

MACRO ROUND-UP

Helgi's Pocket Guide

December 2012

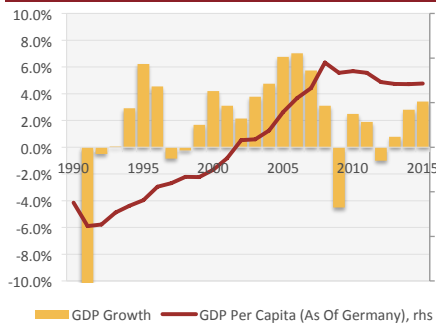
Czech Republic



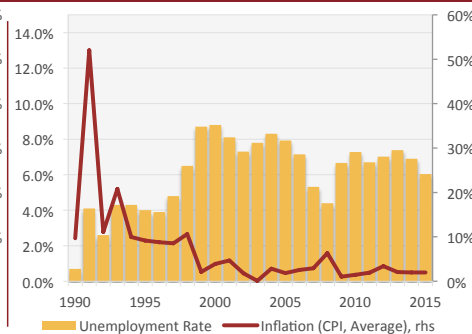
CZECH ECONOMY AT A GLANCE	1995	2000	2005	2010	2015e
GDP (Current USD)	57,787	58,807	130,053	198,929	205,108
GDP Growth	6.2%	4.2%	6.8%	2.5%	3.4%
GDP Per Capita (Current USD)	5,596	5,725	12,706	18,910	19,288
GDP Per Capita (As Of Germany)	18.1%	24.9%	37.9%	47.1%	44.3%
Inflation, CPI (Average)	9.2%	3.9%	1.8%	1.5%	2.0%
Short-Term Interest Rate (3-Month Interbank Interest Rate)	0.0%	5.4%	2.0%	1.3%	
Unemployment Rate	4.0%	8.8%	7.9%	7.3%	6.0%
Gross Average Monthly Wage (USD)	349	374	847	1,289	
Current Account Balance (As % Of GDP)	-2.5%	-4.7%	-1.3%	-3.8%	-2.0%
Exports (As % Of GDP)	48%	61%	64%	67%	
Government Budget Balance (As % Of GDP)	-0.9%	-3.6%	-3.7%	-4.8%	
Public Debt (As % Of GDP)	13%	14%	28%	38%	46%
FX Rate To USD (Annual Average)	26.5	38.6	23.9	19.1	



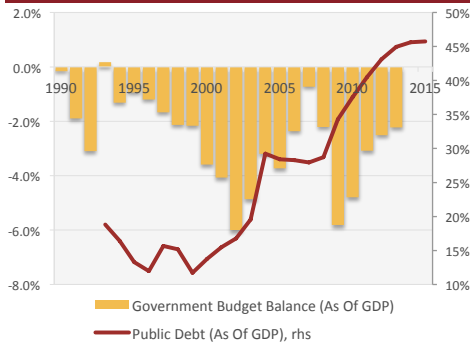
GROSS DOMESTIC PRODUCT



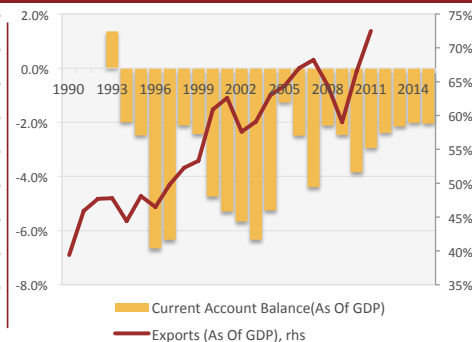
INFLATION & UNEMPLOYMENT



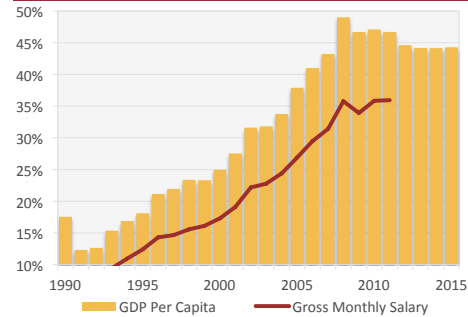
OPENNESS OF THE ECONOMY



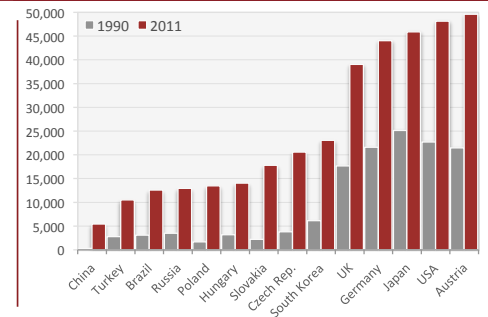
BUDGET DEFICIT & PUBLIC DEBT



GDP & GROSS WAGE (Comparison With Germany)

