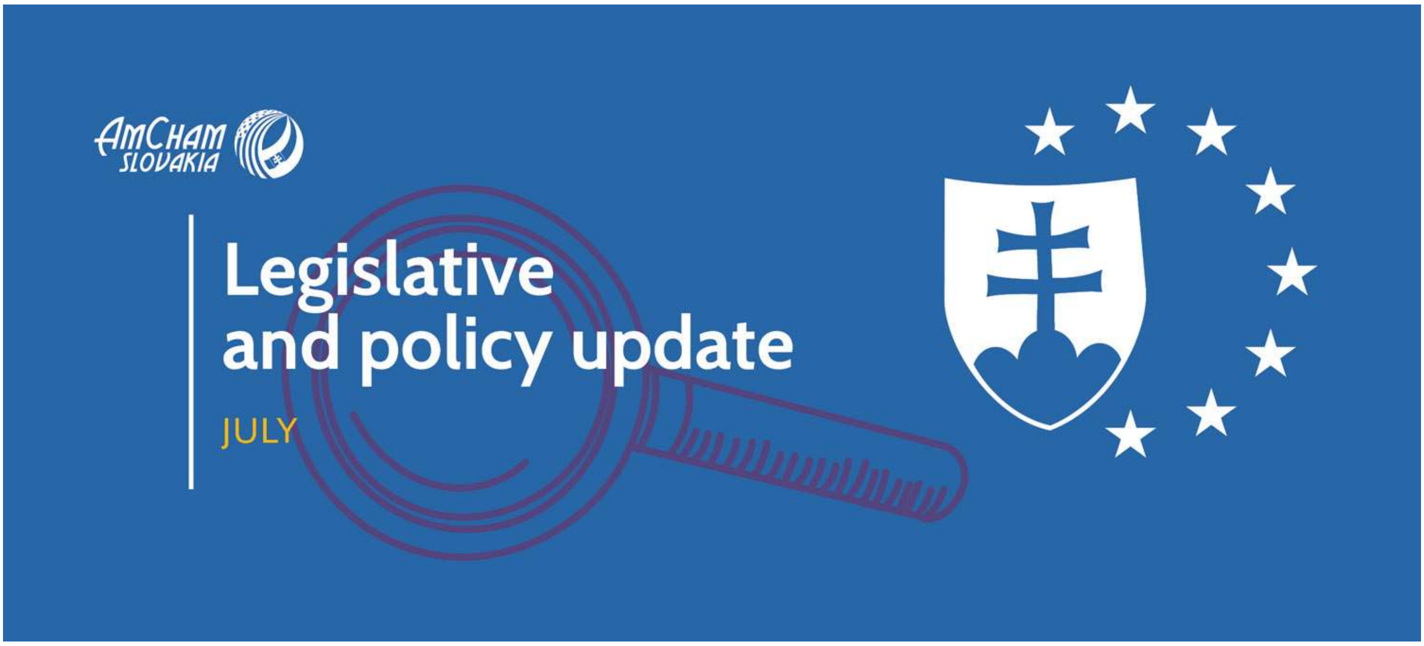

Slovakia

1. Slovak economy

According to the latest forecast of the European Commission from July, the Slovak economy should fall by 9% this year, instead of the previous estimate of 6.7%. Economic growth in 2021 should be slightly better, at 7.4%. Next year, it should be the second fastest growth in the euro area and the third highest in the EU. In addition, the Commission expects private consumption to fall sharply in 2020, as consumers spend less due to closed deals, travel restrictions and preventive savings. The situation is set to change for the better in the second half of this year and in 2021.

07/07/2020, https://ekonomika.sme.sk/c/22442337/brusel-tvrdi-ze-slovenska-ekonomika-sa-prepadne-o-devat-percent.html

2. Regional investment

On July 9, Deputy Prime Minister and Minister of Investment, Regional Development and Informatization of the Slovak Republic Veronika Remišová and State Secretary Vladimír Ledecký announced their aim to introduce new rules for regional investments. The new rules in the form of a support scheme are intended to prevent clientelism in the least developed districts. According to Ledecký, the ministry announced calls for the support and development of regions in 18 districts, for nine million euros to continue to support disadvantaged regions.

