

5. Prices

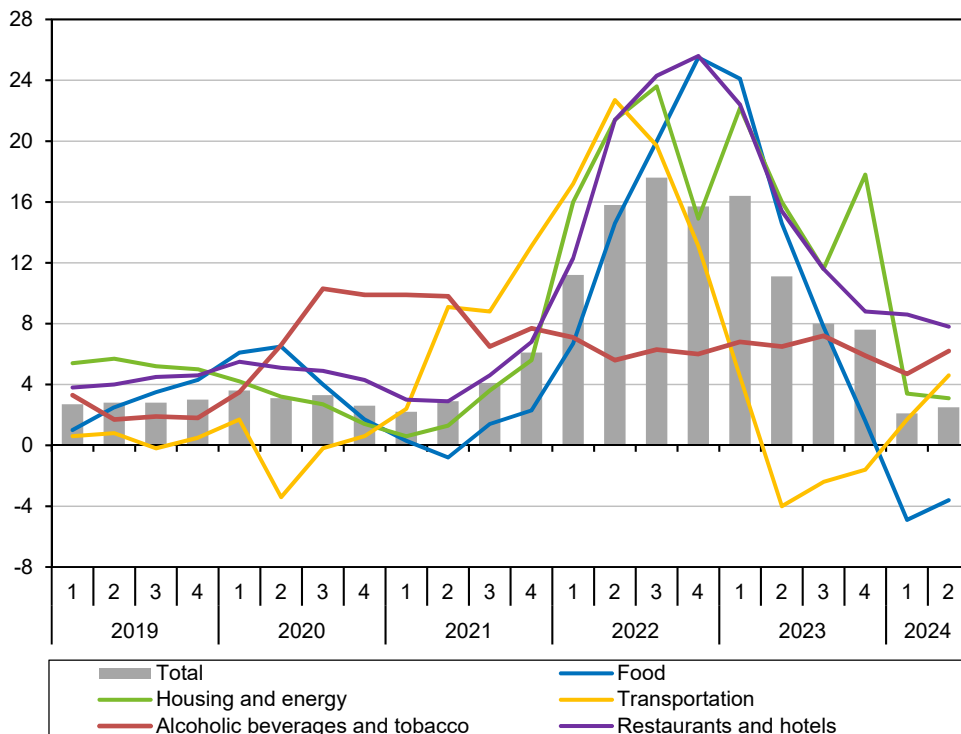
Year-on-year growth of the price level remained stable in Q2.

Total year-on-year growth of the price level gauged by the implicit deflator amounted to 4.2% in Q2. It thus did not change much compared to the previous quarter. Year-on-year growth of consumption prices remained solid (3.2%), while the increase of household consumption prices (3.3%) as well as of general government (3.0%) was similar. The price level of capital outlays increased, year-on-year, by 3.5%, in that the increase for gross fixed capital formation was only 0.4%. The year-on-year terms of trade of the international trade with goods and services weakened to 101.3% in Q2. Of this, the terms of trade with goods and services attained 101.0% and 102.9% respectively. The quarter-on-quarter increase of the price level weakened slightly to 1.4% in Q2. The quarter-on-quarter growth of consumer prices slowed markedly (0.2%) compared to the previous quarter, in contrast the increase for capital expenditure strengthened to 3.7% (in that the investment price level rose by 2.9%). Quarter-on-quarter terms of international trade with goods and services weakened to 100.4%.

Year-on-year growth of consumer prices slightly strengthened in Q2.

The year-on-year growth of consumer prices following a significant slowdown in Q1 (2.1%) again slightly strengthened in Q2 to reach 2.5%. The strengthening of year-on-year dynamics was mainly caused by faster growth of transport prices and further a moderation of the decline of prices of food and non-alcoholic beverages. The increase of prices of housing and energies, alcoholic beverages and tobacco, transport and restaurants and hotels contributed the most to the total year-on-year growth of consumer prices. Only prices of food and non-alcoholic beverages and home furnishings and household equipment decreased, year-on-year. Consumer prices rose by 0.8%, quarter on quarter, in Q2, owing to prices in all divisions of the consumer basket except for prices of housing and energies and recreation and arts.

