

## COMMENTARY

### Trend in September 2009

#### A. Export and import price indices

##### Month-on-month comparison:

- **Exports:** export prices decreased by 1.0% (-0.5% in August), 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 1.5% price drop in 'machinery and transport equipment'. The prices of 'manufactured goods classified chiefly by material' and 'miscellaneous manufactured articles' dropped both by 0.9%. Among important sections the prices grew in 'crude materials, inedible, except fuels' by 3.0%, in 'chemicals and related products, n.e.s.' and in 'mineral fuels, lubricants and related materials', both by 0.1%
- **Imports:** import prices dropped by 1.3% (-0.6% in August). Decrease of the total m-o-m import price index was driven mainly by a 5.5% drop in prices of 'mineral fuels, lubricants and related materials'. The prices of 'crude materials, inedible, except fuels' and 'food and live animals' dropped by 4.2% and 1.5%, respectively. The prices in 'chemicals and related products, n.e.s.', 'machinery and transport equipment' and 'miscellaneous manufactured articles' dropped all by 0.9%. The price growth was only registered in 'beverages and tobacco' (+1.6%).
- The **terms of trade** figures remained in positive values for the third month increasing slightly to 100.3% (100.1% in August). Higher positive values were recorded for 'crude materials, inedible, except fuels' (107.5%), 'mineral fuels, lubricants and related materials' (105.9%) and 'chemicals and related products' (101.0%). Negative terms of trade figures, among sections important in terms of weight, were registered in 'machinery and transport equipment' (99.4%) and 'manufactured goods classified chiefly by materials' (99.7%).

##### Year-on-year comparison:

- **Exports:** export prices decreased for the second month in a row, this time by 4.3% (-2.7% in August). Change of the total y-o-y export price index was mainly affected by a 9.6% price drop in 'manufactured goods classified chiefly by material'. More marked price drops were recorded in 'mineral fuels, lubricants and related materials' (-19.8%), 'crude materials, inedible, except fuels' (-13.7%) and 'chemicals and related products' (-10.8%). Price growths were reported only for 'miscellaneous manufactured articles' (+1.1%) and 'machinery and transport equipment' (+0.6%).
- **Imports:** import prices speeded up their fall to decrease by 9.3%, which was the biggest price drop since September 2002 (-7.2% in August). The change of the total y-o-y import price index came mainly from a 37.7% price drop in 'mineral fuels, lubricants and related materials'. Among important sections price drops were recorded in 'crude materials, inedible, except fuels' (-20.4%), 'chemicals and related products' (-8.1%) and 'manufactured goods classified chiefly by material' (-7.9%). Prices in 'miscellaneous manufactured articles' showed no changes. No price increase was reported for any group.
- The **terms of trade** figures reached 105.5% in September (104.8% in August) to show the highest value since November 2001. Among sections important in terms of weight, higher values of the terms of trade figures were recorded for 'mineral fuels, lubricants and related materials' (128.7%), 'crude materials, inedible, except fuels' (108.4%), 'machinery and transport equipment' (101.9%) and 'miscellaneous manufactured articles' (101.1%). By contrast, negative values were registered in 'chemicals and related products' (97.1%) and 'manufactured goods classified chiefly by materials' (98.2%).

## **B. Price indices for international transport and banking services**

### **Month-on-month comparison:**

- Prices of *international passenger rail transport* did not change.
- Price index of *international freight rail transport* (only for the Czech Republic) decreased in import direction by 1.6 % and in export direction by 2.2 % and in transit price index went down by 0.5 %.
- Prices of *international passenger air transport* decreased in the direction to the Czech Republic by 3.9 % and in the direction from the Czech Republic by 2.3 %. Index of *freight air transport* decreased in the direction to the Czech Republic by 0.9 % 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 34.2 %, in the direction from the Czech Republic (liabilities) by 6.7 % and prices of transit by 34.1 %.
- Price index of *international freight rail transport* (only for the Czech Republic) increased in export direction by 6.0 % and in transit by 3.5 %. In import direction price index decreased by 3.1 %.
- Prices of *international passenger air transport* increased in the direction to the Czech Republic by 4.9 % and in the direction from the Czech Republic they went down by 1.0 %. Prices of *freight air transport* in the direction to the Czech Republic went up by 1.6 % 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.