

ANALYSIS

14 April 2020

Development of consumer price indices in the Q1 2020

The total consumer price level increased by 1.8% in the Q1 2020 compared to the Q4 2019. Consumer prices increased by 3.6% in the Q1 2020, year-on-year (y-o-y), which is by 0.6 percentage point (p. p.) more compared to the Q4 2019.

The **quarter-on-quarter** (q-o-q) development of consumer prices in the Q1 2020 was influenced mainly by a price increase in 'food and non-alcoholic beverages', 'housing, water, electricity, gas and other fuels', 'alcoholic beverages and tobacco'. In 'food and non-alcoholic beverages', especially prices of vegetables were higher by 13.2%, prices of fruit by 8.3%, prices of meat by 3.4%, prices of bread and cereals by 1.1%, and prices of non-alcoholic beverages by 1.9%. In 'housing, water, electricity, gas and other fuels', prices of actual rentals for housing rose by 1.6%, charges for water supply and sewage collection increased by 5.3% and 4.5%, respectively, prices of electricity rose by 5.0%, prices of natural gas and town gas increased by 0.4%. Prices of heat energy decreased by 1.6%. In 'alcoholic beverages and tobacco', prices of spirits increased by 8.0%, prices of wine by 4.9%, prices of beer by 2.2%, prices of tobacco and tobacco products by 2.3%. A price increase in 'recreation and culture' was caused mainly by an increase of prices of package holidays by 10.5%. A decrease in prices in 'communication', where prices of telephone and telefax services dropped by 1.4%, had an influence in the opposite direction, i.e. on the price level reduction. The average month-on-month increment in the total consumer price index was 0.5% in the Q1 2020; it was 0.3% in the Q4 2019.

Consumer price indices (previous quarter = 100)

DIVISION	2019				2020
	Q1	Q2	Q3	Q4	Q1
TOTAL	101.2	100.7	100.6	100.4	101.8
Food and non-alcoholic beverages	101.8	101.0	100.0	101.4	103.5
Alcoholic beverages and tobacco	102.0	99.3	100.2	100.4	103.7
Clothing and footwear	96.3	102.3	97.0	104.3	100.0
Housing, water, electricity, gas and other fuels	102.3	101.1	100.6	100.9	101.5
Furnishings, household equipment and routine household maintenance	100.1	100.5	100.5	100.9	100.5
Health	101.2	101.6	100.4	99.3	100.2
Transport	99.0	101.9	99.8	99.8	100.2
Communication	99.5	99.6	99.5	98.0	98.6
Recreation and culture	103.0	98.7	104.5	96.0	103.1
Education	100.1	100.0	101.2	102.5	100.3
Restaurants and hotels	100.9	101.2	101.3	101.1	101.8
Miscellaneous goods and services	101.2	101.0	100.6	100.3	101.7

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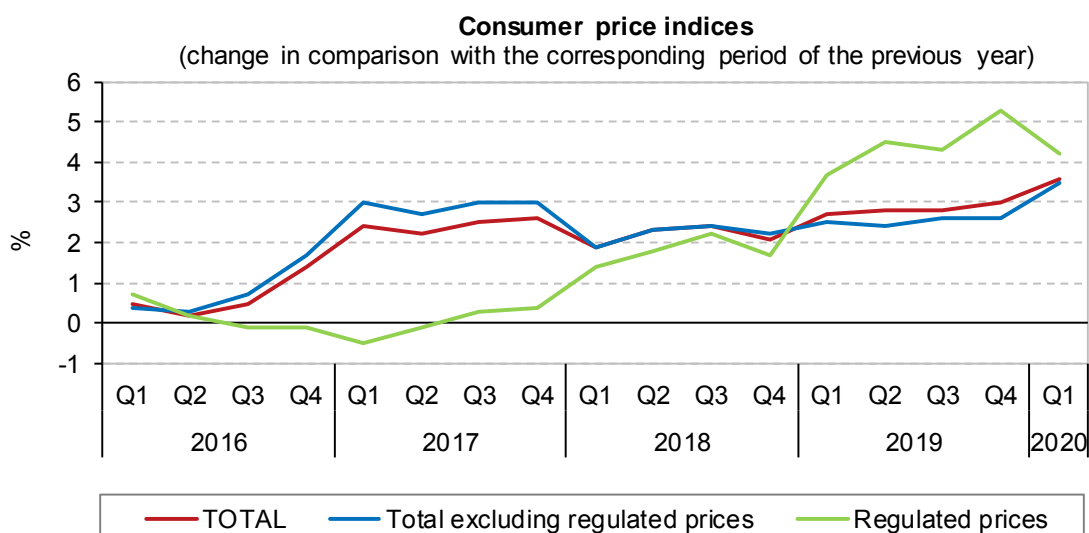
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Consumer prices rose by 3.6%, **year-on-year (y-o-y), in the Q1 2020 compared to the Q1 2019**, i.e. by 0.6 percentage point more than in the Q4. This development was influenced mainly by the acceleration of a price growth in 'food and non-alcoholic beverages', 'transport', and a transition from a decrease into an increase in 'clothing and footwear'. In addition, price development in the following divisions contributed to acceleration of the price level growth: 'alcoholic beverages and tobacco', 'furnishings, household equipment and routine household maintenance', 'education', 'restaurants and hotels', and 'miscellaneous goods and services'.