Chart 10 Prices in the selected divisions of the consumer price index (year-on-year in %)



Source: CZSO

Costs of housing continued to contribute the most to the total

Prices of housing and energies rose by 3.1%, year-on-year, in Q2 and the increase thus slightly weakened to Q1. Nevertheless, housing retained the largest contribution to the total growth of consumer prices thanks to its weight in the consumer basket. Prices of

<p>increase of consumer prices.</p>	<p>other housing-related services (8.2%) and rented dwellings (7.1%) grew the most, year-on-year, in Q2. At the same time, their relatively strong pace in comparison to the previous quarter did not change. Prices of maintenance and minor repairs of dwellings increased by 4.6%, year-on-year, and the increase of prices of electricity, heat, gas and other fuels weakened to 3.8%. The imputed rentals (0.9%) grew the slowest¹. Prices of housing and energies were essentially stagnating (−0.1%), quarter-on-quarter.</p>
<p>Growth of transport prices accelerated.</p>	<p>The year-on-year growth of transport prices strengthened to 4.6% in Q2. This change was mainly driven by the cost of operating a personal transport equipment, which increased by 9.5%, year-on-year. In that, prices of fuels and oils were higher by 8.4%. Prices of transport services went up by 4.7%, year-on-year. Prices of purchase of vehicles themselves continued to decline (−1.4%). Transport prices rose by 2.0%, quarter-on-quarter, which represents a significant increase compared to the pace in the first quarter of the year.</p>
<p>Prices of restaurants and hotels retained a considerable year-on-year increase.</p>	<p>The substantial effect of prices of restaurants and hotels on the year-on-year growth of consumer prices persisted in Q2. Their year-on-year increase slightly weakened to 7.8%. Prices of accommodation services rose more markedly (9.2%) than the prices of catering service (7.6%). The quarter-on-quarter increase of prices of restaurants and hotels remained strong in Q2 (1.9%). Prices of alcoholic beverages and tobacco increased by 6.2%, year-on-year, in Q2, which represented a significant strengthening compared to the previous quarter. Prices of alcohol and tobacco went up by 1.9%, quarter-on-quarter.</p>
<p>Prices of recreation and arts dropped, quarter-on-quarter.</p>	<p>Prices of recreation and culture rose by 3.8%, year-on-year, and the increase thus moderated. The price growth of newspapers, books and paper goods slowed down the most (2.3%) and the pace for recreation and cultural services was also more moderate (6.3%). On the contrary, prices of package holidays increased more sharply, year-on-year (5.1%). The prices of recreation and culture followed the strong quarter-on-quarter increase from Q1 with a drop of 0.8%. The year-on-year growth of prices of clothing and footwear moderated to 3.3% and stagnated, quarter-on-quarter. Prices of other goods and services² went up by 3.0%, year-on-year, and by 1.0%, quarter-on-quarter. Prices of health were higher by 4.0%, year-on-year, and by 2.2%, quarter-on-quarter, which was the largest increase in the whole consumer basket. Prices of education rose by 6.5%, year-on-year, in Q2 and increased by 0.1%, quarter-on-quarter.</p>
<p>The year-on-year decline of prices of food and non-alcoholic beverages moderated.</p>	<p>Only prices of food and non-alcoholic beverages, which were lower by 3.6%, worked in the direction of total year-on-year consumer price decrease. Their plunge however moderated compared to Q1. This was mainly due to a strengthening growth of prices of non-alcoholic beverages (3.6%) and a moderation of the fall of prices of milk, cheese and eggs (−9.0%). The decrease of prices of meat and fish (both −4.9%) and sugar and related products (−0.5%) was also less pronounced and prices of oils and fats (1.0%) turned from decline to growth. By contrast, the decrease of prices of bread and cereals remained unchanged (−4.5%), the decline of prices of fruit deepened (−5.3%) and the rise of prices of vegetables diminished (1.0%). Prices of food and non-alcoholic beverages went up by 0.8%, quarter-on-quarter. Prices of home furnishings and household equipment decreased by 0.1%, year-on-year, mainly under the influence of goods and services for household maintenance, where the drop deepened to −6.9%. However, prices of home equipment and furnishings were by 0.8% higher, quarter-on-quarter.</p>

¹ Imputed rent expresses the cost of owner living. Apart from prices of housing themselves, it also contains the cost of construction and renovation and further fees. For more see: <https://csu.gov.cz/methodological-note-to-consumer-price-index-imputed-rentals>.

