

## COMMENTARY

### Trend in July 2009

#### A. Export and import price indices

##### Month-on-month comparison:

- **Exports:** export prices decreased by 2.3% in July (0.6% in June), especially due to notable strengthening of the Czech crown to Euro and US Dollar. The drop of the total m-o-m export price index came mainly from a 2.6% price drop in 'machinery and transport equipment'. Prices of 'mineral fuels, lubricants and related materials' decreased notably by 3.0%, prices of 'food and live animals' were lower by 2.5% and prices of 'manufactured goods classified chiefly by materials' decreased by 2.3%. Growing were only prices of 'crude materials, inedible, except fuels' (+0.6%).
- **Imports:** Import prices dropped by 2.4% (-0.5% in June). Decrease of the total m-o-m import price index was driven mainly by a 1.8% drop in prices of 'machinery and transport equipment'. Significant price drops were recorded in 'mineral fuels, lubricants and related materials' (-4.9%), 'food and live animals' (-2.7%) and prices of 'manufactured goods classified chiefly by materials' with prices of 'miscellaneous manufactured articles' (both -2.5%). Prices were decreasing in all other sections, too.
- The **terms of trade** figures reached positive values after three months increasing moderately to reach 100.1% (99.9% in June). Positive terms of trade figures among important sections were recorded for 'crude materials, inedible, except fuels' (102.5%), 'mineral fuels, lubricants and related materials' (102.0%) and 'chemicals' (101.4%). By contrast, significant negative values were recorded in 'beverages and tobacco' (97.3%) and 'machinery and transport equipment' (99.2%).

##### Year-on-year comparison:

- **Exports:** export prices increased by 0.5% in July (1.5% in June). Among important sections higher prices were observed in 'miscellaneous manufactured articles' by 6.5% and 'machinery and transport equipment' by 6.4%. By contrast, more marked price drops were recorded in 'crude materials, inedible, except fuels' (-26.3%), 'mineral fuels, lubricants and related materials' (-17.9%) and 'food and live animals' (-10.4%).
- **Imports:** import prices were decreasing for the fourth month, this time by 4.4% (-3.3% in June). Change of the total y-o-y import price index was mainly affected by a 37.1% price decrease in 'mineral fuels, lubricants and related materials'. Among sections important in terms of weight, the biggest price drops were recorded in 'manufactured goods classified chiefly by material' (-4.0%) and 'chemicals' (-3.4%). By contrast, more significant price increases were observed in 'miscellaneous manufactured articles' (+5.6%) and 'machinery and transport equipment' (+5.5%).
- The **terms of trade** figures reached 105.1% in July (105.0% in June) to show the highest value since November 2001. Higher values of the terms of trade figures were recorded for 'mineral fuels, lubricants and related materials' (130.5%), 'manufactured goods classified chiefly by materials' (101.3%) and 'machinery and transport equipment' with 'miscellaneous manufactured articles' (both 100.9%). By contrast, negative values were recorded in 'crude materials, inedible, except fuels' (73.1%), 'food and live animals' (91.2%) and 'chemicals' (96.8%).

## **B. Price indices for international transport and banking services**

### **Month-on-month comparison:**

- Prices of *international passenger rail transport* decreased for the Czech Republic (assets) and in the direction from the Czech Republic (liabilities) both by 1.9 % and prices of transit by 1.8 %.
- Price index of *international freight rail transport* (only for the Czech Republic) decreased in import direction by 0.3 %, in export direction by 0.6 % and in transit by 2.9 %.
- Prices of *international passenger air transport* decreased in the direction to the Czech Republic by 0.7 % and in the direction from the Czech Republic they went up by 1.9 %. Index of *freight air transport* decreased in the direction to the Czech Republic by 2.3 % and in the direction from the Czech Republic it did not change.
- Prices of *external banking services* remained unchanged.

### **Year-on-year comparison:**

- Prices of *international passenger rail transport* increased for the Czech Republic (assets) by 42.7 %, in the direction from the Czech Republic (liabilities) by 13.5 % and prices of transit by 42.8 %.
- Price index of *international freight rail transport* (only for the Czech Republic) increased in export direction by 4.5 % and in transit by 10.2 %. In import direction price index decreased by 2.1 %.
- Prices of *international passenger air transport* increased in the direction to the Czech Republic by 14.8 % and by 4.8 % in the direction from the Czech Republic. Prices of *freight air transport* went up in the direction to the Czech Republic by 9.2 % and in the direction from the Czech Republic they decreased by 2.4 %.
- Prices of *external banking services* did not change in year-on-year comparison.