Changes in the price development in the Q1 2020 were reflected in acceleration of the y-o-y growth of the market prices to 3.5% (in the Q4 2019 they grew by 2.6%). The increase in regulated prices slowed down to 4.2% in the Q1 2020 from 5.3% in the Q4 2019.



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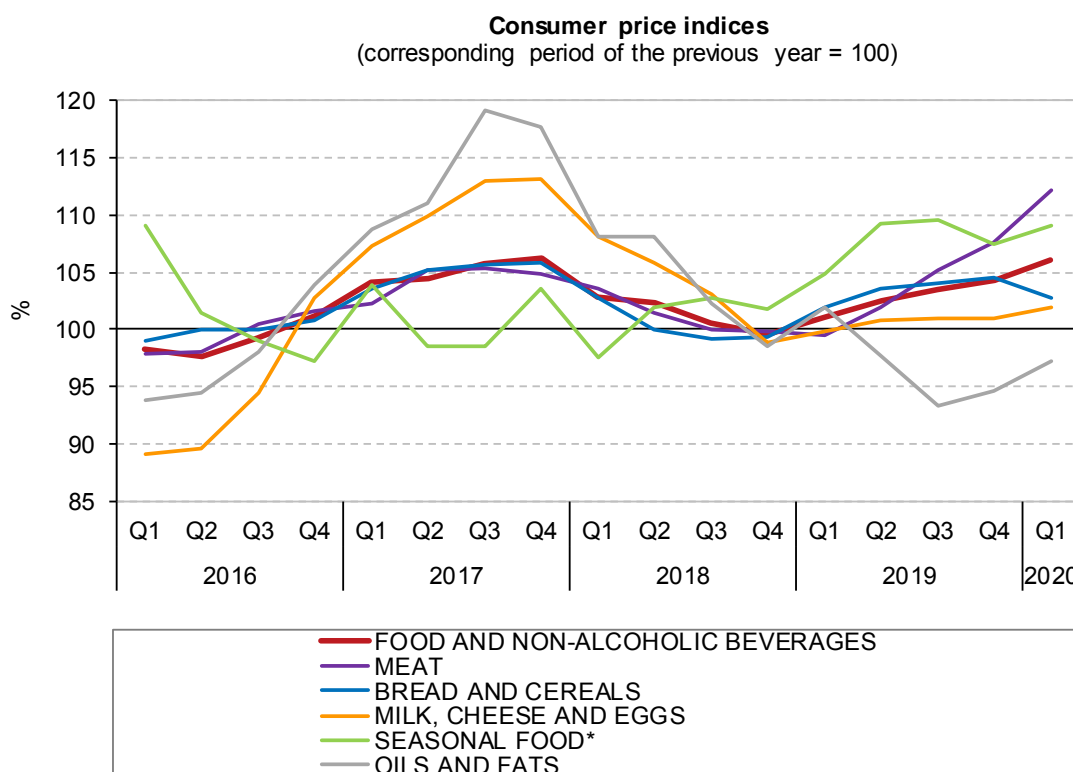
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Prices in **'food and non-alcoholic beverages'** had the biggest influence on the price level growth. Prices of meat increased by 12.1%, of which pork prices by 19.5% and prices of smoked meats by 13.5%. Prices of fish and seafood increased by 5.0%. Prices in the group of milk, cheese and eggs rose by 2.0%, y-o-y in the Q1, of which prices of cheese and curd by 4.2% and prices of UHT semi-skimmed milk by 3.0% (in the Q4 they dropped by 0.6%). Prices of yoghurt decreased by 2.4%, y-o-y (in the Q4 they grew by 4.5%) and prices of eggs decreased by 2.0%, y-o-y. Prices of oils and fats were lower by 2.8%, of which butter by 5.8%. Prices of sugar went up by 12.4%. Bread prices increased by 2.1% and prices of flours and other cereals by 1.7%. Fruit prices went up by 16.7%. Prices of non-alcoholic beverages increased by 1.3%, of which prices of coffee were lower by 4.3%.

