Services producer prices as a whole rose by 0.7% in the 2nd quarter of 2017 compared to the same period of the previous year. Out of the observed areas merely telecommunications and cargo handling charges were reduced. The highest price rises were measured for postal and courier activities (5.8%) as well as security and investigation activities and employment activities.

The charges for the observed services grew moderately (by 0.3%) in the first half of 2017 compared to the corresponding period of 2016. Within this, the highest price rise and the highest decrease was recorded, too, for postal and courier activities (5.1%) and telecommunications charges (4.2%) respectively.

Summary

Services producer prices as a whole were up by 0.7% in the service areas observed in the 2nd quarter of 2017 compared to the same quarter of the previous year. Within this, the charges for telecommunications, representing the second largest weight (with a share of 1.2% in total sales revenues and of 2.4% in value added in the national economy), fell by 4.6% and the prices of cargo handling lessen by 0.2%. The long-term decrease in telecommunications services charges was caused by the effects of former investments, furthermore, by changes in EU legislation owing to market and technical changes and in the short term by a fall in mobile internet and roaming charges. In accordance with the EU rules on roaming, users can use mobile services during their trips abroad from 15 June 2017 at the same prices and under the same conditions as in Hungary.

Price rises exceeding 5% were recorded for postal and courier activities and security and investigation activities (5.8% and 5.2% respectively), employment activities became 4.5% and cleaning services 2.7% more expensive. The price change was basically due to the significant, 15% increase in minimum wages at the beginning of 2017. In the remaining areas, the rises in services charges were between 0.4% and 1.7%.

Taking into consideration also the weight of the different activities, transportation and storage contributed by 0.4 percentage point, professional, scientific and technical activities by 0.3 percentage point and administrative and support service activities by 0.4 percentage point to the 0.7% rise of services producer prices in the 2nd quarter of 2017, while information and communication lowered the increase by 0.4 percentage point.

The observed services cost 0.3% more on average in quarters 1–2 of 2017 compared to the 1st half of 2016. It was solely the charges for telecommunications services that fell (by 4.2%). Prices rose significantly in postal and courier activities, security and investigation activities and employment activities (by 5.1%, 4.8% and 4.2% respectively).
From 2010 the services producer price indices of the observed areas – compared to the basis of 2010 – were lower in Hungary in all quarters than industrial price indices. In the 2nd quarter of 2017 the value of the services producer price index was 5.8% higher and that of the industrial price index 9.0% more than the average for 2010, so the difference between the two indicators was 3.2 percentage points.

**International outlook**

Services prices as a whole rose by 1.1% in the European Union\(^1\) and by 0.7% in Hungary in the 2nd quarter of 2017 compared to the same period of 2016. The EU-level average prices rose in all service areas with the exception of telecommunications (a decrease of 0.5%) as well as freight transport by road and removal services, information service activities and architectural and engineering activities and technical testing and analysis (where there was stagnation). Price rises of at least 1% were measured in the case of postal and courier activities (2.2%), advertising and market research (1.2%), employment activities (1.5%) as well as security and investigation activities and cleaning activities (1.9% each).

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\(^1\) In addition to the price indices of member states, Eurostat publishes the EU-level average of the different service groups if in terms of sales revenues the coverage of the particular service area reaches 60%. Our calculations are based on data available in Eurostat database on 4 October 2017.
The domestic and EU price changes were in the same direction in the majority of the observed services. While cargo handling charges were reduced by 0.2% in Hungary, a price rise of 0.8% was registered in the European Union. Price rises were observed in Hungary for freight transport by road and removal services (0.4%), information service activities (1.2%) as well as architectural and engineering activities and technical testing and analysis (1.7%), at the same time, the prices stagnated at the level of the EU. The rate of price rise in Hungary surpassed that of the EU average in the case of six service groups, to the highest extent (by 3.6 percentage points) in postal and courier activities. At the same time, telecommunications charges decreased at a 4.1 percentage points higher rate in Hungary than at the level of the Community.

