

AVERAGE INFLATION RATE STOOD AT 3.8% IN 2021

Consumer price indices – inflation – December 2021

Consumer prices in December increased by 0.4% compared with November. This development came primarily from higher prices in 'food and non-alcoholic beverages'. The year-on-year growth of consumer prices amounted to 6.6% in December, which was 0.6 percentage points up on November. The average inflation rate for 2021 as a whole was 3.8%.

Month-on-month comparison

Consumer prices in December increased by 0.4%, month-on-month. In 'food and non-alcoholic beverages', mainly prices of bread and cereals were higher by 2.2%, vegetables by 4.6% (of which prices of potatoes increased by 18.3%), cheese and curd by 2.1%, sugar by 10.1% and semi-skimmed UHT milk by 6.0%. Prices of poultry decreased by 3.7%, fruit by 1.9% and eggs by 5.4%. In 'housing, water, electricity, gas and other fuels', prices of natural gas were higher by 1.4%, heat and hot water by 1.1% and solid fuels by 2.5%. Price development in 'transport' was influenced by price rise of motor cars by 2.4% and transport services by 2.2%. Month-on-month price drop in 'alcoholic beverages and tobacco' came from lower prices of wine by 3.6% and spirits by 1.4%.

Prices of goods in total went up by 0.4% and prices of services by 0.5%.

Year-on-year comparison

Consumer prices increased by 6.6% in December, i.e. 0.6 percentage points up on November. Year-on-year price growth **acceleration**¹⁾ occurred mainly in 'food and non-alcoholic beverages', where prices of bread and cereals increased by 6.6% (increase by 3.9% in November), prices in group milk, cheese and eggs by 5.9% (increase by 2.8% in November), sugar by 17.5% (increase by 5.6% in November) and prices of vegetables turned from decrease by 1.6% in November into rise by 13.5% in December, when prices of potatoes accelerated their growth to 18.6% (increase by 5.2% in November). In 'transport', price increase of motor cars continued and reached 10.0% in December (increase by 7.4% in November).

The biggest influence on **the growth of the year-on-year price level** in December came again from prices in 'transport', where prices of fuels and lubricants for personal transport equipment were higher by 29.2%. Next in order of influence were prices in 'housing, water, electricity, gas and other fuels'. Here besides owner occupied housing costs, also prices of actual rentals increased by 3.9%, prices of materials and services for maintenance and repair of the dwelling by 10.3%, prices of water supply and sewage collection identically by 5.5% and prices of solid fuels by 8.9%. Prices of electricity decreased by 15.0% and natural gas by 7.9% mainly as a result of VAT waiver on energy. In 'food and non-alcoholic beverages', prices of oils and fats were higher by 24.7%, year-on-year. In 'alcoholic beverages, tobacco', prices of tobacco products were higher by 10.5%. In 'clothing and footwear', prices of garments were higher by 16.2%.

Imputed rentals (owner occupied housing costs) were higher by 14.7% (increase by 14.3% in November) mainly due to the growth of prices of construction materials and prices of new flats for own housing, and to a lesser extent price growth of construction works. The overall consumer price index excluding imputed rentals for housing was 105.7%, year-on-year. (More information about index of imputed rentals: [Methodological note](#).)

Prices of goods in total and services went up (5.8% and 7.8%, respectively).

¹⁾ **Acceleration/slowdown** of the year-on-year price index growth is difference between current and previous year-on-year index. It therefore depends on the change of current month-on-month index and also on the change of base – month-on-month index (growth/decrease) in the same month of the last year.

Average inflation rate

“Average inflation rate for 2021 was 3.8%. It was 0.6 percentage points up on 2020. It was the highest average inflation rate since 2008. Prices of goods in total rose by 3.5% and prices of services by 4.4%,” noted Pavla Sediva, head of Consumer Price Statistics Unit of CZSO.

(A summary of the development of the consumer price index in 2021 is a part of the Q4 analysis, which is released at the same time.)

Harmonized index of consumer prices (HICP)²⁾

According to preliminary calculations, the HICP in Czechia **in December** went up by 0.3%, **month-on-month** and 5.4%, **year-on-year**. According to flash estimates of Eurostat, the MUICP (Monetary Union Index of Consumer Prices) **in December 2021** amounted to 5.0% year-on-year (4.9% in November), 5.1% in Slovakia and 5.7% in Germany. According to preliminary data of Eurostat, the **year-on-year** change in the average **harmonized index of consumer prices (HICP)** in the **EU27 member states** amounted to 5.2% **in November** (0.8 percentage points up on October). The rise in prices in November was the highest in Lithuania (9.3%) and the lowest in Malta (2.4%).

(More information on the Eurostat's web pages: [HICP](#).)

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Starting from January 2022, the consumer price indices will be counted on updated weights, which will be determined on the base of household expenditure average in 2019-2021. These indices will be chained at all levels of the consumer basket with the base period average of 2015 = 100. Thereby, a continuation of the existing index time series, from which indices to other bases will be derived (previous month = 100, corresponding period of the previous year = 100 and annual rolling average, i.e. the average of index numbers over the last 12 months to the average for the previous 12 months) will be ensured.

²⁾ Imputed rentals are excluded from the HICP.