

Average inflation rate stood at 1.5 % in 2010

Consumer price indices – December 2010

The total consumer price level in December increased compared with November by 0.5 %, which was with the exception of January the highest month-on-month growth of prices in 2010. This development came from a price rise in 'food and non-alcoholic beverages', which was the highest since January 2008 and further in 'transport', the highest since June 2009. In December the rise in consumer prices amounted to 2.3 %, y-o-y, (2.0 % in November). Average year-on-year inflation rate reached 1.5 % in 2010.

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The **month-on-month** consumer price growth by 0.5 % owed primarily to prices of fruit by 13.9 % and vegetables by 6.4 %. Similarly as in November, prices of seasonal kinds of fruit and vegetables (peaches, grapes, strawberries, watermelons, green papers) went primarily up. Prices of potatoes increased by 12.4 %. The growth of prices of bread and cereals continued by 4.1 %, of which prices of bread by 4.8 %, rolls and baguettes by 9.0 %, flour by 2.5 %. Prices of chocolate and chocolate-based products were higher by 1.4 % and cocoa by 3.5 %. In 'transport', prices of automotive fuel rose by 4.6 %. The average price of petrol Natural 95 reached 32.88 CZK per litre, higher price was in September 2005 for the last time. The average price of diesel oil 32.01 CZK per litre was the highest since September 2008.

A contrary (however, not much significant) effect on the price level came from a consumer price drop in pork by 1.6 %, poultry by 1.8 %, eggs by 3.6 %, motorcycles by 0.5 %, bicycles by 0.7 %, air transport by 0.7 %.

Prices of goods in total increased by 0.8 %, while prices of services remained unchanged.

In terms of the **year-on-year** comparison, in December 2010, the increase in consumer prices was 2.3 %, i.e. 0.3 percentage points up on November. The biggest acceleration in the price growth was shown in 'transport', in which the increase in prices of automotive fuel accelerated to 16.6 % (from 10.8 % in November). The acceleration of y-o-y price rise was recorded in 'food and non-alcoholic beverages', in which prices of bread and cereals went up by 5.0 % (from 1.7 % in November), vegetables by 34.0 % (from 31.6 % in November) and fruit by 12.2 % (from 11.0 % in November).

The highest upward effect on the consumer price level came, as before, from prices in 'food and non-alcoholic beverages'. Prices of rolls and baguettes were higher by 12.0 % than in the previous year, flour by 14.9 %, butter by 15.0 %, potatoes by 70.2 % and cocoa by 16.4 %. The second highest upward effect on the growth of consumer prices came from prices in 'housing, water, electricity, gas and other fuels'. The net actual rentals went up by 8.4 %, of which for dwellings with regulated rentals rose by 16.8 % and for dwellings with market rentals dropped by 1.8 %. Prices of natural gas were higher by 6.6 %, heat and hot water by 3.4 %, water supply by 3.8 % and sewerage collection by 4.9 %.

Prices of clothing and footwear were lower than in the previous year (-3.8 % and -2.2 %, respectively). In 'recreation and culture', prices of audio-visual, photographic and information processing equipment were lower by 8.9 % and in 'communications', prices of mobile phones by 12.6 %. In 'transport', prices of cars went down by 11.1 %. In 'housing, water, electricity, gas and other fuels', prices of electricity were lower by 2.5 %.

Prices of goods in total increased by 2.4 % and prices of services by 2.1 %. The overall consumer price index excluding imputed rentals was 102.4 %, year-on-year.

Average inflation rate, i.e. the increase in the average consumer price index in the twelve months to December 2010 compared with the average CPI in the previous twelve months, stood at 1.5 % in December, which is 0.5 percentage points up compared with 2009. It was the third lowest average inflation rate since 1989. Inflation rate was lower only in 2003 (0.1 %) and in 2009.

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices** (HICP) in the **EU27 member states** was 2.3 % in **November 2010** (the same as in October). The highest annual rates were observed in Romania (7.7 %) and Greece (4.8 %). The year-on-year decrease continued in Ireland (-0.8 %). In Germany, the y-o-y growth amounted to 1.6 % (1.3 % in October). In Slovakia, the increase in the HICP remained unchanged compared with October, i.e. 1.0 %. According to preliminary calculations, the HICP in the **Czech Republic in December** rose by 0.5 %, **month-on-month**, and by 2.3 % (1.9 % in November), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in December 2010** was 2.2 %, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

In December 2010, in comparison to November 2010, consumer prices rose in **households of pensioners** by 0.7 %. It was recorded a higher consumer price index for 'food and non-alcoholic beverages' by 2.1 %. The increase was affected particularly by higher prices of fruit, rolls and baguettes and vegetables. Higher index was also registered for 'transport' by 1.9 % due mainly to an increase in prices of automotive fuels. In 'miscellaneous goods and services', the consumer prices went up by 0.2 %. An upward effect on the consumer price level came primarily from the rise in prices of beauty products. On the other hand, a lower index was recorded for 'recreation and culture' (-0.1 %) mainly due to lower prices of domestic recreation stays. A drop was registered for 'clothing and footwear' by 0.1 %, primarily due to the decrease in prices of ready-made clothing and underwear and knitwear.

In the capital city of Prague, the overall consumer price index (cost of living) increased by 0.3 % month-on-month (in the whole Czech Republic a rise by 0.5 %). The consumer price index for 'food and non-alcoholic beverages' increased by 1.6 % (2.0 % in the Czech Republic) due primarily to higher prices of fruit, rolls and baguettes, bread and vegetables. Prague registered a higher index for 'transport' by 1.2 % (1.6 % in the Czech Republic) particularly due to higher prices of automotive fuel. The consumer price index for 'recreation and culture' went up by 0.2 % (-0.1 % in the Czech Republic), affected mainly by higher prices of recreational stays abroad. On the other hand, a decrease occurred in 'alcoholic beverages, tobacco' by 0.7 % (in the Czech Republic remained unchanged) as a result of lower prices of spirits and wine. In 'furnishings, household equipment and routine maintenance of the house', the drop in prices by 0.4 % (-0.1 % in the Czech Republic) came from lower prices of glassware, tableware and household utensils.