

Politics

(HN/4) Pres. Miloš Zeman received a long standing ovation after his speech on Fri. at the ČSSD party congress in Hradec Králové. He greeted Chair Jan Hamáček and new First Vice Chair Roman Onderka warmly and singled out Labor Min. Jana Maláčová for praise in his speech. He praised ČSSD for the cancellation of the three-day unpaid sick period, which Maláčová had pushed through. The only person Zeman showed no kindness toward was Foreign Min. Tomáš Petříček. Zeman applauded all of ČSSD's other ministers, but not Petříček. Zeman also indirectly criticized Petříček by saying that people whose local party organization did poorly in municipal elections were running for party positions. Petříček ran in Prague 7, but the chapter won only 2% of the vote. (MFD/1) Hamáček said that he does not think Zeman's attacks on Petříček are that strong and that the Communists have been attacking him more, because they see others as their allies, not ČSSD.

(P/1) Jan Hamáček was reelected party chairman at the ČSSD congress over the weekend. He received 86.4% of the vote and said that he had not expected to win such a strong mandate. Roman Onderka was elected first vice chair, with 82.8% of the vote. Regular vice chairs are Michal Šmarda (83.1%), Jana Maláčová (82.6%), Ondřej Veselý (66.3%) and Tomáš Petříček (54.2%). One vice chair seat went unfilled. (P/2) No one proposed at the congress for ČSSD to leave the government. Hamáček closed the congress by saying that the party has been through its worst period since 1989 and now has the worst behind it.

(MFD/4) New ČSSD Vice Chair Michal Šmarda said of Andrej Babiš at the ČSSD congress that if someone claims his party is for everyone, he is a fraudster who will betray everyone. ČSSD is not for everyone, Šmarda said; it is for the weak. MFD said that Šmarda is apparently one of the few friends Bohuslav Sobotka has left in politics. (MFD/10) Petr Kolář of MFD said Šmarda is also close to lawyer Radek Pokorný.

Business

(LN/2) ČSSD Jan Hamáček spoke of raising corporate tax with the guarantee that the company would use part of the extra tax to make local investments (so-called tax assignment). There are companies that do this voluntarily, he said, and Škoda Auto is a pioneer in this respect. We need to appeal to corporate social responsibility, he said, but he does not think that Andrej Babiš's idea of merely asking companies to do this will work. (HN/4) Also, Hamáček said at ČSSD's party congress over the weekend that the work day should be reduced, initially by half an hour per week. ČSSD will also push for progressive taxation, free healthcare and the right to quality food and to housing. Hamáček said that we need a law on affordable housing for everyone.

(P/3) Finance Min. Alena Schillerová said yesterday that "super-gross" wages will probably not be abolished, because it would

make no sense to do this if the state payments for the medical insurance of state-insured individuals were not also abolished, and there is not enough support for this. She also said that she is counting on a Kč 750 per month increase in average pensions in the 2020 state budget. However, both Babiš and Labor Min. Maláčová had spoken of a Kč 900 figure. (HN/1) Schillerová's proposal calls for abolishing "super-gross" wages, lowering the effective tax rate and raising an individual's contribution to the healthcare tax from 4.5% to 8.2%. (P/Sat/1) Hamáček said that canceling the state insurance payments is the road to hell.



(HN/3) More-precise figures from the Statistical Office confirmed preliminary data showing that Czech GDP grew by 3.0% last year, down from 4.5% one year earlier. (HN/10) Partner Zdeněk Tůma of KPMG said that growth of just 3% at a time of nearly 0% real unemployment indicates that growth in labor productivity is stagnating and also raises concerns about the CR's convergence with developed economies. Chief Economist Miroslav Singer of Generali CEE Holding said that the likelihood of another big recession is very small and that the global political risks are receding. There is less of a threat of a U.S.-China trade war, he said, and the Brexit risks have been factored in by the markets. (LN/12) CNB Gov. Jiří Rusnok said that the biggest threats to the Czech economy are worsening conditions for global trade, and nationalism.

