

**Business**

(HN/17) Eva Zamrazilová of the CNB board told Reuters that the CR's longest recession in two decades has probably bottomed out and that there are signs that the economy is turning around. She said that there are some stabilization elements apparent, such as a halt in the fall of property prices mainly in Prague and signs of a possible revival of the property market. But this is just the first ray of light, she said. She also said she expects households to start spending more.

(HN/23) GM Omar Koleilat of Crestyl developer said that the residential housing market is predictable, whereas the office market is much less so. He said that his company knows how many housing units it can sell (about 25% of the 65 units in the planned phase two of the Dock development are reserved) and can plan accordingly, whereas the uncertainty about the economy makes the decision-making process in the office market take much longer. Crestyl is considering spreading out the 25,000 sqm second phase of its office project in Prague-Libeň and starting with just 8,000 sqm.

(P/2) Austrian Pres. Heinz Fischer said yesterday during Zeman's visit to Vienna that nuclear safety is a priority for his country. He also acknowledged that each country has the right to decide on its energy policy. Industry Minister Martin Kuba, who accompanied Zeman, said that the CR must defend its pro-nuclear position but also respect the demands of its neighbors on maximum safety. Austria's chancellor, Werner Faymann, was not able to meet with Zeman.

(HN/4) The health ministry sent a proposed ban on smoking in restaurants into the legislative review process. The ban would apply as of next year to regular cigarettes, electronic cigarettes and water pipes, with an exception only for smoking in open-air gardens. Vending-machine sales of alcohol and tobacco would also be banned, and restaurants would have to offer at least one non-alcoholic beverage for the same price or less than the cheapest alcoholic beverage. Health Minister Leoš Heger said that it would still be a success if only three-fourths of the proposed law passed in Parliament.

(HN/1) Parliament's economics committee suspended debate on an amendment to the construction-savings law and is waiting for new proposed changes to it. Under the current version, account-holders would only be able to use their saved amounts toward housing or supplementary pensions, but some MPs from ODS and ČSSD want this restriction to apply only to new accounts. Some MPs are also against allowing banks to compete without restrictions against the existing building & loans. Uncertainty about the future of the accounts has led to lower interest in the savings accounts.

(HN/13) ČEZ's proposed dividend of Kč 40 per share, compared to the Kč 45/share paid last year, means that the state will receive Kč 1.88bn less from its majority stake than last year, when it got Kč 16.89bn. Kalousek

said that his representative at the AGM will be under instruction to vote for the dividend. Some analysts said that they do not understand why ČEZ is lowering the dividend and why the state is accepting it. Tomáš Sýkora of Patria Direct said that the dividend might be cut to Kč 30-35 next year, because of the drop in the price of electricity.



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(HN/20) Analyst Jiří Zendulka of BH Securities said the CR is a banana republic in terms of the way the ex-date for trading in shares without the right to a dividend comes before the date of the legal decision for this. This can scare away investors, he said. The only positive point in this respect, he said, is that so far the proposed dividend and ex-date have always been approved.

(P/2) The defense ministry intends to sell VOP Nový Jičín military-repair company next year. All servicing of tanks and armored vehicles would then be in the hands of private companies. The ministry said that there is no reason to keep VOP given that the public-procurement law forbids awarding no-bid contracts to state companies if they also work for the private sector. (E15/1) The sale could bring a min. of Kč 1bn. Jaroslav Strnad's Excalibur, which owns a stake in VOP CZ Šternberk, might be interested. Strnad also now owns a majority in Tatra.

(HN/17) The Czech Publishers Association launched a campaign yesterday to persuade advertisers to advertise in the print media. The main target are companies that curtailed their advertising this year on the main TV stations after TV Nova sharply raised its rates. (BI/8) An ad from the Association says that a "smart campaign" using print and online media reaches 99.3% of the target audience in the 25-50 age group, to just 94.3% for a regular TV campaign.

(HN/21) GM Michal Čupa said České Radiokomunikace would like to build the mobile network for the fourth operator. (MFD/1) Also, Tomáš Menčík of Cyrrus said there will be no price revolution for large companies, because the mobile operators already have zero margins from them. There is mainly room to lower the rates for SMEs, he said.

(P/14) The upgrade of the first two segments of the D1 highway will not begin until after the May 8 holiday. Also, the antitrust office issued a preliminary injunction with regard to the tender for a further segment.

(HN/19) The crown fell to Kč 25.93/euro and Kč 19.92/dollar. (HN/17) Žabka convenience stores lost Kč 211m in the 2011/2012 fiscal year on 32% higher revenue of Kč 1.17bn.... Revenue at dm drogerie rose y/y by 7% in the first half of the current fiscal year, to Kč 3.3bn.... Seznam has received data-protection approval to photograph Czech streets and will offer better detail than Google.

(P/1) Oliver Stone will attend the Karlovy

Euro (fixing)	25.910	-0.020
Dollar	19.945	+0.058
Pound	30.423	+0.139
Gold \$/€ Lnd PM	1408/1082	-1.2/-1.0%
3-month Pribor	0.47	0.00
Dow Jones	14719.46	+1.0%
DAX	7658.21	+2.4%
CETV/CME	76.20	-0.39%
ČEZ	558.20	-1.47%
Erste Bank	636.00	+3.25%
Komerční banka	3650.00	+1.70%
NWR	49.60	-2.75%
Philip Morris ČR	11220.00	+2.65%
Telefónica CR	281.00	-1.33%
Unipetrol	171.95	-0.03%
PX	958.68	+0.53%

Vary Film Festival. (MFD/5) Aeroflot is advertising itself as a way to fly from Prague to Asian destinations through Moscow.

**Politics**

(P/2) Zeman said yesterday in Vienna that either he will agree with Schwarzenberg on the naming of ambassadors, or with Nečas. The Constitution, he said, states that the president appoints ambassadors with the co-signature of the PM. Schwarzenberg responded that Nečas must realize that this would be his last act as PM, because all of TOP 09 would leave the coalition and the cabinet. Nečas said in response that he does not intend to change established constitutional customs and that his position could only be changed by continued such silly and uncircumspect comments by Schwarzenberg. Under the Constitution, Nečas said, the president does not nominate ambassadors. For him to do so, Nečas said, would be a shift to a semi-presidential system, which goes against the CR's constitutional framework. Nečas also said that the battle between Zeman and Schwarzenberg is childish and hurts the country.

(HN/1) Klaus said yesterday for the first time that when Margaret Thatcher was in Prague in 1990 as PM and he was finance minister, she took him aside with PM Marián Čalfa and Pres. Havel and said that the PM and president must always support their finance minister. Even then, Klaus said, she knew very well what was going on here. HN said there is question as to whether this actually took place. Klaus also boasted about being seated in the front row at her funeral. (P/2) Klaus has been invited with his wife and sons to lunch at Lány with Zeman on Fri.

(P/2) When asked before this trip to Austria by APA news agency of that country whether he stands by his statement from 2002 that Sudeten Germans committed treason and that their expulsion was a light penalty, Zeman said "of course." He said that when you are a citizen and collaborate with an occupying country, expulsion is a lighter penalty than, say, the death penalty. (MFD/5) MFD said that Austrian Chancellor Werner Faymann might have decided not to meet with Zeman because of this comment.