

## ECONOMIC NEWS SUMMARY MAY 8 – MAY 15

注:本報告は、チェコ政府公表資料、新聞、インターネット等報道資料をとりまとめたもの。  
詳細情報については、それぞれの情報ソースを参照願いたい。

### ECONOMY & FINANCE

#### **EC: CR TO SEE GROWTH IN GDP AT 2.6% AND INFLATION OF 2.4% – 9.5.**

The GDP in the CR will see a growth pace of 2.6% with inflation reaching 2.4% in 2019. The unemployment rate will be on the level of the year 2018, i.e. 2.2%. The prediction was published by the European Commission (EC). According to estimations, the GDP growth slowdown in EU will stop on the level of 1.4%. In 2020, the GDP will likely grow by 1.6%. The debt-to-GDP ratio of the EU is forecast to fall from 81.5% in 2018 to 80.2% in 2019. The recent slowdown in global growth and world trade, together with high uncertainty about trade policies, is weighing on prospects for GDP growth in 2019 and 2020.

#### **CRIF: 53 COMPANIES AND 392 NATURAL PERSONS BANKRUPT IN APRIL – 9.5.**

Totally 53 companies, 392 natural persons-entrepreneurs and 1,021 natural persons were adjudicated bankrupt in the CR in April 2019. Bankruptcy motions were filed for 78 companies, 392 entrepreneurs and 1,006 persons. Over the last 12 months, 668 companies were adjudicated bankrupt (down 5% against the previous term), together with 5,271 entrepreneurs (down 11%).

#### **CZECH ECONOMY TO GROW BY 2.5 PCT IN 2019 – 14.4.**

The Czech economy will expand by 2.5% this year, according to a regular report of the International Monetary Fund's (IMF) mission in the CR, IMF representatives said at a press conference today.

At the beginning of April, IMF's World Economic Outlook envisaged a 2.9% rise.

Last year, the Czech economy grew by 2.9%.

To maintain the 2.5% growth in the medium term, it is necessary for employment to stay high and productivity to grow, taking account of population ageing, IMF said.

The economy is doing well, with wages higher and unemployment hitting all time lows and the lowest level in the European Union, mission's head Alasdair Scott said.

Coordinated economic policy supporting innovation is necessary for the standard of living to increase, IMF said.

Government plans concerning science and research and infrastructure construction will boost the economy provided they are actually carried out, the IMF report said.

At the beginning of May, the Czech National Bank (CNB) suggested it will pause in raising interest rates, which IMF considers right.

The last time the central bank increased interest rates was on May 2, with the basic rate adding 0.25 percentage point to 2%. The Czech banking system is stable and has enough capital, according to the report.

IMF supported CNB's mortgage loans conditions, saying that the central bank should have rights established by a law in this respect. Currently its measures are in the form of recommendations.

However, even the CNB's limits cannot solve the property market problems concerning a lack of real estate and growing prices.

Today's press conference closed the IMF regular annual mission.

CNB's May forecast expects the economy to rise by 2.5% in 2019 and by 2.8% in 2020.

The Finance Ministry in its April forecast downgraded its estimate of the economic growth to 2.4% in 2019, leaving the 2020 estimate at 2.4%.

#### **EXECUTIONS AGAINST 821,337 PEOPLE IN 2018 – 15.5.**

There were execution proceedings against 821,337 people in the CR in 2018. This was stated by the Chamber of Executors of the CR (EK ČR). Executors started a total of 505,120 executions, which represents a decrease by over 100,000 cases. The Central Register of Executions included records about 4,679,186 executions as of the end of 2018.

### AGRICULTURE & ENVIRONMENT

#### **DATE ON CZECHIA'S FOOD SELF-SUFFICIENCY ARE CATASTROPHIC – 12.4.**

The data on the CR's agricultural self-sufficiency are catastrophic, Prime Minister Andrej Babis said at a congress of the Agrarian Chamber today, reacting to Chamber head Zdenek Jandajsek's information that self-sufficiency in pork production reaches 36-38 pct, in poultry 55 pct, in eggs 60 pct and in milk 85 pct.

"Today's data on self-sufficiency are catastrophic. Every state should strive to be able to provide enough food for its inhabitants. Thirty years from the revolution (the fall of the Communist regime) have passed. In the 1990s, when agriculture lacked a vision, politicians decided that we will import everything. Now we have the biggest concentration of retail chains in our country. The main mistake was to allow foreigners to buy land. In Hungary or Poland, something like this does not exist," Babis said.

Babis called on farmers to fight against the disinformation concerning the growing of oilseed colza, which environmentalists criticise as excessive.

"Farmers face the criticism that they destroy soil, underground water and so on. It is not true," Babis said.

Two thirds of colza output are used for the production of food, while only one third is used for biofuels, he noted.

Agriculture Minister Miroslav Toman said colza is beneficial for soil and helps retain water in landscape.

According to critics, colza degrades soil, pollutes water and soil with pesticides and affects the health of animals and people living in the vicinity of massively chemically treated colza fields.

Oilseed colza is used for the production of biofuels which are added to petrol and diesel oil obligatorily by law.

One of the biggest processors of colza seeds and producers of methylester, which is added to biodiesel, is the Preol company from the Agrofert group that was previously owned by Babis.

In 2017, Babis transferred the Agrofert group of agricultural, food and chemical firms as well as healthcare facilities and media outlets to trust funds to comply with the conflict of interest law.

According to data from the Czech Statistical Office (CSU), colza fields cover a total area of 391,000 hectares this year, which is almost 5% less than last year.

Based on data from the Land Owners Association, according to which farming land in the CR covers 4.2 million hectares, colza accounts for about 9% of farming land.

#### CTK LOGGING OF BARK BEETLE INFESTED TREES IN CZECHIA TRIPLES IN Q1 – 14.5.

State-run forest management company Lesy CR (LCR) logged 1.4 million cubic metres of wood damaged by bark beetle in the first quarter of this year, which was about three times more than a year ago, according to the Agricultural Ministry's draft report prepared for a meeting of the tripartite board and been made available to CTK.

The amount of bark beetle infested trees is expected to increase this year.

LCR owns about one half of forests in the CR.

The country has been struggling with the bark beetle calamity for several years. According to experts, the current situation is the worst in history.

"The full-year volume of infested wood can be expected to reach at least the same figure as in 2018, which means about 20 million cubic metres," the report says.

Some experts, however, expect the amount to be several times higher.

Until 2015, the average logging output of wood damaged by bark beetle reached about 1.5 million cubic metres annually, according to experts.

Prime Minister Andrej Babis is going to visit the Vysocina Region, where the situation is particularly alarming, on Wednesday.

"The Vysocina Region has a huge potential for further spread of the bark beetle because the share of spruce reaches 70%," the ministry's report says.

Last year, LCR logged 1.3 million cubic metres of bark beetle infested wood in Vysocina. This year it may log there 2.5 up to 3 million cubic metres.

"This prediction only concerns forests that are directly administered by LCR, which means less than 40% of all forests in Vysocina. Including the share of other forest owners in Vysocina, the estimated amount of bark beetle infested wood will this year exceed 7 million cubic metres," the report says.

#### GA MŽP PLANS ANOTHER CZK 500M FOR BOILER SUBSIDIES IN MSK – 14.5.

Within the next few weeks, the Ministry for the Environment (MŽP) will submit to the Czech government a proposal to transfer financial means enabling it to provide an additional CZK 500m towards boiler subsidies in the Moravia-Silesia Region (MSK). Environment Minister Richard Brabec (ANO) said as much in connection with the situation in the region where authorities had used up the original allocation of CZK 500m within the first few minutes from the call announcement. The amount will cover the replacement of at least 4,800 boilers.

## INDUSTRY & ENERGY & TRANSPORT

### CTK SHARE OF SUVs ON CZECH MARKET DOUBLES IN FIVE YEARS – 8.5.

The share of sport utility vehicles (SUVs) has doubled over the past five years, and SUVs are the most popular cars on the Czech market, accounting for 31% of the passenger car sales, according to data of the Car Importers Association.

Twenty-five years ago, the Toyota RAV4 model provided a foundation for the SUV category, which meant a shift from off-road vehicles to road-going passenger cars.

Fifth generation RAV4 cars are on the market at present, some of them having a hybrid engine and a rear-view mirror with camera.

Car makers currently offer some 100 SUV and crossover models.