(E15/4) CEO Josef Mráz of Agrofert said the company is moving away from big acquisitions and will concentrate on reducing its Kč 35bn debt. Investment this year should be slightly below depreciation costs, he said.

(HN/3) Industry Min. Marta Nováková has sent a proposal into the review process for requiring new legislation to be subjected to a regulatory impact analysis (RIA). One of the objectives is to prevent passage of rules that are tougher than the EU requires.

(MFD/1) As of today, 314 of the thousands of bars and restaurants serving Plzeňský Prazdroj's beer will be able to boast of having a Brewer's Star (Hvězda sládků). It is awarded to those who serve beer the best, based on inspections of pipes, taste, etc.

(P/1) Juraj Podkonický, a court bailiff, is suing DP Praha transit company for Kč 61m for 100,000 uncollected transit debts from 1997-2007. Most of the debtors have no assets or are dead. Podkonický took over collection of 400,000 unpaid passenger debts in 2008 from Brož, Sokol, Novák law firm. DPP already paid him Kč 12m for the remaining 100,000 uncollected fines but refused to recognize the Kč 61m. (E15/10) Also, CEO Petr Witowski of DPP spoke of cash-pooling with other city companies.

Euro (fixing)	25.635	+0.035
Dollar	22.520	+0.095
Pound	29.818	-0.007
Gold \$/€ Lnd PM	1312/1150	-0.5/-0.7%
3-month Pribor	2.02	0.00
Dow Jones	26026.32	+0.4%
DAX	11601.68	+0.7%
ČEZ	545.50	-0.09%
Erste Bank	849.80	+0.54%
Komerční banka	946.00	0.00%
Moneta Money	79.40	-0.50%
O2 CR	247.50	+0.81%
Philip Morris ČR	14780.00	+1.79%
PX	1075.74	+0.38%

(P/14) HE3DA, which is building a battery factory in Horní Suchá in Moravia, said that its full capacity is sold out for next year. It also has 80ha of land in Reno, Nevada, and is planning a factory there too. Investor Radoš Prus does not plan to sell the company or to license its technology.

(HN/2) As of today, people who move to Ústí nad Labem or nearby Trmice, or who change residences within these municipalities, will no longer qualify for an additional housing subsidy. The stated objective is to combat "trading in poverty" by landlords who charge excessive rent to those who receive welfare payments for housing.

(BI/2) Blesk devoted two pages to residential natural-gas prices and said that some suppliers have kept prices high, despite a 35% drop in the market price since the Oct. high. Find a new supplier, Blesk said, if you do not agree with the price increase.

(MFD/9) Kia is advertising a price discount of up to Kč 100,000 and a seven-year guarantee on its Sportage model. (HN/11) Lidl earned Kč 5.1bn before tax in the latest fiscal year, up 27%, on 20% higher revenue of Kč 52.3bn, which makes it the No. 2 grocery chain behind Kaufland.... Eurostat found that the EU, at 2.1%, had the lowest unemployment in the CR in Jan., followed by Germany at 3.2%. (E15/6) The CNB fined Conseq Kč 500,000 for insufficient testing of investor knowledge. (PD/6) Sen. Pavel Fischer would like Petr Kellner of PPF to explain his memorandum with Huawei to the Senate's foreign committee. (MFD/13) There are 185,839 foreigners working in Prague, including 69,363 Slovaks and 48,606 Ukrainians. (HN/4) The police want formal charges to be filed against Judge Ivan Elischer for bribe-taking. (HN/12) Swatch Group's Mido is entering the Czech watch market. (LN/4) Babiš leaves for the U.S. tomorrow.

Society

(MFD/10) CNB Board Member Aleš Michl said that private donors should be giving amounts of Kč 10m and above to top Czech universities. Adam Smith wrote not only about the invisible hand of the market, Michl said, but also about ethics. In other words, not only selfishness and a craving for profit, but also honor and gratitude.