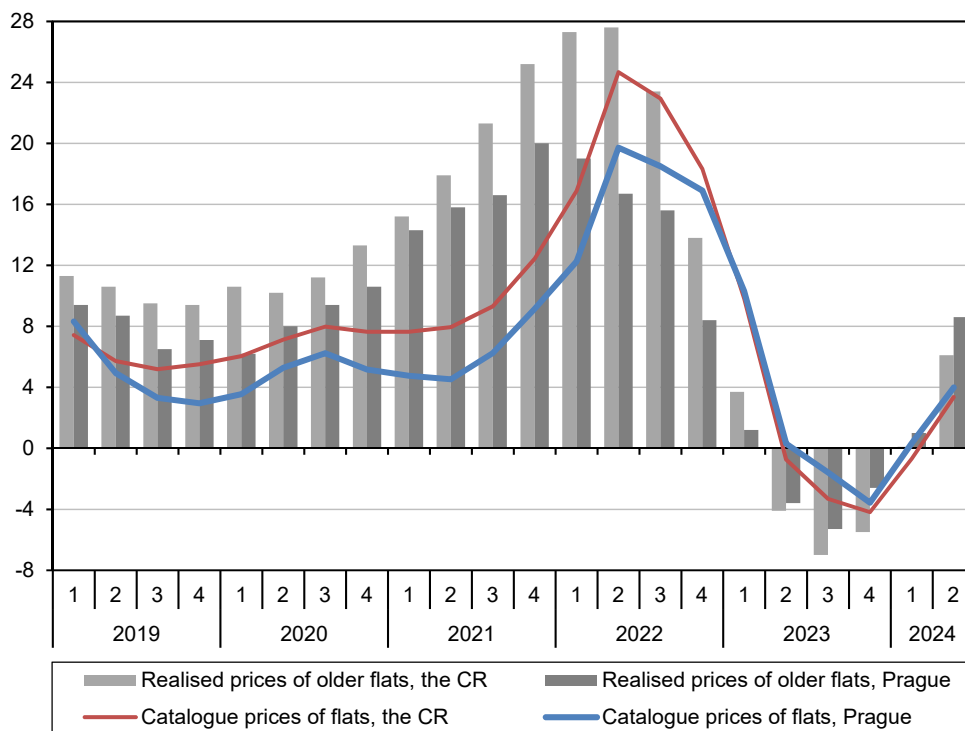
² Contains services of personal care and personal needs and accessories, social care, insurance and further financial services etc



Year-on-year growth of consumer prices slightly slowed down in the EU.

Harmonized index of consumer prices (HICP)³ rose by 2.6% in the EU, year-on-year, and by 1.4%, quarter-on-quarter, in Q2. The year-on-year increase of the HICP slowed slightly compared to Q1. Prices of alcoholic beverages and tobacco (5.2%) and restaurants and hotels (5.3%) rose strongly, year-on-year. Growth of transport prices (2.2%) and housing and energy prices (1.4%) strengthened. Growth of prices of food and non-alcoholic beverages weakened (1.7%). Only telecommunications prices were lower in the EU (-1.1%), year-on-year. The highest year-on-year HICP increase was recorded in Romania (5.8%), Belgium (5.1%) and Croatia (4.2%). In Q2, the year-on-year price increase was below 1% in Finland (0.5%), Lithuania (0.8%), Latvia (0.9%) and Italy (0.9%). The highest quarter-on-quarter increase of consumer prices was recorded in Malta (5.1%), Portugal (3.3%) and Cyprus (3.1%) in Q2. Prices similarly rose by only 0.2%, quarter-on-quarter, in Finland, Denmark and Bulgaria.

Chart 11 Prices of real estate (year-on-year change, in %)



Source: CZSO

Prices of flats again grew.

