

PRICES OF POTATOES INCREASED AGAIN

Consumer price indices – inflation – May 2019

Consumer prices in May increased by 0.7% compared with April. This development came primarily from a price rise in ‘food and non-alcoholic beverages’. The year-on-year growth of consumer prices accelerated to 2.9% in May, which was 0.1 percentage point up on April.

The **month-on-month** rise in consumer prices in ‘food and non-alcoholic beverages’ came primarily from prices of vegetables by 6.2%, of which prices of potatoes went up by 11.1% and reached value CZK 26.19 per kg. Prices of meat were higher by 2.4%, fruit by 7.0%, cheese and curd by 2.2%. In ‘alcoholic beverages and tobacco’, prices of spirits rose by 4.6%, beer by 3.9%, and wine by 1.5%. The price increase in ‘housing, water, electricity, gas and other fuels’ was due to the increase in prices of electricity by 0.5% and prices of actual rentals for housing by 0.4%. In ‘transport’, the rise in prices of fuels and lubricants for personal transport equipment (which was 2.6% in May), continued for the third month.

The decrease in overall consumer price level in May came primarily from prices in ‘recreation and culture’, where prices of package holidays went down by 1.8%. In ‘clothing and footwear’, prices of garments went down by 0.4%. In food, especially prices of non-alcoholic beverages were lower by 1.5%.

Prices of goods in total went up by 0.9% and prices of services by 0.3%.

In terms of the **year-on-year** comparison, in May, the consumer prices rose by 2.9%, i.e. 0.1 percentage point up on April. This acceleration in the year-on-year price rise came primarily from prices in ‘food and non-alcoholic beverages’, where prices of potatoes went up by 88.4% (70.2% in April). While there was a price decrease in April as for many types of food, in May their prices either started to grow or their price decline slowed down. Prices of meat were higher by 2.2% (–0.2% in April), prices in the group of milk, cheese and eggs rose by 1.7% (–0.1% in April). Prices of fruit were lower by 7.5% in May (–9.5% in April) and sugar by 23.8% (–30.8% in April). The year-on-year price rise accelerated also in ‘alcoholic beverages and tobacco’, where prices of spirits were higher by 1.8% in May (–0.5% in April) and beer by 7.2% (–1.1% in April). The slowdown in the year-on-year price growth in ‘transport’ was due mainly to prices of fuels and lubricants for personal transport equipment, which slowed down to 3.1% (4.7% in April) partly due to their strong month-on-month increase in May 2018. In ‘recreation and culture’, prices of package holidays went up by 3.2% (4.6% in April).

The biggest influence on the growth of the y-o-y price level in May came, as before, from prices in ‘housing, water, electricity, gas and other fuels’, where prices of actual rentals for housing went up by 3.3%, water supply and sewage collection identically by 2.6%, electricity by 12.5%, natural gas by 3.6%. Next in order of influence were prices in ‘food and non-alcoholic beverages’ (an increase by 2.8%). The impact on the price level increase had also prices in ‘miscellaneous goods and services’, where prices of insurance rose by 5.5% and prices of financial services by 5.7%. In ‘alcoholic beverages and tobacco’, prices went up by 2.3%. In ‘restaurants and hotels’, prices of catering services were higher by 4.0% and prices of accommodation services by 2.5%.

A reduction in the price level in May came from prices in ‘clothing and footwear’ due to prices of garments, which were lower by 3.1%. In ‘communication’, prices dropped by 1.3%.

Prices of goods in total and services went up (2.6% and 3.4%, respectively). The overall consumer price index excluding imputed rentals for housing was 102.6%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to May 2019 compared with the average CPI in the previous twelve months, amounted to 2.5% in May.

According to preliminary data of Eurostat, the **year-on-year** change in the average **harmonized index of consumer prices** (HICP)¹⁾ in the **EU28 member states** amounted to 1.9% **in April** (0.3 percentage points up on March). The rise in prices was the highest in Romania (4.4%) and the lowest price increase was in Croatia (0.8%). In Slovakia, the price rise decelerated to 2.4% in April from 2.7% in March. In Germany, prices were higher by 2.1% (1.4% in March). According to preliminary calculations, the **month-on-month** change in the HICP in the Czech Republic **in May** amounted to 0.7% and the **year-on-year** growth was 2.6%. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in May 2019** amounted to 1.2%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#).)

In May, in comparison with April, the overall consumer price level in **households of pensioners** went up by 0.8%. In 'food and non-alcoholic beverages', the consumer price index rose by 2.1%. Prices of vegetable, meat and fruit had the biggest influence on the price level change in this division. In 'alcoholic beverages and tobacco', prices rose by 1.8%. Especially prices of spirits and beer went up in this division. On the other hand, in 'recreation and culture', prices dropped month-on-month by 0.2%, mainly lower prices of package holidays had an influence on it.

In the capital city of Prague, the overall consumer price index (cost of living) increased by 0.6%, month-on-month (0.7% in the Czech Republic). In 'housing, water, electricity, gas and other fuels', the consumer price index went up by 0.9% (0.4% in the Czech Republic). Prices of electricity rose in this division, in particular. In 'food and non-alcoholic beverages', prices went up by 1.6% (2.0% in the Czech Republic). Prices of meat, vegetable and fruit rose in this division, in particular. Prices in 'recreation and culture' had the opposite effect on the change in the price level in Prague. There was a month-on-month decrease in the price level by 0.6% (by 0.3% in the Czech Republic), mainly due to lower prices of package holidays.

¹⁾ Imputed rentals are excluded from the HICP.