

POLITICS

Election The general election on Saturday produced **surprising results** that make forming a stable government an uphill struggle (number of MPs in brackets):

	2016	2012
Smer	28.3% (49)	44.4% (83)
SaS	12.1% (21)	5.9% (11)
OLaNO	11.0% (19)	8.6% (16)
SNS	8.6% (15)	4.6% (-)
M. Kotleba	8.0% (14)	-
Sme rodina	6.6% (11)	-
Most-Híd	6.5% (11)	6.9% (13)
Sieť	5.6% (10)	-

The **Smer** party returned to its "traditional" election results from 2006 (29.1%) and 2010 (34.8%). Its leader Robert Fico will try to form a ruling coalition, but the SaS, OLaNO and Sme rodina parties have definitively ruled out working with him. Smer would not specify its preferred coalition partners.

Voters who decided at the last moment helped carry the **SaS** to a repeat of its 2010 election result. Its leader Richard Sulík will try to form a coalition of five center-right parties, with silent support from Sme rodina. Most-Híd has already declared it will not enter a coalition with the nationalist party SNS, though. Sme rodina reckons it would support such a coalition. SaS and OLaNO clearly benefited from their strong anti-Smer message. Parties that did not reject cooperating with Smer (Most, Sieť and KDH) fared poorly.

Another big surprise is the entry into parliament of two new parties. **Marián Kotleba – ĽSNS** made its first headway in 2013, when its leader won the election for head of the Banská Bystrica VÚC region. Its results were strong among young voters, who face high unemployment since the 2009 economic recession. Kotleba idolizes Jozef Tiso (president of the war-time Slovak Republic and ally of Adolf Hitler). The other new party is **Sme rodina**, headed by businessman Boris Kollár (who has had nine kids with eight women). He reckons his party is ready to support any center-right coalition, but he does not think it can be formed.

The final surprise is the weak showing of both Sieť and **KDH**, the latter of which received just 4.9%. KDH did not make it into parliament for the first time since 1990. The reasons include having an inarticulate leader (Ján Figel), a weak program (focusing on pro-life issues), and an exodus of strong leaders. Ex-KDH members have set up six parties since 1990, most recently Sieť and Nova (both of which made it into the new parliament). ([etrend.sk](#))

Turnout was just under 60%, similar to 2012.

Election What made the election result so surprising is that a **third of voters made up their minds in the last week** before the election. Polls were inevitably off the mark in this environment. Voters are disappointed in the traditional parties, especially the disintegration of the center-right government after 1.5 years in power (2010-11) and the one-party rule of Smer. Almost a third of the new parliament is made up of MPs from protest parties. Their support for any government is

questionable. An early election is one likely option, but its results might be very similar. ([etrend.sk](#))

Gambling Activists have collected almost 90,000 signatures on petitions to **ban gambling rooms** in Bratislava, Galanta, Ružomberok and Levoča. They were collecting the signatures in front of election sites on Saturday. In Prešov, Dolný Kubín, Šaštín and Nitra, they failed to collect a sufficient number of signatures, so they are continuing the collection effort. The operators of the gambling rooms argue that a ban would result in massive job losses. ([sme.sk](#))

Corruption Back in 2002, the local **Slavia Capital** group (Peter Gabalec and Martin Kvietik) advised the Czech consolidation agency ČKa on the privatization of Škoda Pilsen, during which bribes of at least €1m changed hands, according to the Czech police. The group had access to the accounts through which the bribes flowed. The police won't file any charges in the case, though, due to the statute of limitations. The Czech state lost at least €37m in the privatization. ([rozhlas.cz](#))

LEGISLATION

Energy The European Commission (EC) has launched an **investigation into Slovak energy regulation**, reported the local photovoltaic (PV) association SAFP. The association initiated the investigation, as it complained about subsidies being denied to the PV power plants in 2014 due to not meeting a minor administrative duty; for introducing a new fee for PV power plants; and for refusing to connect new PV power plants to the grid. ([sme.sk](#))