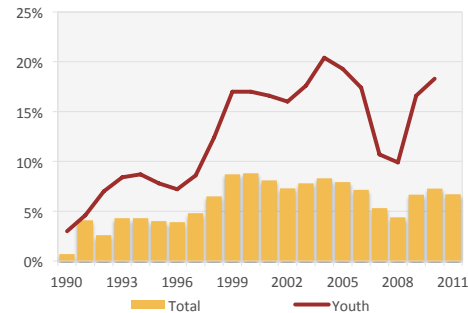


GDP PER CAPITA, (Current USD)

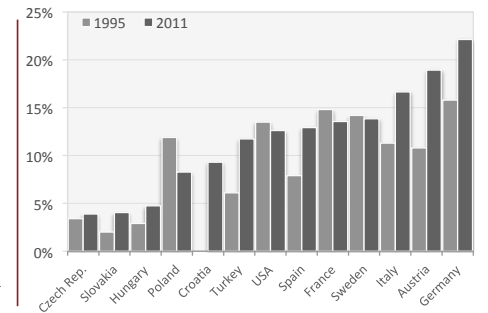


The Czech Republic's GDP has grown by an impressive 9% a year on average since 1990 in nominal USD terms. Czech GDP has exceeded USD 20,000 per capita. Since the collapse of the Soviet Union in 1991, Czech GDP per capita has increased from around 11% of Germany's level to nearly 47% in 2010. The Czechs remain the second "richest" country in the former Soviet Bloc in Central Europe, just behind Slovenia and now ahead of Greece and Portugal in GDP per capita when purchasing parity is taken into account.

UNEMPLOYMENT RATE

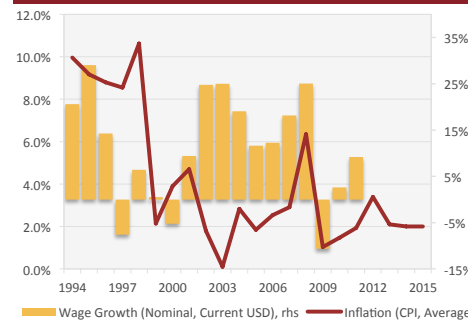


PART-TIME WORKERS (As Of Total)

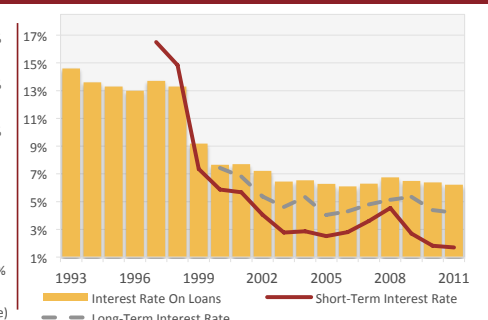


The Czech unemployment rate reached 8.6% at the end of 2011, or 0.508 mil people were looking for a job. Despite being a smaller headache than in the rest of the EU, the structure of unemployment remains a problem, especially among youngsters, those who are 50+ years old or in certain regions where unemployment easily reaches twice the nationwide level. Czechs work hard in nominal terms, but are still far from working efficiently. Additionally, the labour market is not flexible, as fewer than 4% of Czechs work part-time, compared to over 20% in Germany.

INFLATION



INTEREST RATES



Following hefty reforms at the beginning of the 1990s, the Czech economy has had no significant problems with inflation. In the last decade, the inflation rate has been 2.7% on average. And thanks to having few external or internal imbalances, relatively low public debt and a strong banking sector, Czechs enjoy some of the lowest interest rates within Central and Eastern Europe (with the exception of the Eurozone members).