Prices of vegetables were higher by 5.4%, while potato prices went down by 0.2% (in the Q4 they increased by 15.5%).



* Seasonal food includes fish and seafood, fruit, and vegetables.

In **'housing, water, electricity, gas and other fuels'**, prices of electricity rose by 9.4% and prices of natural gas and town gas by 1.2%. Prices of actual rentals for housing rose by 4.3%, charges for water supply and sewage collection increased by 5.3% and 4.5%, respectively. Prices of heat energy decreased by 0.8%. Imputed rentals for housing (own housing costs) increased by 3.7% (+4.0% in the Q4).

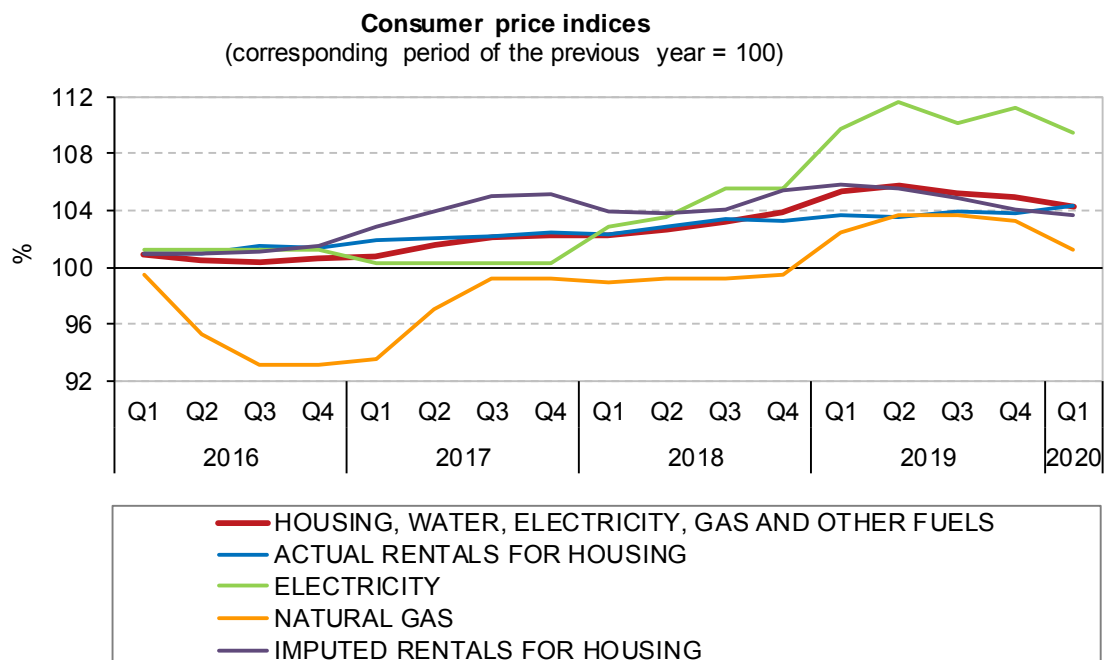
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In **'transport'**, prices of transport services increased by 3.2% and prices of motor cars by 0.2%. Prices of fuels and lubricants for personal transport equipment increased by 1.2% (in the Q4 they decreased by 3.2%). The price of unleaded petrol *Natural 95* was CZK 29.74 in March and the price of diesel oil was CZK 29.63.