09/07/2020, https://ekonomika.sme.sk/c/22444049/remisova-zavadza-nove-pravidla-pre-regionalne-investicie.html

3. Foreign trade

Although the foreign trade figures from May improved compared with the previous month, these were still suffering from the impact of the measures adopted to stop the spread of the coronavirus pandemic in July. The total export of goods amounted to €4.5957 billion, down by 33.9% year-on-year, while the total import of goods went down by 35.8% y-o-y to €4.3961 billion. The foreign trade balance was in surplus, amounting to €199.6 million, up by €94.3 million compared with last year. In April, the drop was much more significant, with the total export of goods falling by 43% and the total import of goods by 36.6% y-o-y.

09/07/2020, https://spectator.sme.sk/c/22443915/drop-in-foreign-trade-moderated-but-remains-high.html

4. COVID-19 state aid scheme

The European Commission approved Slovakia's state aid scheme worth €80 million to support research, development and testing infrastructure for development linked with the coronavirus pandemic. The commission said the scheme was approved to support industrial research and experimental research projects, as well as testing and expanding the infrastructure linked with the production of products linked with COVID-19.

13/07/2020, https://spectator.sme.sk/c/22446077/eu-approved-slovakias-scheme-to-give-away-80-million-for-coronavirus-related-projects.html

5. Labor code

The Ministry of Labor announced preparation of an amendment to the Labor Code in relation to the improvement of the business environment in Slovakia and the COVID-19 crisis. The bill will take into account the peculiarities of work from the employee's household, regulate the employee's choice between meal vouchers and financial allowance for meals, and specifically regulate the possibility of temporary allocation of employees between parent and subsidiary companies.

13/07/2020, https://ekonomika.sme.sk/c/22445698/novela-zakonnika-prace-ma-riesit-gastrolistky-aj-vykon-prace-z-domu.html

6. Inflation

The Statistical Office (SO) informed on July 14 that consumer prices rose by 1.8% year on year in June but fell by 0.1% compared to May this year. According to the Office, the trend in the month-on-month development of average consumer prices reversed after five months. The decrease was mainly due to a 1.5% decrease in food and non-alcoholic beverage prices compared to May. However, prices rose by 1.2% month-on-month in health care (by 2.6% year-on-year), with dental services and outpatient services growing the most.

14/07/2020, https://ekonomika.sme.sk/c/22446382/ceny-na-slovensku-rastli-najpomalsie-za-takmer-tri-roky.html

7. Business environment

On July 17, the President of Slovakia Zuzana Čaputová signed the so called "Kilečko" – set of 114 measures to support the business environment, approved at the July parliamentary session. The aim of the bill is to provide comprehensive support to the business sector through measures to help economic recovery in the aftermath of the COVID-19 pandemic. For instance, companies will not receive fines for non-compliance with the obligation to notify vacancies and their characteristics to the employment office. In addition, some obligations in the field of safety and health at work, as well as labor inspections, will be abolished and tax and levy laws will be changed only once a year with effect from 1 January of the following year at the earliest.

17/07/2020, https://ekonomika.sme.sk/c/22449148/prezidentka-podpisala-balik-opatreni-na-podporu-podnikania.html

8. Employment of the young

The Ministry of Labor is gradually launching projects aimed at supporting the qualification and activity of young unemployed people. In July, The Ministry together with the Center for Labor, Social Affairs and the Family, announced that it is launching the Practice for Employment 2 project, which will support the creation of approximately 1000 jobs for young people without work experience. Employers who are interested in employing a young unemployed person under the age of 29 and provide him with an internship can apply for a financial contribution to his salary and training at the employment office.

20/07/2020, https://ekonomika.sme.sk/c/22450531/ministerstvo-prace-spusta-projekt-zamerany-na-zamestnavanie-mladych.html

9. Minimum wage

the National Bank of Slovakia warned that the proposed increase in the minimum wage from 580 euros to next year's 620 euros will create a negative impact on the financial condition of companies whose profitability will fall significantly due to the COVID-19 crisis. When raising the level of the minimum wage, the NBS recommended to consider only the growth of consumer, which would preserve the purchasing power of employees with the lowest gross earnings.

