

YEAR-ON-YEAR GROWTH OF CONSUMER PRICES SLOWED DOWN MODERATELY

Consumer price indices – inflation – March 2018

Consumer prices in March dropped by 0.1% compared with February. This development was influenced especially by a price decline in 'recreation and culture' and in 'food and non-alcoholic beverages'. The year-on-year growth of consumer prices slowed down to 1.7%, which was 0.1 percentage point down on February.

The **month-on-month** decrease in consumer prices in 'recreation and culture' came primarily from the drop in prices of package holidays by 5.0%. In 'food and non-alcoholic beverages', prices went down primarily by lower prices in the group milk, cheese and eggs, where prices of eggs decreased by 9.1% and prices of UHT semi skimmed milk by 3.5%. Prices of vegetables and fruit were lower (–1.3% and –1.2%, respectively). In 'transport', prices of fuels and lubricants went down by 0.8%.

The month-on-month rise in consumer prices in 'clothing and footwear' came from the increase in prices of garments by 0.6% and shoes and footwear by 2.1%. In 'alcoholic beverages and tobacco', prices of tobacco rose by 1.2%. In 'miscellaneous goods and services', prices of personal care went up by 0.6%. In food, prices of margarine and other vegetable fats were primarily higher by 4.8% and non-alcoholic beverages by 0.4%.

Both prices of goods in total and prices of services went down by 0.1%.

In terms of the **year-on-year** comparison, in March, the consumer prices increased by 1.7%, i.e. 0.1 percentage point down on February. A slowdown in the year-on-year price rise occurred especially in 'food and non-alcoholic beverages', where prices of eggs were higher by 14.4% in March (24.1% in February), butter by 8.0% (11.2% in February), fruit by 4.4% (9.9% in February), and meat by 3.0% (3.8% in February). Prices of non-alcoholic beverages turned to a drop by 1.1% in March from a price growth by 0.7% in February.

The biggest influence on the growth of the y-o-y price level in March came from prices in 'housing, water, electricity, gas and other fuels', where prices of actual rentals for housing rose by 2.4%, water supply by 1.9%, sewage collection by 1.2%, electricity by 2.8%. Next in order of influence were prices in 'food and non-alcoholic beverages', where prices of flour increased by 7.8%, y-o-y, yoghurts by 17.1%, margarine and other vegetable fats by 13.5%. In 'alcoholic beverages and tobacco', prices of tobacco were higher by 2.9%. The rise in the price level came also from prices in 'restaurants and hotels', where prices of catering services rose by 3.6% and prices of accommodation services by 1.6%. In 'miscellaneous goods and services', prices of personal care went up by 3.1% and prices of insurance by 4.4%.

A reduction in the price level in March came from prices in 'communication', where prices of telephone and telefax services went down by 2.1%. The drop occurred also in 'clothing and footwear' due to lower prices of garments by 1.5%. In 'housing, water, electricity, gas and other fuels', prices of natural gas decreased by 0.8% and prices of heat and hot water by 0.3%.

Prices of goods in total and services went up (1.2% and 2.5%, respectively). The overall consumer price index excluding imputed rentals was 101.6%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to March 2018 compared with the average CPI in the previous twelve months, amounted to 2.3% in March.

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 1.3% **in February**, i.e. 0.3 percentage points down on January. The rise in prices was the highest in Romania (3.8%). On the other hand, the year-on-year drop occurred in Cyprus (-0.4%) in February. In Slovakia, the price increase decelerated to 2.2% in February (2.6% in January). In Germany, prices were higher by 1.2% (1.4% in January). According to preliminary calculations, the HICP in the Czech Republic **in March** was 0.0%, **month-on-month**, and rose by 1.6%, **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in March 2018** was 1.4%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#).)

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Starting from January 2018, the consumer price indices are 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 unchanged.

Starting from January 2018, the consumer price indices are counted on updated weights, which are determined on the base of household expenditure in 2016. These indices are 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 are 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) is ensured.

You can find the new consumer basket on CZSO web pages: [consumer basket](#).

¹⁾ Imputed rentals are excluded from the HICP.