METHODICAL NOTES

Since January 2013, **price indices of market services** are calculated on the new weighting scheme based on the structure of sales in 2011. The newly calculated indices (based on the average of 2011 which means 100) are chained to the existing price indices based on the average of 2005 = 100.

The indices are derived from prices of the samples of representatives and selected reporting units by aggregating simple price indices of the representatives into totals using the Laspeyres formula in a modified form. The calculation uses constant weights of the basic period (i.e. structure of annual sales, earnings, etc.).

$$I_{1/0} = \frac{\sum \frac{p_1}{p_0} p_0 q_0}{\sum p_0 q_0} * 100$$

p_1 - the price in the reference period,
p_0 - the price in the base period,
$p_0 q_0$ - the constant weight - the value indicator of the base period (sales, yields, etc.).

Prices of services designed solely for the domestic market (for the business sphere) are the subject of statistical survey. Surveyed prices are mainly realization contract prices, or in some cases, prices from price lists, which are adjusted from the value added tax.

The overall price index of market services sector

The overall price index of market services in the business sector is composed of the following sub-price indices of selected services which are **classified into sections and divisions according to the classification of product by activity CZ-CPA**:

H	49	Land transport services and transport services via pipelines
	50	Water transport services
	52	Warehousing and support services for transportation
	53	Postal and courier services
J	58	Publishing services
	61	Telecommunication services
	62	Computer programming, consultancy and related services
	63	Information services
K	64	Financial services except insurance and pension funding
	65	Insurance, reinsurance and pension funding except compulsory social security
L	68	Real estate services
M	69	Law and accounting services
	71	Architectural and engineering services, technical testing and analysis
	73	Advertising and market research services
	74	Other professional, scientific and technical services
N	77	Rental and leasing services
	78	Employment services
	80	Security and investigation services
	81	Services to buildings and landscape
	82	Office administrative, office support and other business support services

The annual structure of 2011 sales for individually published group of services stands for constant weight of indices. The weighting scheme includes only those groups of services which can be covered by a price survey and appropriately represent a relevant division above mentioned.

The methodology of selected sub-indices

Land transport services and transport services via pipelines

The price index of freight transport services has been calculated since December 1993 on a monthly base containing price indices of freight railway transport (CZ-CPA group 49.2) and freight transport services by road (CZ-CPA class 49.41). The price index of freight transport services by road has the dominant weight.

The methodology of survey of contract prices for freight railway transport is different from other groups of freight transport because Czech Railways (ČD) has a legal duty to declare the Tariff for Transport of Complete Wagon Loads which serves as supply prices for a negotiation of free contract prices. If the railways disagree with the carrier on the different price from the supply price, this agreed price is considered as the contract price. The methodology for calculation of the average contract price for surveyed representatives was proposed with the staff of the Czech Railways company.

Telecommunications services price index

Prices for telecommunication services are observed in two groups since January 2005. These two mentioned groups concern wired telecommunications services (group 61.1) and wireless telecommunications services (group 61.2). Regarding weights the group 'wireless telecommunications services' are more significant. There are observed prices for a transmission of data and messages, a rent of telecommunications circuits or transmitters and internet services in both groups.

Computer programming and consultancy price index

The price index of computer programming and consultancy is calculated since 1996. Within this price index, computer programming services (class 62.01) and computer consulting services (class 62.02) are surveyed. Regarding weights the class 'computer programming services' is more significant.

Financial services price index

Since December 1993, the price index of financial services monthly calculated is on based on data surveys conducted among selected respondents of financial intermediation from the banking sector sphere and also among selected respondents of other financial intermediation provided financial leasing. The selection of representatives is regularly consulted with respondents from the banking sector and large leasing companies.

The price for providing leasing is defined as a leasing coefficient. Just prices without value added tax are radically used for the calculation of the leasing coefficient.

Insurance services price index

Since December 1993, the price index for insurance services monthly calculated is based on price surveys conducted among selected respondents and exclusively focused on the field of insurance in the business sphere. The price index in question includes passenger and utility motor vehicle insurance services (category 65.12.2), fire damage to property insurance services (subcategory 65.12.41), theft insurance services (subcategory 65.12.42) divided into an area of craft, trade and services, and agricultural production insurance services in the field of crop and animal production (subcategory 65.12.43).

Concerning the damage to property instance services, the selection of representatives from the sphere of small and medium risks was chosen on the basis of recommendation of the Czech Insurance Association. The kind of the most often incident insurance in the given field was always chosen to selected representatives.

An insurance premium which is calculated from the insurance company rate (in% or ‰) and the premium amount of an insured property is considered as the price by individual representatives. Therefore, an inflation increase outside the insurance sector contributes to a large extent to price growth in the insurance industry.

Real estate services price index

Since December 1993, the price index of real estate services is monthly calculated. Prices are surveyed separately for the rental and management services of own or leased real estate (group 68.2) and real estate services on a fee or contract basis (group 68.3). Regarding weights the group 'rental and management services of own or leased real estate' is markedly more significant.

Prices for rental services of own real estates include a net monthly rent without other services (for instance a payment for heat, light, water, telephone charges, etc.). During data collection the categories of leased premises and the types of localities are taken into account.

Architectural and engineering services price index

Since December 1993, prices of architectural and engineering services have been surveyed in distribution of architectural services (class 71.11) and engineering services (class 71.12). The class 'architectural services' has a higher weight.

Architectural services for buildings and urban and land planning services are selected as representatives of architectural services.

Within engineering services there are surveyed prices for project management services for construction projects and surface surveying services.

Advertising and market research services price index

The statistical survey of prices for advertising services (group 73.1) is carried out since December 1993 and market research and public opinion polling services (group 73.2) since January 2005. Regarding weights the group 'advertising services' is markedly more significant.

The advertising services are represented by prices for advertising in various media with a dominant share in TV. In 2005, prices for advertising on the Internet were included in the statistical survey.

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Since January 1998, '**Average prices of selected business services**' are quarterly published. In the list of selected services there are only representatives whose average prices are guaranteed by a reliable sample of respondents.