Source: World Bank, National Statistical Office, National Central Bank, United Nations, OECD, Helgi Analytics calculation

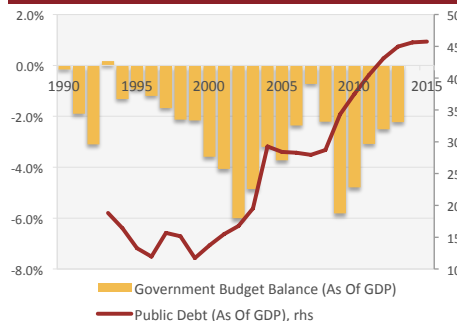


www.HelgiAnalytics.com



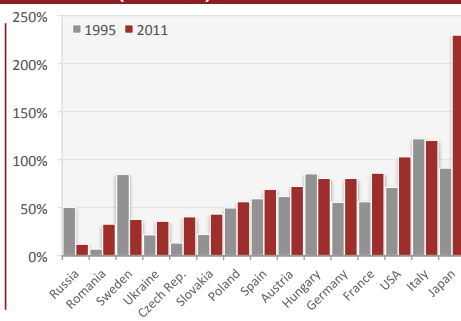
www.HelgiAnalytics.com

BUDGET DEFICIT & PUBLIC DEBT

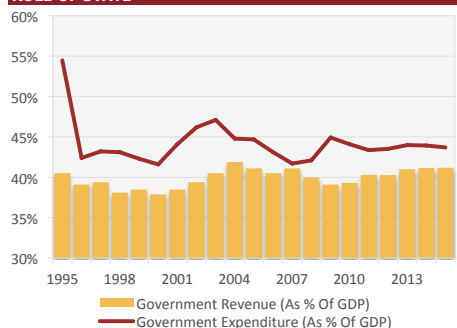


Czechs belong among the least indebted Europeans, as public debt accounts for around 40% of GDP. Private debt is also relatively small, with total bank loans being at only 40% of GDP. Similarly to others, however, the trend is the main worry here. The country has been running a budget deficit of more than 3% of GDP over the last decade, while overall public debt has tripled since 2000. Japan, where public debt increased from 91% in 1995 to over 200% in 2010, serves as a worrying example.

PUBLIC DEBT (As Of GDP)

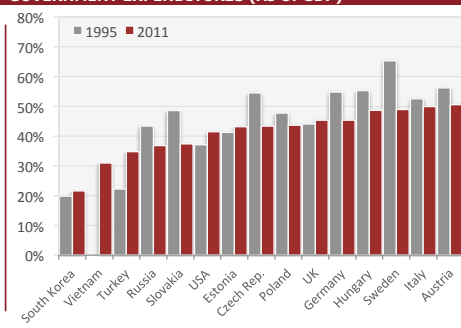


ROLE OF STATE

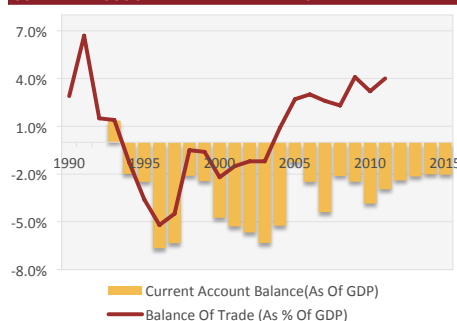


The Czech Republic belongs among the countries with relatively minor involvement of the Government in the economy, at least within the European comparison. Government revenues have been oscillating at around 40% of GDP over the last two decades. Having said that, the Government has been very "European" in running a budget deficit larger than 3% a year over the last decade.

GOVERNMENT EXPENDITURES (As Of GDP)



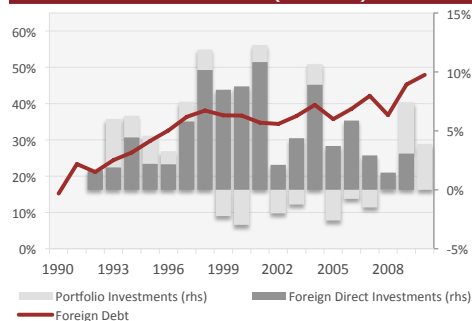
CURRENT ACCOUNT AND TRADE DEFICIT



The Czech economy is one of the most open in the world. The sum of exports and imports accounts for more than 130% of GDP. Thanks to large-scale privatisation and the arrival of foreign companies, solid infrastructure and cultural and economic proximity to Germany, the Czechs are net exporters. Cars and machinery represent nearly half of total exports (mainly to Germany); on the other hand, fuels and chemicals are the main import items, mainly from the East.

