region includes Hungary, Poland, Slovakia, Czech Republic, Slovenia, Croatia,

According to the LCR, its gross profit decreased annually by 38% to CZK1.77bn in the H₁ 2018, which was due to a fall in prices of wood flooding the market because of the bark beetle and natural calamities.

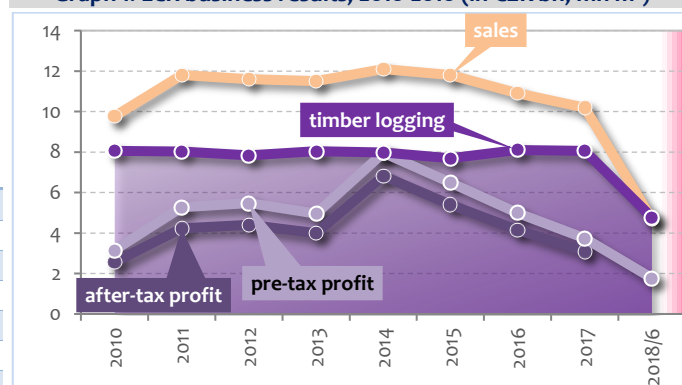
The decrease was also impacted by an 11% rise in personnel costs reaching CZK1bn.

LCR owns nearly a ½ of the CR's forests. LCR's logging volume went up by 22% to 4.77mn m³ in H₁ because of calamity wood processing.

Every year, LCR calls 5-year tenders covering forestry work on about a ⅓ of its area. It gets most of the logging work and timber sales done by private companies winning the tenders, with its main business partners being Uniles group, Kloboucka lesni, Stora Enso Wood Products Zdirec, Jihozapadni drevarska, and Lesni spolecnost Ledec nad Sazavou.

Last year's net profit of LCR fell by 26% to CZK3.08bn, the lowest figure in 7 years, which was due to lower timber sales and bigger provisioning, LCR said.

Graph 1: LCR business results, 2010-2018 (in CZK bn, mn m³)



DAMAGES CAUSED BY DROUGHT TOTAL CZK9 TO 11BN – 27. 8.

According to the AACR, damages to the harvest caused by drought total CZK9 to 11bn.

Farmers will demand compensation for drought totaling at least CZK2bn from the state. They would like the compensation to be paid out by the end of 2018. The drought affected cereals, sugar beet and hops the most. AACR stated that those with losses exceeding 30 and 50 % of their harvest will get assistance.

CZECH FARMERS WOULD LOSE ON EC CUTS – 27. 8.

Czech agriculture would lose 4.1% of payments from the EU¹⁶ after the cuts proposed by the EC¹⁷ in the agricultural policy and cohesion policy in 2021 to 2027, AACR said.

For next year, CZK21.5bn has been allocated for the purpose, that is CZK6,000/ha¹⁸, 4.1% less than this year, AACR said.

Austria, Germany, Lichtenstein, Switzerland. Depending on context, CE countries are sometimes grouped as Eastern, Western European countries, collectively or individually

¹⁶ EU: European Union, is a politico-economic union of 28 member states that are located primarily in Europe. It has an area of 4,324,782 km², and an estimated population of over 510mn. The EU has developed an internal single market through a standardised system of laws that apply in all member states. EU policies aim to ensure the free movement of people, goods, services, and capital within the internal market, enact legislation in justice and home affairs, and maintain common policies on trade, agriculture, fisheries, and regional development. Within the Schengen Area, passport controls have been abolished. A monetary union was established in 1999 and came into full force in 2002, and is composed of 19 EU member states which use the euro currency.

¹⁷ EC: European Commission, is the executive body of the EU responsible for proposing legislation, implementing decisions, upholding the EU treaties and managing the day-to-day business of the EU.

¹⁸ ha: hectare is a non-SI metric system unit of area equal to 10,000 m²

According to data from the EC, the CR should acquire €5.8bn as part of the CAP¹⁹ between 2021 and 2027.

