

# FOOD PRICES FELL AFTER SEVEN MONTHS

## Consumer price indices – April 2012

The total consumer price level in April remained unchanged compared with March. The month-on-month development of consumer prices came from a price drop in 'food and non-alcoholic beverages' (after seven consecutive months of uninterrupted growth), which was compensated by an increase in prices in 'clothing and footwear' and 'transport'. The rise in consumer prices slowed down to 3.5%, year-on-year (3.8% in March).

The **month-on-month** decline in consumer prices in 'food and non-alcoholic beverages' was influenced by food price decreases, which came primarily from the drop in prices of eggs and vegetables (-19.8% and -5.6%, respectively). Prices of rolls and baguettes decreased (-4.3%) as well as prices of flour (-8.9%), rice (-1.6%), milk (-2.4%), yogurts (-4.3%), butter (-3.9%) and sugar (-2.9%). In alcoholic beverages, prices of spirits and wine fell (-3.7% and -1.5%, respectively).

A contrary effect on the price level came primarily from an increase in prices in 'clothing and footwear', where prices of clothing rose by 3.1% and footwear by 6.6%. In 'transport', the rise in prices of automotive fuel continued for the seventh month and amounted to 1.5% in April. The price of petrol Natural 95 (37.62 CZK per litre) exceeded its historic high again. Prices of accommodation services rose in 'restaurants and hotels' by 1.6%. In 'furnishings, household equipment and routine maintenance of the house', prices of detergents increased by 3.0%, cleaning and maintenance products by 2.4%. Prices of telephone and telefax services were higher by 0.6%. In food, prices of fruit, fish and meat rose (1.5%, 2.6% and 0.9%, respectively).

Prices of goods in total dropped (-0.1%), while prices of services increased (0.1%).

In terms of the **year-on-year** comparison, in April, the increase in consumer prices was 3.5%, i.e. 0.3 percentage points down on March. A deceleration of the price growth came from prices in 'food and non-alcoholic beverages', where the prices of eggs rose by 62.9% (124.0% in March), rolls and baguettes by 12.2% (19.4% in March), bread by 17.5% (19.8% in March), milk by 1.4% (4.7% in March), yogurts by 4.6% (9.4% in March), butter by 0.2% (5.6% in March), sugar by 6.8% (26.3% in March). Prices of vegetables including potatoes decreased (-16.3%; -8.9% in March).

A dominant upward effect on the y-o-y consumer price level came, as before, from prices of 'housing, water, electricity, gas and other fuels' and in spite of reduction in their influence also prices in 'food and non-alcoholic beverages'. In 'housing, water, electricity, gas and other fuels', prices of natural gas rose by 25.1%, electricity by 4.2%, water supply by 12.0%, sewerage collection by 10.5%, heat and hot water by 8.2%. The net actual rentals went up by 5.6%, of which for dwellings with regulated rentals rose by 14.0% and for dwellings with market rentals by 1.9%. In 'transport', prices of automotive fuel and prices of transport services rose, both by 7.6%. In 'restaurants and hotels', prices of catering services were higher by 4.3%, of which in school canteens by 7.4%.

The reduction of the y-o-y growth came mainly from prices in 'clothing and footwear', where prices of clothing went down (-4.0%). The decrease in prices in 'furnishings, household equipment and routine maintenance of the house' was influenced primarily by lower prices of household appliances (-4.4%), household textiles (-1.9%), tools and equipment for house and garden (-6.0%). In 'recreation and culture', a decrease in prices of audio-visual, photographic and information processing equipment continued (-8.0%). In 'communications', prices of mobile phones dropped (-6.6%).

Prices of goods in total and services rose (3.9% and 3.1%, respectively). The overall consumer price index excluding imputed rentals was 103.9%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to April 2012 compared with the average CPI in the previous twelve months, stood at 2.6% in April.

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices (HICP)**<sup>1)</sup> in the **EU27 member states** was 2.9% in **March**, i.e. the same as in January and February. The highest annual rate was observed in Hungary (5.5%), and the lowest in Sweden (1.1%). In Germany, the price rise decelerated to 2.3% (2.5% in February). In Slovakia, the price increase slowed down to 3.9% (4.0% in February). According to preliminary calculations, the HICP in the Czech Republic in **April 2012** remained unchanged, **month-on-month**, and increased by 4.0% (4.2% in March), **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone** in **April 2012** was 2.6%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

The consumer price indices are calculated with new weights, which are derived from the household expenditures in 2010, from January 2012 on the base of a standard revision of the calculations of the price indices. Up to now, indices have been calculated from the technical base December 2009 = 100; now it was replaced by a new technical base December 2011 = 100. Indices calculated that way are chained at all levels of CZ-COICOP classification to the existing price indices with the base 2005 = 100. Thereby, a continuation of the existing index time series 2005 = 100, from which indices to other bases are derived (previous month = 100, corresponding period of the last 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) are ensured. The detailed information can be found on the [CZSO](#) web pages.

<sup>1)</sup> So far, imputed rentals have been excluded from the HICP