January 16, 2017

Industrial producer price index fell by 3.3% in 2016

Producer price indices – December 2016

In December 2016 compared with the previous month, agricultural producer prices were lower by 0.4% and prices of market services fell by 0.9%. Industrial producer prices went up by 0.5%. Construction work prices grew by 0.1%. In comparison to December 2015, agricultural producer prices fell by 4.7% and industrial producer prices were also lower by 0.4%. Construction work prices increased by 1.2% and prices of market services went up by 0.2%.

**In comparison with the year 2015, on average for the whole year 2016 prices of agricultural producers and industrial producers were both lower by 4.9% and 3.3%, respectively. Prices of construction works were higher by 1.1%. Prices of market services rose by 0.1%.**

# Month-on-month comparison:

**Agricultural producer** prices fell by 0.4%. Prices of fresh vegetables (-8.7%), pigs for slaughter (-2.4%) and poultry (-1.8%) went down. Prices of eggs (+6.9%), milk (+6.4%), fruit (+4.3%), oil plants (+1.9%), cereals (+0.9%) and cattle for slaughter (+0.8%) went up.

Prices of **industrial producers** went up by 0.5%. Prices were higher particularly in ‘coke, refined petroleum products’. Prices increased in ‘electrical equipment’ (+0.9%) and ‘chemicals and chemical products’ (+0.6%). Prices decreased only in ‘mining and quarrying’ (-0.1%). Prices remained stable in ‘food products, beverages, tobacco’, thereof ‘dairy products’ (+2.0%).

According to an estimate, **construction work** prices rose by 0.1% and construction material input prices stayed unchanged.

**Market services** prices **in the business sphere** were lower by 0.9% due to the price decreasing of ‘advertising and market research services’ (-11.5%) and ‘employment services’
(-2.1%). On the increase were prices of ‘insurance, reinsurance and pension funding services, except compulsory social security’ (+1.5%) and ‘land transport services and transport services via pipelines’ (+0.4%). Market services prices excluding advertising services rose by 0.1%.

# Year-on-year comparison:

**Agricultural producer** prices were lower by 4.7% (-3.6% in November). Prices of crop products went down by 8.6%. Lower were prices of fresh vegetables (-35.3%), potatoes (-20.5%), cereals (-13.3%) and oil plants (-1.7%). On the increase were prices of fruit (+2.6%). For the first time after 25 months of decrease, prices of animal products grew by 0.6% due to increasing prices of pigs for slaughter (+13.5%). Lower were prices of milk (-2.8%), eggs (-3.1%) and poultry
(-7.7%).

Pricesof **industrial producers** were lower by 0.4% (-1.3% in November). Prices decreased in ‘mining and quarrying’ (-5.1%), ‘electricity, gas, steam and air conditioning’ (-4.1%) and ‘chemicals and chemical products’ (-2.9%). Prices went up the most significantly in ‘coke, refined petroleum products’. Prices rose in ‘water supply, sewerage, waste management and remediation services’ (+1.6%) and ‘food products, beverages, tobacco’ (+0.3%), thereof ‘dairy products’ (+2.6%).

Among the main industrial groupings, prices of ‘energy’ and ‘intermediate goods’ (-0.8% both) decreased the most, y-o-y.

According to an estimate, **construction work** prices rose by 1.2% (like in November) and construction material input prices grew by 0.3% (-0.1% in November).

Prices of **market services** **in the business sphere** grew by 0.2% (+0.3% in November). Increasing were prices in ‘employment services’ (+2.7%) and ‘insurance, reinsurance and pension funding services, except compulsory social security’ (+1.0%). After ten months of growth, prices of ‘advertising and market research services’ fell by 0.2%. Market services prices excluding advertising services increased by 0.2% (+0.1% in November).

**Producer prices in 2016**

In comparison to 2015, **agricultural producer** prices in 2016 were lower by 4.9% on average
(-6.0% in 2015). Prices of crop products fell by 3.1% and prices of animal products decreased by 7.1%. Prices of fresh vegetables (-5.6%) and cereals (-9.6%) were lower. Prices of potatoes were higher by 12.8%. Among animal products prices decreases were recorded in cattle for slaughter (-1.2%), poultry (-2.4%), eggs (-7.8%) and milk (-14.7%). Prices of pigs for slaughter were higher by 0.8%.

Prices of **industrial producers** went down by 3.3% in 2016 y-o-y (-3.2% in 2015). Prices decreased primarily in ‘coke, refined petroleum products’. Prices were lower in ‘chemicals and chemical products’ and ‘mining and quarrying’ (-6.1% both). Prices fell in ‘electricity, gas, steam and air conditioning’ (-4.1%) and ‘food products, beverages, tobacco’ (-2.0%). Prices rose in ‘water supply, sewerage, waste management and remediation services’ (+1.3%).