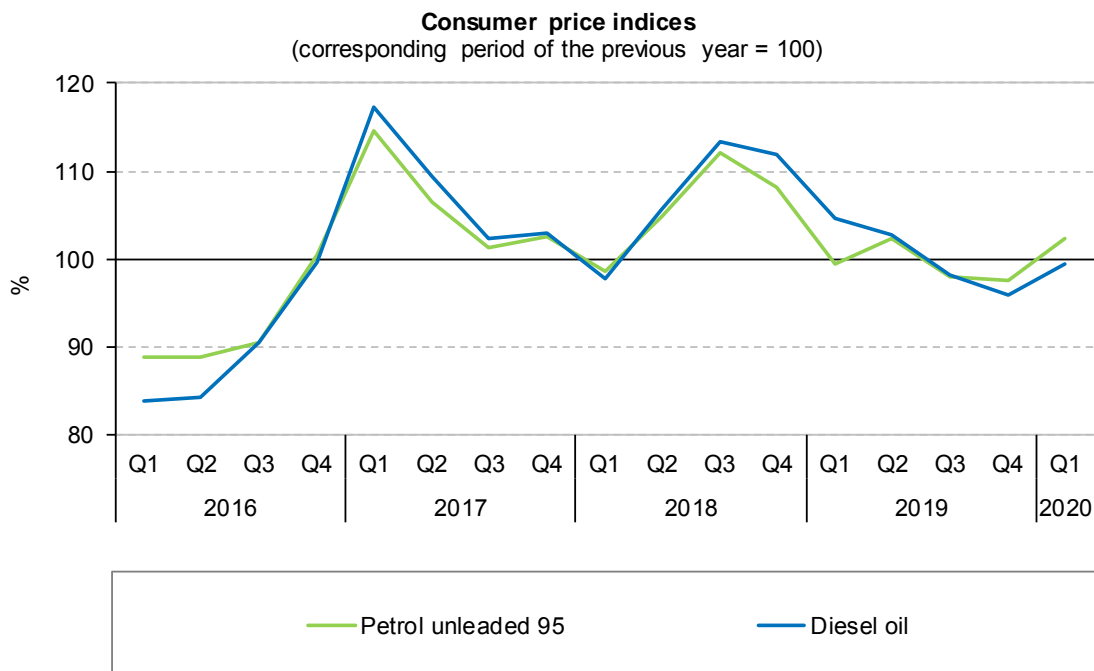
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In **'alcoholic beverages and tobacco'**, prices of tobacco products increased by 2.6%. Prices of spirits rose by 6.8%, wine by 2.0%, and beer by 3.7%.

In **'clothing and footwear'**, prices of garments increased by 4.0% and prices of footwear by 2.9%.

In **'restaurants and hotels'**, prices in catering services increased by 5.6% and prices of accommodation services by 4.9%.

In **'miscellaneous goods and services'**, prices of financial services went up by 4.1% (in the Q4 they increased by 3.9%). Prices of personal care increased by 3.7% (3.1% in the Q4 2019).

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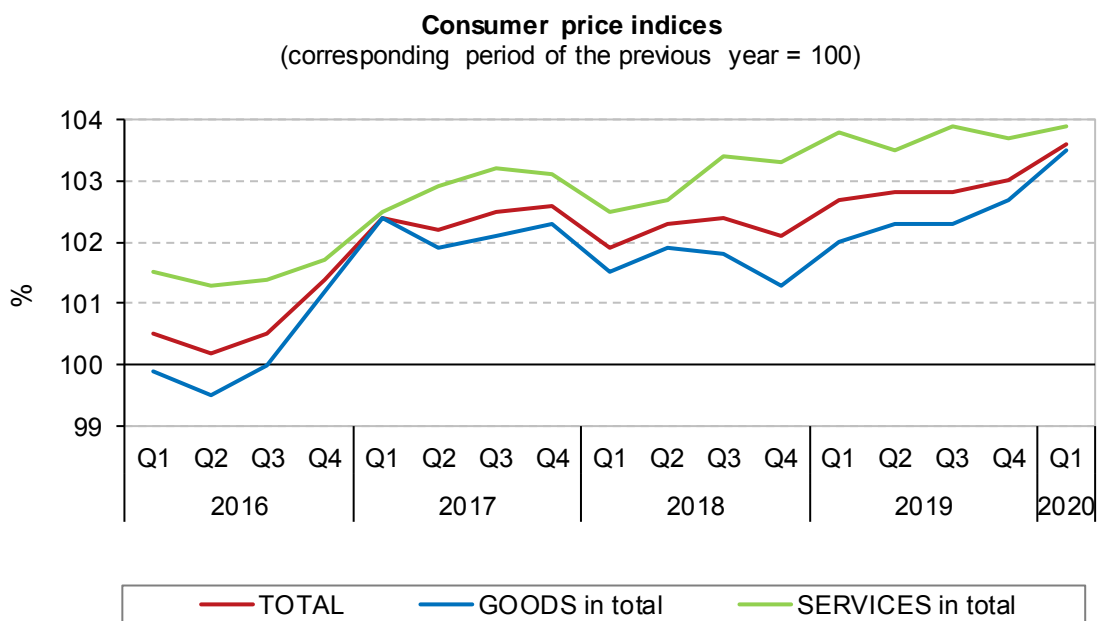
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The aforementioned fluctuations in consumer prices resulted in a rise in prices of **goods in total** by 3.5% and prices of **services** by 3.9%



