

Year-on-year inflation slightly dropped again

Consumer price indices – April 2008

The consumer price level in April increased compared with March by 0.4%. An upward effect on the consumer price level, month-on-month, came mainly from the price rise in 'housing, water, electricity, gas and other fuels', 'food and non-alcoholic beverages', 'alcoholic beverages, tobacco' and 'clothing and footwear'. The year-on-year rise in consumer prices slowed down in April to 6.8% (from 7.1% in March).

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The **month-on-month** consumer price level increase by 0.4% owed mainly to the price rise in natural gas by 2.9% and heat for heating of rooms and hot water preparation by 0.6%. In 'food and non-alcoholic beverages', an increase in prices was recorded due especially to higher prices of flour by 13.4%, rice by 5.4%, other vegetables by 11.6%, citrus fruit by 8.4%, vegetable fats by 5.2% and sugar by 4.2%, after the price drop in the previous two months. In 'alcoholic beverages, tobacco', prices of alcoholic beverages rose by 1.6%, including prices of spirits by 1.7%, wine by 2.5% and bottled beer by 1.0%. In 'clothing and footwear', the price growth was influenced by higher prices of new summer goods.

A downward effect on the consumer price level came from the price decrease in off-season prices of package holidays by 1.2% similarly as in the previous years. Prices of some kinds of food were lower, for instance prices of bread, eggs, and vegetables grown for fruit (by 2.2%, 1.8% and 3.4%, respectively).

Prices of goods in total increased by 0.5%, while prices of services rose by 0.3%.

In terms of the **year-on-year** comparison, in April, the increase in consumer prices was 6.8%, i.e. 0.3 percentage point down on March. The price growth slowdown came mainly from prices in 'food and non-alcoholic beverages', 'alcoholic beverages, tobacco', 'transport' and 'health'. In food, a rise in prices slowed down primarily in other fruit to 8.6% (16.3% in March), yoghurts to 7.6% (10.6% in March), bread to 31.6% (35.9% in March) and rolls and baguettes to 30.0% (34.2% in March). In 'alcoholic beverages, tobacco', prices of tobacco products decreased to 16.6% (19.1% in March). In 'transport', prices of automotive fuels were higher by 8.0% (12.7% in March).

On the other hand, in housing, the price growth accelerated slightly due to prices of natural gas, which were higher by 18.4% (16.5% in March). Net actual rentals increased by 17.6%, of which for dwellings with regulated rentals by 28.8%, while for dwellings with market rentals by 1.4%. Prices of electricity increased by 9.5%, heat and hot water by 11.2% and solid fuels by 20.0%. Water supply and sewerage collection charges were higher (by 8.3% and 9.1%, respectively).

Prices of several kinds of food were markedly higher than in the previous year. Prices of eggs were higher by 24.1%, milk by 28.1%, cheese by 21.0%, butter by 15.9% and edible oils by 28.6%. In 'restaurants and hotels', prices in restaurants, company canteens and school canteens rose (by 6.7%, 8.9% and 10.6%, respectively).

Compared with 2007, prices of clothing were lower by 2.4%, prices of devices and household appliances by 1.6%, prices of transport vehicles by 1.9% and prices of audio-visual and photographic equipment and data-processing equipment by 11.3%. In food, mainly prices of potatoes and vegetables grown for fruit were lower, year-on-year, (by 38.2%, and 28.8%, respectively). In 'communications', prices of mobile phones decreased and so did prices of telephone and telefax services due to commercial discounts provided by mobile operators.

Prices of goods in total grew by 6.0% and prices of services by 7.9%.

Inflation rate, i.e. the increase in the **average consumer price index in the twelve months to April 2008** compared with the average CPI in the previous twelve months, stood at 4.7% in April (0.4 percentage point up compared with March 2008).

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices** (HICP) in the **EU 27 member states** was 3.7% in **March** (0.2 p.p. up on February). The highest annual rates were observed in Latvia (16.6%) and Bulgaria (13.2%), and the lowest rate in the Netherlands (1.9%). The growth of consumer prices in Slovakia accelerated to 3.6% in March (from 3.4% in February). In Germany, the price growth of consumer prices accelerated to 3.3% (from 3.0% in February).

According to preliminary calculations, the HICP in the **Czech Republic in April 2008** decreased by 0.4%, **month-on-month**, and slowed down to 6.7% (from 7.1% in March), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in April 2008** was 3.3%, y-o-y, as Eurostat announced (more information on Eurostat's web pages: [HICP](#)).