

# YEAR-ON-YEAR GROWTH OF CONSUMER PRICES ACCELERATED MODERATELY

## Consumer price indices – inflation – July 2020

Consumer prices in July increased by 0.4% compared with June. This development came primarily from a price increase in 'recreation and culture'. The year-on-year growth of consumer prices amounted to 3.4% in July, which was 0.1 percentage points up on June.

### Month-on-month comparison

Month-on-month rise of consumer prices in 'recreation and culture', came primarily from price increase in seasonal prices of package holidays by 23.2%. In 'transport', mainly prices of automotive fuels and lubricants were higher by 4.4% and prices of motor cars by 1.0%. In food, mainly prices of non-alcoholic beverages increased by 2.7%.

The decrease in the overall consumer price level in July came from price reduction in 'food and non-alcoholic beverages', where mainly prices of vegetables were lower by 12.2%, of which prices of potatoes dropped by 28.0% and reached value CZK 16.04 per kg. It was the lowest value since November 2018. Prices of fruit were lower by 6.0%, pork by 3.3% and sugar by 10.1%. In 'clothing and footwear', prices of garments decreased by 1.5% and shoes and other footwear by 2.7%.

Prices of goods in total went down by 0.2%, whereas prices of services went up by 1.6%.

### Year-on-year comparison

Consumer prices increased by 3.4% in July, i.e. 0.1 percentage points up on June. In 'alcoholic beverages, tobacco', price growth of spirits accelerated to 10.6% (8.0% in June) and tobacco products to 13.8% (12.2% in June). In 'transport', the year-on-year price drop of automotive fuels and lubricants slowed down to 14.4% (decrease by 19.2% in June). Deceleration of price growth occurred in 'food and non-alcoholic beverages'. Prices of flour were higher by 6.8% in July (12.9% in June), pork by 5.0% (10.2% in June), fruit by 22.8% (27.2% in June), sugar by 10.3% (15.9% in June). Prices of vegetables turned from price growth by 4.0% in June to price decrease by 5.0% in July, while prices of potatoes decreased by 13.3%, year-on-year (growth by 1.5% in June).

The biggest influence on the growth of the year-on-year price level in July came from prices in alcoholic beverages and tobacco' (increase by 10.5%). Second in order of influence were prices in 'food and non-alcoholic beverages', where prices of sausages and smoked meat went up by 10.3% and eggs by 9.4%. In 'housing, water, electricity, gas and other fuels', prices of actual rentals for housing were higher by 2.8%, water supply by 1.7%, sewage collection by 1.5%, electricity by 7.6% and natural gas by 0.4%. In 'restaurants and hotels', prices of catering services increased by 5.6%. A reduction in the overall price level in July came again from prices in 'transport' (decrease by 0.6%) and 'communication' (decrease by 3.9%).

Prices of goods in total and services went up (3.7% and 3.0%, respectively). The overall consumer price index excluding imputed rentals for housing was 103.5%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to July 2020 compared with the average CPI in the previous twelve months, amounted to 3.2%.

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 **EU27 member states** amounted to 0.7% in **June** (0.2 percentage point up

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

on May). The rise in prices was the highest in Poland (3.8%) and Czechia (3.4%). On the other hand, price reduction occurred in 10 EU countries, the deepest in Cyprus (-2.2%) and in Greece (-1.9%). In Slovakia, prices were higher by 1.8% year-on-year (2.1% in May). In Germany, prices increased by 0.8% (0.5% in May). According to preliminary calculations, the change in the HICP in the Czech Republic **in July** amounted to 0.5% **month-on-month**, and 3.6% **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in July 2020** amounted to 0.4%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#).)

In July, in comparison with June, the overall consumer price level in households of pensioners went up by 0.4%. This development was affected mainly by prices in 'recreation and culture', which rose by 6.0% mainly due to a price increase in seasonal prices of package holidays. In 'transport', prices increased by 1.9%. Prices of automotive fuels and lubricants went up in this division, in particular. Price drop by 1.6% 'food and non-alcoholic beverages' had the opposite effect on the change in the price level. Prices of vegetables (including potatoes), fruit, pork and sugar dropped in this division, in particular.

In the capital city of Prague, consumer prices in total went up by 0.5%, month-on-month (0.4% in the Czech Republic). This development was mainly influenced by a price rise in 'recreation and culture' by 6.9% (5.9% in the Czech Republic). This change came primarily from price increase in seasonal prices of package holidays. In 'transport' prices went up by 1.9% (1.8% in the Czech Republic). Mainly prices of automotive fuels and lubricants increased in this division. On the other hand, prices in Prague decreased by 1.9% (-1.5% in the Czech Republic) in 'food and non-alcoholic beverages'. Especially prices of vegetables (including potatoes), fruit and pork went down in this division.

[Methodological note to consumer price index in July 2020 \(COVID-19\)](#)