

Business

(HN/25) The Czech National Bank might be considering a massive intervention against the crown as a way to meet its 2% inflation target for 2010. Vice Gov. Miroslav Singer said there might be a discussion at the next board meeting about using several complementary instruments to raise the inflation rate to the desired level. HN noted that other possibilities include lowering interest rates or raising the min. reserve requirement of banks. Chief Economist David Marek of Patria said that if there were intervention against the crown, it would have to be big to have any effect.

(HN/17) Sales of new passenger cars and light utility vehicles fell y/y by 13.8% in the first three quarters, to 133,577. At mid-year, the decline had been 12.4%. Škoda Auto sold 35,208 cars in the CR in the first nine months, down y/y by 22.5%. Its market share fell to 26.4%. The leading importers were Ford (13,866 vehicles, up 6.6%), VW (10,543 vehicles, down 10.4%) and Renault (8,987 units, down 15.7%). Sales of trucks fell by 56.4%, to 3,615. Bus sales were down by 34.9%, to 521.

(HN/28) CB Richard Ellis found that commercial real-estate investments in the CR fell y/y by 88% in the first three quarters, to €125m. (E15/10) Union Investment Real Estate of Germany said that prices in developed Western European markets are attractive, so why go elsewhere? Meanwhile, the Olympia mall of Brno completed the fourth stage of its construction and, with 111,000 sqm of space, is now the largest shopping center in Moravia and the second-largest in the whole country. (E15/11) Also, Citibank will move out of its Evropská headquarters in Prague into 6,500 sqm in Nové Butovice in May 2010.

(HN/17) New CEO Henri Bonnet of Komerční banka said that the second half of the year does not look as great for the Czech banking sector as the first half. However, KB's third-quarter results will be in line with the bank's expectations, he said. The overall economy should grow next year by 1.2-1.5%, he said. KB will centralize its activities, he said, but it will not move services outside the CR (as ING has decided to do). He sees room for growth in export financing and real-estate leasing. He said Czech exporters should do more to target S. America and Asia.

(HN/18) The number of corporate bankruptcies rose y/y by 54% in the first three quarters, to 969, according to Czech Credit Bureau. The number of personal bankruptcies rose by 223%, to 1,602. (HN/19) Also, bankruptcy proceedings were begun against Tesco Stores ČR due to an alleged past-due invoice of about Kč 570,000. Tesco denies that it owes the amount.

(E15/1) ČSA has reportedly begun tapping the last Kč 500m of the Kč 2.5bn credit line extended to it by state-owned Osinek. This Kč 500m is enough for about two months of operation. ČSA's management had said

a few weeks ago that there was enough cash to last until next spring. Suppliers are getting nervous. The finance ministry has reportedly started sounding Brussels out about the possibility of state aid for ČSA.

(HN/1) Lottery and gambling companies are supposed to contribute Kč 3.5bn per year to sports and charitable organizations, but the Czech Olympic Committee claims that more than Kč 1bn is going elsewhere. It said that the gaming companies use various organizations to take out money and use it for other purposes. KDU-ČSL Chair Cyril Svoboda suspects that some of the money is being used for lobbying.

Havel & Holásek
Attorneys-at-Law
No. 1 Czech M&A Legal Advisor
Thomson Reuters 2008

(EU/38) Jan Pravda's Sanning Capital hedge fund is up 32%, without leverage, since it was founded in June. One of its best investments was NWR, he said, but at Kč 80 and not at the IPO price of Kč 425. He added that he made only 15% on ČEZ and has given up on it, because the situation there is getting hard to understand.

(MFD/1) Former Dep. Police President Jan Brázda is reportedly one of dozens of people who finished the 5-year master's program at Pilsen law school in a few months. (HN/1) Jiří Pospíšil, who has taken over running the school, said it is impossible for someone to complete the curriculum in such a short period. The police will look into whether crimes were committed.

