

## COMMENTARY

### Trend in December 2009

#### A. Export and import price indices

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

- **Exports:** export prices increased by 0.9% in December (they stayed unchanged in November). The growth of the total m-o-m export price index came mainly from a 1.4% price increase in 'machinery and transport equipment'. The price growth was recorded also in 'crude materials, inedible, except fuels' by 3.6%, 'food and live animals' by 1.1% and prices of 'miscellaneous manufactured articles' by 0.9%. Price fall was registered only in prices of 'manufactured goods, classified chiefly by materials' by 0.4%.
- **Imports:** import prices went up by 1.7% (+0.6% in November). Increase of the total m-o-m import price index was driven mainly by a 1.4% growth in prices of 'machinery and transport equipment'. Prices of 'mineral fuels, lubricants and related materials' increased by 5.1%, prices of 'crude materials, inedible, except fuels' and 'food and live animals' went up both by 2.1%. Price fall was recorded only in prices of 'beverages and tobacco' by 0.3%.
- The **terms of trade** figures remained in negative values, when they slightly fell to 99.2% in December (99.4% in November). The lowest value of terms of trade figures was recorded for 'mineral fuels, lubricants and related materials' (95.1%), 'manufactured goods classified chiefly by materials' (98.8%) and 'food and live animals' (99.0%). The terms of trade figures in 'machinery and transport equipment' stood at 100.0%. Among sections important in terms of weight positive terms of trade figures were registered in 'crude materials, inedible, except fuels' (101.5%) and 'chemicals and related products' (100.1%).

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

- **Exports:** export prices decreased for the fifth month in a row, this time by 3.9% (-3.4% in November). Fall of the total y-o-y export price index was mainly affected by a 10.7% price drop in 'manufactured goods classified chiefly by material'. More marked price drops were recorded in 'mineral fuels, lubricants and related materials' by 8.0%, 'food and live animals' and 'chemicals and related products' decreased identically by 4.4%. Price growth was reported only for 'crude materials, inedible, except fuels' by 7.4%.
- **Imports:** import prices slowed down their drop and fell by 3.2% (-5.7% in November). The drop of the total y-o-y import price index came mainly from a 4.6% price decrease in 'manufactured goods classified chiefly by material'. Among important sections price decrease were recorded in 'crude materials, inedible, except fuels' by 18.4%, 'food and live animals' by 6.2% and 'machinery and transport equipment' by 2.3%. Price increase was observed only in 'mineral fuels, lubricants and related materials' by 4.6%, it was first time since October 2008.
- The **terms of trade** figures reached 99.3% in December (102.4% in November) and ended up in negative values (negative figures were last registered in October 2008). Negative values of terms of trade figures were reported for 'mineral fuels, lubricants and related materials' (88.0%), 'manufactured goods classified chiefly by material' (93.6%) and 'beverages and tobacco' (97.8%). Among sections important in terms of weight, positive values of the terms of trade figures were reported for 'crude materials, inedible, except fuels' (131.6%), 'food and live animals' (101.9%), 'miscellaneous manufactured articles' (101.6%) and 'machinery and transport equipment' (101.1%).

## **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 increased identically by 1.9 %.
- Price index of *international freight rail transport* (only for the Czech Republic) decreased in import direction by 0.3 % and in export direction by 0.7 %. In transit prices went up by 1.0 %.
- Prices of *international passenger air transport* in the direction to the Czech Republic did not change and in the direction from the Czech Republic they increased by 1.1 %. Index of *freight air transport* increased in the direction to the Czech Republic by 0.1 % 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 32.9 %, in the direction from the Czech Republic (liabilities) by 5.6 % and prices of transit by 32.8 %.
- Price index of *international freight rail transport* (only for the Czech Republic) increased in export direction by 5.1 % and in transit by 0.9 %. In import direction price index decreased by 3.7 %.
- Prices of *international passenger air transport* increased in the direction to the Czech Republic by 0.1 % and in the direction from the Czech Republic by 0.9 %. Price index of *freight air transport* decreased by 7.4 % in the direction to the Czech Republic and by 2.7 % in the direction from the Czech Republic.
- Prices of *external banking services* in total did not change in year-on-year comparison. Prices of clean payments and letters of credits remained unchanged, prices of documentary collections increased by 0.2 %.

## Trend in 2009

### A. Export and import price indices

- **For the whole year 2009** export prices increased by 0.2% (-4.6% in 2008), import prices decreased by 3.5% (-3.3% in 2008) **on average**.
- **Exports:** export prices of 'beverages and tobacco' increased by 4.6%, 'miscellaneous manufactured articles' by 4.2% and prices of 'machinery and transport equipment' by 4.0%. Among important sections, prices of 'crude materials, inedible, except fuels' decreased by 17.9%, 'mineral fuels, lubricants and related materials' by 10.8%, 'chemicals and related products' by 7.0% and prices of 'manufactured goods classified chiefly by material' by 1.7%.
- **Imports:** the biggest drops of import prices were observed in prices of 'mineral fuels, lubricants and related materials' by 26.0%, 'chemicals and related products' by 4.0%, 'manufactured goods classified chiefly by material' by 3.4% and prices of 'crude materials, inedible, except fuels' by 3.2%. On the contrary, among important sections in terms of weight, the biggest growths were registered in 'miscellaneous manufactured articles' by 3.8% and in 'machinery and transport equipment' by 2.2%.
- The **terms of trade** figures in total reached positive value 103.8% in 2009 (98.7% in 2008). However, their growth slowed down in the last quarter 2009, when the terms of trade figures reached 102.3%.

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

- Prices of *international passenger rail transport* were higher over the whole year 2009 compared to 2008. In December 2008 tariff prices increased which showed in big price growth in January 2009. In the remaining months of 2009 price changes were influenced only by exchange rates of Euro. In year-on-year comparison prices were higher on average for the Czech Republic (assets) by 36.7 %, in the direction from the Czech Republic (liabilities) by 8.7 % and prices of transit by 36.6 %, which was for assets by 37.5 percentage points, for liabilities by 13.8 percentage points and for transit by 35.1 percent points more than in 2008.
- Prices of *international freight rail transport* (only for the Czech Republic) were lower in import direction for the whole year compared to 2008, with the exception of February, and, on the contrary, prices in export direction and in transit were higher over the whole year 2009 compared to 2008. Prices in import direction went down on average by 2.0% in 2009 (-9.8 p.p. compared to 2008). In export direction prices increased by 6.5 % (+3.6 p.p.) and in transit by 6.2% (+16.0 p.p.) compared to 2008.
- Prices of *international passenger air transport* in direction to the Czech Republic influenced, in addition to price changes also by exchange rates of foreign currency, increased over the whole year 2009 by 9.6 % on average (+26.6 p.p., compared to 2008). In the direction from the Czech Republic prices were higher compared to 2008 until August 2009, by 3.1 % on average (+5.1 p.p.). Prices of *freight air transport* in the direction to the Czech Republic were higher for almost the whole year compared to 2008, the growth recorded 4.3 % on average (+18.0 p.p., compared to 2008). In the direction from the Czech Republic prices were lower except for the first quarter, they decreased by 1.6 % on average (-1.8 p.p. compared to 2008).
- Prices of *external banking services provided to non-residents* for clean payments and documentary collections did not change in year-on-year comparison, prices of letters of credits increased by 0.9% (yet -3.9 p.p. compared to 2008). In total, annual average of prices was higher by 0.1 % (yet -0.2 p.p., compared to 2008).