

YEAR-ON-YEAR CONSUMER PRICE GROWTH SLOWED DOWN MARKEDLY

Consumer price indices – inflation – May 2016

Consumer prices in May decreased compared with April by 0.2%. The price development was primarily due to a drop in prices in 'housing, water, electricity, gas and other fuels', 'alcoholic beverages and tobacco' and 'food and non-alcoholic beverages'. The year-on-year growth of consumer prices was only 0.1% in May, i.e. 0.5 percentage points down on April and the lowest since the beginning of this year.

The **month-on-month** decrease in consumer prices in 'housing, water, electricity, gas and other fuels' came primarily from the decline in prices of natural gas by 6.4%. In 'food and non-alcoholic beverages', prices of cheese were especially lower by 2.5%, fruit by 1.7%, meat by 0.4%, milk by 3.2%, non-alcoholic beverages by 0.9%, vegetables by 0.8% oils and fats by 0.6%. In 'alcoholic beverages and tobacco', prices of bottled beer dropped by 4.0%, wine by 4.2% and spirits by 0.8%. In 'clothing and footwear', prices of garments went down by 0.5% and prices of shoes and other footwear by 0.7%.

An increase in the price level came particularly from a price rise in 'transport' due to higher prices of automotive fuel by 3.3%. In 'health', prices of therapeutic stays at a spa rose by 7.8%. In 'miscellaneous goods and services', prices of products and services for personal care went up by 0.6%. In food, prices of bread were particularly higher by 1.1%, as well as prices of other milk products, potatoes and sugar (2.7%, 4.7% and 1.4%, respectively).

Prices of goods in total went down by 0.4%, while prices of services rose by 0.2%.

In terms of the **year-on-year** comparison, in May, the consumer prices increased by 0.1%, i.e. 0.5 percentage points down on April. A slowdown in the year-on-year price rise was especially due to the development in 'alcoholic beverages and tobacco' and 'housing, water, electricity, gas and other fuels'. In 'alcoholic beverages and tobacco', prices of spirits went up by 5.5% and beer by 4.1% (both by 7.5% in April) and prices of wine turned from a rise by 4.3% in April to a drop by 0.5%. In 'housing, water, electricity, gas and other fuels', prices of natural gas went down by 6.9% (only -0.5% in April). A decreasing influence on the price level came also from a deeper price drop in 'food and non-alcoholic beverages', where prices of meat were lower by 2.3% (-1.7% in April), milk by 15.4% (-14.3% in April), cheese by 11.0% (-9.1% in April), yoghurts by 12.9% (-11.8% in April), oils and fats by 6.3% (-4.8% in April), fruit by 3.2% (-1.6% in April). Prices of non-alcoholic beverages went down by 0.6% (a growth by 1.6% in April).

The biggest influence on the growth of the price level in May came from prices in 'alcoholic beverages and tobacco' due to the increase in prices of alcoholic beverages and tobacco products (3.5% and 4.3%, respectively). A positive influence (despite their weakening) had prices in 'housing, water, electricity, gas and other fuels' where prices of the net actual rentals increased by 1.3%, water supply by 1.6% sewage collection by 5.3%, electricity by 1.2%, heat and hot water by 1.2%. In 'clothing and footwear', prices of garments were higher by 0.9% and prices of shoes and other footwear by 5.0%. In 'recreation and culture', prices of package holidays rose by 4.3%. In 'miscellaneous goods and services', prices of insurance and financial services rose both by 1.8%. In 'health', prices of therapeutic stays at a spa went up by 4.5% and pharmaceutical products by 1.9%. In food, prices of vegetables were mainly higher by 4.1% year-on-year (of which potatoes by 43.7%).

A reduction in the y-o-y price level came, as before, from the price decrease in 'food and non-alcoholic beverages' (-2.5%) and a drop in prices in 'transport' (-3.1%) due to lower prices of automotive fuel (-12.9%). The fall in prices continued in 'communication' due to the decline in prices of telephone and telefax services and mobile phones (-0.4% and -10.0%, respectively).

Prices of goods in total went down by 0.8%, while prices of services rose by 1.5%. 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 May 2016 compared with the average CPI in the previous twelve months, amounted to 0.4% 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 -0.2% in April i.e. 0.2 percentage points less than in March. Prices went up the most in Belgium (1.5%) and Sweden (1.0%). On the other hand, the decrease occurred in seventeen EU countries, of which the largest in Romania (-2.6%) and Bulgaria (-2.5%). In Slovakia, prices dropped by 0.4% in April (-0.5% in March). In Germany, prices turned from a rise by 0.1% in March to a drop by 0.3% in April. According to preliminary calculations, the HICP in the Czech Republic in May was -0.2%, **month-on-month**, and the **year-on-year** change was 0.0% (0.5% in April). The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in May 2016** amounted to -0.1%, 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