Catalogue prices of flats in the Czech Republic increased by 2.3%, quarter-on-quarter in Q2, building on the increase from Q1 by strengthening the dynamics. The value of the index shows that catalogue prices have practically erased the decline that occurred last year and are at the level of the end of year 2022. The year-on-year decline did not continue either and the catalogue prices of flats rose by 3.4% in Q2. The catalogue prices of flats increased by 4.0%, year-on-year, in Prague, while the prices of flats outside Prague were higher by 2.7%. In the case of realised prices of older flats, the acceleration of dynamics is even more pronounced. The realised prices of older flats in the Czech Republic increased by 3.3%, quarter-on-quarter (by -4.2% in Prague). The year-on-year increase of the realised prices of older flats in the Czech Republic reached 6.1% in Q2, 8.6% in Prague and 5.5% outside Prague. Realised prices of new flats in Prague increased by 3.7%, quarter-on-quarter, and after five decreases also increased year-on-year, specifically by 1.0%. The fact that the dynamics of realised dwelling prices

³ Contrary to the consumer price index, which the CZSO compiles for the Czech economy, HICP does not contain imputed rent, which is the main reason for the difference between the HICP and Consumer price index.

are ahead of catalogue prices indicates a renewed tightening of the real estate market and excess of demand over supply.

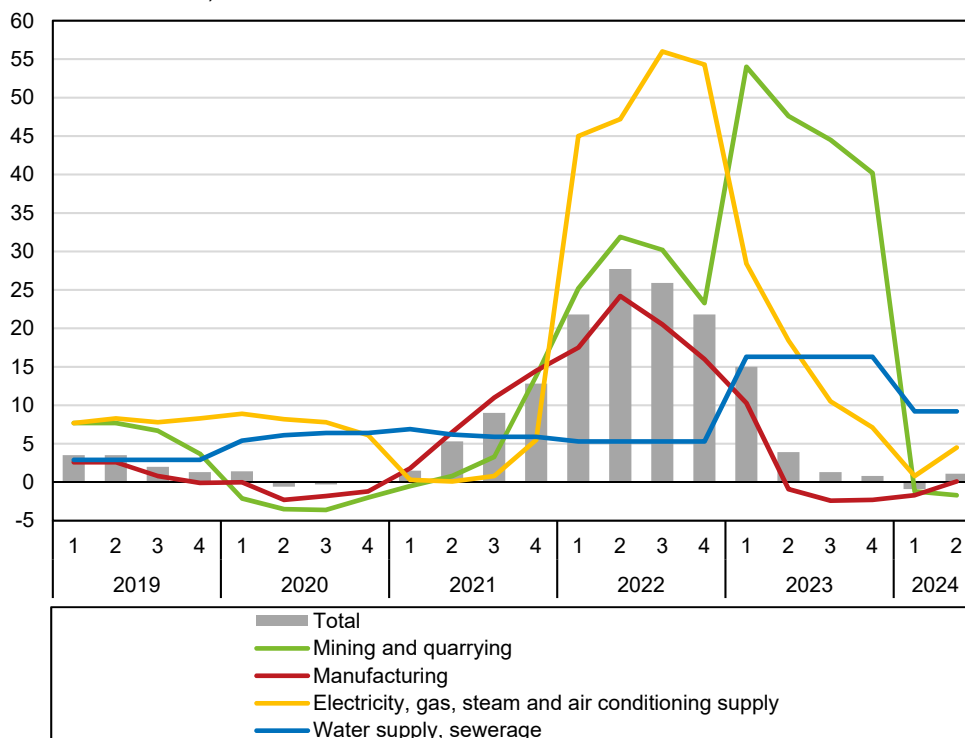
Industrial producer prices again increased, year-on-year.

Industrial producer prices followed the year-on-year decline (-0.9%) from Q1 with an increase of 1.1% in Q2. Quarter-on-quarter, the industrial producer prices decreased by 0.5%. Prices of electricity, gas, steam and air conditioning, whose year-on-year increase strengthened to 4.5% in Q2, mainly participated on this increase, nevertheless there was also a quarter-on-quarter decrease of 2.9%. Prices of goods and services in manufacturing turned from a year-on-year decline to a small increase (0.1%) and were 0.2% higher, quarter-on-quarter. The year-on-year decrease of prices of mining and quarrying on the contrary deepened to 1.7%, but prices were higher here by 1.2%, quarter-on-quarter. Prices of water distribution and services associated with wastewaters were higher by 9.2%, year-on-year.

