

YEAR-ON-YEAR INFLATION SLOWED DOWN SLIGHTLY

Consumer price indices – August 2013

Consumer prices in August dropped by 0.2% compared with July. This decline came primarily from a price decrease in 'food and non-alcoholic beverages'. The year-on-year growth of consumer prices decelerated to 1.3% in August from 1.4% in July.

The **month-on-month** decrease in consumer prices came particularly from the drop in prices of vegetables by 13.9%, of which prices of potatoes by 24.2% and vegetables cultivated for their fruit by 30.0%. Prices of fruit went down by 1.9%, of which prices of stone fruit and berries by 23.2%. Prices of edible oils fell slightly as well as prices of pulses, chocolate and chocolate-based products, non-chocolate confectionery, cocoa, coffee, tea (ranging from 1.1% to 1.4%). In 'clothing and footwear', prices of both clothing and footwear were lower (-0.9% and -1.0%, respectively).

A contrary effect on the consumer price level owed mainly to a growth of prices in 'alcoholic beverages, tobacco' due to higher prices of tobacco products by 1.1%. In 'recreation and culture', seasonal prices of package holidays went up by 2.1%. In 'communication', prices of postal services rose by 19.8%. Prices of automotive fuel were higher by 0.7%. Financial services increased by 0.8%.

Prices of goods in total dropped (-0.4%), while prices of services rose (0.1%).

In terms of the **year-on-year** comparison, in August, the increase in consumer prices was 1.3%, i.e. 0.1 percentage point down compared with July. A deceleration of the price rise came particularly from prices in 'transport', where prices of automotive fuel turned from a rise (1.8%) in July to a drop (-0.7%) in August. This was due to their significant m-o-m increase in August 2012.

A decisive upward effect on the y-o-y consumer price level came from prices in 'food and non-alcoholic beverages'. Prices of flour rose by 20.1%, pork by 7.1%, milk by 11.6%, cheese by 7.3%, butter by 13.4%, fruit by 11.2%, potatoes by 103.4%. The other more important upward effect owed to prices in 'housing, water, electricity, gas and other fuels' and to prices in 'alcoholic beverages, tobacco'. In 'housing, water, electricity, gas and other fuels', the net actual rentals went up by 2.2%, water supply by 6.6%, sewerage collection by 7.1%, prices of electricity by 3.3%, heat and hot water by 3.9%. Prices of natural gas were lower, year-on-year (-6.9%). In 'alcoholic beverages, tobacco', prices of spirits increased by 3.0%, wine by 3.6%, beer by 4.7%, tobacco products by 3.0%.

The reduction of the y-o-y price growth came from the decrease in prices in 'communication', where prices of telephone and telefax services were lower (-11.2%). The drop in prices in 'furnishings, household equipment and routine household maintenance' was influenced primarily by lower prices of household appliances (-3.3%). In 'transport', prices of passenger cars were lower (-2.5%).

Prices of goods in total and prices of services increased (1.7% and 0.8%, respectively). The overall consumer price index excluding imputed rentals was 101.5%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to August 2013 compared with the average CPI in the previous twelve months, stood at 2.0% in August.

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices (HICP)**¹⁾ in the **EU28 member states** was 1.7% in **July**, i.e. the same as in June. Prices grew most in Estonia (3.9%). On the other hand, a y-o-y price decrease occurred in Greece (-0.5%) in July. In Germany, the price rise amounted to 1.9% in July (the same as in June). In Slovakia, the price increase decelerated moderately to 1.6% in July (1.7% in June). According to preliminary calculations, the HICP in the Czech Republic in **August 2013** dropped by 0.2%, **month-on-month**, and rose by 1.2% (1.4% in July), **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in August 2013** was 1.3%, 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

In August, in comparison to July, consumer prices decreased in **households of pensioners** (-0.3%). In 'food and non-alcoholic beverages', a lower consumer price index was recorded (-1.4%). The decrease was affected particularly by lower prices of vegetables, fine pastry and edible oils. In 'clothing and footwear', the decrease in prices was shown (-0.8%) due to a fall in prices of both footwear and garments. In 'furnishings, household equipment and routine household maintenance', the consumer price level fell (-0.2%). A downward effect on the consumer price level came mainly from the decrease in prices of small tools and miscellaneous accessories. On the other hand, in 'communication', a higher consumer price index was registered (1.0%) due to the rise in prices of postal services. An increase was recorded also for 'recreation and culture' (0.2%), where the rise in prices of recreational stays abroad was shown.

In the capital city of Prague, the overall consumer price index (cost of living) dropped by 0.1% month-on-month (-0.2% in the whole Czech Republic). The consumer price index for 'food and non-alcoholic beverages' decreased by 1.8% (-1.1% in the Czech Republic) due mainly to lower prices of vegetables. In 'clothing and footwear', Prague registered a lower index by 1.0% (-0.9% in the Czech Republic) due particularly to lower prices of clothing and also footwear. On the other hand, the rise in prices in 'alcoholic beverages, tobacco', amounted to 1.2% (0.3% in the Czech Republic). It was primarily a result of higher prices of tobacco and wine. In 'recreation and culture', prices increased by 0.6% (0.3% in the Czech Republic) due primarily to the rise in prices of recreational stays abroad.