

PRICES OF TOBACCO PRODUCTS ROSE SIGNIFICANTLY

Consumer price indices – February 2015

Consumer prices in February rose compared with January by 0.2%. The development in February was due to the increase in prices in 'alcoholic beverages and tobacco' and 'recreation and culture' in particular. The year-on-year increase in consumer prices in February remained at the same level as in the previous two months, i.e. 0.1%.

The **month-on-month** increase in consumer prices in 'alcoholic beverages and tobacco' came from the rise in prices of tobacco products by 4.0% (an amendment to the Law on Excise Tax). Prices of spirits rose by 0.7%. In 'recreation and culture', prices of winter package holidays rose by 3.7% in particular. In 'miscellaneous goods and services', prices of beauty products and financial services were higher (1.9% and 0.9%, respectively). In 'housing, water, electricity, gas and other fuels' prices of heat and hot water increased by 0.5% and the net actual rentals by 0.2%. In food, prices of vegetables were especially higher by 4.8%, rolls and baguettes by 2.2%, butcher products by 0.7% and cheese by 0.8%. In 'communication', prices of postal services increased by 3.7%.

A contrary effect on the overall consumer price level in February owed to a further drop in prices of fuel, which amounted to 3.8%. Over the past five months, fuel prices fell by 18.2%. In 'clothing and footwear', prices of garments and shoes and other footwear decreased (-1.3% and -1.9%, respectively). In food, prices of pork went down (-2.5%) as well as prices of oils and fats (-2.6%), yoghurts (-2.7%), other milk products (-1.5%) and chocolate and chocolate-based products (-3.1%). In 'alcoholic beverages and tobacco', wine prices and beer prices were lower (-2.5% and -2.8%, respectively).

Prices of goods in total remained unchanged, while prices of services went up by 0.3%.

In terms of the **year-on-year** comparison, in February, the consumer price level rose by 0.1%, i.e. the same as in the previous two months. An acceleration in the y-o-y price growth occurred mainly in 'alcoholic beverages and tobacco', where prices of tobacco products were higher by 6.1% (2.1% in January). On the other hand, in 'transport', the price drop deepened due to a further drop in fuel prices (-17.1% in February (-13.9% in January).

The biggest influence on the growth of the price level in February came from prices in 'alcoholic beverages and tobacco' and 'housing, water, electricity, gas and other fuels'. In 'housing, water, electricity, gas and other fuels', prices of natural gas rose by 4.5%, water supply by 3.4%, sewage collection by 2.8%, the net actual rentals by 1.4%, heat and hot water by 1.2%. Prices of electricity were lower (-0.3%), y-o-y. In 'miscellaneous goods and services', prices of personal care, insurance and financial services rose (2.9%, 2.6% and 6.8%, respectively). In 'clothing and footwear', prices of garments and shoes and other footwear increased (2.4% and 9.6%, respectively). In 'recreation and culture', prices of package holidays went up by 5.9%.

In addition to the prices in 'transport', the price drop in 'food and non-alcoholic beverages', 'health' and 'communication' caused the reduction in the y-o-y price level. In 'food and non-alcoholic beverages', the decrease in prices came from prices of fruit and vegetables (-6.5% and -9.9%, respectively). Prices of rolls and baguettes went down by 1.5%, pork by 5.3%, milk by 3.0%, cheese by 3.3%, oils and fats by 2.8%. The price drop in 'health' was due to the abolition of the regulatory fees since January 2015. The year-on-year decrease in prices continued in 'communication' due to the drop in prices of telephone and telefax services and mobile phones (-1.3% and -20.9%, respectively).

Prices of goods in total went down (-0.4%), while prices of services were higher by 0.9%²⁾. The overall consumer price index excluding imputed rentals was 100.0%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to February 2015 compared with the average CPI in the previous twelve months, stood at 0.3% in February.

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** was **-0.5% in January** i.e. 0.4 percentage point less than in December. Prices went up only in five EU countries within the range from 0.3% in the United Kingdom to 0.8% in Malta. On the other hand, the largest price decline occurred in Greece and Bulgaria (-2.8% and -2.3%, respectively). In Slovakia, prices dropped by 0.5% (-0.1% in December). In Germany, the y-o-y price rise in December by 0.1% turned to a y-o-y drop (-0.5%) in January. According to preliminary calculations, the HICP in the Czech Republic **in February** increased by 0.1%, **month-on-month**, and was -0.1% (the same as in January), **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in February 2015** amounted to -0.3%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

¹⁾ So far, imputed rentals have been excluded from the HICP

²⁾ Data were amended on 8 April 2015

In February, in comparison to January, consumer prices rose in **households of pensioners** by 0.2%. In 'alcoholic beverages and tobacco', the consumer price index went up by 0.7%. The growth was affected by higher prices of tobacco and spirits. In 'recreation and culture', the increase in prices occurred by 0.7% as well. Prices of package holidays went primarily up. A rise in the overall consumer price index was also influenced by the 0.7% price increase in 'miscellaneous goods and services'. It was shown primarily the increase in prices of financial services and beauty products. On the other hand, the decrease in prices (-1.3%) occurred in 'transport'. The drop was caused mainly by prices of fuel. In 'clothing and footwear', the price index went down (-1.2%). It was caused primarily by lower prices of shoes and other footwear and garments.

In the capital city of Prague, the overall consumer price index (cost of living) rose, month-on-month, by 0.2% (a growth by 0.2% in the whole Czech Republic as well). In 'alcoholic beverages and tobacco', the consumer price index increased by 1.5% (1.5% also in the Czech Republic) due to tobacco prices. In 'recreation and culture', Prague registered a higher index by 1.0% (0.9% in the Czech Republic). There were higher prices of package holidays. On the other hand, in 'clothing and footwear', the consumer price index declined by 2.5% (-1.4% in the Czech Republic). It was mainly a result of lower prices of shoes and footwear. In 'transport', consumer prices fell by 0.9% (-1.3% in the Czech Republic) due especially to lower prices of fuel.