Smaller SUVs/crossovers such as Peugeot 2008, Skoda Karoq, Renault Captur and Dacia Duster are the bestsellers, Petr Knap of EY told CTK.

Lower middle class cars come next with a market share of nearly 20% and small cars rank third with 17%.

### CTK CZECH INDUSTRY STAGNATING DUE TO ECONOMIC DOWNTURN – 9.5.

The stagnation of Czech industrial production is connected with the general decline of the domestic economy and the negative development of the country's trading partners, particularly Germany, according to analysts polled by CTK.

Czech industrial output grew annually by 0.1% in March, increasing by 1.5% in February, and it dropped monthly by 0.1% in real terms, the Czech Statistical Office (CSU) said today.

The growth was boosted by car output, while the development of the energy sector had the opposite effect.

"The Czech industry's black zero result for March was not very amazing. The production growth lagged behind the February figure as well as behind market expectations," UniCredit Bank economist Patrik Rozumbersky said.

The positive thing is that the Czech industry has managed to avoid a systematic fall of production, he noted.

"We expect the industry to show about the same performance for the entire year as for first quarter, which means that the output will more or less stagnate," Rozumbersky said.

According to Deloitte's chief economist David Marek, the peak of industrial performance is already over, as indicated by the ongoing decrease in employment.

"The number of employees in industry dropped by 0.2% year on year. Wage growth decelerated as well. The average gross wage rose by 5.2% on the year, while wage costs increased by 4.9% upon production stagnation. For the entire year, we expect the industrial output to increase by about 1%," Marek said.

Raiffeisenbank analyst Lubos Ruzicka said he expected the full-year growth of industrial output to be slightly above 1%.

"Optimism for the future flows from new orders, whose volume increased by 6% year on year. While orders from abroad rose by 2.4%, domestic orders posted a notable rise of 14.3%," Ruzicka said.

Last year, Czech industrial output increased by 3%.

"While last year's industrial output growth exceeded 3%, this year's growth will be about twice lower. In the first half of

the year, it was not supported by the weak production in Germany, on which the domestic industry depends strongly. In the second half, the biggest uncertainties in the global economy should be resolved and the eurozone, with Germany at that helm, should get off the ground again," Komerční banka analyst František Taborský said.

**PEUGEOT RAISES SALES TO 4,933 VEHICLES IN FOUR MONTHS – 9.5.**

The brand Peugeot recorded a growth in sales by 12.8% to 4,933 registered vehicles in the first four months of 2019. In terms of passenger cars, the company sold 3,982 units, some 423 (+11.9%) up compared with the same period of 2018. Peugeot registered also 951 light utility vehicles (+16.8%). The brand will introduce on the Czech market the new model Peugeot 508 SW during the marketing event Peugeot Emotion day taking place from May 10 to June 23, 2019.

**ŠKODA AUTO PRESENTS SKETCH OF REWORKED SUPERB – 9.5.**

ŠKODA AUTO has unveiled the design sketch with the first details of the modernised SUPERB model. The sketch showcases sharply designed front lights, fog lights with a pronounced ledge and characteristic cooler mask. For the first time for the SUPERB model, the front bears the ŠKODA sign instead of a logo. The vehicle offers the latest technological innovations, functionalities and brand design. The reworked model family will be debuted in May 2019 as part of the 2019 Ice Hockey World Championship in Bratislava, which the carmaker is the main sponsor of.

**AIRPORT PRAGUE INCREASED NUMBER OF PROCESSED PASSENGERS TO 3.19M IN 1Q – 10.5.**

In 1Q 2019 Václav Havel Airport Prague processed a total of 3.19m passengers, up 4.3 % y/y. This was primarily driven by an increase in capacities and frequencies on already established routes and generally fuller aircraft. This was stated for ČIANEWS by spokesman Roman Pacvoň, who added that for full year 2019 the airport expects to see passenger numbers increase by 3 to 5 %. The number of takeoffs and landings reached 31,024 (-0.3 %). On June 7 a new direct flight from Prague to the Newark Airport in New York will be launched by United Airlines. On June 2 flights will be introduced to Nur-Sultan (SCAT Airlines) and on July 1 flights will be introduced to China's Sichuan (Sichuan Airlines).

**GOVT OKS LENDING FURTHER CRUDE OIL TO UNIPETROL – 13.4.**

The Czech government today approved lending further more than 100,000 tonnes of crude oil from the state reserves to petrochemical group Unipetrol, State Material Reserves Administration (SSHR) head Pavel Svagr told journalists.

"This will suffice for production until the end of May," Svagr said.

Pure Russian oil, used by Unipetrol's refinery in Litvinov, is expected to reach the CR between May 20 and May 25. The originally expected date was May 15.

The first crude oil loan to Unipetrol, approved by the government two weeks ago, exceeded 100,000 tonnes as well.

Despite the two loans, state reserves still retain about two thirds of crude oil, which is important in case the current

problems with the purity of oil in the Druzhba pipelines continue, Svagr said.

The news coming from Hungary is alarming, Svagr said.

According to the Reuters agency, Hungarian oil group MOL has received test supplies of Russian crude oil from Druzhba and one of the sources still contains excessive amount of organic chloride.

"Let us wait until the crude oil reaches the Slovak-Ukrainian border, because our Slovak colleagues will then conduct tests which will be of key importance of us," Svagr said.

Industry and Trade Minister Karel Havlíček said after today's government meeting that if further oil supplies were contaminated, the government might release further reserves.

"At this moment there is no reason to speculate and panic. If it is necessary, we may provide one or two more loans," Havlíček said.

Slovakia expects the oil to reach the Slovak border in about a couple of days.

The result of the tests performed on the Slovak-Ukrainian border is important in view of the fact that this pipeline branch leads directly to Czechia.

"At this moment, there is no reason to worry about supplies to the Czech market. The supplies are going on smoothly and no filling station will feel a lack of diesel oil," Svagr said.

The CR, along with other countries connected to the Druzhba pipeline, halted Russian oil imports in late April after it was found out that the oil was contaminated with organic chloride, which can damage refineries.

The government granted Unipetrol, a unit of Polish group PKN Orlen, access to state reserves at the end of April, and the crude oil from state reserves has been flowing to Unipetrol's refinery in Litvinov since May 1.

**CZECH STATE TO INVEST CZK166BN IN TRANSPORT INFRASTRUCTURE A YEAR – 13.5.**

The Czech state wants to invest some CZK166bn a year in transport infrastructure by 2029, nearly double the State Fund for Transport Infrastructure (SFDI) budget for 2019, deputy transport minister Tomáš Čížek said at a meeting of Czech construction leaders today.

In line with the prepared national investment plan, the government wants to finish the building of the fundamental network of motorways and railway lines by 2030.

The financial outlook of the Transport Ministry in the investment plan should, among other things, bring certainty for the private sector and provide it with an overview of how the projects will be carried out so that companies can plan their capacities.

The financial sources for transport infrastructure projects should be ensured, apart from the state budget and European funds, also by loans, for example from the European Investment Bank, or through public-private partnership (PPP) deals.

The first PPP project - construction of D4 motorway from Píbram to Písek - should start in 2019.

The ministry wants to negotiate this form of construction also on D6, D35 and D3 motorways.

SFDI's expenses are projected at about CZK100bn this year. The Road and Motorway Directorate (RSD) will receive CZK40bn and Správa železniční dopravní cesty (SZDC) rail

track management company will get CZK43.5bn of this amount.

The fund wants to raise the sums in case other projects are prepared.

The fund has spent CZK21.4bn so far.

The national investment plan, outlined by Prime Minister Andrej Babis in November 2018, might be published in autumn this year, Regional Development Minister Klara Dostalova said.

Overall the government plan includes over 17,000 projects worth CZK3,450bn for the years 2019-2030.

**ČEZ STATIONS SUPPLIED ELECTROMOBILES WITH 384.9 MWH IN 1Q – 14.5.**

In 1Q 2019 charging stations operated by Group ČEZ supplied 384,876 kWh of electricity to the batteries of electromobiles. Of this total, 335,017 kWh were accounted for by quick charging stations with an output of 50 kW capable of topping up 80 % of the capacity of most electromobiles within 20 to 30 minutes. This represents a y/y increase of 122 %. The equivalent of overall energy consumed in the ČEZ network of public charging stations was 10,691 fully charged vehicles. In the past 12 months the group launched 54 public stations. Of this total, 50 were quick charging.