In the current programming period, Czech agriculture should have the possibility to acquire up to €8.2bn in EU subsidies.

AACR told that talks are under way about the proposed €839mn. "If we push through what we are trying to achieve, the current financial framework will be kept," it said.

It appreciated the fact that farmers gained CZK3.65bn in national subsidies last year.

"Without these subsidies, there would be no pigs and poultry here. However, this is only a ¼ of what our rivals in the old EU countries are receiving. We have national subsidies 4 to 5 times lower than them," AACR said.

"Goods whose production costs are higher than of our goods are coming to our country, they are pushing us from the market and are sold in our supermarkets. Everyone is talking about wanting Czech food products but the opposite is true," it added.

The law on prices needs to be observed in the CR. Farmers as primary producers should get a price covering production costs, plus an adequate profit around 10%, it declared.

AACR rejected complaints that Czech farmers are using too much of chemicals. Farmers in the CR use 1.8kg of chemicals /ha and farmers in Germany 4.5kg of chemicals/ha, it noted.

GIA FARMERS TO COMPLY WITH ANTI-EROSION PRINCIPLES – 28. 8.

The principles of soil erosion control will have to be observed in the future by all farmers and managers of land, regardless of whether they are beneficiaries of subsidies or not. This was proposed by the anti-erosion decree, which is currently being finalized by the MA²⁰ with the ME²¹. The erosion monitoring system will also be part of the decree. The MA has informed that from January 2019, it will also tighten the rules for the management of eroded land.

GIA MA TO DIVIDE CZK400MN FOR NEW PONDS – 28. 8.

The MA has issued a call for municipalities or associations of municipalities to reconstruct, remove and restore municipal ponds, or to build new ones.

For the construction of the pond, the municipality can receive a contribution of up to CZK10mn; for the reconstruction, it can be up to CZK2mn.

Applications may be sent from September 17, 2018 until January 15, 2019. The allocation is announced in the amount of CZK400mn from the MA's budget.

ENERGY & INDUSTRY & TRANSPORT

GIA TATRA TRUCKS SIGNS LICENCE IN CHINA – 28. 8.

Tatra²² has signed a contract for licence production of Tatra heavy trucks with GWM²³.

The truckmaker is currently readying the launch of production of the first CKD²⁴ set of full vehicles, to be assembled by the Chinese manufacturer in phase 1 in the fall. Later the Chinese company will start manufacturing its own heavy trucks on Tatra chassis with locally made cabins, engines and transmissions from Tung-feng.

According to the contract, the Chinese company will assemble the vehicles based on the Tatra TerrNo1 business family with the King Grame combined rear axle suspension system. Later one, the vehicles will be equipped with Euro 6-compliant engines. The production goal is to reach hundreds of vehicles annually.

GIA TOYOTA SUPPORTS ITS LAB AT FEL ČVUT – 28. 8.

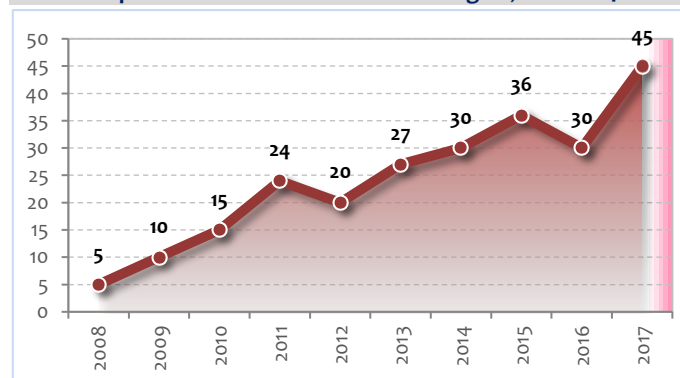
A multidisciplinary Toyota Research Lab has been created at the FEL ČVUT²⁵. The company supports the lab with €1mn/year. The new lab is part of a network of top European centers of University of Cambridge, ETH Zurich, KU Leuven and the Max-Planck Institut Saarbruecken. Toyota tests their algorithms in the vicinity of its development center in Belgian Zawentem. The scientific team has been collaborating with the company since 2003 on the development of a self-driving vehicle. The collaboration is expanded with the laboratory and goes beyond the year 2020. Currently, 20 employees and doctoral students work there, with the employment of 10 of them being fully covered by the company.

