

COMMENTARY

Trend in June 2009

A. Export and import price indices

Month-on-month comparison:

- **Exports:** export prices decreased by 0.6% in June (-1.3% in May), 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 1.7% price drop in 'manufactured goods, classified chiefly by materials'. Prices of 'miscellaneous manufactured articles' decreased by 0.8% and prices of 'machinery and transport equipment' by 0.4%. More significant price growth was recorded only in 'mineral fuels, lubricants and related materials' by 1.5% and in prices of 'chemicals' by 0.9%.
- **Imports:** Import prices dropped by 0.5% (-0.9% in May). Decrease of the total m-o-m import price index was driven mainly by a 1.2% drop in prices of 'machinery and transport equipment'. Significant price drops were recorded in 'food and live animals' (-2.1%) and 'chemicals' (-1.2%). Significant price growth was recorded only in prices of 'mineral fuels, lubricants and related materials' (5.2%).
- The **terms of trade** figures remain in the negative values for the third month, they increased slightly to 99.9% in June (99.6% in May). Negative terms of trade figures were recorded for 'mineral fuels, lubricants and related materials' (96.5%), 'beverages and tobacco' (97.8%) and 'manufactured goods classified chiefly by materials' (98.9%). By contrast, significant positive values were recorded in 'chemicals' (102.1%) and 'machinery and transport equipment' (100.8%).

Year-on-year comparison:

- **Exports:** export prices increased by 1.5% in June (+0.3% in May). Among important sections higher were prices in 'machinery and transport equipment' by 7.1% and 'miscellaneous manufactured articles' by 6.1%. By contrast, more marked price drops were recorded in 'crude materials, inedible, except fuels' (-29.8%), 'mineral fuels, lubricants and related materials' (-14.7%) and 'food and live animals' (-9.7%).
- **Imports:** import prices were decreasing for the third month, this time by 3.3% (-4.0% in May). Change of the total y-o-y import price index was mainly affected by a 32.7% 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' (-2.9%) and 'chemicals' (-2.4%). By contrast, more significant price increases were observed in 'miscellaneous manufactured articles' (+6.1%), 'machinery and transport equipment' (+4.5%) and in prices of 'crude materials, inedible, except fuels' (+2.3%).
- The **terms of trade** figures reached 105.0% in June (104.5% in May) 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' (126.7%), 'machinery and transport equipment' (102.5%) and 'manufactured goods classified chiefly by materials' (102.0%). By contrast, negative values were recorded in 'crude materials, inedible, except fuels' (68.6%), 'food and live animals' (90.2%) and 'chemicals' (95.7%).

B. Price indices for international transport and banking services

Month-on-month comparison:

- Prices of *international passenger rail transport* for the Czech Republic (assets), in the direction from the Czech republic (liabilities) and prices of transit decreased identically by 3.2 %.
- Price index of *international freight rail transport* (only for the Czech Republic) decreased in import direction by 0.2 %, in export direction it increased by 0.8 % and in transit it did not change.
- Prices of *international passenger air transport* decreased in the direction to the Czech Republic by 0.8 % and in the direction from the Czech Republic they went up by 0.2 %. Index of *freight air transport* decreased in the direction to the Czech Republic by 3.7 % 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 36.5 %, in the direction from the Czech Republic (liabilities) by 8.4 % and prices of transit by 36.3 %.
- Price index of *international freight rail transport* (only for the Czech Republic) increased in export direction by 5.7 % and in transit by 8.4 %. In import direction price index decreased by 0.2 %.
- Prices of *international passenger air transport* increased in the direction to the Czech Republic by 11.9 % and by 3.5 % in the direction from the Czech Republic. Prices of *freight air transport* went up in the direction to the Czech Republic by 7.8 % 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.