

## Czech producer prices gain amid high costs for animal products

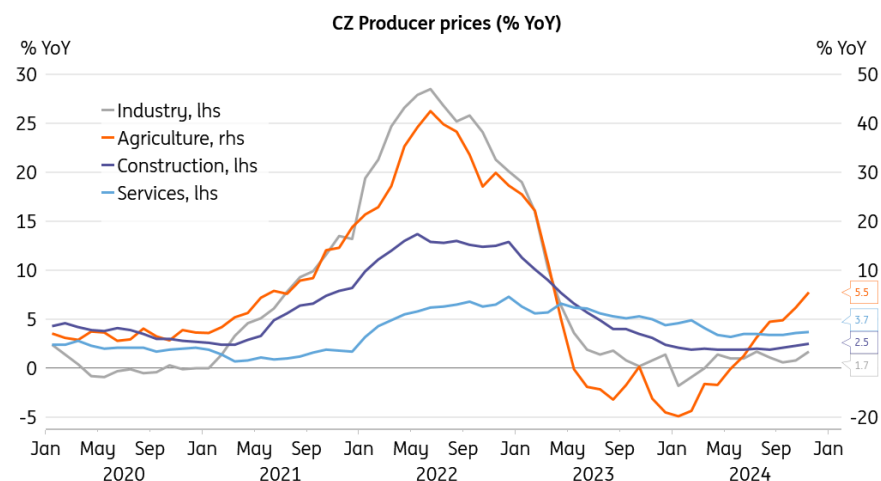
Pricing among Czech producers firmed across sectors in annual terms, with yearly price growth in agriculture taking the lead. Pricing in industry remains muted due to the cut-throat price competition driven by disappointing demand in Europe



### Agriculture prices jump (except for vegetables)

Czech industrial producer prices added 1.7% year-on-year and 0.4% month-on-month in November, exceeding market expectations. Agricultural producer prices shed 2.0% MoM but accelerated in annual terms to 5.5%. Construction prices rose by 0.3% MoM and were 2.5% higher YoY. Market service prices for businesses declined 0.1% MoM and gained 3.7% YoY in November.

## Annual price dynamic in Agriculture quickens markedly

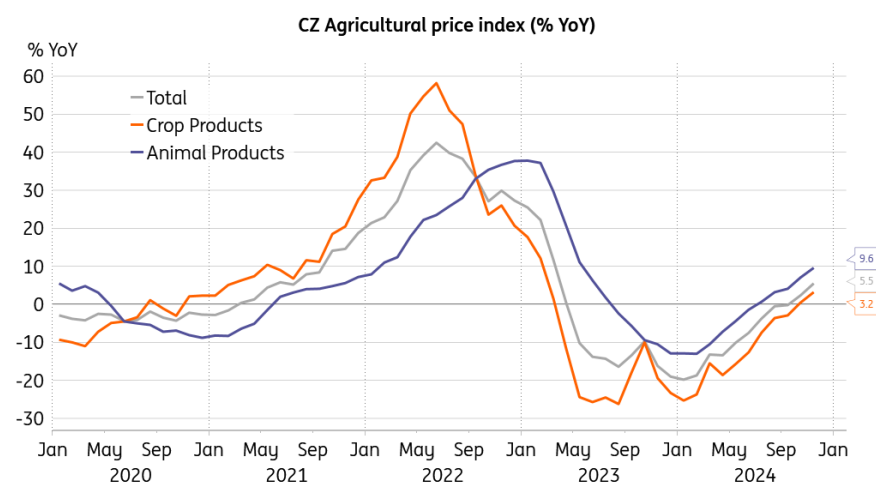


Source: CZSO, Macrobond

As per the annual acceleration in industrial prices, electricity, gas, and steam prices added 6.0% from a year earlier, prices in the motor vehicles segment rose by 3.3%, and prices in machinery and equipment picked up by 4.6% in November. When broken down into the main groups, pricing in capital goods firmed by 3.2% YoY, in the energy sector by 2.4%, and non-durable goods prices added 1.8%. Industrial producer prices, excluding energy, were 1.4% higher than in the previous year, picking up from 1.1% in October. Pricing in industry remains under pressure, as demand in this segment remains weak across Europe. Indeed, new orders in Germany, the largest Czech export market, remained well below their peak during the pre-pandemic 2017 and post-pandemic 2021.

Prices of construction work increased by 2.5% YoY in November (2.3% previously), while prices of materials used in construction were 0.9% higher from the previous year (0.8% in October). Prices of market services for businesses shed 0.1% MoM but were 3.7% higher than last November (3.6% previously).

## Sticky prices for animal products will drive consumer inflation



Source: CZSO, Macrobond

Overall, pricing firmed across sectors on an annual basis, with the agricultural producers being the frontrunner despite the monthly price drop. The monthly price reduction in agriculture was largely driven by a double-digit decline in the vegetable section, which tends to be a volatile item even within the food segment. Meanwhile, prices in animal production added 3.4% MoM and accelerated to 9.6% YoY in November, representing the more persistent driver of consumer prices in the coming months.

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