POLITICS

Negotiations on Brexit have moved into the main phase. Negotiators from the EU and Britain have launched the second round of talks on Brexit. Together with their teams, they will seek progress above all on key issues such as safeguarding citizens' rights after the departure of Britain from the bloc in the spring of 2019 and the issue of British financial commitments to the union.

Poland has been given a month to redress its reforms. The European Commission has given Poland a month to bring the country's controversial judicial reform into line with EU law. Otherwise, the country is in danger of initiation of a procedure that could lead to the withdrawal of Poland's voting rights in the EU.

ECONOMICS

Inflation has slowed down in Europe. The year-on-year rate of growth of consumer prices in the EU as a whole and the eurozone slowed down slightly in June. In countries paying with the euro, inflation fell to 1.3 percent from 1.4 percent in May and in the EU to 1.4 percent from 1.6 percent.

Paris should become the main financial center of Europe after Great Britain leaves the EU, according to French government plans. At a banking conference in the French metropolis, Prime Minister Edouard Philippe said that the government wants to achieve this goal „by all means". At present Paris ranks 29th in the Global Financial Centres Index . Greater opportunities for taking over financial activities are currently given also to Dublin, Ireland and Frankfurt, Germany.

Foreign investors have shown interest in Greek bonds. The country will earn three billion euros under good conditions. On 25 July the Greek government issued five-year bonds worth three billion euros with 4.625 percent interest. In this way the country returned to the bond markets after a three-year break. According to Reuters the new issue of bonds represents a major step for Greece to gain financial independence and leave the international rescue programme next year.

The IMF has increased its growth forecast for the German economy. While in April the International Monetary Fund was still counting on growth of the German economy by 1.6% this year, it has now raised this to 1.8%. The main reason stated was growth in domestic demand and exports. Growth in employment, increased government spending and the relaxed monetary policy of the European Central Bank are helping the German economy.

FOREIGN TRADE

The EU and Japan have negotiated the main elements of an Economic Partnership Agreement. Representatives from the EU and Japan have negotiated the main elements of an Economic Partnership Agreement. The agreement will remove the vast majority of duties payable by EU companies, which sum up to 1 billion euro annually. At the same time, it will open the Japanese market to agricultural exports from the EU and increase opportunities in a range of sectors . The value of exports from the EU could increase by up to 20 billion euros in response to the agreement. The final version of the document should be ready by the end of 2018.

SECTORS

Sale of petrol and diesel cars will end in 2040. The current governments of Great Britain and France have chosen 2040 as the date when sales of both gasoline and diesel engines will definitively stop. Starting in 2020 authorities will already be able to collect fees from drivers of cars with diesel engines on those roads where the air is most polluted if air quality has not improved.

The EU proposes tariffs on steel from Brazil, Iran, Russia and Ukraine. The European Union plans to introduce customs duties of up to 33 percent on imports of hot-rolled steel from Brazil, Iran, Russia and Ukraine, according to a document seen by the Reuters agency. Steel prices in these countries are considered by the EU to be unfairly low.

FORECAST AND PREDICTIONS

IMF: World economy will grow, but US slower than expected. The world economy will speed up its rate of growth to 3.5 percent this year and will even grow slightly faster next year. In an update of the World Economic Outlook, the International Monetary Fund (IMF) said this and also confirmed the global forecasts of its spring prognoses. Against its April outlook however, the IMF lowered its estimates for the United States and improved the prospects for growth in eurozone countries.

GDP growth (%)	2016	2017	2018
World	3.2	3.5	3.6
Euro Area	1.8	1.9	1.7
United Kingdom	1.8	1.7	1.5
Germany	1.8	1.8	1.6
France	1.2	1.5	1.7

Source: IMF, July 2017

European Commission proposes mandatory preparation for chargers in new homes. The amendment to the European Energy Performance of Buildings Directive, prepared by the European Commission, requires that new residential homes and real estate undergoing extensive reconstruction have pre-wiring to enable installation of chargers for electric vehicles.

FOCUS ON THE CZECH REPUBLIC

E-shop sales are growing significantly. Food and clothing are experiencing the biggest increase. Czechs spent 46.4 billion crowns on purchases in e-shops during the first half of this year, which is 13% more year-on-year. This comes from data in the Heureka.cz portal. In the second half of the year growth is expected to accelerate more.

Growing confidence in the economy is driven by businesspeople. Consumer expectations have fallen again. Confidence in the Czech economy increased in July by 0.6 points to 97.7 points. This positive outlook was mainly expressed by businesspeople, among whom expectations increased by 0.9 points to 96.1 points. On the other hand, for consumers it fell by 0.5 points to 105.7 points.

Foreign trade posted a surplus of CZK 14.3 billion. The balance of foreign trade in goods at current prices in the Czech Republic ended with a surplus of CZK 14.3 billion in May 2017 according to preliminary data from the Czech Statistical Office. Year-on-year this is lower by CZK 2.8 billion. The balance with EU28 countries ended with a surplus of CZK 60.3 billion (+ CZK 7.6 billion). The trade deficit with countries outside the EU increased by CZK 10.8 billion to CZK 44.5 billion. From the beginning of 2017, exports have increased by 6.3% and imports by 8.0%.

House prices up by 4.5% in the EU. House prices, as measured by the House Price Index, rose by by 4.5% in the EU in the first quarter of 2017 compared with the same quarter of the previous year. The highest annual increases in house prices in the first quarter of 2017 were recorded in the Czech Republic (+12.8%), Lithuania (+10.2%) and Latvia (+10.1%), while prices fell in Croatia (-0.4%) and Italy (-0.1%).