

YEAR-ON-YEAR INFLATION SLOWED DOWN AGAIN

Consumer price indices – September 2013

Consumer prices in September dropped by 0.4% compared with August. This decline came primarily from a seasonal price decrease in 'recreation and culture' and a moderate price reduction in further divisions of consumer basket. The year-on-year growth of consumer prices decelerated to 1.0% in September (1.3% in August) and was the lowest since March 2010.

The **month-on-month** decline in consumer prices in 'recreation and culture' came similarly to previous years mainly from the drop in prices of package holidays by 13.4% due to the end of summer season. The price drop in 'food and non-alcoholic beverages' was influenced primarily by lower prices of vegetables by 5.6% (of which potato prices by 13.2%) and prices of fruit by 5.1%. Prices of flour went down by 1.2%, yoghurts by 4.5%, sugar by 1.1%, cocoa by 1.7%, coffee by 1.6%, tea by 2.2%. In 'furnishings, household equipment and routine household maintenance', prices of goods and services for routine household maintenance were slightly lower in particular. In 'communication', prices of mobile phones and prices of telephone and telefax services dropped (-1.5% and -1.3%, respectively).

A contrary effect on the consumer price level owed mainly to a rise in prices of clothing and footwear (2.3% and 5.5%, respectively). In 'alcoholic beverages, tobacco', prices of tobacco products rose by 1.6%. In food, prices of pork, milk, butter, vegetable fats were higher (2.7%, 1.7%, 1.6%, 3.5%, respectively). As the new school year started, fees in kindergartens increased by 2.2%, in after school care centres by 3.9%, in art schools (base level) by 1.1%, and in foreign language teaching by 3.0%. Similarly, in 'restaurants and hotels', prices of meals in school canteens rose by 2.0%, accommodation in boarding schools by 0.9% and in university college by 1.8%.

Prices of goods in total and prices of services dropped (-0.1% and -0.8%, respectively).

In terms of the **year-on-year** comparison, in September, the increase in consumer prices was 1.0%, i.e. 0.3 percentage point down compared with August. A deceleration of the price rise or a deeper price drop came, to a different extent, from the majority of the consumer basket divisions. A slowdown of the y-o-y price growth was shown primarily in 'food and non-alcoholic beverages', where prices of potatoes were higher by 62.9% (103.4% in August), fruit prices by 5.0% (11.2% in August), flour by 15.2% (20.1% in August), pork by 5.6% (7.1% in August), yoghurts by 1.5% (4.7% in August). In 'transport', automotive fuel prices were lower by 3.1%, y-o-y, in September (-0.7% in August). This was due to their significant m-o-m increase in September 2012.

The biggest upward effect on the y-o-y consumer price level came, as before, from prices in 'food and non-alcoholic beverages', where the growth of milk prices accelerated to 14.4%, cheese to 9.6%, butter to 21.9%. 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 1.0%, wine by 4.3%, beer by 3.0%, tobacco products by 4.4%.

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 (-11.8%). The drop in prices in 'furnishings, household equipment and routine household maintenance' was influenced primarily by lower prices of household appliances (-3.9%).

Prices of goods in total and prices of services increased (1.3% and 0.7%, respectively). The overall consumer price index excluding imputed rentals was 101.2%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to September 2013 compared with the average CPI in the previous twelve months, stood at 1.8% in September.

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 1.5% in August, i.e. 0.2 percentage points down on July. Prices grew most in Estonia (3.6%). On the other hand, a year-on-year price decrease occurred in Greece (-1.0%), Bulgaria (-0.7%) and Latvia (-0.1%) in August. In Germany, the price rise slowed down to 1.6% in August (1.9% in July). In Slovakia, the price increase decelerated to 1.4% in August (1.6% in July). According to preliminary calculations, the HICP in the Czech Republic in **September 2013** dropped by 0.3%, **month-on-month**, and rose by 1.0% (1.2% in August), **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone** in **September 2013** was 1.1%, 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 September, in comparison to August, consumer prices fell in **households of pensioners** (-0.4%). In 'recreation and culture', a lower consumer price index was recorded (-2.8%). The decrease was affected particularly by lower prices of recreational stays abroad and domestic recreational stays. In 'communication', the drop in prices was shown (-0.9%) due to a fall in prices of mobile phones and telephone and telefax services. In 'food and non-alcoholic beverages', the consumer price level declined (-0.8%). A downward effect on the consumer price level came mainly from the decrease in prices of vegetables, fruit and yoghurts. On the other hand, in 'clothing and footwear', a higher consumer price index was registered (2.8%) due primarily to the rise in prices of footwear. In 'education', an increase was recorded (2.0%), where the increase in prices of education not definable by level was shown.

In the capital city of Prague, the overall consumer price index (cost of living) dropped by 0.6% month-on-month (-0.4% in the whole Czech Republic). In 'recreation and culture', the consumer price index decreased by 3.4% (-3.2% in the Czech Republic) due mainly to lower prices of recreational stays abroad and domestic recreational stays. In 'food and non-alcoholic beverages', Prague registered a lower index by 1.4% (-0.8% in the Czech Republic) due particularly to lower prices of fruit, vegetables and yoghurts. On the other hand, the increase in prices in 'clothing and footwear', was 4.7% (3.0% in the Czech Republic). It was a result of higher prices of clothing and also footwear. In 'restaurants and hotels', the rise in prices amounted to 0.2% (0.2% in the Czech Republic as well) due primarily to the increase in meal prices in restaurants and canteens.