**LEO EXPRESS TO LAUNCH TWO NEW LINES FROM PRAGUE IN DEC – 14.5.**

LEO Express is preparing two new connections from Prague in personal rail transportation: Prague-Plzeň and Prague-Děčín. Both will be offered in two pairs of connections per day with 310 seats. The launch is planned for December 15, 2019. This information stems from the official notice board of the Regulatory Authority for Access to Transport Infrastructure (ÚPDI).

**ELECTRICITY CONSUMPTION AT RECORD 73.9 TWH IN 2018 – 14.5.**

Last year's electricity consumption in the CR was the highest since 1981, reaching 73.9 terawatt hours (TWh) and rising by 0.2% annually, and production was 1.1% higher at 88 TWh, according to official data of the Energy Regulatory Office (ERU).

Electricity consumption data have been available since 1981. Brown-coal-fired power plants generated the highest share, 43% of power, ERU representatives told journalists today.

Export went down by an annual rate of 9.3% to 25.5 TWh and import was 23.2% lower at 11.6 TWh. Most electricity was supplied to Slovakia and Austria, and the biggest amount was imported from Germany and Poland.

Industry made up 31% of the total consumption, followed by households (25 pct), trade, services, education and health care (21 pct), and the energy sector (11 pct).

In terms of regions, Moravia-Silesia registered the highest share of 13.8%. Central Bohemia came next (13.5 pct), followed by Usti (10.3 pct) and Prague (10.2 pct). The lowest amount of energy, 2.6% of the total figure, was consumed in Karlovy Vary, which is the smallest Czech region.

Nuclear power plants generated a third of power, renewable sources produced 11% and black coal and natural gas facilities both 4% of the total.

With almost the same installed capacity, photovoltaic systems raised production volumes by some 7% but

hydroelectric power plants have fallen victim to the drought. The amount of power they generated was 13% lower on average, ERU statistics department head Petr Kusy said.

Production of brown-coal-fired and nuclear power plants rose by 2% to 37.7 TWh and by 5.5% to 29.9 TWh in annual terms, respectively. The amount of power generated by black-coal-fired facilities fell by about 20% to 3.5 TWh.

The peak load of 11,969 megawatts (MW) was registered on February 28, at 09:00, and the minimum load of 5,171 MW on July 8, at 05:00.

**Czech electricity production and consumption (TWh)**

Year	Production	Consumption
2008	83.52	72.05
2009	82.25	68.61
2010	85.91	70.96
2011	87.56	70.52
2012	87.57	70.45
2013	87.07	70.18
2014	86.00	69.62
2015	83.89	71.01
2016	83.30	72.42
2017	87.04	73.82
2018	88.00	73.94

**CEZ ENERGY GROUP RAISES PROFIT, SALES IN Q1 – 14.4.**

Net profit of CEZ, the largest Czech energy company, grew annually by 14% to CZK8.3bn in the first quarter of this year, which was helped mainly by growing electricity prices and production of nuclear power plants, and its sales added 12% to CZK51.8bn, the company said in a press release today.

The company management proposes to pay CZK24 per share dividend, which means it would distribute CZK12.9bn from last year's profit among shareholders, provided the general meeting approves the proposal on June 26. The state would gain roughly CZK9bn.

CEZ is majority owned by the state via the Finance Ministry which holds about 70% of the group.

Last year, CEZ paid out dividend worth CZK33 per share. It distributed CZK17.8bn and the state got CZK12.4bn.

After years of decreasing electricity prices, CEZ's results reflect a rise in wholesale prices, company head and board chairman Daniel Benes said.

Moreover, CEZ produced 1.1 terawatt hours (TWh) of electricity more in annual comparison, he said.

Business and operating results of the company are in line with the management's expectations, Benes said.

On the other hand, the business performance was hurt by higher costs of carbon credits. Their market price increased, while the number of credits allocated for free dropped.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) reached CZK19.3bn in Q1.

For the entire year, CEZ expects to generate CZK57bn-CZK59bn in EBITDA and CZK17bn-CZK19bn in net profit.

CEZ's conventional energy sources generated 16.6 TWh of electricity in Q1, 6% more year on year.

Alternative energy sources produced 0.7 TWh of power, which is 18% more, and nuclear power sources' output grew by 0.5 TWh.

In 2018, the output of nuclear power plants, Dukovany and Temelin, increased by 6% to 29.9 TWh. CEZ plans for this

year's production to exceed 30 TWh and it wants to remain at such an ambitious level in the future, Benes said.

Last year, CEZ's net profit plunged annually by 45% to CZK10.5bn, which was due mainly to 2017's one-off income especially from the sale of shares of Hungarian oil and gas group MOL, the company said.

#### LABOUR & HEALTH & SOCIAL

**CTK APRIL NO. OF PEOPLE WITHOUT JOB LOWEST SINCE JUNE 1997 – 10.5.**

The Czech unemployment rate fell to 2.7% in April, being at 3% in March, and the number of those unemployed was the lowest since June 1997, the Employment Office said today.

The Employment Office registered roughly 210,000 people without a job at the end of April, and nearly 340,000 job vacancies.

In April 2018, the unemployment rate was 3.2%.

The situation matches the long-term development on the labour market and also the season, the Employment Office said.

Seasonal jobs have opened mainly in construction, gastronomy, tourism, agriculture, gardening, forestry, spas and mining, Employment Office head Katerina Sadilkova said. April also registers community service concerning spring cleaning, she said.

"Unemployment might keep declining moderately in the coming months," Sadilkova said.

The drop in unemployment exceeded expectations, as analysts approached by CTK anticipated 2.8%.

The number of job seekers registered by employment offices fell monthly by more than 17,000 and annually by almost 33,000.

Over 188,000 of the 210,000 unemployed were immediately available to work.

The number of vacancies grew monthly by about 600 in April. Employers are interested mainly in technical and blue-collar workers. They were willing to take on foreigners for most jobs in April.

Unemployment decreased in all the Czech regions, stagnating at 1.9% in Prague. The Pardubice Region reported the lowest rate (1.8 percent), pushing Prague from the number one spot, while the Moravia-Silesia Region registered the highest rate (4.4 percent).

In terms of districts, it was Prague-East posting the lowest unemployment (1.1 percent). Karvina's rate was the highest (6.9 percent).

**Unemployment rate in Czech regions in March, April (pct)**

	March 2019	April 2019
Prague	1.9	1.9
Central Bohemia	2.6	2.4
South Bohemia	2.3	2.0
Plzen	2.1	1.9
Karlovy Vary	3.0	2.9
Usti	4.6	4.3
Liberec	3.1	2.9
Hradec Kralove	2.3	2.1
Pardubice	2.1	1.8
Vysocina	2.8	2.4
South Moravia	3.7	3.4
Olomouc	3.1	2.7

Zlin	2.4	2.1
Moravia-Silesia	4.6	4.4
Czech average	3.0	2.7

#### CTK YOUNG CZECHS ROTATE JOBS FREQUENTLY – 13.5.

Millennials do not stay in one job for long, daily Lidove noviny (LN) writes today, citing a survey that shows that one in three young Czechs under 34 years has handed in a notice in the past twelve months.

The economic situation helps this trend with record low unemployment rate, businesses hungry for employees and trying to outstrip their competition with even better financial offers.

The survey showed that while 16% of people handed in their notice in the past twelve months across the age groups, 28% of people under 34 did so.

"A third of young people are open to better job offers and almost one in five actively looks for a new job," Tomas Dombrovsky, from LMC company running job websites, told LN, citing the survey with 1,000 employees between 18 and 64.

The employees would be their own worst enemies if they did not use the current situation to their benefit. It is not such a good news for the companies as it takes at least a year for a new employee to start paying off.

With the current employee-shortages, firms are likely to accept turncoats but as the economy slows down and the employers will be in a better position, this might backfire.

Five different employers in the past two years on a 30-year-old's CV do not look good because people who change jobs more often than once in two to three years are not promising for the companies, Vit Jasek from Czech Employers' Union said.

This is now quite common across the job market and not only among the university graduates but also people with vocational training.

Dombrovsky said young employees wanted to climb the career ladder fast and often accept a job which does not really match their qualifications. If they do not get what they want, they try elsewhere.

Seeing their parents who were thankful for their job and willing to sacrifice their free time to it, young people want a different life, Lucie Spacilova, director of the Performia recruiting company, said.

