

Commentary

External trade - July 2010

According to preliminary data, seasonally adjusted exports and imports grew by 4.2% and 0.9% respectively **compared with June 2010**. The development trend shows increasing exports (+2.8%) and imports (+2.1%).

Year-on-year, exports and imports at current prices rose by 16.0% (CZK +27.6 bn) and 20.5% (CZK +32.9 bn) respectively. Imports growth rate have been surpassing exports growth rate for the fifth successive month. Due to appreciation CZK/EUR by 1.9% in average and depreciation of CZK/USD by 7.6% in average, exports and imports expressed in euro increased by 18.2% and 22.8% respectively, and exports and imports valued in US dollars were up by 7.2% and 11.4% respectively. July 2010 had two working days less than July 2009.

The external trade balance ended in a surplus of CZK 6.3 bn, which was by CZK 5.4 bn less in comparison to July 2009. July trade balances have been continuously positive since 2008; surplus was the largest in July 2009 (CZK +11.7 bn). A deterioration of trade balance was recorded mainly in 'mineral fuels, lubricants and related products' (deficit up by CZK 5.0 bn). Surplus shrank in 'manufactured goods classified chiefly by material' (by CZK 0.8 bn), 'crude material inedible, except fuels' (by CZK 0.4 bn) and 'manufactured goods classified chiefly by material' (by CZK 0.2 bn). The trade balance improved in 'machinery and transport equipment' (surplus up by CZK 0.8 bn) and 'chemicals and related products' (deficit down by CZK 0.4 bn). Balance of trade in 'food and live animals' (a deficit of CZK 3.1 bn) and 'beverages and tobacco' (a surplus of CZK 0.3 bn) has remained at the same level as in July 2009.

Total 'machinery and transport equipment' exports went up by 19.1% (CZK +17.0 bn) year-on-year. The biggest increases were observed in exports of 'office machines and automatic data-processing machines' (CZK +4.3 bn), 'electrical machinery, apparatus and appliances' (CZK +3.9 bn) and 'general industrial machinery and equipment' (CZK +3.6 bn). Total 'machinery and transport equipment' imports rose by 25.3% (CZK +16.2 bn). The largest imports increases were posted in 'electrical machinery, apparatus and appliances' (CZK +6.9 bn), 'office machines and automatic data-processing machines' (CZK +5.9 bn) and 'telecommunications and sound-recording equipment' (CZK +2.7 bn). Exports of 'road vehicles' were up by 7.2% (CZK +1.9 bn) and imports of 'road vehicles' increased only by 0.8% (CZK +0.1 bn) year-on-year. 'Mineral fuels, lubricants and related materials' imports grew by 43.9% (CZK +6.0 bn) year-on-year mainly due to higher exports of natural gas (+80.0% in value, +33.9% in volume) and crude petroleum (+44.8% in value, +13.6% in volume).

The trade balance with EU member states reached a surplus of CZK 45.6 bn, which was by CZK 10.8 bn higher year-on-year. Trade gap with non-EU countries widened by CZK 16.2 bn to CZK 39.3 bn. Deficit grew in trade with China (by CZK 9.4 bn), Azerbaijan (by CZK 2.2 bn) Korea (by CZK 1.2 bn) and Russia (by CZK 1.1 bn). Surplus was higher in trade with Germany (by CZK 4.3 bn), France (by CZK 1.6 bn), Slovakia (by CZK 1.3 bn) and the United Kingdom (by CZK 0.9 bn).

In the **twelve months to July 2010**, compared with the previous twelve months, exports and imports grew by 5.9% and 3.3% respectively. Trade balance showed a surplus of CZK 147.9 bn, which was by CZK 61.4 bn higher. Increases of surplus were recorded in trade in 'machinery and transport equipment' (CZK +28.9 bn), 'miscellaneous manufactured articles' (CZK +16.9 bn), and 'crude materials, inedible, except fuels' (CZK +7.9 bn). Deficits narrowed in trade in 'mineral fuels, lubricants and related materials' (by CZK 7.2 bn), 'chemicals and related products' (by CZK 5.0 bn) and 'animal and vegetable oils, fats and waxes' (by CZK 1.8 bn). Balance deteriorated in trade in 'food and live animals' (deficit up by CZK 3.2 bn), 'manufactured goods classified chiefly by material' (surplus down by CZK 3.1 bn) and 'beverages and tobacco' (surplus down by CZK 0.1 bn).

Trade surplus with EU member states rose by CZK 71.5 bn to CZK 542.8 bn and trade gap with non-EU countries was by CZK 10.1 bn lower amounting to CZK 394.9 bn, over last twelve months. Surplus was up in trade with France (by CZK 16.1 bn), Germany (by CZK 14.0 bn), Italy (by CZK 13.4 bn), the United Kingdom (by CZK 12.5 bn), Spain (by CZK 12.3 bn), Slovakia (by CZK 5.5 bn); deficit declined in trade with Russia (by CZK 2.2 bn). Balance deteriorated in trade with Poland (by CZK 10.9 bn) as surplus turned into a deficit; trade gap increased in trade with China (by CZK 20.0 bn) and Thailand (by CZK 7.1 bn).

In **January-July 2010**, exports and imports rose by 14.9% and 16.2% respectively. The trade surplus was down by CZK 1.7 bn reaching CZK 88.3 bn year-on-year.

The **final 2009 data** show that year-on-year exports and imports increased by 13.5% to CZK 2 138.6 bn and 17.3% to CZK 1 989.0 bn respectively. The trade balance for the year 2009 ended in a surplus of CZK 149.6 bn against CZK 67.2 bn in 2008.

According to the CZSO's sources, the data were reported by 97.8% of firms (goods dispatched) and 98.0% 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.