



SELECTION OF NEWS FROM CZECH ECONOMY

• According to preliminary estimates from the Czech Statistics Office, the Czech Republic's **gross domestic product** adjusted for price, seasonal, and calendar effects fell 4.3 % on 2008 last year. In the fourth quarter alone GDP was down 4.2 % y/y and down 0.6 % q/q.

Source: **ČIA**, Feb 15

• The Czech Republic's **deficit on the current account of the balance of payments** totaled CZK 11.3 bln in December. This data was made public by the Czech National Bank, which added that the result was affected by the passive earnings balance, which was affected by the payment of dividends totaling CZK 12.1 bln and the anticipated CZK 7.8 bln in reinvested profits.

Source: **ČIA**, Feb 15

• This year the Czech National Bank expects the **public finance deficit** to total 5.9 %; in November it had predicted a deficit of "only" 4.9 % for 2010. The central bank has also adjusted its deficit forecast for 2011 to 6.5 %, up from 5.6 %. The numbers are based on the central bank's inflation report. It expects overall inflation to increase this year and to temporarily exceed the central bank's 2% inflation target in the second quarter as a result of tax changes.

Source: **ČIA**, Feb 15

• According to the Labor and Social Affairs Ministry's analysis, the slower growth of income balanced by a significant drop in consumer prices affected the **management of Czech households** the most in the first through third quarters of last year.

Source: **ČIA**, Feb 15

• According to the Czech Statistics Office **export prices** increased by an average of 0.2 % on 2008 in all of 2009 while **import prices** fell 3.5 %. The exchange relations index totaled 103.8 %. On the export side, beverage and tobacco product process increased by 4.6 %, industrial consumer goods were up 4.2 %, and machinery and transport vehicle prices were up 4 %. On the import side mineral fuel prices fell the most, by 26 %, along with chemical prices, 4 %, and intermediate product prices, by 3.4 %.

Source: **ČIA**, Feb 16

• According to data from the Czech Statistics Office **agricultural product prices** fell 6.3 % y/y in January while industrial producer prices were down 1.5 % and market service prices were down 0.7 %. Construction work prices were up 0.3 %. In agricultural production, prices increased by 9.2 % y/y in plant production and by 3.1 % in animal production. The industrial producer index was most affected by the drop in plain metal and metalworking prices by 13.1 %.

Source: **ČIA**, Feb 16

• According to Economic Chamber president Petr Kužel **unemployment** in the Czech Republic will according to

internal expectations reach 10.1 %. Kužel rejects increasing company taxes in this connection.

Source: **ČIA**, Feb 16

• In 2009 **service revenues** fell 9.3 %. In the fourth quarter the real drop equaled 1.2 % q/q and 8.6 % y/y after adjusting for seasonal effects and work and calendar days.

Source: **ČIA**, Feb 18

• According to the Czech Statistics Office **revenues for transport and storage** fell 5.5 % y/y in the final quarter of last year. The drop was lower than the average drops of the preceding four quarters.

Source: **ČIA**, Feb 18

• **Mortgage banks** experienced a 30% m/m drop this January with 2,533 contracts worth CZK 4.28 bln signed. This was confirmed by the hypindex.cz server. Last January, which was generally considered very bad, banks extended 2,675 mortgages worth CZK 4.595 bln. According to statistics the number of people that took out mortgages in January 2010 was the lowest since 2006.

Source: **ČIA**, Feb 19

• The Ministry of Labor and Social Affairs expects the **average nominal salary** to increase by 2.1 – 3.1 % this year in its forecast whose specified data will be presented to the government in April. In 2011 salaries should increase by 3.3 to 4.9 %. According to the ministry the average salary in Q1 through Q3 of 2009 totaled CZK 22,896; this represents an increase of 3.6 % on the same period of 2008. The share of employees with lower than average salaries did not fall on 2007 when it totaled almost 68 %.

Source: **ČIA**, Feb 23

• Between January and September 2009 Czech residents took out **fewer loans** than in 2008 but they have also started **saving less**. This was stated by the Labor and Social Affairs Ministry in its statistical material presented to the government in February

Source: **ČIA**, Feb 23

• According to the Czech National Bank the **capital adequacy of Czech banks** does not fall below the regulatory minimum of eight percent even in the extreme scenario of deteriorated economic development. According to the report the banking sector is sufficiently resistant to possible shocks in the coming two years. Banks could post losses if macroeconomic development is negative.