INVESTMENTS & TRADE & SERVICES

CTK NUMBER OF MERGERS RISING – 28. 8.

The number of mergers in the CR²⁶ has been growing in the past 10 years, and companies entering the CR through a merger are mostly from Slovakia, Cyprus and the Netherlands, according to a cross-border merger analysis of TPA consulting company.

Graph 2: Number of cross-border mergers, 2008-2017



Over the monitored period, 2008-2017, a total of 134 foreign companies came to the CR for a merger, while 108 companies left the country for the same reason. In 2017, the number of initiated mergers set a record, the analysis showed.

¹⁹ CAP: The Common Agricultural Policy, is the agricultural policy of the European Union. It implements a system of agricultural subsidies and other programmes. It was introduced in 1962 and has undergone several changes since then to reduce the cost (from 71% of the EU budget in 1984 to 39% in 2013) and to also consider rural development in its aims. I

²⁰ MA: Ministry of Agriculture

²¹ ME: Ministry of the Environment

²² Tatra: a Czech vehicle manufacturer was founded in 1850 as the third oldest car maker in the world after Daimler and Peugeot. Production of passenger cars ceased in 1999, but the company still produces a range of primarily all-wheel-drive 4x4, 6x6, 8x8, 10x10 and 12x12 trucks.

²³ GWM: Hebei Chang-cheng Automotive Manufacturing, a Chinese automobile manufacturer headquartered in Baoding, Hebei, China. The company is named after the

Great Wall of China and was formed in 1984. It is China's largest sport utility vehicle (SUV) and pick-up truck producer. It sells passenger cars and trucks under the Great Wall brand and SUVs under the Haval brand.

²⁴ CKD: complete knock-down, a kit of the completely non-assembled parts of a product. It is also a method of supplying parts to a market, particularly in shipping to foreign nations, and serves as a way of counting or pricing.

²⁵ FEL ČVUT: Faculty of Electrical Engineering of the Czech Technical University

²⁶ 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.

The main reasons for cross-border mergers, which are usually carried out between linked entities, include restructuring, cutting administration costs, and financial and tax factors.

LABOUR & HEALTH & SOCIAL



TUs NOT UNITED ON WAGE GROWTH- 24. 8.

The 2 biggest TU²⁷ organisations in the CR, ČMKOS²⁸ and OSPZV-ASO²⁹, are not united in their stance to wage rise for people working in the public sector, according to the statements of their leaders.

ČMKOS, the biggest trade union organisation in the country headed by Josef Středula and supported by the ČSSD³⁰, demands a higher growth.

ASO, led by Bohumir Dufek, backs the idea of politicians from ANO³¹ that the wage increase should be lower and not across the board.

PM³² Babiš has said that the government plans to raise the amount of money for wages by 6%. Teachers should get a 10% pay rise and wages of people in other professions are to grow less. The minimum wage is to increase by CZK1,000 a month at most.

ČMKOS, which demands a CZK1,500 increase in minimum wage and a 10% pay rise for all, has invited the government for talks in the middle of March. The 1st round of talks took place in June and the 2nd round in July.

At the talks, ministers agreed with union leaders that the agreement on wage increase should be in the middle of August. There have not been further talks yet.

MLSA³³ Minister Maláčová said that she believed that the talks will be resumed by the end of August. "No date has been set thus far," Středula said.