Experts say young people see their work life as an ultramarathon as half of them do not expect to retire by the age of 65 and do not want to waste their energy.

Millennials, born between 1982 and mid-1990s, are also highly ambitious and believe they are entitled to free time. This is healthy but only up to a certain level.

Spacilova says she has to present the vacancies as a mission to people looking for a job as the information on the salary and work benefits alone is not enough.

With the current unemployment level below 3%, job agents also have to assess the suspiciously long CVs as they may not necessarily imply that the person is a turncoat, Spacilova said, adding that many companies lie about the jobs they are offering during the recruitment process.

Three fourths of young people have a full-time job and while this was the older generation's dream, millennials would

prefer something like a creative cooperation with various firms on specific projects.

The employers cannot ignore millennials' wishes as they will account for almost half of the global workforce next year. The methods for keeping a millennial in the team differ with some firms giving them the opportunity to try various jobs and tasks within their team, LN writes.

**MPs APPROVE POSTPONEMENT OF E-SICKNESS LEAVE UNTIL 2020 – 13.5.**

The Chamber of Deputies in third reading on May 10, 2019, approved the governmental amendment to the Act on Social Security Insurance and Contribution for State Employment Policy. The norm primarily postpones the effect of the electronic sickness leave project until January 1, 2020. The Minister of Labour and Social Affairs, Jana Maláčová (ČSSD), has added that norm takes into account employers' request for stipulating so-called proactive notifications. This means that companies may ask the Czech Social Security Administration for automatic notification about the occurrence of temporary sickness leave of individual workers.

**CR FACING SERIOUS SHORTAGE OF SKILLED TRADESMEN – 14.5.**

In the last few decades the number of teenagers who opted to become skilled tradesmen and women has seen a steep decline. Consequently the country now lacks an estimated 300,000 skilled workers in various trades, with masons, electricians and installers the most in demand.

There's an old Czech saying that goes "řemeslo má zlaté dno" meaning "a useful trade is paved with gold" but today most Czechs appear to have forgotten it. Although masons, electricians, plumbers and painters have a good occupational outlook and high earning potential, few young people want to devote themselves to a career in the trades.

As a result Czechs are paying more for their services and it is increasingly hard to find skilled and dependable tradesmen to get your home reconstructed or electricity circuit renovated.

The cost of skilled services has tripled in some areas with the cost of home reconstruction having gone up by 64% since 2016. Even so there are months-long waiting lists and construction companies are having to turn away clients because they lack professional workers. Jiri Lubenik, who heads a construction firm in Olomouc, says the lack of skilled tradesmen is a serious drawback.

"We could have double the amount of assignments if only we had the employees to deliver the work. Unfortunately there are gaps across a range of professions and it is hard to get skilled tradesmen, so we have to restrict the number of assignments we take on."

Vocational or "trade" schools have faced a growing disinterest from the public and are seen by many students as a miserable, last-resort option after they fail to be admitted to other schools of their choice. Roman Pommer, Deputy-President of the Czech Chamber of Commerce and head of the Czech Union of Tile Layers, says this will not change until tradespeople are held in higher repute.

"It is essential to promote a change of attitude, to get tradespeople greater respect in the eyes of the public. The state should be doing more to support that. And parents should also not look down on these professions when advising their child about possible career options; because

these days a skilled and hard-working tradesman can easily earn as much as a lawyer."

**MISCELLANEOUS**

**SP: COMPANIES WILL FARE WELL, DESPITE ECONOMIC SLOWDOWN – 13.5.**

The economic growth in CR is slowing down. No major turn of the economy and/or industry should be expected and companies will continue to fare well. This stems from the regular survey by the Confederation of Industry and the Czech National Bank. The respondents' outlook for contracts remains positive. Entrepreneurs will continue to hire new employees in 2019. Lack of employees on the labour market will continue to slow down companies' development. Wages will grow 4-5% in 2019, i.e. faster than labour productivity. The trend of slower growth of sales prices than input prices will be problematic for companies. This fact will be partially reflected in the willingness to invest. The no. of companies intending to cut investments is growing.

**PRAGUE IS 9TH IN WORLD BY NO. OF CONFERENCES IN 2018 – 13.5.**

Prague ranked ninth in the world by number of congresses in 2018, with 136 international conferences being held in the Czech capital, according to data of the International Congress and Convention Association (ICCA) released on its website today.

Prague moved down one notch compared to 2017.

Paris was the number one city with 212 international association meetings last year, and the USA ranked best among countries holding 947 major conferences, ICCA said. ICCA associates experts in organising association meetings and is the global community and knowledge hub for the industry.

In November 2017, Prague hosted the 56th ICCA congress.

**List of cities by no. of international association meetings in 2018**

Rank	City	No. of meetings
1	Paris	212
2	Vienna	172
3	Madrid	165
4	Barcelona	163
5	Berlin	162
6	Lisbon	152
7	London	150
8	Singapore	145
9	Prague	136
10	Bangkok	135

**CESKA POSTA SINKS INTO CZK275M LOSS IN 2018, ITS FIRST LOSS EVER – 14.5.**

Ceska posta postal service operator made a CZK275m loss in 2018, its first loss since the establishment in 1993, and the operating loss adjusted for the claim against the state for the universal service amounted to CZK1.075bn, Ceska posta told CTK today.

The firm made a CZK91m profit in 2017.

In the long run, the state does not pay enough for the services it orders, said Deputy Prime Minister Jan Hamacek.

He is at the head of the Interior Ministry which oversees the firm's activities.

Ceska posta used the reserves which have been finished, Hamacek wrote to CTK.

The figure "confirmed what we were saying last year," said the firm's CEO Roman Knap.

Ceska posta has been making losses because the state fails to pay enough money for the ordered services, he said.

"We have immediately started preparing restructuring, which will obviously be apparent with some delay, and so we are expecting we would make a profit in 2022," said Knap.

**CTK CALL IN EU TO COST NO MORE THAN 19 CENTS PER MINUTE – 14.5.**

Telephone calls to other European Union countries will cost no more than 19 cents per minute from May 15, 2019. Text messages will not cost more than 6 cents. Both prices exclude VAT. The introduction of the price limit on international calls and text messages follows up on the cancelation of roaming fees in June 2017 and is part of the EU-wide revision of telecommunications regulations. The EU aims to improve the coordination of electronic communication and boost the role of BEREC (the Body of European Regulators for Electronic Communications).

**CTK ZEMAN STARTS THREE-DAY VISIT TO HUNGARY, MEETS BUSINESSPEOPLE – 14.5.**

Czech President Milos Zeman today launched his three-day visit to Hungary where he met Czech and Hungarian entrepreneurs and told them he considered himself a lobbyist promoting Czech companies.

Zeman was accompanied by new Czech Industry and Trade Minister Karel Havlicek and Czech Regional Development Minister Klara Dostalova as well as about 30 representatives of Czech firms. The heads of the Czech and Hungarian chambers of commerce, Vladimir Dlouhy and Laszlo Parragh, took part in the meeting, too.

Zeman appreciated that the trade exchange volume between the two countries increased.

Czech ambassador in Budapest, Juraj Chmiel, said Hungary was the tenth most important business partner of the CR.

Zeman indicated that there were no big economic problems between the two countries. He nevertheless said there were small problems, for example in the sphere of investment incentives. Unlike Hungarian firms in the Czechia, Czech firms in Hungary do not get any investment incentives, Zeman said. He said the cooperation between Czech arms makers and the Hungarian military was excellent.

On Thursday, Zeman is to visit the Paks nuclear power plant, some 100 km south of Budapest. The Hungarian government wants to build two new units in Paks that currently has four nuclear units.

Zeman said Paks faced the same problems as any new power plant in Europe in which new units were being constructed, namely delays and exceeding the budget. He expressed hope that Czech firms could be among the subcontractors in the building of the new units in Paks that would be done by the Russian company Rosatom.

**CTK CZECH, HUNGARIAN PRESIDENTS DISCUSS ECONOMY, EU IN BUDAPEST – 15.5.**

Czech President Milos Zeman and Hungarian President Janos Ader agreed on supporting deeper economic cooperation, nuclear energy and the need to reform the EU at their meeting in Budapest today within Zeman's three-day official trip to Hungary.

Zeman called Hungary "the defender of European culture" and compared the recent migration wave to the historical Ottoman Empire's invasion of south-eastern and central Europe.

