

# Year-on-year inflation slowed down

## Consumer price indices – April 2009

The total consumer price level in April decreased compared with March by 0.1 %. A downward effect on the consumer price level, month-on-month, came mainly from the price drop in 'food and non-alcoholic beverages' and 'health'. The year-on-year consumer price growth decelerated to 1.8 % in April (from 2.3 % in March). It was the lowest year-on-year price growth since February 2007.

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The **month-on-month** consumer price decrease by 0.1 % owed mainly to prices in 'food and non-alcoholic beverages', in which prices of the majority of kinds of food products went down moderately. Prices of bread dropped by 1.6 %, eggs and egg products by 3.3 %, cheese by 3.8 %, oils and fats by 1.7 %, sugar by 5.4 %. A price decrease in 'health' was due to legislative changes, including primarily cancellation of regulated fees per visit to a doctor by minors, reduced fees paid by patients on drugs (without a regulated fee), lower annual limit paid by minors and seniors older than 65 years. Fees paid by patients on prescription drugs including regulated fees were lower by 12.5 %, prices of outpatient services by 9.1 %. In 'housing, water, electricity, gas and other fuels', prices of natural gas went down by 3.0 %.

An upward effect on the consumer price level came from a price increase in 'transport', in which prices of automotive fuel increased by 2.5 % and transport services by 1.4 %. The average price of petrol Natural 95 was the highest in April in the last five months. Higher prices in 'clothing and footwear' came mainly from new seasonal models of clothing and footwear. In food, a price increase was reported particularly for potatoes and other vegetables (by 4.2 % and 5.5 %, respectively).

Prices of goods in total decreased by 0.2 %, while prices of services rose by 0.2 %.

In terms of the **year-on-year** comparison, in April, the increase in consumer prices was 1.8 %, i.e. 0.5 percentage point down on March. The deceleration of y-o-y price growth came, to a different extent, from prices in almost all divisions of the consumer basket due to either a slowdown in price growth or deeper price drop.

'Housing, water, electricity, gas and other fuels' and 'alcoholic beverages, tobacco', where prices to date recorded the most marked growth, belonged to the first group. In 'housing, water, electricity, gas and other fuels', prices of natural gas rose by 17.1 % (by 24.3 % in March). Prices of other items of housing went up like in March, i.e. prices of electricity by 11.6 %, heat and hot water by 7.9 %, water supply by 9.2 % and sewerage collection by 9.0 %. Net actual rentals rose by 19.4 %, of which for dwellings with regulated rentals by 26.9 %, while for dwellings with market rentals by 5.6 %. In 'alcoholic beverages, tobacco', prices of alcoholic beverages increased by 1.8 % (by 3.5 % in March).

A deeper price decrease was recorded primarily for prices in 'health' as a result of the above changes in legislation. A more profound drop in prices was recorded in 'food and non-alcoholic beverages' due particularly to prices of bread and cereals (-6.0 %), eggs (-12.7 %), fresh milk (-15.0 %), cheese (-13.2 %) and unsalted butter (-21.6 %). A bigger year-on-year reduction (-3.0 %) compared to the previous month (-2.0 %) was reported also for prices of clothing.

A markedly downward effect on the consumer price level, which continued already for the seventh month, came from prices in 'transport' due to a price fall in automotive fuel in April (-15.5%). Prices of cars dropped (-11.5 %). A price cut (-12.3 %) continued in audio-visual and photographic equipment and data-processing equipment. Prices of mobile phones also decreased and so did prices of telephone and telefax services (-18.9 % and -3.7 %, respectively).

Prices of goods in total grew by 0.5 % and prices of services by 3.9 %. The overall consumer price index excluding imputed rentals was higher by 1.6 %, year-on-year.

Average inflation rate, i.e. **the increase in the average consumer price index in the twelve months to April 2009** compared with the average CPI in the previous twelve months, stood at 4.6 % in April, which is 0.4 percentage point down compared with March 2009.

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 1.3 % in **March** (0.5 percentage points down on February). The highest annual rates were observed in Latvia (7.9 %). In Ireland and Portugal prices fell by 0.7 and 0.6 %, respectively, compared to the previous year. In Germany, the growth of prices decelerated to 0.4 % in March (from 1.0 % in February), in Slovakia the growth decelerated to 1.8 % (from 2.4 % in February).

According to preliminary calculations, the HICP in the **Czech Republic in April 2009** decreased by 0.1 %, **month-on-month**, and decelerated to 1.3 % (1.7 % in March), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in April 2009** was 0.6 %, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).