23/07/2020, https://ekonomika.sme.sk/c/22452579/narodna-banka-varuje-pred-dosledkami-zvysenia-minimalnej-mzdy-na-620-eur.html

10. Unemployment

The COVID-19 crisis manifested itself in the Slovak labor market with a sharp rise in unemployment. Socially weaker groups of the population are particularly at risk, according to a comment from the Institute of Financial Policy (IFP) at the Ministry of Finance. According to analysts, people with lower qualifications and lower wages are more employed in positions that cannot be done from home and were therefore more at risk of losing their jobs. " Measures should focus on stabilizing the incomes of vulnerable groups and promoting their re-employment after the crisis, " the IFP recommended.

22/07/2020, https://ekonomika.sme.sk/c/22452009/kriza-podla-ifp-ohrozila-najma-socialne-slabsie-skupiny.html, https://spectator.sme.sk/c/22456777/covid-19-pandemic-hit-the-labour-market-similarly-to-2009-crisis.html

11. EU Recovery fund

In the coming years, Slovakia will have a total of more than 40 billion euros available from European sources. However, the statistics are clear - we are not able to use such resources wisely enough. At the European Council summit, which was attended by Prime Minister Igor Matovič, a recovery fund from which Slovakia is to receive 7.5 billion euros for the years 2021 to 2022 was approved. The package should be used for future investments - focused on research and development, sustainable growth and the green economy, digitalisation to strengthen labor markets and promote economic growth, as well as to improve the quality of life.

23/07/2020, https://www.trend.sk/biznis/slovensko-pritecu-desiatky-miliard-eur-recept-bruselu-nie-je-efektivny-varuju-experti

12. Tax

The latest introduction of measures in the area of income tax advances is intended to contribute to the improvement of the business environment in Slovakia. In addition, further measures are to be introduced to combat tax evasion. For example, the rules for taxing the income of controlled foreign companies for natural persons are to be adjusted. This is envisaged by an extensive amendment to the Income Tax Act from the workshop of the Ministry of Finance (MF) of the Slovak Republic.

24/07/2020, https://ekonomika.sme.sk/c/22453677/novela-zakona-o-dani-z-prijmov-ma-zlepsit-podnikanie-aj-zamedzit-danovym-unikom.html

13. Slovakia's outlook

The rating agency Standard & Poor's (S&P) confirmed Slovakia's rating at the level of "A +", but at the same time changed the stable outlook to negative. The Ministry of Finance stated that the decline in economic performance is indisputable, which is also related to the deterioration of fiscal parameters. According to the agency, the problems were caused by our relatively narrow economic focus on the automotive industry and the pandemic. Yet, the agency positively assessed Slovakia's low foreign debt, which significantly contributed to keeping us an A + rating.

24/07/2020, https://ekonomika.sme.sk/c/22454009/agentura-sp-potvrdila-slovensku-rating-na-urovni-a.html, https://spectator.sme.sk/c/22454935/slovakias-economic-outlook-changed-from-stable-to-negative.html

14. Slovak economic sentiment indicator

The Statistical Office of the Slovak Republic informed that the mood in the Slovak economy is gradually improving. The three-month moving average of the seasonally adjusted economic sentiment indicator rose again in July, after a historic slump over the previous three months, by 9.7 points to 74.5 points. Confidence of entrepreneurs increased month-on-month in industry, construction and services, while it decreased only in trade. Compared to the previous month, consumers were also more optimistic, although they remain more pessimistic than a year ago.

29/07/2020 https://ekonomika.sme.sk/c/22456487/v-slovenskej-ekonomike-v-juli-rastol-optimizmus.html

World

1. Unemployment in EU

Unemployment in the euro area rose to 7.4% in May (from 7.3 in April), leaving more than 12 million people in the monetary union out of work. Youth unemployment is at 16% (15.7 percent in April). Spain (14.5%) and Cyprus (10.2%) are worst affected, while Slovakia is still below the euro area average (6.5%). Although unemployment is rising, it is still well below its levels during the crisis in 2012-13, when more than 12% of people in the euro area were unemployed and almost 25 percent were young.

02/07/2020, https://ec.europa.eu/eurostat/documents/2995521/11054062/3-02072020-AP-EN.pdf/ce573d1a-04a5-6762-5b56-cb322cbdc5ac

2. Deflation

Lately, the economic downturn caused by the coronavirus pandemic is pushing down prices in the eurozone, which could lead to deflation. The monetary union is now facing a combined crisis of supply and demand. In particular, there is a lack of demand in the common currency bloc, which threatens to put downward pressure on prices. Moreover, falling consumer prices may jeopardize the economic recovery. This will happen if consumers expect to reduce them further and move purchasing decisions further into the future.