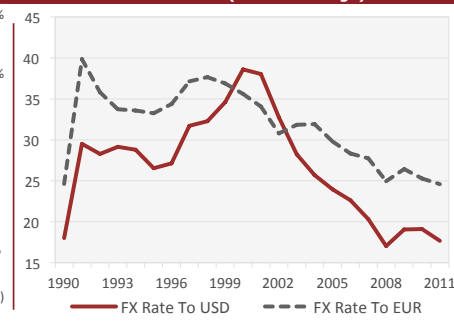
Source: World Bank, National Statistical Office, United Nations forecast, Helgi Analytics calculation

CAPITAL FLOW & FOREIGN DEBT (As Of GDP)

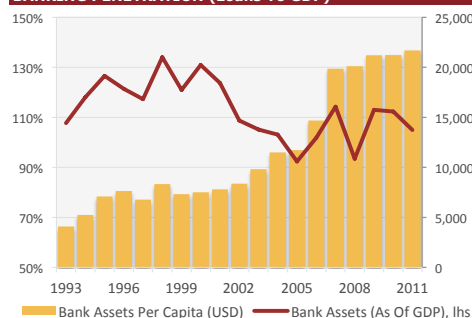


The Czech economy has been a net recipient of foreign capital over the last two decades, getting almost USD 100 bil in total, or 5% of GDP a year. Additionally, foreign indebtedness remains low; at the end of 2010, foreign debt accounted for 48% of GDP, compared to over 160% in Hungary, 67% in Poland, or 76% in Slovakia. The overall positive picture is translated into the impressive performance of the Czech currency (the Koruna or crown), which has been appreciating at a pace of 3% a year against the Euro over the last decade.

FOREIGN EXCHANGE RATE (Annual Average)

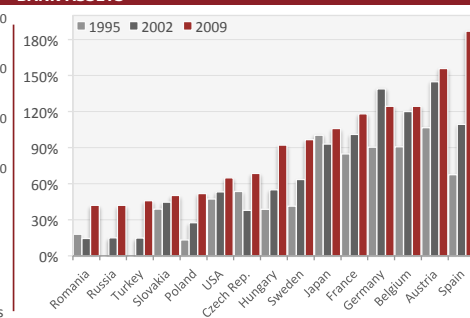


BANKING PENETRATION (Loans To GDP)

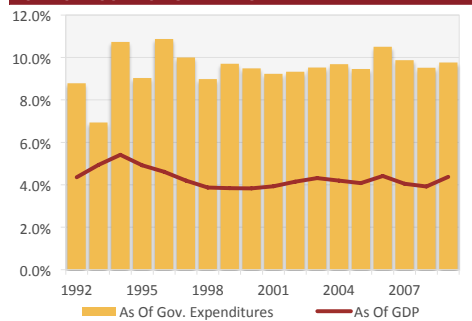


The Czech banking sector is one of the strongest in the World. Following a crisis in the 1990s, nearly all banks are foreign-owned now. The system is well capitalised (Tier 1 of 14%), well funded (loans to deposits at 97%) and decently profitable (ROE of over 15%). The banking sector is relatively small. Assets represent only 113% of GDP and households have relatively few debts (retail loans account for 28% of GDP, compared to 44% of retail deposits). Asset quality remains good, with non-performing loans representing only 6% of total loans.

BANK ASSETS



PUBLIC EDUCATION SPENDING



Education is one of the headaches in Czech society. Although benefiting from the solid past (Czech students are still ranked highly within Europe), the trend is clearly negative, as the quality of students is declining compared to the past and within the world. The whole system is under-funded, as the Czechs spend less than 4% of GDP on education, one of the lowest shares within Europe.