Energy Slovak legislation has only allowed for the construction of **ultra-low-energy houses** since January, driving construction costs up 10-20%. New houses must now be around twice as energy efficient as in the past (their energy certificate must be rated A1). This means the shape and windows of homes will have to be adjusted. It will also be hard to build houses without heat pumps. ([sme.sk](#))

ECONOMY

Stimuli The Finance Ministry has argued against providing **investment assistance** to three of the five companies which had the stimuli approved by the government last week (Midia Agro, Jasplastik and RKN). In the past year, the ministry has been assessing all the investments requesting state assistance based on 11 criteria such as helping employment in the region, innovation, and the wage to be paid. The investments that best met the MF's model were Honeywell Turbo, BSH Drives and Pumps and Kuka Enco. ([dennikn.sk](#))

Investments The government failed to approve two large investment contracts ahead of the election, despite plans to do so: the **Bratislava highway bypass** and construction of the **new football arena** in Bratislava. The project documents have not been finalized in both cases. ([dennikn.sk](#), [dennikn.sk](#))

Prices As many as **42% of Slovaks think prices went up last year**, according to a survey by the statistics office ŠÚ. However, the ŠÚ's data show a 0.3% fall in prices, mainly due to low crude oil prices on global markets. Food prices also decreased 0.3% last year. Slovaks seem to be sensitive to chocolate prices, which rocketed 8.8% last year. ([aktuality.sk](#))

Banks The **number of bank employees rose 270** to 19,953 last year, reported the central bank NBS. Payroll rose at commercial banks (by 123 to 16,973) and the NBS, by 26 to 1,053. ([sme.sk](#))

CORPORATE NEWS

Cables **Industrial Cables Slovakia** plans to double the capacity of its plant in Nitra to 3,700 tons annually. It employs 75 and the investment will increase the number by 30. This subsidiary of Austrian firm SKB has been making copper electric wiring and cables since 2007. ([openiazoch.sk](#))

Books **Martinus.sk**, which sells book via its online shop as well as nine brick-and-mortar stores, increased its sales 18% to over €20m last year, says its CEO Michal Meško. He puts the growth down to three new stores in smaller towns (Poprad, Považská Bystrica and Lučeneč), but online sales grew too. It wants to open 3-4 new stores in coming years. It does not plan IPO and will continue to grow without bank loans. Last year, it continued the push into the CR, and sales jumped 70% there. Meško estimates books worth €90-100m are sold annually in Slovakia. (Forbes/28)

Transport The largest bus carrier in the Czech Republic, **Student Agency**, is increasing fares on about half of its 20 lines from the CR to Slovakia. It commented that low fuel prices are more than balanced out by rising other costs such as personnel. ([sme.sk](#))

Retail Retail chain **GVP** Humenné of businessmen Vladimír Vaško and Marián Gerboc managed to increase sales 16% last year, from €42m in 2014. It runs 24 retail stores in Eastern Slovakia, five so-called gastro-cash stores, three discount stores and one wholesale outlet, and has 450 employees. It is part of the CBA retail alliance, the second largest in Slovakia after COOP Jednota. This year, it plans to open 3-5 new stores. It is benefitting from the growing popularity of smaller stores. ([HN/13](#))

Housing Developer **Oppidum** launched the sale of 133 apartments in the Centrum project in Bratislava's Podunajské Biskupice at the end of February. Prices start at €1,800 per sqm including VAT. Construction should start this spring, and completion is planned at fall of 2017. ([etrend.sk](#))

Euribor and **ECB** exchange rates:

	1M	3M	6M	1Y	
	-0.281%	-0.215%	-0.136%	-0.028%	
USD	1.0970	GBP	0.7748	CHF	1.0898
CZK	27.058	HUF	309.31	PLN	4.3313