

## Commentary

### External trade - May 2010

According to preliminary data, seasonally adjusted exports and imports grew by 1.9% and 3.8% respectively **compared with April 2010**. The development trend shows increasing exports (+0.8%) and imports (+1,0%).

**Year-on-year**, exports and imports at current prices rose by 24.4% (CZK +40.4 bn) and 25.9% (CZK +39.8 bn) respectively. In May 2010, results were influenced by the higher number of working days (May 2010 had two working days more than May 2009) and by a low comparative base of May 2009 (the third lowest monthly turnover in 2009). Appreciation of the Czech koruna against the euro and depreciation against the US dollar resulted in a faster growth of external trade in EUR (exports +29.6% and imports +31.2%) and its slower growth in terms of USD (exports +19.2% and imports +20.6%) than the external trade valued in CZK.

The balance of trade ended in a surplus of CZK 12.3 bn, which was by CZK 0.6 bn more in comparison to May 2009. Trade balances in May have been continuously positive since 2004. Deficits widened in trade in 'mineral fuels, lubricants and related products' (by CZK 4.7 bn) and 'chemicals and related products' (by CZK 0.5 bn); surpluses dropped in trade in 'manufactured goods classified chiefly by material' by (CZK 0.2 bn) and 'beverages and tobacco' (by CZK 0.1 bn). Surplus increases were recorded in 'machinery and transport equipment' (by CZK 4.1 bn), 'crude materials, inedible, except fuels' (by CZK 1.1 bn) and 'miscellaneous manufactured articles' (by CZK 0.6 bn). Deficit narrowed in trade in 'food and live animals' and 'animal and vegetable oils, fats and waxes' (both by CZK 0.2 bn).

Total 'machinery and transport equipment' exports rose by 25.8% (CZK +22.7 bn), of which the largest gains were registered in exports of road vehicles (CZK +8.5 bn), electrical machinery, apparatus and appliances (CZK +5.5 bn) and 'general industrial machinery and equipment' (CZK +2.9 bn). Total 'machinery and transport equipment' imports were up by 29.3% (CZK +18.6 bn). Increases in imports were observed mainly in electrical machinery, apparatus and appliances (CZK +6.0 bn), office machines and automatic data-processing machines (CZK +5.3 bn) and telecommunications and sound-recording equipment (CZK +4.4 bn). 'Mineral fuels, lubricants and related materials' imports rose by 51.3% (CZK +6.5 bn) year-on-year mainly due to higher exports of crude petroleum (+77.4% in value, +13.9% in volume) and natural gas (102.3% in value, 114.1% in volume).

The trade balance with EU member states yielded a surplus of CZK 51.3 bn, which was by CZK 16.7 bn higher year-on-year. Trade gap with non-EU countries widened to CZK 39.0 bn from CZK 22.8 bn in May 2009. Surplus rose in trade with Germany (by CZK 3.9 bn), France (by CZK 2.8 bn), United Kingdom (by CZK 2.0 bn), Spain (by CZK 1.9 bn) and Slovakia (by CZK 1.7 bn). Deficit deepened in trade with China (by CZK 7.6 bn), Russia (by CZK 3.4 bn), Azerbaijan (by CZK 1.4 bn) and Thailand (by CZK 1.1 bn).

In the **twelve months to May 2010**, compared with the previous twelve months, exports and imports fell by 0.1% and 4.2% respectively. Trade balance gave a surplus of CZK 166.9 bn, which was by CZK 90.5 bn higher. Trade balance improved in 'mineral fuels, lubricants and related materials' (deficit down by CZK 29.7 bn), 'machinery and transport equipment' (surplus up by CZK 28.9 bn), 'miscellaneous manufactured articles' (surplus up by CZK 15.9 bn), 'crude materials, inedible, except fuels' (surplus up by CZK 10.8 bn), 'chemicals and related products' (deficit down by CZK 5.6 bn), 'animal and vegetable oils, fats and waxes' (deficit down by CZK 0.9 bn) and 'beverages and tobacco' (surplus up by CZK 0.5 bn). On the other hand, deficit increased in trade in 'food and live animals' by CZK 2.2 bn; and surplus fell in trade in 'manufactured goods classified chiefly by material' by CZK 0.2 bn.

Trade surplus with EU member states rose by CZK 42.2 bn and trade gap with non-EU countries was by CZK 48.3 bn lower, over last twelve months. Deficit dropped in trade with Japan (by CZK 14.6 bn), Russia (by CZK 12.8 bn), Azerbaijan (by CZK 6.1 bn) and China (by CZK 2.4 bn). Surplus rose in trade with France (by CZK 12.9 bn), Germany (by CZK 12.5 bn), Italy (by CZK 12.2 bn), United Kingdom (by CZK 10.7 bn), Spain (by CZK 10.4 bn) and Slovakia (by CZK 2.1 bn). Balance deteriorated in trade with Poland (by CZK 15.7 bn) as surplus turned into a deficit; and surplus in trade with the Netherlands and Romania showed decreases by CZK 5.0 bn and CZK 4.6 bn respectively.

In **January-May 2010**, exports and imports rose by 14.1% and 13.2% respectively. The trade surplus was up by CZK 15.2 bn amounting to CZK 74.7 bn year-on-year.

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According to the CZSO's sources, the data were reported by 98.3% of firms (goods dispatched) and 98.4% 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.