Dufek, on the other hand, said that the talks continue, he met Babiš last week and MF Minister Schillerová 3 days ago.

A tripartite³⁴ meeting will take place on September 24.



NO. OF SELF-EMPLOYED PEOPLE UP – 28. 8.

The number of entrepreneurs who make a living from self-employment increased by 17,000 to 1.008 mn reported in June, according to data from the ČSSZ³⁵.

Last year, the number of entrepreneurs, including private doctors, artists and farmers, went up by 10,000.

The largest number of self-employed people is registered in Prague (179,000), followed by the Central Bohemia Region (139,000) and the South Moravia Region (111,000).

The number of people who are self-employed as their main gainful activity grew by 9,000 to 591,000, and the number of

those who have a business as a secondary income rose by 8,000 to 417,000.

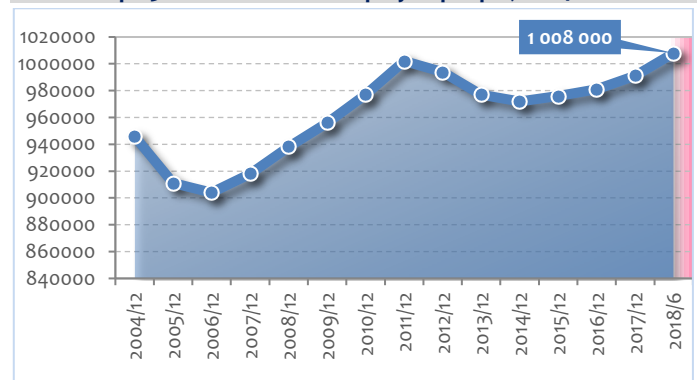
The AMSP³⁶ considers the development positive, mainly as regards the number of people running a business as the main activity.

The trend is aided by the growing economy, with medium-sized and bigger companies increasing, unemployment declining and wages rising, he said.

Consumers spend more, which impacts retail, and companies' demand grows, too, AMSP added.

There is no other EU member state where sole traders have as big an impact on the economy as in the CR. Small enterprises with 1 to 9 employees account for more than 95% of the total number of businesses in the CR. Together they employ more than 1/3 of all employees in the CR.

Graph 3: Number of self-employed people, 2004-2018



SUM FOR NGOS TO DROP – 29. 8.

State support for NGOs³⁷ has been lowered by CZK586mn as opposed to the Cabinet's³⁸ original plan, PM Babiš said. There should be less money for NGOs linked to the education sector but more for those active in the field of social services.

Overall state support for NGOs should rise y-o-y by approximately CZK800mn. The Cabinet is also planning layoffs in state administration. Over 1,300 positions will be scrapped, many of which have been unfilled for some time.



CABINET TO RAISE PUBLIC SECTOR SALARIES – 29. 8.

The Cabinet agreed to raise the sum for salaries in the Czech public sector by 8% on average next year, instead of the originally planned 6%, the coalition parties' leaders, PM Babiš and Hamáček said.

However, the Cabinet parties did not accept an across-the-board rise in salaries, which TUs demanded.

²⁷ TU: Trade union, around 1/6 of all employees are union members in the CR.

²⁸ 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. It is the umbrella for 29 trade unions, 13 of them are active in the public sector, for example education and health care.

²⁹ OSPZV-ASO: Czech Association of Free Unions, the second largest trade union confederation in the CR. It groups together 13 trade union associations, among them railway unions and doctors' unions.

³⁰ ČSSD: Czech Social Democratic Party, centre-left party

³¹ ANO: ANO 2011, centre-right party

³² 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.

³³ MLSA: Ministry of Labour and Social Affairs

³⁴ Tripartism: refers to economic corporatism based on tripartite contracts of business, labour, and state affiliations within the economy. Each is to act as a social partner to create economic policy through cooperation, consultation, negotiation, and compromise.

