

Consumer price level fell month-on-month for the first time this year

Consumer price indices – August 2010

The total consumer price level in August decreased compared with July by 0.3 %. This development came primarily from a decrease in prices in 'food and non-alcoholic beverages' and also in 'transport'. The year-on-year rise in consumer prices amounted to 1.9 % in August (the same as in July).

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The **month-on-month** consumer price drop by 0.3 % owed primarily to a price decrease in seasonal prices of vegetables grown for fruit by 26.6 % and stone fruit and berry plants by 13.0 %. In 'transport', prices of automotive fuel dropped by 1.9 % after a six-month growth and a slight decrease in July. Prices of footwear decreased by 1.5 % due to discounts primarily on summer goods.

A downward effect on the price level came from a seasonal price rise in package holidays by 2.5 %. In food, prices of meat increased particularly by 1.1 %, oils and fats by 1.2 %, sugar by 2.2 %, cocoa by 2.1 %.

Prices of goods in total decreased by 0.5 % and prices of services rose by 0.2 %.

In terms of the **year-on-year** comparison, in August, the increase in consumer prices was 1.9 %, i.e. the same as in July. A deceleration in y-o-y price growth was recorded for 'transport', in which prices of automotive fuel slowed down to 11.2 % (from 13.8 % in July). On the other hand, a higher y-o-y growth of prices in August compared to July was registered for 'food and non-alcoholic beverages'. Prices of fruit were higher by 15.5 % (from 8.6 % in July), oils and fats by 6.9 % (from 4.6 % in July) and milk, cheese and eggs by 5.2 % (from 4.6 % in July).

The highest upward effect on the price level came from prices in 'food and non-alcoholic beverages', 'housing, water, electricity, gas and other fuels' and 'alcoholic beverages, tobacco'. In 'housing, water, electricity, gas and other fuels' the net actual rentals went up by 9.1 %, of which for dwellings with regulated rentals rose by 17.0 % and for dwellings with market rentals dropped by 0.4 %. Prices of natural gas were higher by 3.9 %, heat and hot water by 3.5 %, water supply by 3.8 %, sewerage collection by 4.9 %. Prices of alcoholic beverages rose by 5.4 %, identical to prices of tobacco products.

Prices of clothing and footwear were lower than in the previous year (-2.8 % and -1.1 %, respectively). In 'communications', prices of mobile phones decreased and so did prices of telephone and telefax services (-11.7 % and -1.2 %, respectively). In 'recreation and culture', prices of audio-visual, photographic and information processing equipment were lower by 8.2 %. In 'housing, water, electricity, gas and other fuels', prices of electricity went down by 2.7 %.

Prices of goods in total increased by 1.6 % and prices of services by 2.3 %. The overall consumer price index excluding imputed rentals was 101.9 %, year-on-year.

Average inflation rate, i.e. the increase in the average consumer price index in the twelve months to August 2010 compared with the average CPI in the previous twelve months, stood at 0.9 % in August, which is 0.1 percentage point up compared with July.

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices** (HICP) in the **EU27 member states** was 2.1 % in **July 2010** (0.2 percentage points up on June). The highest annual rates were observed in Romania (7.1 %) and Greece (5.5 %). The year-on-year decrease continued in Ireland (-1.2 %) and Latvia (-0.7 %). In Germany, the y-o-y growth accelerated to 1.2 % (from 0.8 % in June). Similarly, in Slovakia the price rise accelerated to 1.0 % in July (from 0.7 % in June). According to preliminary calculations, the HICP in the **Czech Republic in August** decreased by 0.3 %, **month-on-month**, and rose by 1.5 % (1.6 % in July), **year-on-year**. The **MUICP**

(Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in August 2010** was 1.6 %, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

In August 2010, in comparison to July 2010, consumer prices decrease in **households of pensioners** by 0.2 %. It was recorded a lower consumer price index for 'transport' by 0.8 %. The drop came mainly from lower prices of automotive fuel. Lower index was registered for 'food and non-alcoholic beverages' by 0.7 % due mainly to a decrease in prices of vegetables and also eggs and egg products. In 'alcoholic beverages, tobacco', the consumer price level went down by 0.5 %. A downward effect on the consumer price level came from the drop in prices of beer. On the other hand, a higher index was recorded for 'recreation and culture' (0.4 %) due mainly to higher prices of recreational stays abroad and also newspapers and magazines. The consumer price index for 'health' was up for pensioners (0.2 %) as a result of higher fees paid by patients on prescription drugs in particular.

In the capital city of Prague, the overall consumer price index (cost of living) decreased by 0.1 % month-on-month (-0.3 % in the whole Czech Republic). The consumer price index for 'food and non-alcoholic beverages' decreased by 0.9 % (-0.8 % in the Czech Republic) due primarily to lower prices of vegetables and also eggs and egg products. Prague registered a lower index for 'transport' by 0.8 % (-0.8 % also in the Czech Republic) due primarily to lower prices of automotive fuel. The consumer price index for 'clothing and footwear' went down by 0.5 % (-0.4 % in the Czech Republic), affected mainly by lower prices of women's and men's underwear and knitwear. On the other hand, an increase occurred in 'recreation and culture' by 0.8 % (0.4 % in the Czech Republic) as a result of higher prices of recreational stays abroad in particular. In 'alcoholic beverages, tobacco', the rise in prices by 0.5 % (-0.1 % in the Czech Republic) came from higher prices of spirits and wine.