Transportation and storage section

The producer prices of the services observed in information and communication were reduced by 1.3% in total in the 2nd quarter of 2017 compared to the same quarter of the previous year. Sales revenues for these services had a share of 29.9% in sales revenues for all observed services.

A relatively significant price increase was recorded in postal and courier activities (5.8%). A price rise of such an extent last occurred in the 3rd quarter of 2012. The growth in the charges for freight transport by road did not reach 1% (0.4%), while 1.7% more had to be paid for warehousing and storage services. Cargo handling became 0.2% cheaper compared to a year earlier.

Information and communication section

The producer prices of the services observed in information and communication were reduced by 1.3% in total in the 2nd quarter of 2017 compared to the same quarter of the previous year. Sales revenues for these services had a share of 29.9% in sales revenues for all observed services.

Telecommunications charges went down 2.2 percentage points more quickly, by 4.6% compared to the corresponding quarter of 2016. The continuous decrease in the charges was basically due to investments realised in the past few years and to changes in legislation affecting the member countries of the European Union. In view of the EU rules on roaming, subscribers can use the services (voice, data, SMS and MMS) during their trips within the European Union and within other countries in roaming zone 1 (for example, Andorra, Canary Islands, Liechtenstein and Norway) from 15 June 2017 normally at the same prices and under the same conditions as in Hungary. At the same time, information technology activities became considerably more expensive: about as much more had to be paid for computer programming, consultancy and related activities as for information services activities (1.3% and 1.2% respectively) compared to the charges applied one year earlier.

The 1.3% decrease of information and communication prices in the 2nd quarter of 2017 was mostly influenced by telecommunications (by 2.1 percentage points), while computer programming, consultancy and related activities lowered the decrease by 0.7 percentage point and information services activities by 0.1 percentage point.

Information and communication services producer price indices

(compared to same quarter of previous year)

Information and communication services producer prices were cut by 1.2% in total in quarters 1–2 of 2017 compared to the first half of 2016. A significant contributor to this was the decline of telecommunications charges (4.2%). At the same time, computer programming, consultancy and related activities became 1.3% and information service activities 1.2% more expensive on average.

Professional, scientific and technical activities section

On the whole, the services producer prices observed in professional, scientific and technical activities increased by 1.0% in the 2nd quarter of 2017 compared to the same quarter of 2016. Sales revenues for these services had a share of 30.2% in sales revenues for all observed services.

Services became slightly more expensive in all observed areas in the 2nd quarter of 2017. The prices of legal and accounting services and management consultancy services rose by 0.6%, compared with an increase of 0.2% a year earlier. The charges for architectural and engineering activities

Footnote:

Air transport was included in the calculation of the price index for transportation and storage services section and of the proportion of sales revenues, however, due to confidentiality reasons the data are not presented separately.
and technical testing and analysis were up substantially (by 1.7%), continuing the price rise lasting for years, being 0.7 percentage point higher than in the corresponding period of the previous year. The prices of advertising and market research activities increased by 0.9%, while they practically stagnated (–0.1%) one year earlier.

Taking into consideration also the weights, legal and accounting activities and management consultancy activities contributed by 0.4 percentage point, architectural and engineering activities and technical testing and analysis by 0.6 percentage point and advertising and market research activities by 0.1 percentage point to the 1.0% total rise in prices.

The 0.8% rise in the prices of professional, scientific and technical activities in quarters 1–2 of 2017 compared to the first half of 2016 resulted from a 1.2% rise in the prices of architectural and engineering activities and technical testing and analysis as well as 0.5% increases in each of the prices of legal and accounting services and management consultancy services and advertising and market research services.

**Administrative and support service activities section**

The producer prices of administrative and support service activities were up by 4.3% on average in the 2nd quarter of 2017 compared to the same period of 2016, at a 2.6 percentage points higher rate than a year earlier. Sales revenues for these services had a share of 9.7% in sales revenues for all observed services.