³⁵ ČSSZ: Czech Social Security Administration

³⁶ ASMP: Association of Small and Medium-Sized Enterprises and Crafts in the CR (Asociace malých a středních podniků a živnostníků České republiky), provides an open, apolitical platform for small and medium-sized enterprises, self-employed persons and their organisations across the Czech Republic.

³⁷ NGO: non-government organisation

³⁸ 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.

The salaries of most public sector employees are to rise by 4%, but the police and soldiers will see a 2% rise.

"We have more or less agreed on a compromise," Babiš said. Hamáček said the sum for salaries in the public sector was to rise by CZK3bn from the originally calculated CZK22.3bn. The Cabinet is to discuss the pay rise in various professions with the trade unions on Friday. The ČSSD supported the TU's demands for a 10% rise in the public sector salaries. Hamáček previously said the final rise should approach 10% as much as possible. Some 682,500 people worked in public sector in the Q1 2018, their average gross monthly salary reaching CZK32,725. It rose by 14.2% y-o-y.

The sector comprises firefighters, police, teachers, health care personnel, clerks and artists who are paid by the state and self-rule bodies or from the public health insurance.

The ČMKOS demanded a rise in the base (tariff) pay by 10%. Babiš's Cabinet previously planned to increase the sum for salaries by 6% and it promised a 10% rise in the teachers' salaries only.

MLSA PROPOSES 12% RISE IN MINIMUM WAGE – 29. 8.

The MLSA has put forward a new decree that would raise the minimum wage in the CR by over 12%. The previously announced change would see the minimum wage climb by CZK1,500 to CZK13,700.

The amendment to the Labour Code, which has been posted on the Czech government website, also envisages tying growth of the minimum wage to average salary increases from the year 2020.

MISCELLANEOUS

PRICES OF MOBILE OPERATORS TOO HIGH – 28. 8.

Prices of mobile services in the CR are unfavourable for 44% of people, while over a ½ are satisfied, according to Nielsen Admosphere agency. Despite the discontentment, only 11% of clients plan to change their mobile operator in the coming half a year. The price level of mobile services is evaluated as very unfavourable by 16% of the respondent and another 28% said it was rather unfavourable. Different opinion was expressed by 22% of the respondents and 29% of people think that the prices are neither high nor low. The remaining 6% said they did not know.

People aged 15 to 34 are the most positive and men are more sceptical than women, with 51% of men and 37% of women being discontent with the price policy of mobile operators.

The analysis clearly says that most citizens are content with the offer of mobile services, said APMS³⁹. "The society is much more worried about constant increases in prices of housing, energy and food," it said.

The poll also shows that respondents from the ranks of the Czech Internet population mostly do not plan to change their mobile operator. "Only 11% of clients plan the change in the

³⁹ APMS: Association of Mobile Networks Operators

⁴⁰ O2: a trading name for Telefónica Europe, a European telecommunications provider. O2 Czech Republic (operating under the O2 brand) is a major integrated operator in the Czech Republic. In 2013 it was announced that Telefónica would sell its stake in the company to PPF and the company would continue to use the O2 brand for a maximum of four years. As of 1 June 2015 the separation of O2 Czech Republic as two mutually independent companies has been in force. Therefore, there are now two new telecommunications companies with two different lines of business: the retail operator O2 and the wholesale infrastructure provider CETIN. The separation includes commercial and managerial leadership and management of both companies, including security, IT and control systems.

coming 6 months and just 13% of clients have changed their mobile service provider in the past year," said Nielsen Admosphere. Better price is the most frequent reason for the change.

Advertising is one of the methods how telecommunication companies try to attract new clients and keep the existing clients.

O2⁴⁰ is the biggest advertiser in the mobile operators' segment, it spent CZK376mn in pricelist prices on ads in the H1 2018, Nielsen Admosphere found out.

