

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

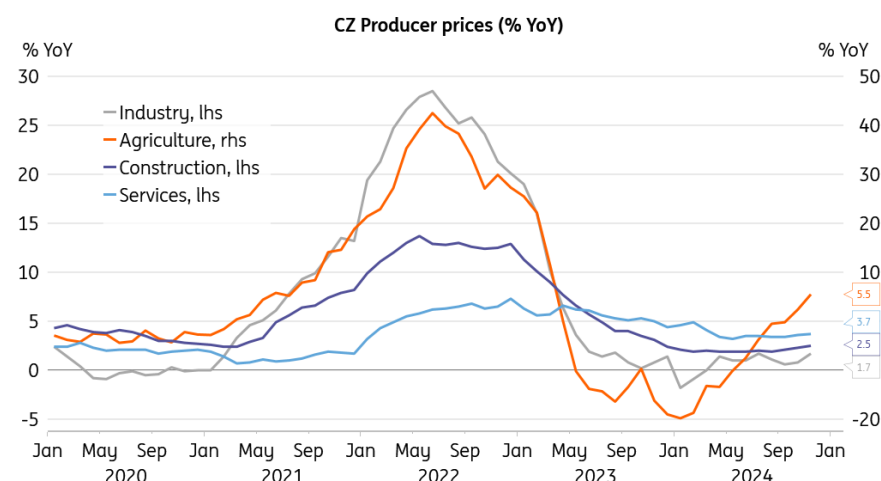
Pricing among Czech producers firmed across sectors in annual terms, with yearly price growth in agriculture taking the lead. Pricing in industry remains muted due to the cut-throat price competition driven by disappointing demand in Europe



### 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.

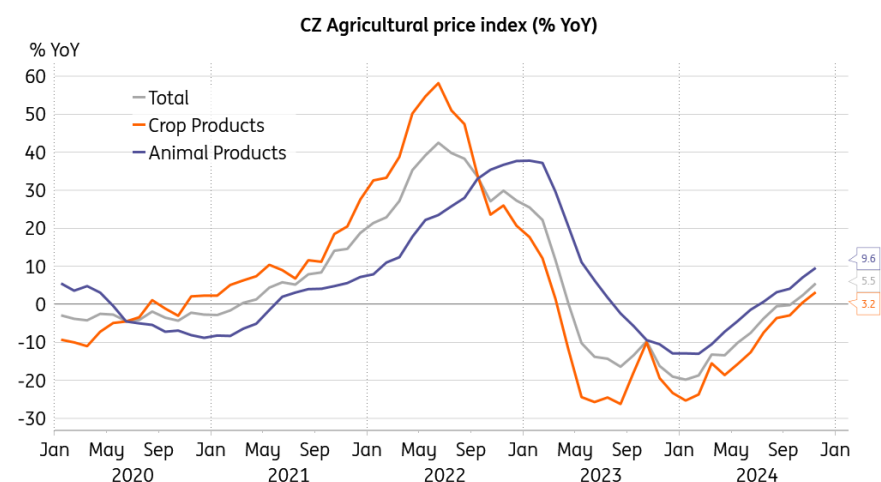
## Annual price dynamic in Agriculture quickens markedly



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



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.

## Author

### David Havrlant

Chief Economist, Czech Republic

420 770 321 486

[david.havrlant@ing.com](mailto:david.havrlant@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).