Ader and his wife Anita Herczegh welcomed Zeman and his wife Ivana with military honours in front of the presidential palace this morning.

The two heads of states mainly concentrated on the bilateral economic cooperation, energy in particular, fight against illegal migration and terrorism and deepening the cooperation among the Visegrad Group (V4; CR, Slovakia, Hungary, Poland).

Ader pointed out that the CR was Hungary's sixth most important trade partner and Hungary was a popular destination for Czech tourists with almost 300,000 visitors last year.

He also said he and Zeman agreed that nuclear energy was crucial for both states to maintain energy security. Zeman is to visit Paks nuclear power plant south of Budapest on Thursday.

Zeman repeated that he thought of Hungary as an "honorary neighbour" and said it was a mistake that a Czech president last visited the country as many as seven years ago.

The heads of state also talked about the necessity to reform the EU. Zeman said the European Commission should not pretend to be an European government and it should better serve as a "maintenance body". He added that the member states should decide on using the EU money and that the EU outer border protection should be strengthened because of the migration crisis.

Zeman will meet Hungarian MP Viktor Orban and parliament chairman Laszlo Kover, who is also a member of Orban's Fidesz party, later today.

After arriving in Budapest on Tuesday, Zeman met Czech and Hungarian businesspeople. He called himself a lobbyist for any Czech firm that strives to expand abroad. Some 30 representatives of Czech firms, mainly energy and mechanical engineering companies, are accompanying Zeman on his trip.

Following his re-election as president last year, Zeman said he wanted to use his second term in office to visit all the neighbouring countries and Hungary.

He already went to Bratislava, Warsaw and Berlin last year and to Vienna this April, making the Budapest trip the last one on his list.

**CTK APPOINTMENTS: PANASONIC ME – 15.5.**

Current Business Director Panasonic Marketing Europe Česká a Slovenská republika (Panasonic ME) Peter Menky takes over the management of the region Adriatic, which includes Hungary and Adriatic countries, and Martin Jedlička is the Marketing Communication Manager for all above-mentioned markets.

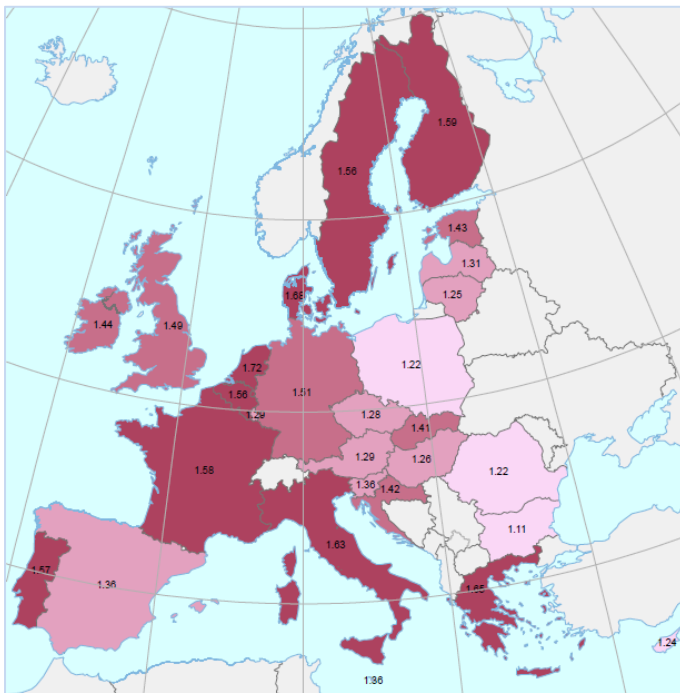
**MPO WILL SIMPLIFY PAYMENTS – 15.5.**

The Ministry of Industry and Trade of the CR (MPO) will focus on simpler payments. This was stated by Minister Karel Havlíček (representing ANO). The establishment of the prepared small single collection point will likely help that. He said that it was another step after the definition of family business approved by the government on May 13.

**STATISTICS**

**FUEL PRICES IN THE EU – 6.5.**

**Map 1: EU, Average fuel prices, Natural 95, Diesel, 6.5. (in €/l)<sup>1</sup>**



**Map 2: EU, Average fuel prices, Natural 95, Diesel, 6.5. (in €/l)**



**CONSTRUCTION - MARCH 2019: GROWTH RECORDED IN CONSTRUCTION PRODUCTION AND IN HOUSING CONSTRUCTION AS WELL – 9.5.**

*In March 2019 the working days adjusted construction output increased by 11.6% year-on-year (y-o-y), in real terms. The seasonally adjusted construction output grew by 2.4%, month-on-month (m-o-m). The planning and building control authorities granted by 11.2% more building permits, y-o-y, and the approximate value of permitted constructions soared by 41.7%, y-o-y. The number of started dwellings soared by 62.4%, y-o-y; and the number of completed dwellings increased by 0.2%, y-o-y.*

In March 2019 the construction output<sup>1</sup> increased by 2.4%, m-o-m, in real terms. From annual point of view, it grew by 11.6%, y-o-y. The production in building construction increased by 9.9% (contribution +8.0 percentage points (p.p.)), y-o-y. The production of civil engineering construction jumped up by 18.5% (contribution +3.6 p.p.), y-o-y. The working days unadjusted construction output increased by 11.6%, y-o-y. March 2019 had the same number of working days as March 2018.

The average registered number of employees<sup>2</sup>, in construction in March 2019 grew by 0.6%, y-o-y. Their average gross monthly nominal wage increased by 7.2%, y-o-y, in March 2019.

In March 2019 the number of building permits granted increased by 11.2%, y-o-y. The planning and building control authorities granted 7 224 building permits. The approximate value of the permitted constructions attained CZK 35.1 billion and soared by 41.7% compared to the same period of 2018.

The number of dwellings started in March 2019 soared by 62.4%, y-o-y, and attained 4 224 dwellings. The number of dwellings started in family houses jumped up by 27.4% and that of dwellings started in multi-dwelling buildings shoot up by 148.8%.

The number of completed dwellings increased by 0.2%, y-o-y, in March 2019 and was 2 393 dwellings. The number of completed dwellings in family houses fell by 3.8%. The number of completed dwellings in multi-dwelling buildings declined by 3.9%. The number of completed extensions of residential houses grew.

According to Eurostat the WDA (working days adjusted) construction output in the EU28 increased by 4.9%, y-o-y, in February 2019. Buildings increased by 3.2% and civil engineering works grew by 12.8%. According to the preliminary schedule Eurostat shall release the data for March 2019 on 17 May 2019.

**Construction in Q1 2019**

In Q1 2019, compared to Q4 2018, the construction output was by 4.2% higher, quarter-on-quarter, in real terms. The construction output increased by 2.3%, y-o-y. Q1 2019 had the same number of working days as Q1 2018. The production in building construction increased by 1.4% (contribution +1.1 p.p.), y-o-y, and the production of civil engineering construction grew by 6.5% (contribution +1.2 p.p.), y-o-y.

The average registered number of employees in construction increased by 0.7%, y-o-y in Q1 2019. Their average monthly nominal wage increased by 5.4%, y-o-y in Q1 2019.

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



In Q1 2019, the number of building orders of construction enterprises with 50+ employees increased by 2.4%, y-o-y; the enterprises received and concluded 11 380 building orders in the CR. The total value of the orders increased by 17.4%, y-o-y and was CZK 59.4 billion. The building construction orders were for CZK 25.9 billion (growth by 12.2%) and those for civil engineering constructions were for CZK 33.5 billion (increase by 21.8%). The average value of a new concluded building order was CZK 5.2 million and was by 14.7% higher, y-o-y.

At the end of Q1 2019 construction enterprises with 50+ employees had 19.7 thousand orders contracted (increase by 1.0%) and these orders represented the inventory of still unimplemented construction works of the total value of CZK 177.2 billion (increase by 15.4%).

In Q1 2019 the number of building permits granted increased by 7.3%, y-o-y; the planning and building control authorities granted 19 399 building permits. The approximate value of constructions permitted in Q1 2019 accounted for CZK 91.6 billion and grew by 18.1%, y-o-y, compared to the same period of 2018.

The floor area of new buildings permitted in Q1 2019 was 1544 thousand m<sup>2</sup>, which means a growth by 6.5%, compared y-o-y. The floor area of permitted residential buildings jumped up by 31.8%, and that of non-residential buildings dropped by 18.6%.

