

COMMENTARY

Trend in August 2009

A. Export and import price indices

Month-on-month comparison:

- **Exports:** export prices decreased by 0.5% in August (-2.3% in July), especially due to 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 0.8% price drop in 'machinery and transport equipment'. Among important sections prices of 'manufactured goods, classified chiefly by materials' went down by 1.0% and prices of 'food and live animals' dropped by 0.8%. The biggest price growth was recorded in 'crude materials, inedible, except fuels' by 4.8% and in prices of 'chemicals and related products' by 1.5%.
- **Imports:** import prices dropped by 0.6% (-2.4% in July). Decrease of the total m-o-m import price index was driven mainly by a 1.0% drop in prices of 'machinery and transport equipment'. More significant price drops were registered in 'crude materials, inedible, except fuels' by 9.1% and 'food and live animals' by 2.3%. Price growth was recorded only in prices of 'mineral fuels, lubricants and related materials' (3.7%) and 'chemicals and related products' (0.2%).
- The **terms of trade** figures remained in positive values for the second month, when they reached 100.1% in August (100.1% in July). The biggest positive values were recorded for 'crude materials, inedible, except fuels' (115.3%), 'food and live animals' (101.5%) and 'chemicals and related products' (101.3%). The terms of trade figures in 'machinery and transport equipment' were 100.2%. Negative terms of trade figures, among sections important in terms of weight, were registered in 'mineral fuels, lubricants and related materials' (97.3%) and 'manufactured goods classified chiefly by materials' (99.1%).

Year-on-year comparison:

- **Exports:** export prices decreased after eight months of growth by 2.7% in August (growth by 0.5% in July). Change of the total y-o-y export price index was mainly affected by a 7.3% price drop in 'manufactured goods classified chiefly by material'. More marked price drops were recorded in 'crude materials, inedible, except fuels' by 21.4%, 'mineral fuels, lubricants and related materials' by 17.9% and 'chemicals and related products' by 10.1%. Price growth was reported only for 'miscellaneous manufactured articles' (3.1%) and 'machinery and transport equipment' (2.6%).
- **Imports:** import prices were decreasing already for the fifth month, this time by 7.2% (-4.4% in July). The drop of the total y-o-y import price index came mainly from a 35.4% price decrease in 'mineral fuels, lubricants and related materials'. Among important sections price drops were recorded in 'crude materials, inedible, except fuels' by 13.7%, 'chemicals and related products' by 6.4% and 'manufactured goods classified chiefly by material' by 6.1%. Price increases were observed only in 'miscellaneous manufactured articles' (+2.0%), and 'machinery and transport equipment' (+1.3%).
- The **terms of trade** figures reached 104.8% in August (105.1% in July). Among sections important in terms of weight, higher values of the terms of trade figures were recorded for 'mineral fuels, lubricants and related materials' (127.1%), 'machinery and transport equipment' (101.3%) and 'miscellaneous manufactured articles' (101.1%). By contrast, negative values were registered in 'crude materials, inedible, except fuels' (91.1%), 'chemicals and related products' (96.0%) and 'food and live animals' (96.4%).

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 prices of transit both by 2.2 % and in the direction from the Czech republic (liabilities) they went down by 2.1 %.
- Price index of *international freight rail transport* (only for the Czech Republic) increased in import direction by 0.9 % and in export direction by 2.6 %. In transit price index decreased by 1.5 %.
- Prices of *international passenger air transport* decreased in the direction to the Czech Republic by 1.4 % and in the direction from the Czech Republic they went up by 0.5 %. Index of *freight air transport* decreased in the direction to the Czech Republic by 2.7 % 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 36.9 %, in the direction from the Czech Republic (liabilities) by 8.8 % and prices of transit by 36.8 %.
- Price index of *international freight rail transport* (only for the Czech Republic) increased in export direction by 7.5 % and in transit by 5.6 %. In import direction price index decreased by 0.4 %.
- Prices of *international passenger air transport* increased in the direction to the Czech Republic by 16.7 % 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 10.3 % 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.