Short commentary

External trade - October 2009

According to preliminary data, seasonally adjusted exports rose by 0.2% while imports fell by 2.8%, **compared with September 2009**. The development trend in exports remained on the September 2009 level and imports trend showed a decrease by 1.2%.

Compared with October 2008, exports and imports at current prices were down by 11.2% (CZK –24.5 bn) and 21.1% (CZK –47.2 bn), respectively. External trade turnover (CZK 370.7) has reached the highest this year monthly value so far (but in comparison to October 2008 by CZK 71.7 bn lower). Due to depreciation of the *koruna* against euro and appreciation against US dollar, external trade decreased markedly in euros (exports –14.8%, imports –24.3%) than in US dollars (exports –5.4%, imports –15.9%). October 2009 had the one working day less than October 2008.

The trade balance ended in a surplus of CZK 17.5 bn which was against October 2008 (deficit of CZK 5.2 bn) improvement of CZK 22.7 bn and the highest year-on-year change of trade balance in the Czech Republic history. October balance was until the year 2004 in the red; in 2005 – 2007 it showed positive figures. All SITC sections contributed to the trade surplus improvement, the most significant share came from ‘mineral fuels, lubricants and related materials’ (deficit down by CZK 10.0 bn) and ‘machinery and transport equipment’ (surplus up by CZK 5.2 bn). Surplus also rose in 'miscellaneous manufactured articles’ by CZK 2.2 bn and ‘manufactured goods classified chiefly by material’ by CZK 0.8 bn. Improvements were recorded in trade in ‘crude materials, inedible, except fuels’ (by CZK 1.9 bn) and ‘beverages and tobacco’ (by CZK 0.2 bn) as deficit turned into a surplus; trade deficit in ‘food and live animals’ fell by CZK 0.2 bn.

Total exports of ‘machinery and transport equipment’ were down by 11.3% (CZK –13.1 bn). The biggest drops occurred in ‘office machines, automatic data-processing machines’ and 'telecommunications and sound-recording equipment’ (both by CZK –4.4 bn). A growth of exports was registered only in ‘road vehicles’ (CZK +4.5 bn). Total imports of ‘machinery and transport equipment’ fell by 19.8% (CZK –18.3 bn). Imports fell in 'telecommunications and sound-recording equipment’ (CZK –5.0 bn), ‘office machines, automatic data-processing machines’ (CZK –3.6 bn) and ‘machinery specialized for particular industries’ (CZK –2.8 bn). An increase in surplus in ‘road vehicles’ by CZK 6.4 bn had the main effect on the growth of ‘machinery and transport equipment’ trade balance. A decrease in exports of ‘mineral fuels, lubricants and related materials’ by 38.2% (CZK –9.5 bn) was mainly due to lower imports of crude petroleum (–52.2% in value, –25.1% in volume). Imports of natural gas dropped by 44.4% in value and rose by 5.6% in volume.

The trade balance with EU member states was active by CZK 49.1 bn (surplus up by CZK 6.0 bn compared with September 2008) and the trade balance with non-EU countries was passive by CZK 31.6 bn (deficit improved by CZK 16.7 bn year–on–year). Trade gap narrowed in trade with China (by CZK 5.8 bn), the Russian Federation (by CZK 4.5 bn), Japan (by CZK 3.2 bn) and Norway (by CZK 2.1 bn). Surplus rose in trade with Germany (by CZK 4.1 bn), the Netherlands (by CZK 1.5 bn) and Spain (by CZK 1.0 bn). Balance deteriorated in trade with Poland (by CZK 1.8 bn), Romania (by CZK 1.2 bn) and Slovakia (by CZK 0.1 bn) as surplus turned into a deficit.

In the **twelve months to October 2009**, compared with the previous twelve months, exports and imports were down by 16.5% and 18.7% respectively. The trade balance reached a surplus of CZK 125.7 bn, which was by CZK 38.5 bn higher. A long-term balance results were favourably influenced by decreases of deficit in ‘mineral fuels lubricants and related materials’ (by CZK –47.4 bn) and ‘chemicals and related products’ (by CZK –14.1 bn); and increases in surplus in trade in ‘manufactured goods classified chiefly by material’ (by CZK 17.6 bn), ‘crude materials, inedible, except fuels’ (by CZK 5.9 bn) and 'beverages and tobacco’ (by CZK 0.9 bn). Balance was negatively affected by decreases in surplus in ‘machinery and transport equipment’ (by CZK 36.4 bn) and ‘manufactured goods classified chiefly by material’ (by CZK 7.6 bn) and a growth of deficit in trade in ‘food and live animals’ (by CZK 2.1 bn) and ‘animal and vegetable oils, fats and waxes’ (by CZK 1.5 bn).

Trade surplus with EU member states was down by CZK 20.0 bn and trade gap with non-EU countries was by CZK 58.5 bn lower. Surplus rose with Germany (by CZK 52.2 bn); deficit decreased in trade with the Russian Federation (by CZK 21.6 bn), Japan (by CZK 17.6), China (by CZK 17.4) and Azerbaijan (by CZK 11.5 bn). On the other hand, surplus fell in trade with Poland by (CZK 16.8 bn), Romania (by CZK 12.0 bn), Belgium (by CZK 7.9 bn), Sweden (by CZK 7.6 bn), Italy and Slovakia (both by CZK 5.6 bn). Balance deteriorated with Norway (by CZK 8.7 bn) as surplus turned into a deficit.

In **January-October 2009** exports and imports fell by 16.8% and 20.3%, respectively. The trade surplus stood at CZK 135.8 billion and grew by CZK 58.4 billion in comparison with January-October 2008.

The CZSO has carried out the regular quarterly update. According to the updated figures, the trade balance surplus decreased by CZK 1.1 billion to CZK 32.3 billion in **the first quarter of 2009**, rose by CZK 3.0 billion to CZK 46.7 billion in **the second quarter of 2009** and fell by CZK 1.3 billion to CZK 39.3 billion in **the third quarter of 2009**. As a result, the trade balance surplus increased by CZK 0.6 billion to CZK 118.4 billion in **the 1st–3rd quarters of 2009**.

According to the CZSO’s sources, the data were reported by 98.5% of firms (goods dispatched) and 98.5% of firms (goods arrived) among the companies obliged to report to the Intrastat system.

Data for companies exempted from the reporting duty according to amended Decree No 201/2005 Coll. and for companies that failed to report have been imputed. The imputation methods are based on data that the companies reported in the previous period and data from the VAT returns.