The number of dwellings started in Q1 2019 jumped up by 25.6%, y-o-y and accounted for 9 566 dwellings. The number of dwellings started in family houses grew by 10.6%, and that in multi-dwelling buildings soared by 83.1%.

The number of completed dwellings in Q1 2019 increased by 17.5%, y-o-y and attained 8 114 dwellings. The number of completed dwellings in family houses increased by 6.1%, y-o-y, and the number of completed dwellings in multi-dwelling buildings jumped up by 32.1%.

#### INDUSTRY - MARCH 2019: VALUE OF NEW ORDERS INCREASED – 9.5.

***In March, working day adjusted industrial production increased at constant prices by 0.1%, year-on-year (y-o-y). Seasonally adjusted industrial production decreased by 0.1%, month-on-month (m-o-m). The value of new orders increased by 6.0%, y-o-y.***

Industrial production<sup>1</sup> decreased in March 2019 at constant prices by 0.1%, m-o-m. In the year-on-year comparison it increased by 0.1%. The following economic activities contributed the most to the y-o-y increase in industrial production: manufacture of motor vehicles, trailers and semi-trailers (contribution +0.7 percentage points (p. p.), growth by 3.7%), manufacture of computer, electronic and optical products (contribution +0.5 p. p., growth by 14.5%), and manufacture of machinery and equipment (contribution +0.2 p. p., growth by 2.9%). Industrial production decreased in the following economic activities: electricity, gas, steam and air conditioning supply (contribution –1.6 p. p., drop by 13.8%), repair and installation of machinery and equipment (contribution –0.2 p. p., drop by 7.4%), and manufacture of basic metals (contribution –0.1 p. p., drop by 4.3%). Non-adjusted industrial production was by 0.1% higher, y-o-y (there was the same number of working days in March 2019 and March 2018).

Sales from industrial activity at current prices<sup>2</sup> increased by 5.4%, y-o-y, in March 2019. Direct export sales of industrial enterprises increased at current prices by 5.1%. Domestic sales, which include also indirect export via non-industrial enterprises increased at current prices by 5.8%.

The value of new orders<sup>2</sup> in surveyed industrial CZ-NACE activities increased by 6.0%, y-o-y, in March 2019. Non-domestic new orders increased by 2.4%, while domestic new orders increased by 14.3%. The y-o-y increase of new orders in total was the most contributed to by the following CZ-NACE divisions: manufacture of other transport equipment (contribution +1.9 p. p., growth by 12.8%), manufacture of computer, electronic and optical products (contribution +1.5 p. p., growth by 15.6%), and manufacture of motor vehicles, trailers and semi-trailers (contribution +1.1 p. p., growth by 2.7%). New orders decreased only in manufacture of chemicals and chemical products (contribution –0.04 p. p., drop by 0.7%).

The average registered number of employees<sup>3</sup> in industry decreased in March 2019 by 0.2%, y-o-y. Their average gross monthly nominal wage increased in March 2019 by 5.2%, y-o-y.

According to the Eurostat news release, working day adjusted industrial production in the EU28 in February 2019 increased by 0.3%, y-o-y. According to a preliminary release calendar, Eurostat will release data for March 2019 on 14 May 2019.

#### Industry in the Q1 2019

Seasonally adjusted industrial production<sup>1</sup> in the Q1 2019 was lower at constant prices by 1.2% compared to the Q4 2018. In the y-o-y comparison it increased by 0.2%.

Sales from industrial activity at current prices<sup>2</sup> increased by 3.1%, y-o-y, in the Q1 2019. Direct export sales of industrial enterprises increased at current prices by 3.3%. Domestic sales, which include also indirect export via non-industrial enterprises increased at current prices by 2.7%.

The value of new orders<sup>2</sup> in selected industrial CZ-NACE activities increased by 3.1%, y-o-y, in the Q1 2019. Non-domestic new orders increased by 2.1%, while domestic new orders increased by 5.6%.

The average registered number of employees<sup>3</sup> in industry decreased in the Q1 2019 by 0.2%, y-o-y. Their average gross monthly nominal wage increased in the Q1 2019 by 6.4%, y-o-y.

#### EXTERNAL TRADE - MARCH 2019: THE TRADE SURPLUS GREW YEAR-ON-YEAR – 9.5.

***According to preliminary data in current prices, in March 2019 the external trade balance in goods ended in a surplus of CZK 21.8 bn, which was by CZK 4.1 bn higher, year-on-year (y-o-y).***

The total balance in the national concept, was favourably influenced mainly by a higher surplus in 'motor vehicles, trailers and semitrailers' by CZK 5.2 bn which was better due to growth of their exports by CZK 6.7 bn. The balance of 'other transport vehicles' improved by CZK 1.4 bn.

A y-o-y worse balance in 'computer, electronic and optical products' by CZK 3.0 bn and a large deficit in 'crude petroleum and natural gas' by CZK 1.6 bn had the opposite effect on total balance.

In March 2019 the trade balance with the EU28 Member States ended in a surplus of CZK 70.5 bn, and thus it was by CZK 10.7 bn higher, y-o-y. The trade deficit with the non-EU countries increased by CZK 6.2 bn to reach the amount of CZK 46.5 bn.

Compared to February 2019 the seasonally adjusted exports and imports increased by 4.5% and 3.8%, respectively. The development trend shows increasing exports (+1.1%) and imports (+1.9%).

Compared to the same month of 2018, exports rose by 5.4% to reach CZK 330.0 bn, and imports grew by 4.3% to attain CZK 308.2 bn. March 2019 had the same number of working days as March 2018.

In the period from January to March 2019 the trade balance surplus in the national concept reached CZK 55.7 bn which represented a decrease by CZK 0.8 bn, y-o-y. From the beginning of the year exports and imports went up by 4.1% and 4.4%, respectively, y-o-y.

#### Information on the cross-border movement of goods

According to preliminary data in current prices of the cross-border concept<sup>2)</sup>, exports and imports increased by 6.0% and 3.1%, respectively, in March 2019. Total exports and imports of goods amounted to values of CZK 393.5 bn and CZK 337.1 bn, respectively.

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

#### TOURISM - 1ST QUARTER OF 2019: MORE GUESTS FROM THE CR AND FEWER FROM ABROAD WERE ACCOMMODATED – 10.5.

***In the Q1 2019, the total number of guests in collective accommodation establishments increased by 1.8%, year-on-year (y-o-y); the number of overnight stays grew by 0.9%. Guests from the CR were still very interested in accommodation. However, after several years of continual growth, demand among guests from abroad dropped during the first three months of 2019.***

The number of overnight stays of guests in collective accommodation establishments reached 10.8 million nights in the Q1 2019, which was by 0.9% more compared to the corresponding period of the previous year. Guests from the CR spent in accommodation establishments in the CR by 4.2% more nights. The number of overnight stays of guests from abroad dropped by 2.3%. The highest number of overnight stays (7.3 million) was made in hotels. The hotel segment reported a y-o-y decrease in the number of overnight stays by 0.5%; it was mainly owing to a lower number of nights spent by non-residents (-2.0%). As for the regional breakdown, a higher number of guests staying overnight was in eight regions. The highest increase of the demand for accommodation was in the Vysočina Region (+9.1%); on the contrary, a decrease in the number of overnight stays was in Prague (-2.6%), in the Středočeský Region (-2.4%), in the Jihočeský Region (-2.1%), in the Zlínský Region (-1.8%), and in the Karlovarský Region (-1.1%).

In total, 4.0 million guests arrived to collective accommodation establishments during the surveyed period; it was 1.8% up, y-o-y. Guests from abroad outnumbered the domestic ones. Compared to the previous year, the number of guests from abroad decreased by 0.2%, while the number

of domestic guests increased by 3.8%. In hotels, the number of guests increased by 1.3%, y-o-y, and in boarding houses by 6.4%, y-o-y, in the Q1 2019. In terms of regional comparison, the number of guests increased in most of the regions. In the following regions, the number of arrivals grew with an above-average dynamics: in the Jihomoravský Region (+7.2%), in the Královéhradecký Region (+5.2%), and in the Vysočina Region (+5.1%). In Prague, the number of accommodated residents increased the most of all the regions (+9.0%). However, the number of non-residents decreased in Prague by 2.0%, which had a key influence on the nationwide decrease.