Moderation of the decline of prices of various raw materials was apparent in manufacturing.

Strengthening of year-on-year price dynamics in manufacturing was related, besides other things, to a moderation of declines in several divisions, often those processing basic raw materials. Prices of basic metals (-7.9%), wood and wood products (-7.9%), paper and paper products (-7.4%), food products (-4.0%) or textiles (-1.6%) thus decreased slower. Prices of chemicals and chemical products rose slightly (0.3%) and the growth of prices of motor vehicles strengthened (3.9%). On the contrary, the growth of prices of wearing apparel (5.1%), computers, electronic and optical appliances (4.5%), beverages (3.5%), machinery and equipment (3.2%), other products of manufacturing (2.2%) or basic pharmaceutical products (1.5%) moderated in Q2. The year-on-year decline for fabricated metal products deepened (-1.8%) and prices of electrical equipment started to fall (-0.3%).

Chart 12 Prices of main groups of industrial producers (year-on-year change, in %, based on CPA classification)



Source: CZSO



<p>Industrial producer prices remained in the year-on-year slump in the EU.</p>	<p>Industrial producer prices in the EU⁴ decreased by 4.1%, year-on-year, in Q2. The increase reduced compared to the previous quarter. The year-on-year decrease of prices of electricity, gas, steam and air conditioning (−14.3%), as well as prices of mining and quarrying (−1.3%) and manufacturing products and services (−0.4%) was less deep. The industrial producer prices increased the most, year-on-year, in the Czech Republic (1.1%) in Q2, followed by Portugal (0.6%), Sweden (0.6%) and Malta (0.5%). The industrial producer prices were falling, year-on-year, in other EU countries, the most in Slovakia (−20.8%), Luxembourg (−10.8%) and Poland (−6.9%). Industrial producer prices in the EU fell by 1.4%, quarter-on-quarter. This was caused solely by a decrease in prices of electricity, gas, steam and air conditioning (−7.0%). Prices of mining and quarrying were raised by 1.4%, quarter-on-quarter, and prices of manufacturing products and services by 0.3%.</p>
<p>Prices of construction works went up.</p>	<p>Prices of construction work were, based on estimates, by 2.1% higher, year-on-year, in Q2 2024, while the prices of materials and products used in construction fell by 1.2%. Quarter-on-quarter, the prices of construction work were estimated to have risen by 0.8% and prices of materials and products used in construction went up by 0.3%. Prices of construction work were, based on estimates, by 2.1% higher, year-on-year, in Q2 2024, while prices of materials and products used in construction fell by 1.2%. Quarter-on-quarter, the prices of construction work were estimated to have risen by 0.8% and prices of materials and products used in construction went up by 0.3%.</p>
<p>Year-on-year growth of market services slowed down markedly.</p>	<p>Prices of market services increased by 3.4%, year-on-year, in Q2. The growth thus slowed down significantly compared to the previous quarter and was the slowest since Q4 2021. The development of prices of programming, consultancy and related activities (pace slowed to 3.2%), prices of land transport and transport via pipelines (0.6%) and prices of advertising and market research (6.7%) affected the most the pace deceleration. The prices of real estate services (7.6%) contributed the most to the total year-on-year increase of prices of market services. Prices of security and investigation activities (8.9%), postal and courier activities (7.7%), employment placement activities (6.8%), legal and accounting services (6.0%) or services to buildings and landscape activities (5.4%) also featured a solid growth. Only prices of warehousing and support activities for transportation decreased, year-on-year (−0.3%). Prices of market services were higher by 1.6%, quarter-on-quarter, in Q2.</p>
<p>Prices of agricultural production continued to fall, year-on-year, but the decline moderated.</p>	<p>The year-on-year plunge of the agricultural producer prices (including fish) moderated to −10.4% in Q2. The decrease of prices of both crop and animal products was less pronounced. Prices of crop production were by 15.7% lower, year-on-year. The drop of prices of cereals was smaller, nevertheless still deep (−23.8%, in that prices of wheat went down by 24.4%, rye by 17.1%, barley by 20.4%, oats by 7.4% and maize by 30.2%). Prices of industrial crops lagged by 8.3%, year-on-year, and prices of oil seeds (−7.9%) as well as protein crops (−14.7%) decreased. Prices of vegetables and horticultural products (−7.4%) as well as potatoes (−0.6%) fell into a year-on-year decrease in Q2. On the contrary, the prices of forage plants (12.8%) and fruit (13.0%) were higher, year-on-year. Prices of animal production decelerated their decrease, year-on-year, to −4.4%. The prices of pigs and piglets (−1.3%) and poultry (−8.1%) stood behind the total decrease of prices of live animals by 1.5%. In contrast, the prices of cattle were higher by 5.3%. Prices of milk were lower by 4.7% and eggs by 18.5%, year-on-year, in Q2.</p>