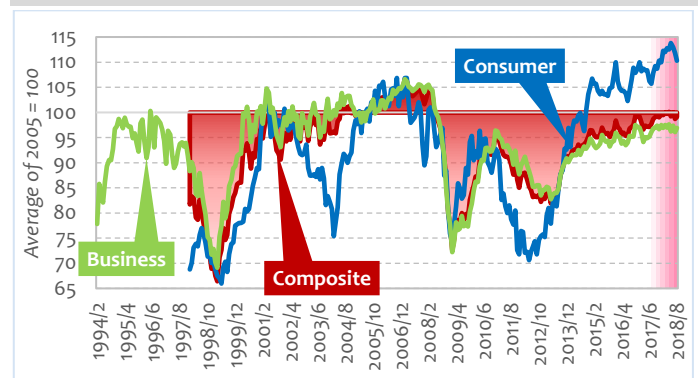
T-Mobile⁴¹ with CZK366mn spending on ads came 2nd and Vodafone⁴² with CZK230mn was 3rd. Vodafone is the only operator in the CR whose spending on ads fell in the H1 2018 in a y-o-y comparison.

STATISTICS

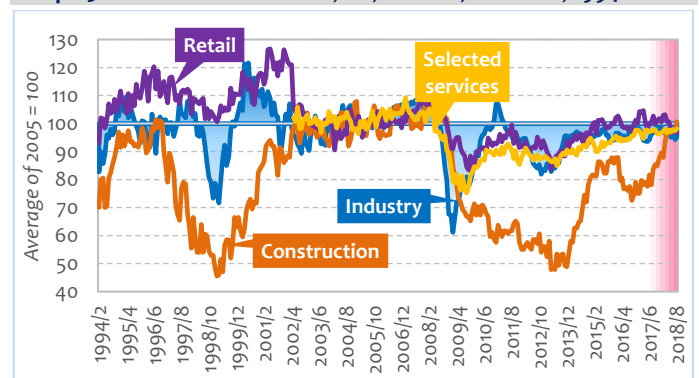
BUSINESS CYCLE SURVEY – 24. 8.

Overall confidence in economy increased slightly. The composite confidence indicator⁴³ increased by 0.4 p. p.⁴⁴ to 99.1 m-o-m. Confidence of entrepreneurs increased slightly by 0.8 points to 96.9 compared to July. Consumer confidence indicator decreased by 1.5 p. p. to 110.3, m-o-m. Composite confidence indicator, entrepreneurs confidence indicator and consumer confidence indicator are higher, compared to August 2017.

Graph 4: Confidence Indicators, SA, Overall, Basic Indices, 1994 – 2018



Graph 5: Confidence Indicators, SA, Sectors, Balances, 1994 – 2018



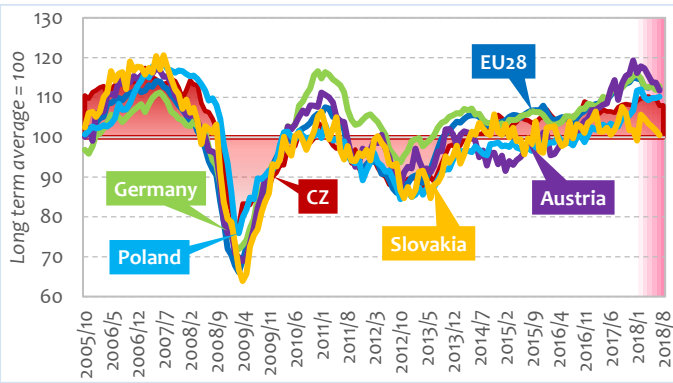
⁴¹ T-Mobile: a brand name used by the mobile communications subsidiaries of the German telecommunications company Deutsche Telekom AG, which is the German telecommunications company headquartered in Bonn and by revenue the largest telecommunications provider in Europe. Deutsche Telekom was formed in 1996, as the former state-owned monopoly Deutsche Bundespost was privatised. The company operates several subsidiaries worldwide.