Source: **ČIA**, Feb 24

• **Confidence in the domestic economy** increased again in February when the aggregate confidence indicator improved 2.4 points m/m. Among entrepreneurs confidence increased m/m in industry and trade while consumer confidence increased by 1.7 points from minus 11.8 points to minus 9.8 points. Compared to the low value of February 2009 the aggregate confidence indicator is 17.1 points higher.

Source: **ČIA**, Feb 25

INVESTMENTS PLANS AND STRATEGIES

- The manufacturer of **Gordon** brand automobiles, Plzen-based **Auto Projekt Centrum**, plans to build a production facility in Slovakia. The plant will likely produce up to 300 vehicles per year.
- The production will take place in Slovakia thanks to a new investor, **Ebvis Group**. The exact date on which production will commence and the number of employees at the plant will be announced by the company in coming months.

Source: **CIA**, Feb 15

CIA exclusive: This year the companies of the **REN Power CZ** group plan to build and launch at least five new photovoltaic power plants with an installed output of around 15MW. The group's portfolio, which includes seven solar power plants with an output of 16MW, will thus almost double by the end of the year. This was stated in an interview for **CIA** by the chairman of board of directors of **REN Power CZ**, **Vladimir Sístek**.

Source: **CIA**, Feb 17

- Following a change of conditions last year, the programme **Zelena Usporám** (Green to Savings) has hit full speed and acceptance of applications has been accelerated significantly. The total value of **registered projects** exceeded CZK 1 bln as of February 11. The planned total of CZK 16.8 bln, available thanks to the sale of AAU emission credits, will thus be probably used up sooner than in the foreseen year of 2012.

Source: **CIA**, Feb 17

CIA exclusive: This year **Sluneta** will build two photovoltaic power plants with an output of 1.8 and 1.5MWp for its own group. It will also build four solar power plants for customers with an installed output totaling 7.3MWp. **CIA** was informed by **Sluneta's** executive **Petr Bina**.

Source: **CIA**, Feb 18

- In 2009 **CEPS** invested more than CZK 2.1 bln into the **renewal, modernisation, and automation of existing grid equipment and securing safety and reliability**. As a result of an increase in requests to connect to the grid, investments into the development of the network will continue to increase. In the 2010 to 2019 period they should average CZK 4 bln per year.

Source: **CIA**, Feb 18

- This year **CEZ Obnovitelne Zdroje** plans to build photovoltaic power plants with an installed output of tens of megawatts. It will favour localities with the best sunshine parameters as well as brownfields, former airports, industrial zones, and the like.
- The largest investment to be made by the **CEZ** group into the photovoltaic segment this year will involve a project near South Bohemia's **Sevetin**. Thanks to the acquisition of the

firm **Gentley**, last December **CEZ** got to one of the biggest photovoltaic power plant construction projects in the Czech Republic. Solar panels with an output of up to 27MW will cover an area of 55.5 hectares. A construction permit has already been granted for this project.

Source: **CIA**, Feb 19

- **Photon Engineering** of the **Photon Energy** group will build a custom-made solar power plant in the vicinity of Mostkovice in the Prostějov district for the **Foton Power** company. The value of the contract for the construction of a photovoltaic power plant with a capacity of 700kW amounts to CZK 59.5 mln.

- At the end of last year the **Photon Energy** group built a 795kW photovoltaic power plant in the Mostkovice locality. The owner of this facility is **Photon SPV 3**, which belongs to the **Photon Energy** group. The funding of the first phase of the project was provided by **Raiffeisen - Leasing Real Estate**.

Source: **CIA**, Feb 22

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Source: **CIA**, Feb 22

- A new industrial zone should be built on an area of 80 hectares near the municipality of **Bochov**. The project is currently in the zoning plan preparation phase. The municipal leadership expects the zone to create several hundred new jobs.

Source: **CIA**, Feb 23

- Heating company **United Energy** commenced preparatory works for a project to build a facility for the energetic use of waste at the **Komorany** heating plant near Most at the end of last year. The project should be completed by 2015. Two versions are possible with respect to size and capacity: 100,000 and 150,000 tons of waste per year.

Source: **CIA**, Feb 24

- **Microsoft** has opened its second innovation centre in the Czech Republic. The new centre is located in **Hradec Kralove**.

- According to its statement **Microsoft** opened the new centre due to high interest in the activities of the existing centre in **Brno**. The company thus wants to create an environment for transferring knowledge in the IT segment and for cooperation.

Source: **CIA**, Feb 24

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