

## YEAR-ON-YEAR RISE IN PRICES WAS THE LOWEST SINCE LAST APRIL

### Consumer price indices – inflation – January 2018

Consumer prices in January went up compared with December by 0.6%. This development was primarily due to the growth of prices in 'alcoholic beverages and tobacco' and in 'housing, water, electricity, gas and other fuels'. The year-on-year growth of consumer prices slowed down to 2.2%, which was 0.2 percentage points down on December and the lowest since April 2017.

The **month-on-month** increase in consumer prices in 'alcoholic beverages and tobacco' came primarily from the rise in prices of spirits by 6.5%, beer by 4.9% and wine by 5.0%. In 'housing, water, electricity, gas and other fuels', prices of electricity went primarily up by 2.8%, natural gas by 0.3%, water supply by 1.8% and sewage collection by 1.3%. The growth of prices in 'recreation and culture' was due to the increase in prices of package holidays by 7.1%. In 'food and non-alcoholic beverages', prices of vegetables were particularly higher by 4.4%, non-alcoholic beverages by 1.6%, other milk products by 3.8%, yoghurts by 4.5%, margarine and other vegetable fats by 6.1%, sugar by 5.6%. In 'miscellaneous goods and services', prices of personal care rose by 1.1%.

A drop in the price level in January came from a price decrease in 'clothing and footwear', where prices of garments went down by 3.2% and prices of shoes and other footwear by 3.9%. In food, prices of cheese and curd were primarily lower by 2.5%, eggs by 7.4%, butter by 6.6%, potatoes by 5.2%, bread and cereals by 0.6%.

Both prices of goods in total and prices of services rose by 0.7%.

In terms of the **year-on-year** comparison, in January, the consumer prices increased by 2.2%, i.e. 0.2 percentage points down on December. A slowdown in the year-on-year price rise occurred especially in 'food and non-alcoholic beverages', where prices of flour and other cereals were higher by 5.7% in January (13.5% in December), poultry by 1.2% (5.5% in December), yoghurts by 16.9% (21.4% in December), eggs by 36.0% (54.3% in December), butter by 19.0% (28.7% in December). Potato prices were lower by 7.6% in January (a growth by 12.5% in December). A slowdown in the y-o-y rise happened also in 'transport' due to prices of fuels and lubricants for personal transport equipment, which turned from a rise by 1.5% in December to a drop by 1.1% in January due to their higher month-on-month growth in January 2017. In 'recreation and culture', the rise in prices slowed down to 0.4% (0.6% in December). In two consumer basket divisions, the y-o-y price rise accelerated. In 'housing, water, electricity, gas and other fuels', prices of water supply rose by 1.9% (1.2% in December), sewage collection by 1.2% (0.4% in December), electricity by 2.8% (0.3% in December). In 'alcoholic beverages and tobacco', prices of alcoholic beverages were higher by 4.2% (1.7% in December) and prices of tobacco by 2.3% (2.2% in December).

The biggest influence on the growth of the y-o-y price level in January came, as before (despite its weakening), from prices in 'food and non-alcoholic beverages', where food prices rose by 4.9%, y-o-y. Next in order of influence were prices in 'housing, water, electricity, gas and other fuels', where prices of actual rentals for housing rose by 2.1% and prices of solid fuels by 5.7%. The rise in the price level came also from prices in 'alcoholic beverages and tobacco' (an increase by 3.2%). In 'restaurants and hotels', prices of catering services were higher by 4.1% and prices of accommodation services by 1.6%.

A reduction in the price level in January came from lower prices in 'clothing and footwear', where prices of garments were lower by 1.7% and prices in 'communication' (a drop by 1.2%). In 'housing, water, electricity, gas and other fuels', prices of heat and hot water and prices of natural gas were lower (–1.4% and –1.8%, respectively).

Prices of goods in total and services went up (1.9% and 2.6%, respectively). The overall consumer price index excluding imputed rentals was 101.9%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to January 2018 compared with the average CPI in the previous twelve months, amounted to 2.4% in January.

According to preliminary data of Eurostat, the **year-on-year** change in the average **harmonized index of consumer prices** (HICP)<sup>1)</sup> in the **EU28 member states** amounted to 1.7% in **December**, i.e. 0.1 percentage point down on November. The rise in prices was the highest in Estonia and Lithuania (both 3.8%). On the other hand, the year-on-year drop occurred in Cyprus (-0.4%) in December. In Slovakia, the price increase decelerated to 2.0% (2.1% in November). In Germany, prices were higher by 1.6% (1.8% in November). According to preliminary calculations, the HICP in the Czech Republic **in January increased** by 0.7%, **month-on-month**, and by 2.1%, **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in January 2018** was 1.3%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#).)

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Starting from January 2018, the consumer price indices are calculated on the base of new introduced ECOICOP classification (European Classification of Individual Consumption by Purpose), which introduces a more detailed breakdown in the consumer basket. This change occurs according to the Regulation (EU) 2016/792 of the European Parliament and of the Council. The structure of publisher indices remains unchanged.

Starting from January 2018, the consumer price indices are counted on updated weights, which are determined on the base of household expenditure in 2016. These indices are 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 are 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) is ensured.

You can find the new consumer basket on CZSO web pages: [consumer basket](#).

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<sup>1)</sup> Imputed rentals are excluded from the HICP.