# HOUSING DOMINATED YEAR-ON-YEAR PRICE GROWTH

Consumer price indices – inflation – August 2018

**Consumer prices in August increased by 0.1% compared with July. This development was influenced especially by higher prices in 'housing, water, electricity, gas and other fuels'. The year-on-year growth of consumer prices accelerated to 2.5% in August, which was 0.2 percentage points up on July.**

The **month-on-month** increase in 'housing, water, electricity, gas and other fuels' came from higher prices of electricity by 0.5%, actual rentals for housing by 0.4% and heat and hot water by 0.4%. In 'recreation and culture', prices of package holidays went up by 2.2%. In 'miscellaneous goods and services', prices of personal care increased by 0.7%. In food, prices of non-alcoholic beverages went up by 3.7%, cheese and curd by 1.2% and meat by 0.3% in particular.

The decrease in the overall consumer price level in August was influenced by a moderate drop in four divisions of consumer basket. The price drop in 'transport' was mainly influenced by lower car prices by 1.0%. In 'alcoholic beverages and tobacco', prices of spirits decreased by 2.4%. In 'clothing and footwear', prices of garments went down by 0.7% and prices of shoes and other footwear by 1.7%. In 'food and non-alcoholic beverages', prices of vegetables were lower by 4.5%, fruit by 2.5%, sugar by 6.2%, bread and cereals by 0.3%.

Prices of goods in total went down by 0.2%, while prices of services went up by 0.5%.

In terms of the **year-on-year** comparison, in August, the consumer prices increased by 2.5%, i.e. 0.2 percentage points up on July. The acceleration in the year-on-year growth in 'housing, water, electricity, gas and other fuels' was influenced in August by higher actual rentals for housing by 3.5% (3.2% in July), electricity by 5.6% (5.1% in July), solid fuels by 4.3% (3.9% in July) and heat and hot water prices, which turned from a price decline by 0.2% in July into a price rise by 0.1% in August. In 'miscellaneous goods and services', prices of personal care rose by 3.9% in particular (2.3% in July). The acceleration in the year-on-year growth was influenced also by prices in 'food and non-alcoholic beverages', where prices have turned from a decline by 0.1% in July to growth in August by 0.6%. This was mainly attributed to vegetable prices, which reduced their decline to –0.3% (–7.4% in July) due to potato prices, which grew by 7.2%, year-on-year, in August (–14.7% in July). The slowdown in the year-on-year price increase was in 'alcoholic beverages and tobacco', where prices of spirits went up by 0.7% (2.8% in July) and tobacco products by 3.4% (3.6% in July).

The biggest influence on the growth of the y-o-y price level in August (even stronger than in July) came, as before, from prices in 'housing, water, electricity, gas and other fuels' (3.2% up).

Next in order of influence were the prices in 'transport', where prices of fuels and lubricants for personal transport equipment went up by 12.4%, year-on-year. The increase in the price level came also from prices in 'recreation and culture', where prices of package holidays were higher by 13.6% and prices in 'miscellaneous goods and services' (increase by 3.8%).

A reduction in the price level in August came from prices in 'clothing and footwear', where prices of garments decreased by 2.4%. In 'communication', prices of telephone and telefax services dropped by 1.4% in particular. In 'housing, water, electricity, gas and other fuels', prices of natural gas decreased by 0.8%.

Prices of goods in total and services went up (1.8% and 3.7%, respectively). The overall consumer price index excluding imputed rentals for housing was 102.3%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to August 2018 compared with the average CPI in the previous twelve months, amounted to 2.3% in August.

According to preliminary data of Eurostat, the **year-on-year** change in the average **harmonized index of consumer prices** (HICP)[[1]](#footnote-1)) in the **EU28 member states** amounted to 2.2% **in July**, which is 0.1 percentage point higher than in June. The rise in prices was the highest in Romania (4.3%) and the lowest price increase was in Greece (0.8%). In Slovakia, the price rise decreased to 2.6% in July from 2.9% in June. In Germany, prices were higher by 2.1% (2.1% in June). According to preliminary calculations, the HICP in the Czech Republic **in August** was 0.0% **month-on-month** and by 2.4%, **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone** **in August 2018** amounted to2.0%, y-o-y, as Eurostat announced (more information on the Eurostat’s web pages: [**HICP**](http://ec.europa.eu/eurostat/web/hicp/data/main-tables).)

In August, in comparison with July, the overall consumer price level in **households of pensioners** remained unchanged. In ‘health‘, prices were higher by 0.4%. Prices of pharmaceutical products influenced primarily the price rise in this division. In ‘recreation and culture‘, the consumer price index rose by 0.3%. Prices of package holidays were particularly higher. In 'housing, water, electricity, gas and other fuels', prices increased by 0.2%. Prices of electricity and prices of heat and hot water were especially higher. On the other hand, the decrease in prices by 0.9% occurred in ‘clothing and footwear‘. Prices of shoes and other footwear and prices of garments decreased. In ‘alcoholic beverages and tobacco‘, prices went down by 0.6%. It was caused especially by lower prices of spirits.

**In the capital city of Prague**, the overall consumer price index (cost of living) rose by 0.5%, month-on-month (0.1% in the Czech Republic). In ‘housing, water, electricity, gas and other fuels‘, the consumer price index was higher by 0.9% (0.6% in the Czech Republic). Prices of electricity had the biggest increase in this division. In ‘miscellaneous goods and services‘, Prague registered a higher price index by 0.9% (0.4% in the Czech Republic). Prices of personal care had primarily an influence in this division. On the other hand, in 'clothing and footwear', the consumer price index went down by 0.7% (–1.0% in the Czech Republic). Prices of garments and prices of shoes and other footwear were lower. In 'transport', consumer prices went down by 0.6% (–0.5% in the Czech Republic). Prices of second-hand motor cars influenced the price reduction in this division in particular.

1. ) Imputed rentals are excluded from the HICP. [↑](#footnote-ref-1)