The highest number of foreign guests (by citizenship) came from Germany. In the surveyed establishments, 408 thousand Germans were accommodated. In the year-on-year comparison, the number of arrivals from Germany dropped by 2.6%. Also fewer of the neighbouring Austrians came to accommodate in the CR in the Q1 2019, compared to the previous year. As for the rest of the neighbouring countries, however, the number of guests coming to the CR was increasing. In total, 143 thousand guests came from Slovakia and accommodated in the CR, which was 4.9% up, y-o-y. The number of arrivals from Poland (137 thousand) increased by 6.7%. The fourth most numerous group of guests were guests from the Russian Federation; 131 thousand of them accommodated in the CR, which was a drop by 8.9%. Also fewer Italians came compared to 2018 (-8.6%). In the Q1, usually a lot of guests are coming from the Netherlands; this time, the number of their arrivals dropped by 7.0% and the number of their overnight stays decreased by 4.6%. On the contrary, the number of guests from France increased in the Q1 2019. Guests from France spent by a fifth more nights in the CR (+20.8%) and the number of accommodated French increased by 16.9%.

#### SERVICES - 1ST QUARTER OF 2019: THE FASTEST SALES GROWTH WAS IN INFORMATION AND COMMUNICATION – 10.5.

***In the Q1 2019, sales in services adjusted for calendar effects increased at constant prices by 2.5%, year-on-year (y-o-y), the same as non-adjusted ones. Seasonally adjusted sales increased by 2.0%, quarter-on-quarter (q-o-q).***

In the Q1 2019, seasonally adjusted sales in services<sup>1)</sup> increased at constant prices by 2.0%, q-o-q. A q-o-q increase was recorded by all sections.

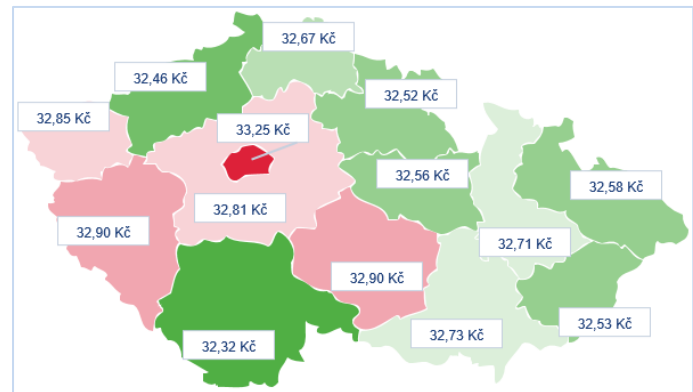
Year-on-year, sales adjusted for calendar effects (there was the same number of working days in the Q1 2019 and in the Q1 2018) increased by 2.5%, the same as non-adjusted ones. The highest growth was in the section of information and communication. Development in individual industries of services (CZ-NACE sections) was as follows:

- sales in transportation and storage increased by 1.2%. The total development was influenced the most by sales growth in land transport and transport via pipelines (+2.6%), which is the most important as for the volume of sales as well as by a decrease of sales in warehousing and support activities for transportation (-1.7%). The highest sales growth was in water transport (+49.0%), mainly due to operation of water transport by Czech transporters out of the territory of the CR. A sales growth was reported also by air transport (+10.7%). Sales grew also in postal and courier activities (+1.7%);

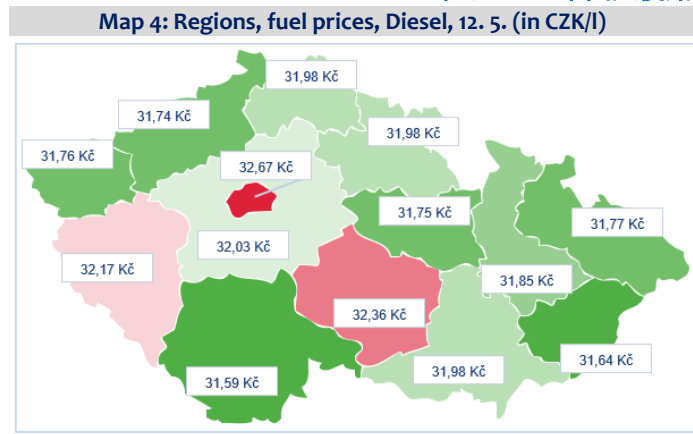
- sales in accommodation and food service activities increased by 2.2%. In the accommodation sales increased by 1.1% and in the food and beverage service activities the sales increased by 2.6%;
- sales in information and communication increased by 5.8%. A double-digit growth of sales was reported by publishing activities (+14.7%) and by the so-called music and motion picture activities (+10.9%). Sales increased also in computer programming, consultancy and related activities (+7.4%), which include e.g. computer programming activities, computer facilities management activities, and computer consultancy activities. A sales increase was also in information service activities (+5.9%) and in telecommunications (+1.1%). On the other hand, sales in programming and broadcasting activities decreased (-1.8%);
- sales in real estate activities increased by 0.1%, y-o-y. A sales increase was reported by buying and selling of own real estate and renting and operating of own or leased real estate (growth by 0.2%), which are more important in terms of their volume. On the other hand, sales in real estate activities on a fee or contract basis decreased (-0.5%);
- sales in professional, scientific and technical activities<sup>2)</sup> increased by 3.2%. Legal and accounting activities (+6.5%) were contributing the most to the growth. Activities of head offices; management consultancy activities also reported sales growth (+4.6%) as well as architectural and engineering activities (+4.2%) and other professional, scientific and technical activities (+2.1%), which include, for example, business brokerage activities, translation services and photographic services, or activities of quantity surveyors. The only industry (economic activity), in which sales decreased, was advertising and market research (-1.1%);
- sales in administrative and support service activities increased by 0.8%, y-o-y. The most marked growth of sales was in rental and leasing activities (+9.9%). Higher sales were also in office administrative and support activities (+6.4%) and services to buildings and landscape activities (+2.8%). In other economic activities of this section, sales decreased, y-o-y; the most marked decrease was in travel agency, tour operator reservation service and related activities (-8.3%). Also employment activities (-5.0%) reported lower sales as well as security and investigation activities (-0.3%).

penize.cz **FUEL PRICES IN THE CR – 12. 5.**

**Map 3: Regions, fuel prices, Natural 95, 12. 5. (in CZK/l) <sup>2</sup>**



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



**EXPORT AND IMPORT PRICE INDICES - MARCH 2019:**  
**GROWTH OF ANNUAL EXTERNAL TRADE PRICES SLOWED DOWN**  
**- 13.5.**

*In March 2019 export prices and import prices decreased month-on-month by 0.3% and 0.1%, respectively. The terms of trade reached the value of 99.8%. Export prices and import prices increased year-on-year by 2.6% and 2.8%, respectively. The terms of trade reached the value of 99.8%.*

**Month-on-Month Comparison**

**Export prices** decreased by 0.3%, month-on-month (m-o-m) in March 2019. The fall in the monthly export price index was essentially affected by a decrease in prices of ‘mineral fuels, lubricants, and related products’ by 4.6%, mostly in electricity prices. Prices also fell in ‘manufactured goods classified chiefly by material’ and ‘miscellaneous manufactured articles’ by 0.5% and 0.1%, respectively. Prices in ‘machinery and transport equipment’ did not change. The only growth was in ‘crude materials, inedible, except fuels’ by 0.5%.

**Import prices** fell by 0.1%, m-o-m, in March 2019. The greatest effect on an overall decline in the monthly import price index was brought mainly by a decrease in ‘chemicals and related products’ by 1.0%. Prices fell in ‘mineral fuels, lubricants, and related products’ and ‘miscellaneous manufactured articles’ by 0.6% and 0.2%, respectively. Prices increased mostly in ‘crude materials, inedible, except fuels’, ‘food and live animals’ and ‘machinery and transport equipment’ by 1.2%, 0.2% and 0.1%, respectively.

The terms of trade reached the value of 99.8%. Significant negative values of the terms of trade were reached in ‘mineral fuels, lubricants, and related products’ (96.0%), ‘manufactured goods classified chiefly by material’ (99.5%), and in ‘machinery and transport equipment’ (99.9%). The highest positive values of the terms of trade were reached in ‘chemicals and related products’ (100.8%), and ‘miscellaneous manufactured articles’ (100.1%).

