

Prices

- **Consumer prices increased by 2.2%**

The average y-o-y inflation rate in Q1-Q3 2007 made 2.2% and was relatively low and stable. The above-average growth was reported for prices of electricity, net rentals, energy and fuels. From Q2 2007, the y-o-y growth rate of consumer prices in the CR measured by harmonised index reached the above-average position against the EU 27 where the trend component continued to move closely near 2%.

Significant changes in inflation pressures occurred in October and in November when consumer prices increased by 4%, and 5%, especially due to high growth of food prices.

- **Stopped growth of industrial producer prices**

The y-o-y growth of industrial producer prices in 2006 and 2007 accelerated and in Q3 2007 stopped near at 4%. Extremely high above-average growth rates of prices were reported for coal, lignite, peat, crude petroleum, electricity, gas and water. In Q3 2007 the y-o-y growth of industrial producer prices in the CR was almost twice as fast compared to the EU 27 average.

- **Continuing growth of agricultural producer prices**

Since 2006, the agricultural producer price index recorded a dynamic growth coming mainly from growing pressures on the price increase of crops related with the increasing technical use of crops and strong demand in some Asian countries.

- **Weakening of the terms of trade positive value**

Since Q4 2006, terms of trade showed positive values. In the observed period the highest values were reported for Q1 2007 (103.7 %). In other quarters the value decreased down to 102.4% in Q3 2007. The value of terms of trade was positively affected since mid-2006 by the mineral fuels external price development and markedly by strengthening of CZK especially against USD.