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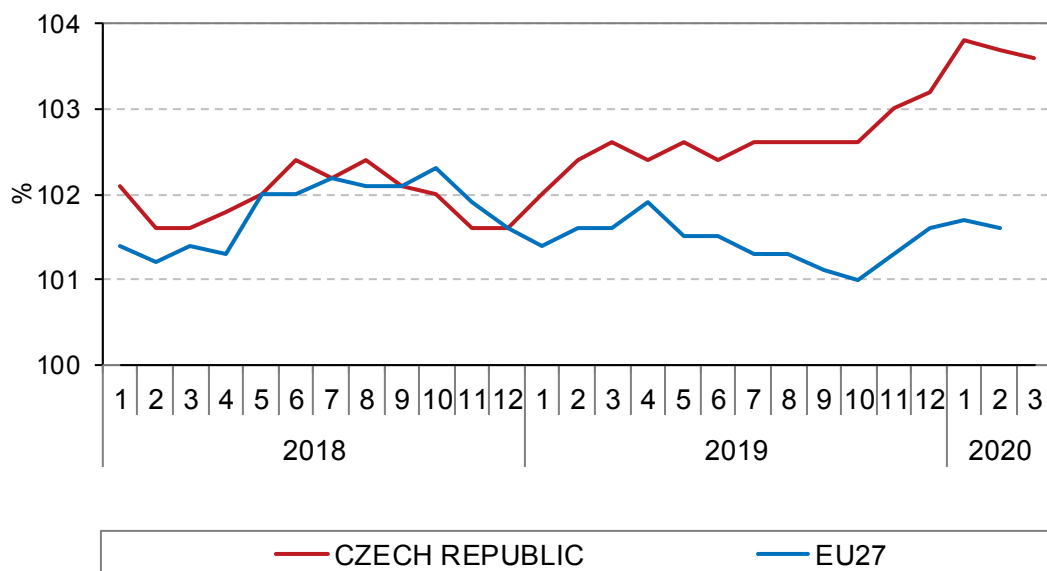
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Harmonized index of consumer prices in the EU27

According to Eurostat data, the y-o-y change of the average harmonized index of consumer prices (HICP) in the EU27 was 1.7% in January 2020 and 1.6% in February. In the Czech Republic (CR), the y-o-y increase in the HICP was 3.8% in January and 3.7% in February. According to preliminary calculations, the HICP in the CR rose by 3.6%, y-o-y, in March. It is clear from the chart below that the HICP in the CR has been higher than the same indicator in the EU since January 2019 and the difference between the figures for the CR and for the EU has been gradually increasing. In February 2020, the y-o-y HICP increase in all EU Member States was positive. The figures ranged from 0.2% in Italy to 4.4% in Hungary.

Harmonized indices of consumer prices
(corresponding period of the previous year = 100)