02/07/2020, https://ekonomika.sme.sk/c/22438951/clen-rady-guvernerov-ecb-varuje-pred-rizikom-deflacie-v-eurozone.html

3. Working hours during pandemic

According to the International Labor Organization (ILO), the new coronavirus pandemic caused global working hours to fall by 14% in the second quarter of 2020. This decline in working hours corresponds to the loss of 400 million full-time jobs in a standard 48-hour working week. This represents a "sharp increase" compared to a decrease in working hours of 10.7% and 305 million jobs, respectively, in the second quarter, which the ILO predicted in May in its previous report on the impact of COVID-19 on the labor market.

04/07/2020, https://ekonomika.sme.sk/c/22440309/pandemia-skratila-pocet-odpracovanych-hodin-o-14-percent.html

4. EU-US trade

EU lawmakers overwhelmingly backed a proposal on July 6 to allow the European Union to retaliate more quickly in trade disputes, with a clear eye on the tariffs imposed by US President Donald Trump. Lawmakers in the trade committee of the European Parliament voted by 32 to three to extend the powers of the bloc and deter other countries from breaching global trading rules. “We cannot let a country hit us illegally and unilaterally without us being able to react immediately. We have to make sure that everyone adheres to the rules of international trade,” said Marie-Pierre Vedrenne, the lawmaker in charge of the file.

07/07/2020, https://www.euractiv.com/section/economy-jobs/news/eyeing-united-states-eu-lawmakers-seek-quicker-trade-retaliation/

5. US-China economic relations

On July 10, US President Donald Trump stated that he is not considering negotiation of a second phase of a trade agreement with China. This is due to the deteriorating relations between Washington and Beijing, especially in the context of the new coronavirus pandemic. The leaders signed the first phase of the trade agreement in January this year. The move halted previous sharp trade disputes between two economies, which had negatively affected global trade and the development of other economies.

10/07/2020, https://ekonomika.sme.sk/c/22444779/trump-o-druhej-faze-obchodnej-dohody-s-cinou-neuvazuje.html

6. EU monetary policy

In July, The European Central Bank (ECB) has not changed its monetary policy stance in line with market expectations. The Governing Council of the ECB left the key rate at zero, the deposit rate at -0.50% and the overnight refinancing rate at 0.25%. The Governing Council expects key interest rates to remain at current levels or to fall further until the outlook for consumer price inflation begins to move significantly closer to the ECB's inflation target. In addition, this convergence must be consistently reflected in inflation dynamics. The ECB is aiming to achieve a year-on-year inflation rate of just below two % in the medium term.

16/07/2020, https://euractiv.sk/section/ekonomika-a-euro/news/europska-centralna-banka-nechala-menovu-politiku-bez-zmien/

7. EU inflation

In June, annual inflation in the euro area was 0.3%. Prices of food, alcohol and tobacco increased the most (0.6%), while low energy prices pushed it down (-0.93%). Slovakia had the highest inflation among the countries using the euro (1.8%), prices grew faster in only four Eastern and Central European countries outside the euro area: Romania (2.2%), Hungary (2.9%), the Czech Republic (3.4%) and Poland (3.8%).

17/07/2020, https://ec.europa.eu/eurostat/documents/2995521/11107828/2-17072020-AP-EN.pdf/9b5bd6a9-3002-7a65-197a-e046f030c600

8. EU recession estimate

The recession caused by the COVID-19 pandemic will be deeper than the EU Commission expected. In the Summer Economic Outlook, the GDP drop was estimated to be one percent higher than in the spring (8.7%). The consequences of the crisis will also last longer. The outlook for economic growth next year was lowered to 6.1 percent. According to Brussels estimates, Slovakia is not one of the worst affected countries - the GDP of Spain, Italy and France will fall by more than 10 percent.