According to monthly estimates, **construction work** prices went up by 1.1% y-o-y (+1.2% in 2015 after the specification). Construction material input prices went down by 1.1% on average for the whole year 2016 (-0.4% in 2015).

**Market services** prices in the business sphere went up by 0.1% (in 2015 stayed unchanged). Increasing were prices of ‘postal and courier services’ (+4.3%), ‘advertising and market research services’ (+1.5%) and ‘architectural and engineering services’ (+1.3%). On the decrease were prices in ‘land transport services and transport services via pipelines’ (-0.9%) and ‘insurance, reinsurance and pension funding services, except compulsory social security’
(-2.8%). Market services prices excluding advertising services stayed unchanged (-0.1% in 2015).

# Industrial producer prices in the EU – November 2016\*

According to the Eurostat News Releases, industrial producer prices increased in November by 0.3% (+1.0% in October) in EU28, **month-on-month.** The highest increases were observed in Belgium and Ireland (both +1.4%). Prices rose in Poland (+1.1%), Slovakia (+0.5%), Germany (+0.3%), Austria (+0.2%) and the Czech Republic (+0.1%). Prices decreased the most in Croatia (-1.3%).

Industrial producer prices were higher in November by 0.7% (+0.2% in October) in EU28, **year-on-year.** Prices increased the most in the United Kingdom (+4.4%). Prices went up in Poland (+2.4%) and Germany (+0.1%) and went down in Slovakia (-2.6%), the Czech Republic (-1.3%) and Austria (-0.5%). Prices decreased the most in Luxembourg (-6.5%).

*\* Preliminary data*

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**Information on the revision of the industrial producer price index**

Currently we are finishing a revision of the calculation of industrial producer price index, which is a change from the original weighting structure for 2010 (domestic sales) on the new weighting structure of the year 2015 (domestic sales). There will be a slight variation of weights on the level of some aggregation of CZ-CPA on the three-digit and four-digit levels and a number of changes in the selection of reporting units and representatives. However, there was no fundamental change in the methodology for calculating indices.

Since January 2017 indices will be calculated with new weights 2015. Basic indices with the price base December 2010 = 100 will be replaced with new price base December 2015 = 100. Thus calculated indices will be from the four-digit level of CZ-CPA (and up) of the weighting scheme chained to the indices with the index base 2015 average = 100 and 2005 average = 100. This will ensure the continuation of the existing time series. Time series with the index base December 2005 = 100 will be ended by December 2016. Derived indices (month on month, year on year, ratio of rolling averages) will be calculated from the basic series 2015 average = 100.

From the observation and publishing will be excluded these 3-digit aggregations:

CB 131 – Textile yarn and thread

CC 182 – Reproduction services of recorded media

Publication of price indices for January 2017 will be postponed in accordance with ‘Catalogue of Products 2017’ by one week to February 28, 2017.

*Notes:*

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*Data source: CZSO surveys*

*End of data collection / end of data processing:*

*Agricultural producer price indices: 24th calendar day of reference month / 8th calendar day of the following month*

*Industrial producer price indices: 20th calendar day of reference month / 7th calendar day of the following month*

*Construction work price indices: last calendar day of reference month / 5th working day of the following month*

*Market services price indices: 15th calendar day of reference month / 7th calendar day of the following month*

*Except for the construction work price indices, the published data are finalised. Estimates of the construction work price indices are carrying out on the 9th calendar day of the following day. Construction work price indices are updated using the finished quarterly survey and the finalised data are released on the 45th calendar day of the following quarter.*

*Related publications: 011041 - 16**Price Indices of Constructions Works, Price Indices of Constructions and Indices of Construction Costs*

*011044 - 16 Industrial Producer Price Indices*

*011045 - 16 Agricultural Producer Price Indices*

*011046 - 16 Market Services Price Indices in the Business Sphere*

*Internet:* [*https://www.czso.cz/csu/czso/producer-prices-publications*](https://www.czso.cz/csu/czso/producer-prices-publications)

*Next News Release: 28 February 2017*

***Text not edited for language.***

Annexes:

Table 1: Producer prices (indices)

Table 2: Industrial producer prices (main industrial groupings, indices)

Table 3: Industrial producer prices (decomposition of increases – month-on-month, year-on-year)

Graph 1: Industrial producer prices (year-on-year changes, changes on base year 2005)

Graph 2: Construction work prices (year-on-year changes, changes on base year 2005)

Graph 3: Prices of market services for the business sphere (year-on-year changes, changes on base year 2005)

Graph 4: Agricultural producer prices (year-on-year changes, changes on base year 2010)

Graph 5: Industrial producer price indices – international comparison (changes on base year 2010)