

## YEAR-ON-YEAR PRICE RISE SLOWED DOWN

### Consumer price indices – inflation – November 2017

**Consumer prices in November went up compared with October by 0.1%. This development was primarily due to the growth of prices in 'transport'. The year-on-year rise in consumer prices amounted to 2.6%, which was 0.3 percentage points down on October.**

The **month-on-month** increase in consumer prices in 'transport' came primarily from the rise in prices of automotive fuel by 1.6%. In 'food and non-alcoholic beverages', prices of eggs were especially higher by 37.8%, poultry by 2.3%, yoghurts by 3.0%, bread and cereals by 0.4%. In 'alcoholic beverages and tobacco', prices of wine were higher by 5.0%. In 'housing, water, electricity, gas and other fuels', prices of net actual rentals rose by 0.3%.

A drop in the price level in November came mainly from a price decrease in 'recreation and culture' due to lower prices of package holidays by 2.1%. In food, prices of vegetables were primarily lower by 4.3%, of which potato prices went down by 4.4% and prices of vegetables cultivated for their fruit by 2.8%. Prices of non-alcoholic beverages were lower by 1.4%, fresh butter by 5.9%, sugar by 5.0%, vegetable and other fats by 5.1%, and fruit by 0.8%.

Prices of goods in total rose by 0.2% and prices of services remained unchanged compared with October.

In terms of the **year-on-year** comparison, in November, the consumer prices increased by 2.6%, i.e. 0.3 percentage points down on October. This development was influenced primarily by a significant slowdown in the y-o-y price rise in 'food and non-alcoholic beverages'. Many kinds of food either slowed down their price growth or turned to a fall from the price rise in October. Prices of fresh butter were higher by 33.3% (50.7% in October), milk by 6.9% (11.4% in October), cheese by 6.9% (12.7% in October), fruit by 3.8% (8.2% in October), non-alcoholic beverages by 0.3% (4.3% in October). Prices of vegetables turned from a price rise by 10.4% in October to a drop (–2.3%) in November. In 'clothing and footwear', the price drop in garments slowed down to –1.6% (–1.9% in October) and similarly in 'communication', the drop in prices of telephone and telefax services slowed down to –0.6% (–1.8% in October). In 'restaurants and hotels', prices of catering services slowed down their increase to 6.7% from 7.2% in October.

The biggest influence on the growth of the y-o-y price level in November came, as before (despite its weakening), from prices in 'food and non-alcoholic beverages'. Prices of bread and cereals increased by 6.3%, meat by 4.8%, eggs by 60.0%, yoghurts by 13.7%. Next in order of influence were prices in 'housing, water, electricity, gas and other fuels', where prices of net actual rentals rose by 3.0%, water supply by 1.2%, sewage collection by 0.4%, electricity by 0.3%. The rise in the price level came also from prices in 'transport' due to higher prices of automotive fuel by 3.7% and prices in 'restaurants and hotels' (an increase by 6.1%).

A reduction in the price level, y-o-y, came from lower prices in 'clothing and footwear' (–0.5%) and prices in 'communication' (–1.0%). In 'housing, water, electricity, gas and other fuels', prices of heat and hot water and prices of natural gas were lower (–2.2% and –0.8%, respectively).

Prices of goods in total went up by 2.3% and prices of services by 3.3%. The overall consumer price index excluding imputed rentals was 102.4%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to November 2017 compared with the average CPI in the previous twelve months, amounted to 2.4% in November.

According to preliminary data of Eurostat, the **year-on-year** change in the average **harmonized index of consumer prices** (HICP)<sup>1)</sup> in the **EU28 member states** amounted to 1.7% **in October**, i.e. 0.1 percentage point down on September. The rise in prices was the highest in Lithuania (4.2%) and Estonia (4.0%) and the lowest in Cyprus (0.4%). In Slovakia, the price increase amounted to 1.8% in October (the same as in September). In Germany, the price growth slowed down to 1.5% in October from 1.8% in September. According to preliminary calculations, the HICP in the Czech Republic **in November** went up by 0.1%, **month-on-month**, and by 2.5%, **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in November 2017** was 1.5%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#).)

In November, in comparison with October, the overall consumer price level in **households of pensioners** remained unchanged. In 'transport', prices went up by 0.5%. Prices of automotive fuel had primarily an influence on the price increase in this division. In 'food and non-alcoholic beverages', the consumer price index rose by 0.2%. Prices of eggs and also yoghurts were especially higher. In 'housing, water, electricity, gas and other fuels', prices went up by 0.1%. It was caused especially by prices of net actual rentals paid by tenants for rented dwellings. On the other hand, the decrease in prices by 0.5% occurred in 'recreation and culture'. Prices of package holidays dropped. In 'clothing and footwear', prices went down by 0.1%. A decline in prices of garments and prices of shoes and other footwear was recorded.

**In the capital city of Prague**, the overall consumer price index (cost of living) declined by 0.1%, month-on-month (a growth by 0.1% in the whole Czech Republic). In 'food and non-alcoholic beverages', the consumer price index decreased by 0.8% (a rise by 0.2% in the Czech Republic). Prices of coffee, butter and vegetables went especially down. In 'furnishings, household equipment and routine household maintenance', Prague registered a lower price index by 0.6% (0.0% in the Czech Republic). Prices of furniture and detergents were lower for instance in this division. On the other hand, in 'alcoholic beverages and tobacco', the consumer price index increased by 0.7% (0.2% in the Czech Republic). Higher prices of wine were mainly collected. In 'transport', consumer prices went up by 0.4% (0.5% in the Czech Republic). The rise was influenced primarily by prices of automotive fuel.

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Starting from January 2018, the consumer price indices will be calculated on the base of new introduced ECOICOP classification (European Classification of Individual Consumption by Purpose), which introduces a more detailed breakdown in the consumer basket. This change occurs according to the Regulation (EU) 2016/792 of the European Parliament and of the Council. The structure of publisher indices remains.

Starting from January 2018, the consumer price indices will be counted on updated weights, which will be determined on the base of household expenditure in 2016. These indices will be chained at all levels of the consumer basket with the base period average of 2015 = 100. Thereby, a continuation of the existing index time series, from which indices to other bases will be derived (previous month = 100, corresponding period of the previous year = 100 and annual rolling average, i.e. the average of index numbers over the last 12 months to the average for the previous 12 months) will be ensured.

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<sup>1)</sup> Imputed rentals are excluded from the HICP.