⁴ Without prices of water distribution and services associated with wastewaters.

Prices of international trade were affected by the foreign exchange changes.

Prices of exports increased by 3.7%, year-on-year, in Q2. The increase accelerated significantly compared to the previous quarter. Export prices rose by 0.6%, quarter-on-quarter. The koruna foreign exchange per euro as well as the dollar fostered stronger year-on-year dynamics of the international trade prices⁵. Products of the manufacturing industry, for which the increase accelerated to 4.6% in Q2, had the main share on the total year-on-year growth of export prices. Export prices of other transport equipment (14.9%) and furniture (14.8%) rose the most, year-on-year. The increase was also strong for motor vehicles (7.8%) and prices of exports of coke and refined petroleum products (7.8%) went from a decline to a significant year-on-year growth. Prices of exports of electrical equipment (6.3%), machinery and equipment (5.5%) and computer, electronic and optical appliances (5.2%) strengthened their growth. Only a minority of manufacturing products saw prices fall. The drop of prices of exports of basic metals slowed down (-2.8%), while the prices of exports of textiles (-2.4%), wood and wood products (-2.2%) and leather (-1.7%) were lower. Export prices for water distribution and services associated with wastewaters increased (9.4%). On the contrary, prices of exports of electricity, gas, steam and air conditioning continued to plunge, year-on-year (but slowed to -10.2%). The decline of exports of agriculture, forestry and fishing products also moderated (-4.1%). The year-on-year decrease of export prices of mining and quarrying deepened (-14.5%).

Terms of trade of the international trade with goods were positive.

Import prices increased by 3.0%, year-on-year, in Q2 and were by 0.1% higher, quarter-on-quarter. Import prices of mining and quarrying (5.1%) and also in case of manufactured products (3.4%) went up year-on-year. The largest price increase was recorded for imports of other transport equipment (13.3%), followed by beverages (10.7%) and coke and refined petroleum products (8.1%). However, import prices rose for most divisions and the dynamics also strengthened. Nevertheless, the decrease lasted only for imports of wood and products (-3.3%), leather (-1.6%) or other products of the manufacturing industry (-1.7%). Prices of imports of electricity, gas, steam and air conditioning fell by 18.2%, year-on-year, in Q2 and the decrease for agriculture, forestry and fishery products deepened to -13.2%. The year-on-year terms of trade of the international trade with goods reached 100.6% in Q2. The quarter-on-quarter terms of trade reached 100.5%. The year-on-year terms of trade were markedly positive for products of agriculture, forestry and fishing (110.5%) and electricity, gas, steam and air conditioning (109.8%). The terms of trade for manufactured goods reached 101.2%. The total positive result was subdued significantly by negative terms of trade in mining and quarrying products (81.3%).

⁵ Based on the CNB data, the average koruna foreign exchange per euro was 24.958 CZK/EUR in Q2 2024. It was 23.588 CZK/EUR in Q2 2023. Koruna foreign exchange per dollar also weakened. The average was 23.179 CZK/USD in Q2 2024. It was 21.673 CZK/USD in the same period of year 2023.