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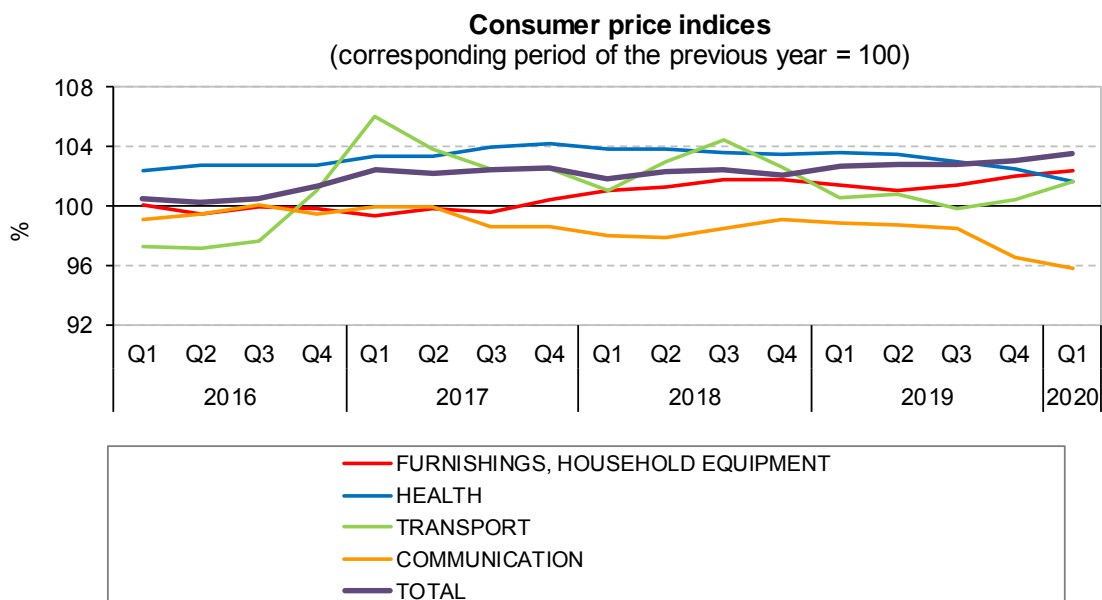
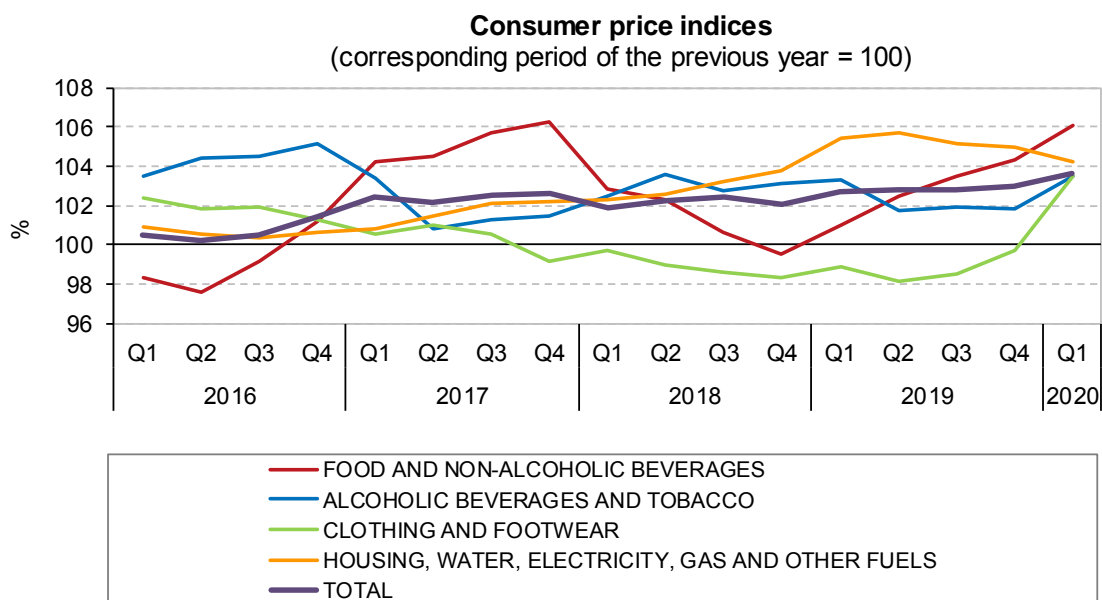
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Development of the consumer price index by ECOICOP division:



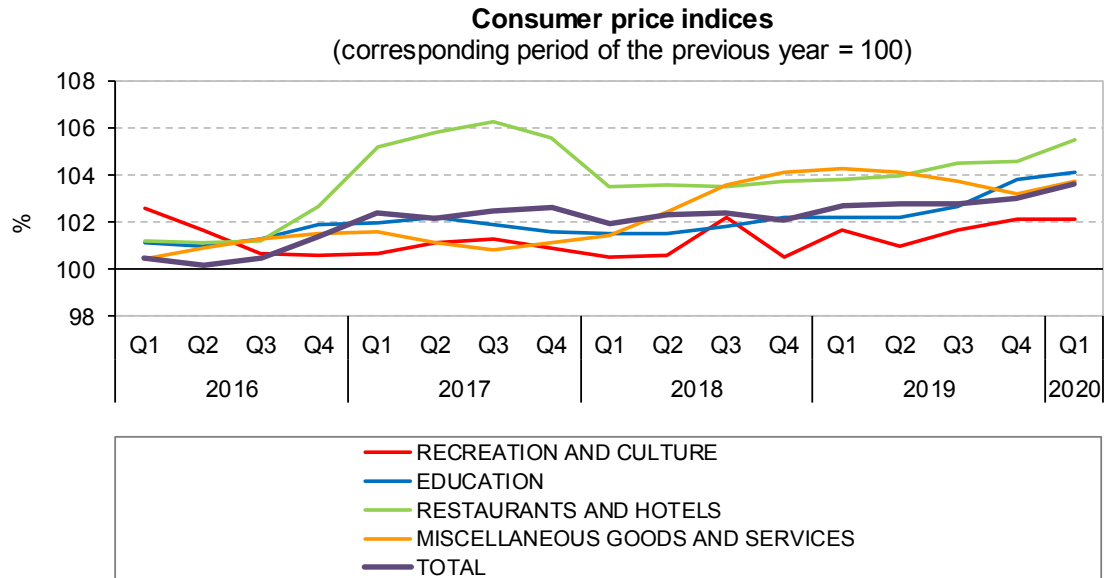
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ECOICOP	Division	Constant weights of 2018 per mille	2019				2020			
			Corresponding period of the previous year = 100							
			Q1	Q2	Q3	Q4	January	February	March	Q1
E00	Total	1000.0	102.7	102.8	102.8	103.0	103.6	103.7	103.4	103.6
E01	Food and non-alcoholic beverages	177.2	101.0	102.5	103.5	104.3	106.3	105.5	106.4	106.1
E01.11	Bread and cereals	28.3	102.0	103.5	104.1	104.5	104.0	102.3	101.9	102.7
E01.12	Meat	42.3	99.5	102.0	105.1	107.6	111.5	111.7	113.2	112.1
E02	Alcoholic beverages and tobacco	87.0	103.3	101.7	101.9	101.8	103.5	103.1	103.8	103.5
E03	Clothing and footwear	41.6	98.9	98.1	98.5	99.7	101.3	104.3	104.9	103.5
E04	Housing, water, electricity, gas and other fuels	251.4	105.4	105.7	105.2	105.0	104.6	104.2	103.8	104.2
E04.1	Actual rentals for housing	36.3	103.7	103.5	103.9	103.8	104.2	104.3	104.2	104.3
E04.2	Imputed rentals for housing	106.1	105.8	105.6	104.9	104.0	103.9	103.7	103.5	103.7
E04.510	Electricity	38.5	109.7	111.6	110.1	111.2	110.0	109.7	108.6	109.4
E04.521	Natural gas and town gas	21.8	102.4	103.6	103.6	103.3	102.9	100.4	100.4	101.2
E05	Furnishings, household equipment and routine household maintenance	56.6	101.4	101.1	101.4	102.0	102.2	102.9	102.1	102.4
E06	Health	24.5	103.6	103.5	103.0	102.5	101.6	101.8	101.3	101.6
E07	Transport	115.1	100.6	100.8	99.8	100.5	102.3	102.7	100.1	101.7
E07.22	Fuels and lubricants for personal transport equipment	34.3	101.3	102.4	97.9	96.8	103.5	103.6	96.7	101.2
E08	Communication	28.8	98.8	98.7	98.5	96.6	96.0	96.2	95.3	95.8
E09	Recreation and culture	85.3	101.7	101.0	101.7	102.1	102.0	102.1	102.3	102.1
E09.60	Package holidays	19.2	107.2	104.7	107.0	106.2	104.5	105.3	105.5	105.1
E10	Education	5.6	102.2	102.2	102.7	103.8	104.0	104.0	104.1	104.1
E11	Restaurants and hotels	63.5	103.8	104.0	104.5	104.6	105.3	105.6	105.5	105.5
E12	Miscellaneous goods and services	63.4	104.3	104.1	103.7	103.2	103.4	103.7	104.0	103.7

Elaborated by Consumer Prices Statistics Unit of the CZSO

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