

Czech producer prices suggest inflationary pressures are fading out

Price dynamics were muted in industry as producer prices came in below market expectations. The softening price growth in market services points to overall subdued price pressures

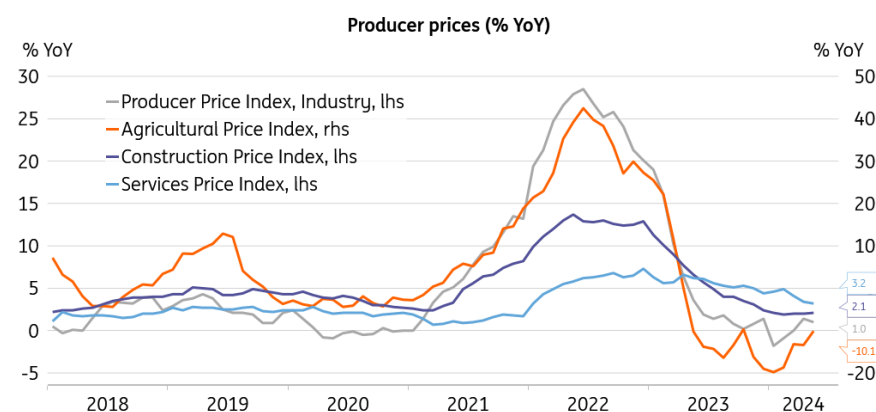


The food and non-alcoholic beverages section saw the most significant negative contribution to Czech annual inflation in June

The price growth in market services cools down further

Industrial producer prices fell by 1.2% month-on-month and increased by 1.0% year-on-year. Agricultural producer prices shed 1.5% MoM, declining 10.1% in annual terms. Construction work prices added 0.2% MoM and 2.1% YoY. Prices of market services for businesses dropped 0.2% MoM while growing 3.2% YoY. The price dynamic across production sectors is muted, with the slowdown in market services inflation showing the last hotspot of producer price growth being extinguished.

Price dynamic in production is muted



CZSO, Macrobond

Looking at major industry groups, energy prices rose by 5.0% YoY and prices of capital goods by 3.1% YoY. Meanwhile, prices of intermediate goods decreased by 3.5% YoY and industrial producer prices excluding energy were 0.6% lower from a year earlier.

Overall, the producer prices suggest rather muted price pressures along the production chain, especially in the goods sector. The price dynamic in market services has also softened, pointing to fading of inflationary pressure even in this area. This is a welcome signal to policymakers with further easing in monetary policy underway.

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