

COMMENTARY

Trend in March 2009

A. Export and import price indices for goods

Month-on-month comparison:

- **Exports:** export prices decreased by 4.3% in March (+3.7% in February), especially due to notable 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 3.9% price drop in 'machinery and transport equipment'. Price drops were recorded also for all observed sections. The biggest price decreases were observed in 'mineral fuels' (-10.8%), 'crude materials, inedible, except fuels' (-5.1%), 'manufactured goods, classified chiefly by material' (-4.8%) and 'chemicals' (-4.7%).
- **Imports:** Import prices decreased by 4.3% (+3.3% in February). Decrease of the total m-o-m import price index was driven mainly by a 4.4% drop in prices of 'machinery and transport equipment'. Significant price drops were recorded for 'mineral fuels' (-8.7%), 'crude materials, inedible, except fuels' (-4.8%), and 'miscellaneous manufactured articles' (-3.9%). Prices were falling also in all other observed sections.
- The **terms of trade** figures slightly decreased to 100.0% in March (100.4% in February). Significant positive terms of trade figures were recorded for 'miscellaneous manufactured articles' (100.8%), 'machinery and transport equipment' (100.5%), and 'food and live animals' (100.3%). By contrast, the lowest values among important sections were recorded for 'mineral fuels' (97.7%), 'manufactured goods classified chiefly by material' (98.4%), and 'chemicals' (98.7%).

Year-on-year comparison:

- **Exports:** export prices increased by 4.0% in March (+8.3% in February). Among important sections higher were prices in 'manufactured goods classified chiefly by materials' by 7.4%, 'miscellaneous manufactured articles' by 7.2% and prices in 'machinery and transport equipment' grew by 6.4%. By contrast, more marked price drops were recorded for 'crude materials, inedible, except fuels' (-23.0%) and 'food and live animals' (-10.5%).
- **Imports:** the growth rate of import prices slowed down to show only a 0.4% increase (+4.5% in February). The growth of the total y-o-y import price index was mainly affected by a 5.2% price increase in 'machinery and transport equipment'. Among sections important in terms of weight, the biggest price growths were recorded in 'crude materials, inedible, except fuels' (+15.9%) and 'miscellaneous manufactured articles' (+8.3%). The biggest price decreases were observed in 'mineral fuels, lubricants and related material' (-21.4 %) and 'chemicals' (-1.9%).
- The **terms of trade** figures reached 103.6% in March (in February also 103.6%). Higher values of the terms of trade figures were recorded for 'mineral fuels, lubricants and related materials' (122.4%) and 'manufactured goods classified chiefly by material' (107.9%). The terms of trade figures of 'machinery and transport equipment' stood at 101.1%. By contrast, negative values were recorded for 'crude materials, inedible, except fuels' (66.4%) and 'food and live animals' (85.8%).

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 decreased identically by 1.1 %.
- Price index of *international freight rail transport* (only for the Czech Republic) decreased in export direction and in transit both by 2.7 %. In import direction went down by 1.8 %.
- Prices of *international passenger air transport* increased in the direction to the Czech Republic by 3.4 % and in the direction from the Czech Republic they decreased by 1.4 %. Index of *fright air transport* increased in the direction to the Czech Republic by 3.7 % 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 40.2 %, in the direction from the Czech Republic (liabilities) by 11.3 % and prices of transit by 40.0 %.
- Price index of *international freight rail transport* (only for the Czech Republic) increased in export direction by 7.7 % and in transit by 9.7 %. In import direction price index decreased by 1.8%.
- Prices of *international passenger air transport* increased in the direction to the Czech Republic by 21.0 % and by 4.8 % in the direction from the Czech Republic. Prices of *fright air transport* increased in the direction to the Czech Republic by 16.8 % and in the direction from the Czech Republic by 1.3 %.
- Prices of *external banking services* did not change in year-on-year comparison.