

## Commentary

### Trends in 2018

For the whole year 2018, annual **export prices** fell by 0.3%, y-o-y (they fell by 0.1% in 2017) and **import prices** decreased by 0.7%, y-o-y (they increased by 0.9% in 2017).

- **Export prices** fell in 'machinery and transport equipment' and in 'miscellaneous manufactured articles' by 1.7% and 1.5%, respectively. Price growths were registered in 'mineral fuels, lubricants and related materials' and in 'manufactured goods classified chiefly by material' by 7.6% and 2.6%, respectively.
- **Import prices** especially dropped in 'crude materials, inedible, except fuels' by 5.6%. Then, import prices in 'miscellaneous manufactured articles' and in 'machinery and transport equipment' declined by 3.3% and 3.1%, respectively. The highest price growth was registered in 'mineral fuels, lubricants and related materials' by 16.8%.
- In 2018 the **terms of trade** reached the total value of 100.4% (they stayed at 99.0% in 2017).

### Trend in December 2018

#### Month-on-month comparison

- **Exports:** export prices decreased by 0.5%, month-on-month (m-o-m) in December 2018. The trend in the monthly export price index was essentially affected by a decline in prices of 'mineral fuels, lubricants, and related products' by 8.2%. Prices also fell in 'chemicals and related products' and 'machinery and transport equipment' by 1.6% and 0.2%, respectively. Prices in 'crude materials, inedible, except fuels' increased by 0.6%. Prices of 'manufactured goods classified chiefly by material' did not change.
- **Imports:** import prices fell by 1.3%, m-o-m, in December 2018. The greatest effect on an overall decline in the monthly import price index was brought mainly by a decrease in 'mineral fuels, lubricants, and related products' by 10.5%. Prices in 'manufactured goods classified chiefly by material' decreased by 0.8%; prices of both 'chemicals and related products' and 'miscellaneous manufactured articles' decreased identically by 0.7%. The only prices that grew were those of 'crude materials, inedible, except fuels' by 1.1%.
- The **terms of trade** increased to reach the value of 100.8%. Positive values of the terms of trade were reached in 'mineral fuels, lubricants, and related products' (102.6%), 'miscellaneous manufactured articles' (100.8%), and in 'manufactured goods classified chiefly by material' (100.8%). Conversely, negative values of the terms of trade were reached in 'chemicals and related products' (99.1%) and in 'crude materials, inedible, except fuels' (99.5%).

#### Year-on-year comparison

- **Exports:** export prices grew by 3.1%, year-on-year (y-o-y) (in November 2018 they increased by 4.0%). An increase in the prices of 'manufactured goods classified chiefly by material' by 5.5% exerted a significant effect on the development in the annual export price index. Highest price

increases were recorded in the group of 'mineral fuels, lubricants, and related products' by 8.4%, especially in electricity prices. Prices grew in 'miscellaneous manufactured articles', 'crude materials, inedible, except fuels', and 'machinery and transport equipment' by 3.8%, 3.2%, and 1.9%, respectively. No price drop was recorded in any of the monitored groups.

- **Imports:** import prices increased by 2.4%, y-o-y (they rose by 4.2% in November 2018). A growth in prices for 'machinery and transport equipment' by 1.8% had the strongest effect on the growth of the annual import price index. The biggest price growth was recorded in 'mineral fuels, lubricants, and related products' by 8.9%, especially in electricity prices. Prices in 'chemicals and related products' and in 'manufactured goods classified chiefly by material' grew by 5.2% and 1.5%, respectively. The only prices that fell were those for 'food and live animals' by 1.9%.
- The **terms of trade** increased to reach the value of 100.7% (they stayed at 99.8% in November 2018) and moved into positive values after a six-month period. Positive values of the terms of trade were recorded for 'manufactured goods classified chiefly by material' (103.9%), 'miscellaneous manufactured articles' (103.6%), and for 'machinery and transport equipment' (100.1%). Out of the important groups of goods negative values of the terms of trade were reached especially for 'crude materials, inedible, except fuels' (95.6%), 'chemicals and related products' (96.5%), and for 'mineral fuels, lubricants, and related products' (99.5%).