4.5% more had to be paid for employment activities and 5.2% more for security and investigation activities. A price rise of such an extent was last registered in the 1st quarter of 2008 for employment activities, and a price rise exceeding 5% has been unprecedented for security and investigation activities since the beginning of the data collection in 2007. 2.7% more had to be paid for cleaning services. The price rise in this area was 1.7 percentage points higher than one year earlier. The price rise of the services can be explained basically by a 15% rise in minimum wages at the beginning of 2017.

Taking into consideration also the weights, employment activities contributed by 1.8 percentage points, security and investigation activities by 1.9 percentage points and cleaning activities by 0.6 percentage point to the 4.3% total rise in the prices of the section in the 2nd quarter of 2017.

The prices of administrative and support service activities rose by 4.1% in quarters 1–2 of 2017 compared to the first half of 2016, within which the services became more expensive in all areas: security and investigation activities by 4.8%, employment activities by 4.2% and cleaning activities by 2.8%.

**Methodological notes**

**Services producer price indices (SPPIs)**

The production of services producer price indices (SPPIs) is required by the Regulation of the Council of the European Union on short-term statistics (STS Regulation) for determined service activities (see Appendix). The SPPIs indices calculated in national currencies express the average price changes of services provided in service divisions, and reflect both domestic and non-domestic price developments. Price statistical observations – as a result of which SPPI indices are published for 14 groups of services – affect four sections.3 From the 1st quarter of 20134 the producer price indices for services provided to all customers (business to all – B–All) are published. Due to confidentiality reasons, air transport data are not presented separately, though they were included in the calculation of the aggregate average price change of transportation and storage section and of all observed services.

3 According to NACE Rev 2: transportation and storage (section H), information and communication (section J), professional, scientific and technical activities (section M) and administrative and support service activities (section N).

4 In 2012 the producer price indices for services provided to business partners (business to business – B–B) were published, in accordance with the STS Regulation. However, in the database of the Statistical Office of the European Union (Eurostat) the producer price indices for services provided to all customers (business to all – B–All) are regarded as the standard. As a result of methodological developments, from the 1st quarter of 2013 B–All producer price indices are analysed.
### Appendix

**Observed service activities according to TESZOR'15**

<table>
<thead>
<tr>
<th>Code</th>
<th>Service Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>49.4</td>
<td>Freight transport by road, removal services</td>
</tr>
<tr>
<td>50.1</td>
<td>Sea and coastal passenger and freight water transport</td>
</tr>
<tr>
<td>50.2</td>
<td></td>
</tr>
<tr>
<td>51</td>
<td>Air transport</td>
</tr>
<tr>
<td>52.1</td>
<td>Warehousing and storage</td>
</tr>
<tr>
<td>52.2</td>
<td>Cargo handling</td>
</tr>
<tr>
<td>53.1</td>
<td>Postal activities under universal service obligation</td>
</tr>
<tr>
<td>53.2</td>
<td>Other postal and courier activities</td>
</tr>
<tr>
<td>61</td>
<td>Telecommunications</td>
</tr>
<tr>
<td>62</td>
<td>Computer programming, consultancy and related activities</td>
</tr>
<tr>
<td>63</td>
<td>Information service activities</td>
</tr>
<tr>
<td>69–70.2</td>
<td>Legal and accounting activities; management consultancy activities</td>
</tr>
<tr>
<td>71</td>
<td>Architectural and engineering activities; technical testing and analysis</td>
</tr>
<tr>
<td>73</td>
<td>Advertising and market research</td>
</tr>
<tr>
<td>78</td>
<td>Employment activities</td>
</tr>
<tr>
<td>80</td>
<td>Security and investigation activities</td>
</tr>
<tr>
<td>81.2</td>
<td>Cleaning activities</td>
</tr>
</tbody>
</table>

*Further data, information (links):*

- STADAT (3.6.28. Service producer price indices, services provided to all customers [B–All])
- STADAT (3.6.29. Service producer price indices, services provided to business partners [B–B])

**Database of the European Union:**

- Service producer prices (SPPI) (sts_os_pp)
  - [http://ec.europa.eu/eurostat/data/database](http://ec.europa.eu/eurostat/data/database)

**Methodology**

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