Source: World Bank, National Statistical Office, National Central Bank, United Nations, OECD, Helgi Analytics calculation

POPULATION		2003	2004	2005	2006	2007	2008	2009	2010	2011
Population	<i>mil</i>	10.21	10.22	10.25	10.29	10.38	10.47	10.51	10.53	10.50
Population (As % Of World Population)	%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.15%	0.15%	0.15%
Persons Per Household	<i>persons</i>	2.49	2.49	2.49	2.49	2.46	2.42	2.41	2.38	2.35
Share Of Population (0–14 Years Of Age)	%	15.6%	15.2%	14.9%	14.7%	14.4%	14.2%	14.1%	14.0%	14.1%
Share Of Population (15–64 Years Of Age)	%	70.5%	70.8%	71.0%	71.2%	71.4%	71.5%	71.4%	71.1%	70.7%
Share Of Population (65+ Years Of Age)	%	13.9%	14.0%	14.0%	14.1%	14.2%	14.3%	14.5%	14.8%	15.2%
Median Age	<i>years</i>	38.2	38.4	38.7	38.8	39.0	39.1	39.3	39.4	39.6
Old Age Dependency Ratio	%	19.7%	19.7%	19.8%	19.8%	19.9%	20.1%	20.4%	20.9%	21.5%
Youth Dependency Ratio	%	22.1%	21.5%	21.0%	20.6%	20.2%	19.8%	19.7%	19.7%	19.9%
Life Expectancy, both sexes	<i>years</i>	75.2	75.7	75.9	76.5	76.7	77.0	77.1	77.4	
Life Expectancy At 65, both sexes	<i>years</i>	15.7	16.1	16.3	16.8	17.0	17.3	17.2	17.4	
Total Fertility Rate	<i>children</i>	1.18	1.23	1.28	1.33	1.44	1.50	1.49	1.49	
Urban Population As Of Total	%	73.8%	73.8%	73.7%	73.7%	73.6%	73.6%	73.5%	73.5%	73.4%

GROWTH & STRUCTURE OF THE ECONOMY		2003	2004	2005	2006	2007	2008	2009	2010	2011
GDP (Current USD)	<i>USD mil</i>	95,293	113,977	130,053	148,345	180,511	225,449	197,218	198,929	217,027
GDP Growth	%	3.8%	4.7%	6.8%	7.0%	5.7%	3.1%	-4.5%	2.5%	1.9%
GDP Per Capita (Current USD)	<i>USD</i>	9,336	11,157	12,706	14,446	17,467	21,627	18,806	18,910	20,579
GNI Per Capita (PPP)	<i>USD</i>	18,110	19,110	20,370	22,040	23,600	24,670	23,940	23,460	24,370
Gross Capital Formation (As Of GDP)	%	27.1%	27.1%	26.5%	27.7%	29.8%	28.9%	21.6%	21.2%	21.6%
Gross Savings (As Of GDP)	%	21.0%	22.1%	25.6%	25.6%	25.4%	26.8%	21.6%	22.1%	21.5%
Industrial Production Growth	%	1.6%	10.4%	3.9%	8.3%	10.6%	-1.8%	-13.6%	10.3%	6.9%
Retail Sales Growth	%									
Industry, Added Value (As Of GDP)	%	34.2%	36.9%	36.1%	36.6%	37.0%	35.9%	36.2%	36.2%	
Manufacturing, Added Value (As Of GDP)	%	23.5%	25.6%	25.1%	25.2%	25.5%	23.5%	22.6%	23.5%	
Services, Added Value (As Of GDP)	%	62.8%	59.9%	61.0%	60.9%	60.7%	61.7%	61.6%	61.5%	
Construction Industry, Added Value (As Of GDP)	%	5.6%	5.6%	5.4%	5.5%	5.6%	5.7%	6.4%		
Transport, Storage & Communication (As Of GDP)	%	10.2%	9.3%	8.6%	9.3%	9.1%	9.1%	9.1%		
Trade, Restaurants & Hotels (As Of GDP)	%	13.1%	11.8%	12.7%	12.9%	12.5%	12.7%	11.8%		
Agriculture, Value Added (As Of GDP)	%	3.0%	3.2%	2.9%	2.5%	2.4%	2.4%	2.2%	2.3%	

