December 18, 2017

Annual terms of trade improved for the first time in twelve months

Export and import price indices – October 2017

In October 2017, export prices decreased by 0.6%, import prices fell 0.5%, the terms of trade figures reached 99.9%, month-on-month. Export prices dropped 1.7%, import prices declined 2.2%, the terms of trade reached 100.5%, year-on-year.

# Month-on-month comparison:

**Exports:** export prices declined 0.6% in October (+0.1% in September). The change of the total
m-o-m export price index was led mainly by a 0.8% price decrease in ‘machinery and transport equipment’. Biggest price drop was registered in ‘food and live animals’ (-1.2%), ‘miscellaneous manufactured articles’ (-1.1%), and ‘manufactured goods classified chiefly by material’ (-1.0%). Prices rose only in ‘mineral fuels, lubricants and related materials’ (+1.9%, mainly coal).

**Imports:** import prices decreased by 0.5% in October following a 0.3% advance in September.
The change of the total m-o-m import price index was driven mainly by a 0.7% price drop
in ‘machinery and transport equipment’. Prices in ‘crude materials, inedible, except fuels’ declined 1.4%, ‘food and live animals’ dropped 1.2%, and ‘manufactured goods classified chiefly by material’ prices fell 0.5%. Only price growth was recorded in ‘mineral fuels, lubricants and related materials’ (+0.9%).

The **terms of trade** increased to the value of 99.9% (99.8% in September), nevertheless they were still worsening. Negative values of terms of trade were reached in ‘miscellaneous manufactured articles’ (99.3%), ‘manufactured goods classified chiefly by material’ (99.5%), and ‘machinery and transport equipment’ (99.9%). Significant positive values of terms of trade were reached by prices of ‘crude materials, inedible, except fuels’ and ‘mineral fuels, lubricants and related materials’ (101.0% for both of them).

# Year-on-year comparison:

**Exports:** mainly due to strengthening of koruna against euro and U.S. dollar export prices fell 1.7% (-0.9% in September). A 3.7% price decline in ‘machinery and transport equipment’ contributed to the decrease in overall y-o-y export price index. ‘Miscellaneous manufactured articles’ prices dropped 3.6%, ‘chemicals and related products’ prices fell 1.2%. Prices were rising in ‘crude materials, inedible, except fuels’ (+10.2%; mainly metal scrap) and ‘mineral fuels, lubricants, and related products’ (+5.9%; mainly coal).

**Imports:** import prices decreased by 2.2% after a 0.8% decline in September. The fall of the total annual import price index was primarily driven by a 5.4% drop in ‘machinery and transport equipment’. Prices also fell in ‘miscellaneous manufactured articles’ (-4.2%) and in ‘chemicals and related products’ (-1.0%). Biggest price growth was reported in ‘manufactured goods classified chiefly by material’ (+3.5%), ‘mineral fuels, lubricants, and related products’ (+1.6%), and ‘crude materials, inedible, except fuels’ (+1.3%).

The **terms of trade** figures increased to the value of 100.5% (99.9% in September) switching to the positive values for the first time in twelve months. Among significant groups, positive values were reached by prices of ‘mineral fuels, lubricants, and related products’ (104.2%), ‘machinery and transport equipment‘ (101.8%), and ‘miscellaneous manufactured articles’ (100.6%). Only

‘manufactured goods classified chiefly by material’ and ‘chemicals and related products’ reached negative values of terms of trade – 97.7% and 99.8%, respectively.

Revision of external trade price indices

Revision of external trade price indices is now under way by Czech Statistical Office. Upon completion from January 2018, export and import price indices will be calculated using new weighting scheme based upon External trade statistics data from year 2015 and national concept data while implementing new price base - year 2015 average = 100. These new technical indices will replace the old technical indices (hitherto calculated to the base year 2010 = 100). Existent time series (2005 avg. = 100) will be recalculated to the new base (2015 avg. = 100) and subsequently chained by technical indices starting in December 2017. New indices with base year 2015 avg. = 100 will be linked to the new time series thus enabling continuation of current time series. All derived indices will be calculated using time series of base year 2015 avg. = 100. Publishing of price indices with base year 2005 avg. = 100 will be terminated in December 2017. Hitherto published indices will not be revised.

January 2018 data will be released on March 29 2018 within the scope of Cataloge of Products.

Notes:

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Method of data collection: Selective survey of the CZSO

End of data collection: 16th calendar day after the reference month

Related publications: 013014-17 Import and Export Price Indices in the Czech Republic <https://www.czso.cz/csu/czso/export-and-import-price-indices>

Specific methodical notes: The data released are final.

Next News Release: 16 January 2018

*Not edited for language*

Annexes:

Table 1 Export and Import Price Indices

Table 2 Export and Import Price Indices

(breakdown of indices – published and exchange rate adjusted – month-on-month, year-on-year)

Chart 1 Export and Import Price Indices (year-on-year changes)