

Prices

- **Increased differences in price fluctuation in Q3**

The consumer price increase interannually by 1.7 % in 3 Qs 2005, out of which by 1.9 % in the Q3, was lower by 1.0 p.p. or 1,3 p.p. respectively in comparison with the previous year. The difference between slower growth in prices of goods (0.9 %) and faster growth in prices of services (3.5 %) increased in Q3 2005. It was significant for the Q3 that differences in fluctuations of particular prices grew (from price decrease of clothing and footwear by 5.4 % to price increase of postal services and telecommunications by 15.4 %). Price development in the main groupings and also in particular sections differed substantially and so prices of goods excluding seasonal grew by 1.9 % while prices of seasonal goods sank by 4.3 %. The total index excluding goods with administrative prices exhibited growth of 0.7 %, while prices of goods with administrative prices were higher by 5.0 %. The greatest changes occurred in the section of postal services and telecommunications; prices here declined by 2.5 % in Q1 (mobile phone operators) and increased by 15.4 % in Q3 (postal services). The prices of housing, water, energy and fuel (58.9 % out of the total), which grew by 4.1 % (out of which particularly prices of natural gas by 14.7 %), had the biggest influence on interannual consumer price increase in Q3. The increase in prices of postal services and telecommunications (21.4 % of the total) and transport prices (19.7 % of the total) pertains to further important impacts on the overall price level growth.

- **Lowering the price parity between plant and animal products**

Prices of agriculture producers sank interannually by 11.2 % in 3 Qs 2005 and the difference represents 23,0 p.p. in comparison with the last year increase. The decrease slowed down already a little in Q3 (8.8 %) reducing difference to 15.5 p.p. The above mentioned decline in 3Qs was solely caused by prices of plant products, which decreased by 32.8 %, out of which by "only" 21.6 % in Q3, for prices of animal products still grew by 3.9 %, declining only a little (by 1.6 %) in Q3. In the product composition, prices of cereals and potatoes influenced the price decline of plant products at most and prices of fat-stock did the same in the case of animal prices. Price parity between animal and plant products decreased gradually from 1. 824 in Q1 to 1.255 in Q3, while interannual changes of price levels were relatively low in case of animal products and considerable great in case of plant products.

- **Stable high increase of gas and energy prices**

Industrial product prices were interannually higher by 4.1 % in 3Qs, out of which by 1.3% in Q3, and their increase slowed down only by 07 p.p. and greatly (by 6.5 p.p.) respectively. Their growth accelerated still by 5.2 p.p. in Q1. While prices of raw materials, electricity, gas and water considerably grew and in the whole period were interannually permanently higher (round the average of 17.4 % and 7.2 %), the price growth in processing industry was lower (3.2 % for 3Qs), gradually slowed down markedly and stagnated in Q3. While price changes of some products in the given horizon were infinitesimal (e.g. in case of machinery and equipment grew by 3.3 % in Q1 and 2.6 % in Q3, in case of transport means declined by 2.4 % in Q1 and 2.1 % in Q3), prices of other products exhibited great variation in particular quarters (e.g. prices of basic metals, metallurgical and metal-working products grew by 26.2 % in Q1, while declined by 1.2 % in Q3 and prices of coke and refinery oil products grew by 31.9 % in Q1 while sank by 11.6 % in Q3. Within the main industrial groups, energy prices increased mostly (by 11.8 % in 3Qs), therefore the total price level excluding energy prices increased only by 2.3 %. The growth of intermediate products slowed down considerably (growth of 9.3 % in Q1 to decline of 2.5 % in Q3).

- **Effect of industrial producer prices on input prices**

In 3Qs, prices of construction works increased interannually by 3.1 %, out of which by 2.3 % in Q3, and their growth slowed down in the whole period, mostly in Q3, while it sped up still in Q1. The difference in development of particular kinds of construction works was tiny; prices grew faster in case of new constructions and reconstructions than of mending and maintenance (by 0.6 p.p.) and slightly more in case of building construction than in structural engineering (by 0.25 p.p.). The price growth of materials and products consumed in construction was at the same time greater in 3Qs than prices of performed works; however, as a result of the decline in industrial product prices and prices of imported intermediate products, the growth of input prices was already smaller in Q3 and slowed down considerably (8.0 % in Q1 and 0.8 % in Q3).

- **Speedup of growth of market services price**

Prices of market services increased interannually by 1.8 % in 3Qs 2005, out of which by 2.4 % in Q3, and their growth was moderately higher than in the previous year. It sped up gradually in the course of this year, which means a diverse development in comparison to other price areas (industry, construction). Fluctuations of market services prices were large, e.g. while state postal service prices grew by 13.9 %, prices of mobile phone services sank by 9.6 %. There was price growth in financial services (by 3.1 %), entrepreneurial services and services in the real estate area (by 1.8%).

- **Adverse terms of trade**

The characteristic feature of the development of foreign trade prices in 3Qs was that prices of exports declined gradually and of imports increased (while CZK to currencies, in which the trade was carried out, strengthened). Export as well as import cheapened in the whole period. In 3Qs 2005, export prices declined by 1.0 % interannually and import prices only by a little (0.1%); in Q3, export prices declined by 2.4 % and import prices increased by 0.6 %. Terms of trade worsened by 0.9 % and 3.0 % respectively. The cheaper machinery and transport-means (decline by 4.5 % in 3Qs and by 3.4 % in Q3) and cheaper chemicals influenced mostly the decline of export prices in Q3. At the same time, mineral fuels and lubricants cost more, even though the gradual price rise slowed down (19.6 % and 15.8 % respectively). In case of imports, price fluctuations were similar; machinery and transport-means prices sank roughly in the same way (4.6 % and 3.5 % respectively) and prices of mineral fuels and lubricants grew more (26.2 % and 33.9 % respectively); terms of trade in this group sank, therefore, by 5.2 % and by huge 13.5 % respectively.