**Year-on-Year Comparison**

**Export prices** grew by 2.6%, year-on-year (y-o-y) (in February 2019 they increased by 3.4%). An increase in the prices of ‘machinery and transport equipment’ by 2.3% exerted a significant effect on the development in the annual export price index. Highest price increases were recorded in the group of ‘mineral fuels, lubricants, and related products’ by 4.4%, especially in petroleum products prices, in ‘food and live animals’ by 4.2%, and in ‘miscellaneous manufactured articles’

by 4.1%. No price drop was recorded in any of the monitored groups.

**Import prices** increased by 2.8%, y-o-y (they rose by 3.3% in February 2019). A growth in prices for 'machinery and transport equipment' by 3.6% had the strongest effect on the growth of the annual import price index. The biggest price growth was recorded in 'crude materials, inedible, except fuels' by 8.1%, especially in metalliferous ores prices. Prices in 'mineral fuels, lubricants, and related products' and in 'chemicals and related products' grew by 7.8% and 2.3%, respectively. Prices fell in 'food and live animals' by 0.1%.

The terms of trade decreased to the value of 99.8% (they reached 100.1% in February 2019) and they fell into negative values after three months. Negative values of the terms of trade were reached especially in 'crude materials, inedible, except fuels' (94.3%), 'mineral fuels, lubricants, and related products' (96.8%), and in 'machinery and transport equipment' (98.7%). Out of the important groups of goods positive values of the terms of trade were recorded for 'miscellaneous manufactured articles' (103.0%), and 'manufactured goods classified chiefly by material' (101.6%).

 **CONSUMER PRICE INDICES - INFLATION - APRIL 2019:**  
**YEAR-ON-YEAR GROWTH OF PRICES SLOWED DOWN – 13.5.**

**Consumer prices in April increased by 0.1% compared with March. This development came primarily from a price rise in 'transport' and 'clothing and footwear'. The year-on-year growth of consumer prices decelerated to 2.8% in April, which was 0.2 percentage points down on March.**

The **month-on-month** rise in consumer prices in 'transport' came primarily from prices of fuels and lubricants for personal transport equipment, which went up by 3.9%. It was their biggest month-on-month growth since May 2018. In 'clothing and footwear, prices of garments rose by 2.8% and prices of shoes and other footwear by 3.3%. In 'miscellaneous goods and services', prices of personal care rose by 0.8% and prices of financial services by 1.3%. In food, especially prices of vegetables went up by 2.4% and prices of meat by 0.5%.

In April, the price fall in 'alcoholic beverages and tobacco', where prices of spirits went down by 4.9%, beer by 3.6%, and wine by 2.1% had an opposite influence, i.e. on the reduction of the overall consumer price level. In 'food and non-alcoholic beverages', mainly prices of fruits were lower by 4.2%, non-alcoholic beverages by 1.5%, oils and fats by 2.4%, cheese and curd by 1.3%, bread and cereals by 0.5%, sugar by 6.0%, and UHT semi skimmed milk by 2.3%.

Prices of goods in total went down by 0.1% while prices of services rose by 0.2%.

In terms of the **year-on-year** comparison, in April, the consumer prices rose by 2.8%, i.e. 0.2 percentage points down on March. This deceleration in the year-on-year price rise came primarily from prices in 'alcoholic beverages and tobacco', where prices of alcoholic beverages turned from the rise by 4.5% in March to the fall by 0.2% in April (partly due to their month-on-month increase in April 2018). Prices of spirits fell by 0.5% (a growth by 5.4% in March) and prices of beer by 1.1% (a growth by 4.2% in March). Prices of wine slowed down their price rise to 1.5% (3.3% in March). The mitigation in the year-on-year price rise was influenced also by the development of prices in 'food and non-alcoholic beverages'. The year-on-year price rise slowed down

especially in cheese and curd to 2.8% (3.3% in March) and butter to 4.1% (8.6% in March). Prices of UHT semi skimmed milk turned from the price rise by 2.0% in March to the fall by 5.0% in April. Prices of eggs were lower by 10.5% (-8.1% in March), y-o-y, and prices of sugar by 30.8% (-28.3% in March). In 'transport', prices of fuels and lubricants for personal transport equipment accelerated their price rise to 4.7% (2.1% in March).


The biggest influence on the growth of the y-o-y price level in April came from prices in 'housing, water, electricity, gas and other fuels', where prices of actual rentals for housing rose by 3.3%, water supply and sewage collection identically by 2.6%, electricity by 11.9%, natural gas by 3.6%. The price rise continued in 'food and non-alcoholic beverages', where especially prices of vegetables were higher by 30.7%, of which prices of potatoes by 70.2%. The impact on the price level increase had also prices in 'miscellaneous goods and services', where prices of personal care rose by 4.2%, prices of insurance by 4.6% and prices of financial services by 6.2%. In 'restaurants and hotels', prices of catering services went up by 4.1% and prices of accommodation services by 2.8%. In 'transport', prices were higher by 1.7%.

A reduction in the price level in April came, as before, from prices in 'clothing and footwear' due to prices of garments, which were lower by 3.3%. In 'communication', prices dropped by 1.3%.

Prices of goods in total and services went up (2.2% and 3.6%, respectively). The overall consumer price index excluding imputed rentals for housing was 102.4%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to April 2019 compared with the average CPI in the previous twelve months, amounted to 2.4% in April.

According to preliminary data of Eurostat, the year-on-year change in the average harmonized index of consumer prices (HICP) in the EU28 member states amounted to 1.6% in March (the same as in February). The rise in prices was the highest in Romania (4.2%) and the lowest price increase was in Portugal (0.8%). In Slovakia, the price rise accelerated to 2.7% in March from 2.3% in February. In Germany, prices were higher by 1.4% (1.7% in February). According to preliminary calculations, the month-on-month change in the HICP in the CR in April amounted to 0.1% and the year-on-year growth was 2.4%. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the Eurozone in April 2019 amounted to 1.7%, y-o-y, as Eurostat announced.

 **GDP PRELIMINARY ESTIMATE - 1ST QUARTER OF 2019:**  
**GDP 0.5% UP, QUARTER-ON-QUARTER – 15.5.**

**In the Q1 2019, according to a preliminary estimate, the gross domestic product was 0.5% up, quarter-on-quarter, and 2.5% up, year-on-year.**

The Czech economy was successful also in the beginning of 2019. The gross domestic product (GDP) adjusted for price effects and seasonally adjusted<sup>1)</sup> increased in the Q1 2019, according to a preliminary estimate, by 0.5%, quarter-on-quarter (q-o-q). Compared to the corresponding quarter of the previous year, it increased by 2.5%.

External demand and household consumption were the main GDP growth factors in the Q1. Dynamic growth of the gross fixed capital formation continued. Manufacturing

contributed the most to the gross value added formation; after a year, it thus has become again the dominant growth factor of the domestic economy. Most of the economic activities of services as well as construction continued to be successful.

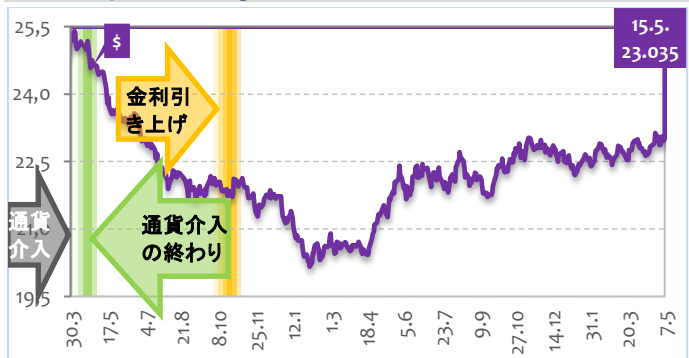
Employment increased by 0.5%, q-o-q, in the Q1 2019. Compared to the corresponding quarter of 2018 it was 1.4% up. As for the number of employed persons, its historical maximum increased again in the time series since 1993.

CZK vs €, \$, ¥ – 15. 5.

Graph 1: Exchange rates, CZK/€, 30. 3. 2017 – 15. 5. 2019



Graph 2: Exchange rates, CZK/\$, 30. 3. 2017 – 15. 5. 2019



Graph 3: Exchange rates, CZK/100¥, 30. 3. 2017 – 15. 5. 2019



News outside the time span of this News summary

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

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

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

**ČSÚ** 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.

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

**peníze.cz** peníze.cz; is an online news magazine published by Partners Media, owned by Partners Financial Services, jsc.

**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.