PUBLIC, FOREIGN & PRIVATE INDEBTEDNESS		2003	2004	2005	2006	2007	2008	2009	2010	2011
Government Budget Balance (As Of GDP)	%	-4.9%	-3.2%	-3.7%	-2.4%	-0.7%	-2.2%	-5.8%	-4.8%	-3.1%
Government Revenues (As Of GDP)	%	40.5%	41.9%	41.1%	40.5%	41.1%	40.0%	39.1%	39.3%	40.3%
Government Expenditures (As Of GDP)	%	47.1%	44.8%	44.7%	43.1%	41.7%	42.1%	44.9%	44.1%	43.4%
Public Debt (As Of GDP)	%	19.5%	29.3%	28.4%	28.3%	28.0%	28.7%	34.3%	37.6%	40.5%
Foreign Debt (As Of GDP)	%	36.6%	39.7%	35.7%	38.5%	42.1%	36.9%	45.3%	48.0%	
Bank Loans (As Of GDP)	%	38.8%	39.5%	36.9%	45.6%	54.4%	47.9%	68.6%	69.1%	64.1%
Bank Corporate Loans (As Of GDP)	%	17.5%	18.0%	16.4%	20.5%	22.6%	19.6%	21.6%	20.9%	
Bank Retail Loans (As Of GDP)	%	9.7%	12.3%	13.0%	17.3%	22.0%	20.2%	26.9%	28.0%	
Mortgage Loans (As Of GDP)	%	6.3%	8.2%	8.8%	12.0%	15.6%	14.2%	18.9%	19.5%	
Bank Consumer Loans (As Of GDP)	%	3.4%	4.1%	4.2%	5.3%	6.4%	6.0%	8.0%	8.5%	

INFLATION, FOREX & INTEREST RATES		2003	2004	2005	2006	2007	2008	2009	2010	2011
Inflation, CPI (Average)	%	0.1%	2.8%	1.8%	2.5%	2.9%	6.4%	1.0%	1.5%	1.9%
Long-Term Interest Rate (10-Year Gov. Bond Yield)	%	4.1%	4.8%	3.5%	3.8%	4.3%	4.6%	4.8%	3.9%	3.7%
Short-Term Interbank Interest Rate (3-Month)	%	2.3%	2.4%	2.0%	2.3%	3.1%	4.0%	2.2%	1.3%	1.2%
Interest Spread To USD, 10-Year Gov. Bond	%	0.1%	0.5%	-0.7%	-1.0%	-0.3%	1.0%	1.6%	0.7%	0.9%
Interest Spread To USD, 3M IBOR	%	1.1%	0.8%	-1.5%	-2.9%	-2.2%	0.8%	1.3%	0.8%	0.8%
FX Rate To USD (Average)	<i>per USD</i>	28.2	25.7	23.9	22.6	20.3	17.0	19.1	19.1	17.7
FX Rate To EUR (Average)	<i>per EUR</i>	31.8	31.9	29.8	28.3	27.8	25.0	26.4	25.3	24.6

Source: Source: World Bank, National Statistical Office, National Central Bank, United Nations, OECD, Helgi Analytics calculation. For more details, description and explanation of particular indicators, please, visit www.helgilibrary.com

ABOUT HELGI ANALYTICS

Helgi Analytics is a consulting company based in the Czech Republic. The company mainly provides consultancy in the area of financial services and real estate and focuses primarily on the region of Central and Eastern Europe.

Helgi Analytics also runs a web application called Helgi Library, which is a database/library offering data and analyses on more than 95% of the world's economy and population. The Library aims to bring interesting statistical data and analyses to a wide audience under affordable conditions. If you wish to get more details, please visit www.helgilibrary.com or contact us at info@helgianalytics.com.

Helgi Analytics

Eliasova 38, Prague 6

160 00, Czech Republic

www.helgianalytics.com

DISCLAIMER

© 2012, HELGI ANALYTICS LTD. ALL RIGHTS RESERVED. All information contained herein is protected by Copyright Law and no such information may be copied or otherwise reproduced, in whole or in part, in any form or manner, by any Person or Company without Helgi Analytics' prior written consent. All information contained herein is obtained by Helgi Analytics from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical error, as well as other factors, however, all information contained herein is provided without warranty of any kind. Under no circumstances is Helgi Analytics under any liability to any person or entity for any loss or damage caused by any error, or other circumstance or contingency within or beyond the control of Helgi Analytics or any of its directors, employees, or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication, or delivery of any such information, or any direct or indirect damages whatsoever. The financial reporting, analysis, projections, observations, and other information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell, or hold any securities.