⁴² Vodafone: Vodafone Czech Republic, is a Czech telecommunications company. It is among the largest Czech companies by revenue. In 2005 the international company Vodafone, a British multinational telecommunications company, with headquarters in London, became the sole shareholder.

⁴³ economic sentiment indicator, stated by basic indices

⁴⁴ P.p.: percentage point

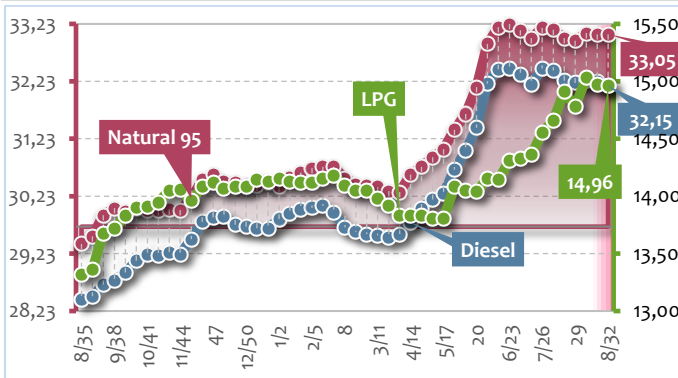
Graph 6: Confidence Indicators, Countries, 2005 – 2018



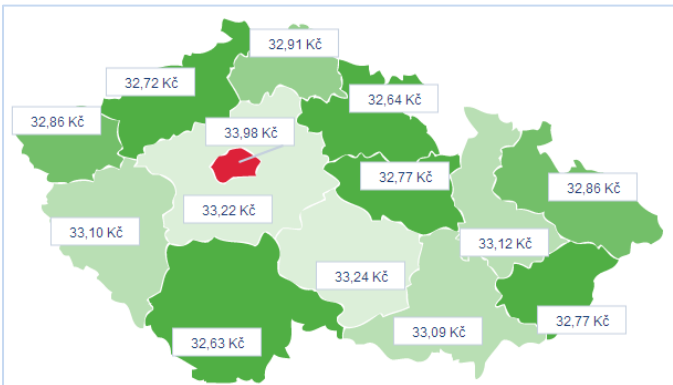
FUEL PRICES – 25. 8.

Natural 95 stagnated at CZK33.05/l⁴⁵ over the past week, Diesel oil decreased by ▲7h⁴⁶ to CZK32.15/l.

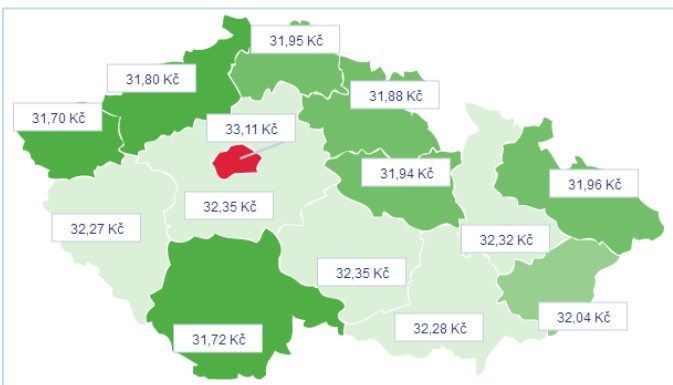
Graph 7: Average fuel prices⁴⁷, 2017 – 2018, Month/Week (in CZK/l)



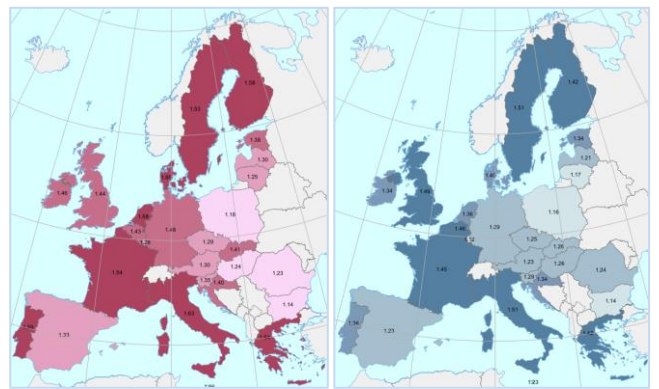
Map 1: Regions, fuel prices, Natural 95, 26. 8. (in CZK/l)⁴⁸



