# FOOD PRICES DOMINATED THE YEAR-ON-YEAR GROWTH AGAIN

Consumer price indices – inflation – September 2017

**Consumer prices in September dropped compared with August by 0.1%. This development was primarily due to the decrease in prices in 'recreation and culture'. The year-on-year growth of consumer prices amounted to 2.7%, which was 0.2% percentage points up on August.**

The **month-on-month** decrease in consumer prices in 'recreation and culture' came from lower prices of package holidays by 13.5% due to the end of summer season. A drop in the price level came also from the decline in 'miscellaneous goods and services', were prices of personal care decreased by 0.8%. In 'food and non-alcoholic beverages', prices of poultry were primarily lower by 2.3%, yoghurts by 4.1%, fruit by 1.3%, and non-alcoholic beverages by 0.8%.

A growth of the price level came mainly from a price increase in 'clothing and footwear' due to the rise in prices of garments by 1.8% and prices of shoes and other footwear by 2.2% in September. In 'transport', prices of automotive fuel rose by 1.3%. In 'restaurants and hotels', prices of catering services went up by 0.9%. As the new school year started, prices in 'education' rose by 1.4%. Fees in kindergartens increased by 1.3%, tuition fees at private secondary schools by 0.5%, school-fees at public universities by 4.2%, fees for foreign language learning by 2.9% and fees in schools of art (base level) by 0.7%. In food, prices of fresh butter were especially higher by 9.7% and reached CZK 229.45 per 1 kg. Prices of bread and cereals rose by 0.8%, cheese by 1.5%, vegetable and other fats by 6.1%, vegetables by 0.8%, of which potato prices were higher by 6.6%.

Prices of goods in total rose by 0.2%, while prices of services went down by 0.7%.

In terms of the **year-on-year** comparison, in September, the consumer prices increased by 2.7%, i.e. 0.2 percentage points up on August. The growth of prices in 'food and non-alcoholic beverages' in September was influenced especially by an acceleration in the y-o-y rise in prices of fresh butter (55.1% from 45.5% in August) and prices of vegetable and other fats (13.1% from 2.9% in August). Prices of fruit turned from the drop by 1.2% in August to a growth by 2.4% in September and prices of vegetables slowed down the decline to 4.4% (–5.7% in August). In 'housing, water, electricity, gas and other fuels', prices of the net actual rentals were higher by 2.7% (2.5% in August) and prices of solid fuels by 5.3% (5.0% in August).

The biggest influence on the growth of the y-o-y price level in September came, as before, from prices in 'food and non-alcoholic beverages'. Prices of bread and cereals increased by 6.2%, meat by 4.9%, eggs by 25.8%, milk by 11.5%, cheese by 14.0%. Next in order of influence were prices in 'housing, water, electricity, gas and other fuels', where prices of water supply rose by 1.2%, sewage collection by 0.4%, electricity by 0.3%. The rise in the price level came also from prices in 'restaurants and hotels', where prices of catering services were higher by 7.6% and prices of accommodation services by 1.7%. In 'transport', the price increase continued due to higher prices of automotive fuel by 3.0%.

A reduction in the price level, year-on-year, came from lower prices in 'furnishings, household equipment and routine household maintenance' (–0.1%). A decrease continued in 'communication' due to lower prices of telephone and telefax services (–1.4%) and mobile phones (–13.8%). In 'housing, water, electricity, gas and other fuels', prices of heat and hot water and prices of natural gas were lower (–2.3% and –0.8%, respectively).

Prices of goods in total went up by 2.3% and prices of services by 3.2%. The overall consumer price index excluding imputed rentals was 102.4%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to September 2017 compared with the average CPI in the previous twelve months, amounted to 2.2% in September.

According to preliminary data of Eurostat, the **year-on-year** change in the average **harmonized index of consumer prices** (HICP)[[1]](#footnote-1)) in the **EU28 member states** amounted to 1.7% **in August,** i.e. 0.2 percentage points up on July. The rise in prices was the highest in Lithuania (4.6%) and Estonia (4.2%) and the lowest in Ireland (0.4%). In Slovakia, the price increase accelerated to 1.6% in August from 1.5% in July. In Germany, prices were higher by 1.8% (1.5% in July). According to preliminary calculations, the HICP in the Czech Republic **in September** went down by0.1%, **month-on-month,** and increased by 2.5%, **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone** **in September 2017** was 1.5%, y-o-y, as Eurostat announced (more information on the Eurostat’s web pages: [**HICP**](http://ec.europa.eu/eurostat/web/hicp/data/main-tables).)

In September, in comparison with August, the overall consumer price level in **households of pensioners** dropped by 0.1%. In ‘recreation and culture‘, prices went down by 3.3%. Prices of package holidays had primarily an influence on the price decrease in this division. In ‘alcoholic beverages and tobacco‘, the consumer price index declined by 0.2%. Prices of beer and wine were lower. In 'miscellaneous goods and services', prices went down by 0.1%. It was caused especially by prices of beauty products. On the other hand, the increase in prices by 1.6% occurred in ‘education‘. In 'clothing and footwear', prices went up by 1.5%. An increase in prices of shoes and other footwear and prices of garments was recorded.

**In the capital city of Prague**, the overall consumer price index (cost of living) declined by 0.1%, month-on-month (–0.1% in the whole Czech Republic as well). In ‘recreation and culture‘, the consumer price index decreased by 3.6% (–3.6% also in the Czech Republic). Prices of package holidays went especially down. In ‘alcoholic beverages and tobacco‘, Prague registered a lower price index by 0.2% (–0.1% in the Czech Republic). Prices of beer and wine were lower in this division. On the other hand, in 'clothing and footwear', the consumer price index increased by 3.3% (1.8% in the Czech Republic). Higher prices of garments and shoes and other footwear were collected. In 'education', consumer prices went up by 2.9% (1.4% in the Czech Republic).

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Starting from January 2018, the consumer price indices will be calculated on the base of new introduced ECOICOP classification (European Classification of Individual Consumption by Purpose), which introduces a more detailed breakdown in the consumer basket. This change occurs according to the Regulation (EU) 2016/792 of the European Parliament and of the Council. The structure of publisher indices remains.

Starting from January 2018, the consumer price indices will be counted on updated weights, which will be determined on the base of household expenditure in 2016. These indices will be chained at all levels of the consumer basket with the base period average of 2015 = 100. Thereby, a continuation of the existing index time series, from which indices to other bases will be derived (previous month = 100, corresponding period of the previous 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) will be ensured.

1. ) Imputed rentals are excluded from the HICP. [↑](#footnote-ref-1)