

COMMENTARY

Trend in May 2009

A. Export and import price indices

Month-on-month comparison:

- **Exports:** export prices decreased by 1.3% in May (-1.9% in April), 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 2.8% price drop in 'manufactured goods, classified chiefly by materials' and a 1.0% drop in 'machinery and transport equipment'. Prices of 'mineral fuels, lubricants and related materials' decreased by 2.3% and prices of 'miscellaneous manufactured articles' by 0.9%. More significant price growth was recorded only in 'crude materials, inedible, except fuels' by 2.6%.
- **Imports:** Import prices dropped by 0.9% (-1.6% in April). Decrease of the total m-o-m import price index was driven mainly by a 0.9% drop in prices of 'machinery and transport equipment'. Significant price drops were recorded in 'food and live animals' (-2.5%) and prices of 'mineral fuels lubricants and related materials' and 'miscellaneous manufactured articles' which both dropped by 1.3%. Prices were falling also in all other observed sections.
- The **terms of trade** figures remain in the negative values for the second month, they decreased slightly to 99.6% in May (99.7% in April). Negative terms of trade figures were recorded for 'manufactured goods classified chiefly by materials' (97.8%), 'mineral fuels, lubricants and related materials' (99.0%), 'chemicals' (99.5%) and 'machinery and transport equipment' (99.9%). Significant positive values were recorded in 'food and live animals' (101.9%) and 'crude materials, inedible, except fuels' (103.1%).

Year-on-year comparison:

- **Exports:** export prices increased by 0.3% in May (+2.0% in April), their growth rate decreased for the third month in a row. Among important sections higher were prices in 'machinery and transport equipment' by 5.1% and 'miscellaneous manufactured articles' by 4.9%. By contrast, more marked price drops were recorded in 'crude materials, inedible, except fuels' (-28.6%), 'mineral fuels, lubricants and related materials' (-16.0%) and 'food and live animals' (-11.1%).
- **Imports:** import prices were decreasing for the second month, this time by 4.0% (-1.3% in April). The decrease of the total y-o-y import price index was mainly affected by a 33.7% 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' (-4.4%) and 'chemicals' (-3.1%). By contrast, more significant price increases were observed in 'crude materials, inedible, except fuels' (+6.5%), 'miscellaneous manufactured articles' (+5.1%) and in 'machinery and transport equipment' (+3.4%).
- The **terms of trade** figures reached 104.5% in May (103.3% in April) to reach 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%) and 'manufactured goods classified chiefly by material' (104.2%). The terms of trade figures of 'machinery and transport equipment' stood at 101.6%. By contrast, negative values were recorded in 'crude materials, inedible, except fuels' (67.0%), 'food and live animals' (88.5%) and 'chemicals' (94.3%).

B. Price indices for international transport and banking services

Month-on-month comparison:

- Prices of *international passenger rail transport* did not change.
- Price index of *international freight rail transport* (only for the Czech Republic) decreased in import direction by 0.5 %, in export direction by 0.6 % and in transit by 0.7 %.
- Prices of *international passenger air transport* increased in the direction to the Czech Republic by 1.6 % and in the direction from the Czech Republic by 0.1 %. Index of *freight air transport* increased in the direction to the Czech Republic by 2.2 % 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 40.1 %, in the direction from the Czech Republic (liabilities) by 11.4 % and prices of transit by 40.0 %.
- Price index of *international freight rail transport* (only for the Czech Republic) increased in export direction by 6.5 % and in transit by 7.0 %. In import direction price index decreased by 2.5 %.
- Prices of *international passenger air transport* increased in the direction to the Czech Republic by 15.3 % and by 4.4 % in the direction from the Czech Republic. Prices of *freight air transport* went up in the direction to the Czech Republic by 12.7 % 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.