(P/15) Generali PPF netted the equivalent of Kč 682m in Russia in the first half, up y/y by 116%. Its new Russian GM will be a Czech, Jaromír Kohout. (HN/1) Separately, PPF is reportedly negotiating to buy Russia's Technosila electronics chain.

(LN/14) HMG of Israel will open the Kč 1.5bn Kings Court hotel on Nám. Republiky in Prague on Fri. It is the third new five-star hotel in Prague this year. Five-star hotels have a 51% occupancy rate. (HN/7) Separately, taxi services at Prague Airport now have one-third fewer customers, due to the economic crisis. However, the Airport has reportedly raised the amount it charges each of the three taxi companies from Kč 800,000 per month to Kč 1.6m.

(HN/19) Archer Daniels Midland bought a vegetable-oil plant in Olomouc from Via Chem Group.... Gernot Mittendorfer of ČS succeeded Laurent Goutard as VP of the Czech Banking Association. (E15/9) ČEZ announced tenders for insuring Temelín and Dukovany and nuclear-fuel transportation.... Bontonland music retailer lost Kč 7.1m last year on 9.3% lower sales, to Kč 441.4m.... Subway is testing mobile sandwich sales vehicles. (HN/20) Czech Railways postponed the bid deadline until Nov. 24 for supplying 100 used railcars. (P/10) Billa has withdrawn its handheld grocery baskets from some of its Prague stores

Euro (fixing)	25.540	+0.085
Dollar	17.348	-0.068
Pound	27.579	-0.178
Gold \$/€ Lnd PM	1039/705	+3.3/+2.5%
3-month Pribor	1.91	0.00
Dow Jones	9731.25	+1.4%
DAX	5657.64	+2.7%
CETV/CME	583.00	+1.75%
ČEZ	925.00	+0.22%
Erste Bank	735.00	+4.37%
Komerční banka	3370.00	+1.72%
NWR	167.40	+3.97%
Philip Morris ČR	8850.00	+1.49%
Telefónica O2	435.00	0.00%
Unipetrol	144.00	+3.60%
PX	1144.2	+1.83%

because so many of them were being stolen. (LN/1) ODS Senator Richard Svoboda proposed eliminating the TV and radio user fees as of 2012. (HN/6) Eva Vítková is seeking a Kč 3.6bn divorce settlement from real-estate magnate Radovan Vítek.

Politics

(HN/4) The Constitutional Court yesterday rejected a challenge by ODS senators to a law for allowing a simple majority in Parliament for transferring powers to the EU. The Court rejected the complaint, which is related to the Lisbon treaty, as being unsubstantiated. The senators had claimed that a three-fifths majority should be necessary for transferring powers. (P/8) Meanwhile, Jan Fischer will meet in Brussels today with Barroso and Swedish PM Frederik Reinfeldt. Le Figaro wrote that the Swedes are enraged that the activities of their EU presidency are being complicated by Klaus's stubbornness about the treaty.

(P/1) PM Jan Fischer is reportedly considering replacing several ministers in a reshuffle later this month. Fischer might present his initial ideas to the party chairmen on Fri. (HN/4) Topolánek said that the make-up of the Fischer cabinet is a big defeat for him. He said he agreed to it only because his priority at the time were early elections. Topolánek has been mainly critical of Interior Minister Martin Pecina. (MFD/4) Topolánek said that he has had time to think about it and has decided to remain as ODS chairman and to lead the party into the elections. Czech society is in trouble, he said: Twenty years after the revolution, it does not know where it belongs, is doubting its transatlantic ties and is showing sympathy for the Russian and Chinese authoritarian regimes. He said he wants to present a long-term vision and a plan for where Czech society needs to go.

(MFD/4) Topolánek said that the big boys in Czech business want both him and Paroubek to leave, so that they can carry out their business in peace. It doesn't bother them, he said, that the grand coalition they yearn for would destroy the political system. He said that he doesn't plan to give in to the desires of the businessmen.