24/07/2020, https://euractiv.sk/section/ekonomika-a-euro/snews/komisia-ocakava-hlbsiu-recesiu/

9. EU post-COVID-19 recovery

The European Commission has adopted a package of measures to rebuild capital markets as part of its strategy to rebuild Europe after the coronavirus pandemic. The measures are intended to make it easier for capital companies to support European companies so that they can emerge from the crisis. The package proposed changes to capital market rules to encourage higher investment in the economy, to allow companies to recapitalize and improve banks' capacity to finance recovery.

24/07/2020, https://ekonomika.sme.sk/c/22453910/europska-komisia-prijala-balik-opatreni-na-obnovu-kapitalovych-trhov.html

10. Chinese economy

Fitch Ratings has confirmed China's current rating and maintained the outlook. The agency thus responded to the significant recovery of the Chinese economy from the slump it experienced as a result of the spread of the new coronavirus at the beginning of the year. Fitch Ratings has announced that it keeps China's rating at the original A + level and remains a stable outlook. The agency added that its latest assessment is supported by a good position in the field of external financing, strong macroeconomic performance and the overall size of the economy, which is the second largest in the world.

28/07/2020, https://ekonomika.sme.sk/c/22455815/cinska-ekonomika-sa-zotavuje.html

11. US dollar

Experts from the American bank Goldman Sachs warn that the role of the dollar as a world reserve currency is endangered, as shown by the latest significant rise in gold prices. The dollar is threatened by several risks. These include a change in the central bank's (Fed) stance toward higher inflation, rising political uncertainty, and growing concerns about the continued rapid spread of coronavirus disease in the United States, strategists Goldman Sachs said. He added that the increase in debt due to the pandemic could increase the fear of devaluation of the dollar.

28/07/2020, https://ekonomika.sme.sk/c/22456146/experti-varuju-ze-uloha-dolara-ako-svetovej-rezervnej-meny-je-ohrozena.html

12. EU- China relations

China and the European Union will speed up negotiations to conclude an investment agreement by the end of this year, Chinese Deputy Prime Minister Liou Che said on July 28. China and the European Union will also continue to strengthen macroeconomic policy alignment and implement effective fiscal and monetary policies to support the recovery of the global economy, Liou said in a statement released by the Chinese Ministry of Commerce.

28/07/2020, https://ekonomika.sme.sk/c/22456265/europska-unia-a-cina-urychlia-rokovania-o-investicnej-dohode.html

13. Consumption rate in the EU

Real household per capita consumption in the euro area fell by three % in the first quarter, after weakening by 0.4% in the previous quarter. The sharp decline in the first quarter was the result of March measures by bloc member states to halt the spread of COVID-19. Across the European Union, household consumption weakened by 2.9% in the first quarter after falling 0.2% in the previous quarter. The decline in both the euro area and the EU as a whole has been the largest since 1999.

28/07/2020, https://ekonomika.sme.sk/c/22455917/spotreba-domacnosti-v-eurozone-prudko-klesla.html

14. US economy

The US economy contracted in record terms in the second quarter, falling by almost a third. The reasons were the pandemic of the new coronavirus and the measures taken to stop it. In the three months from April to June, gross domestic product fell by 32.9% year on year after minus 5% in the previous quarter. In comparison, in the worst quarter during the past financial crisis (4th quarter of 2008), GDP fell by only 8.4%. Yet, economists expected a decline of up to 34.7%. Most analysts expect the US economy to recover sharply between July and September, with gross domestic product growing by 17% or more year-on-year.

30/07/2020, https://ekonomika.sme.sk/c/22457641/americka-ekonomika-v-druhom-stvrtroku-rekordne-klesla.html

15. EU's GDP rate

Accordding to Eurostat, on a seasonally adjusted basis, euro area gross domestic product (GDP) declined by 12.1% quarter on quarter in the second quarter. Across the European Union (EU), it fell by 11.9%. In both cases, this is the largest decline in GDP since the release of these data in 1995. The reason was the severe blockades and restrictions adopted by European governments in March to stop the spread of the new coronavirus. GDP also declined in the first quarter of 2020, by 3.6% in the euro area and by 3.2% in the EU. Eurostat also recalled that these preliminary flash GDP estimates are based on incomplete data and may be revised.

31/07/2020, https://ekonomika.sme.sk/c/22458167/koronakriza-tvrdo-zasiahla-ekonomiku-hdp-unie-vyrazne-kleslo.html