Map 2: Regions, fuel prices, Diesel, 26. 8. (in CZK/l)

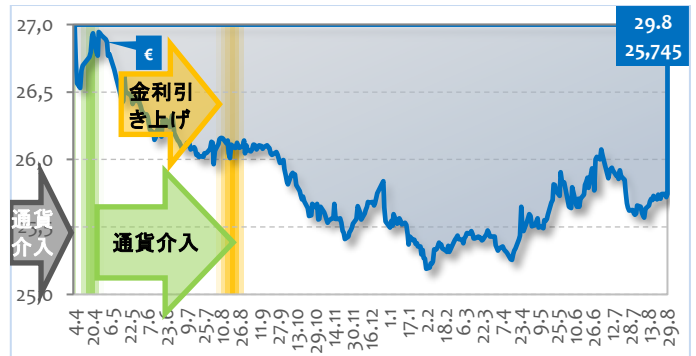


Map 3: EU, Average fuel prices, Natural 95, Diesel, 20. 8. (in €/l)⁴⁹

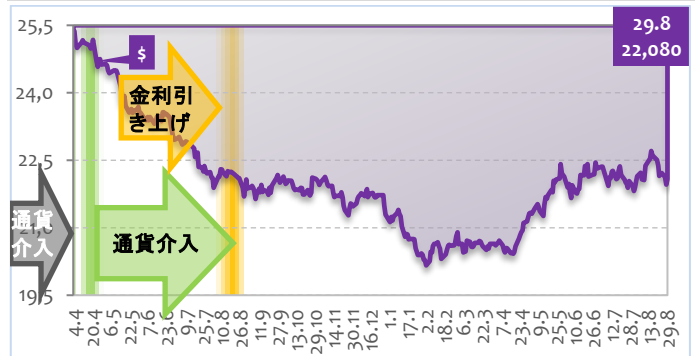


CZK vs €, \$, ¥ – 29. 8.

Graph 8: Exchange rates, CZK/€, 4. 4. 2017 – 29. 8. 2018



Graph 9: Exchange rates, CZK/\$, 4. 4. 2017 – 29. 8. 2018



Graph 10: Exchange rates, CZK/100¥, 4. 4. 2017 – 29. 8. 2018



⁴⁵ l: litre

⁴⁶ 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.

⁴⁷ 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

⁴⁸ data issued by the mBenzin.cz; <https://www.penize.cz/ceny-benzinu-a-ceny-nafty>

⁴⁹ data issued by the European Commission; <https://ec.eopa.eu/energy/en/data-analysis/weekly-oil-bulletin>



News outside the time span of this News summary



CIA News (Česká informační agentura Ltd.); a news agency, specialising in the Czech Republic's economy and markets. It is owned by Inergo Slovakia Jsc., owned by Emil Hubinák.



ČNB, CNB (Česká národní banka); is the central bank and financial market supervisor in the CR and a member of the European System of Central Banks.



ČTK, Czech Press Agency (Česká tisková kancelář); a national news agency dealing with the gathering, processing, storing, and distributing of text and pictorial information. ČTK is a



public corporation and is governed by the law on ČTK no. 517/1992 Coll.

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

Radio Prague (Český rozhlas); is the official international broadcasting station of the CR. Radio Prague broadcasts in six languages: English, German, French, Spanish, Czech and Russian. It broadcasts programmes about the CR on satellite and on the Internet. Broadcasting first began on August 31, 1936.