

## Consumer prices higher by 0.5 % year-on-year

### Consumer price indices – November 2009

The total consumer price level in November increased compared with October by 0.2 %, which is the first month-on-month growth since March 2009. An upward effect on the consumer price level, month-on-month, came primarily from price rise in 'food and non-alcoholic beverages' and 'transport'. Consumer prices went up year-on-year by 0.5 % (after their drop by 0.2 % in October).

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The **month-on-month** consumer price drop by 0.2 % was influenced mainly by a price rise in automotive fuel, which increased by 3.7 % after a two-month drop. A turn was recorded also for the price development of 'food and non-alcoholic beverages', in which prices went up by 0.5 % after a nine-month decrease. The growth of food prices was influenced primarily by higher prices of fruit and vegetables incl. potatoes (by 4.8 % and 1.4 %, respectively). Prices of eggs were higher by 6.5 %, milk by 2.1 %, yoghurts by 1.6 %, butter by 2.8 %, sugar by 2.3 %. Prices of clothing increased in 'clothing and footwear' by 1.2 % due primarily to higher prices of new winter models.

An opposite effect on the consumer price level came from a price decrease in 'recreation and culture' due to lower prices of package holidays by 3.5 %.

Prices of goods in total increased by 0.4 %, while prices of services dropped by 0.2 %.

In terms of the **year-on-year** comparison, in November 2009, the increase in consumer prices was 0.5 % (after a drop by 0.2 % in October). This change came particularly from a price development in 'transport', in which prices of automotive fuel went up by 4.2 % in November after a thirteen-month y-o-y price drop. It was due to a reverse m-o-m development of automotive fuel prices in November 2009 and November 2008.

The most marked growth in price level kept coming from 'housing, water, electricity, gas and other fuels', in which the prices of electricity rose by 11.5 %, heat and hot water by 5.5 %, 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 27.5 %, while for dwellings with market rentals by 5.0 %. On the other hand, prices of natural gas were lower by 11.6 %. A slowdown of the price growth continued in 'alcoholic beverages, tobacco' due to lower month-on-month price increase in tobacco products by 3.6 % (from 4.2 % in October) and alcoholic beverages by 0.7 % (from 1.3 % in October). Catering services rose by 1.5 % and accommodation services by 2.2 %. In 'miscellaneous goods and services', prices of social services and insurance increased (by 4.6 % and 4.3 %, respectively).

The most marked reduction of price level came from 'food and non-alcoholic beverages', in which prices have been lower for the twelfth month in a row, year-on-year, nevertheless their drop slowed down in November. Prices of bread were lower by 16.6 %, rolls and baguettes by 31.3 %, flour by 29.2 %, milk by 13.6 %, edible oils by 12.7 %. In 'clothing and footwear', prices of clothing were lower by 3.5 % and footwear by 0.8 %. In 'recreation and culture', a decrease in prices of audiovisual and photographic equipment and data-processing equipment continued (-8.8 %). Prices of mobile phones decreased and so did prices of telephone and telefax services due to discounts provided by mobile operators (-12.1 % and -3.9 %, respectively).

Prices of goods in total dropped by 0.8 %, while prices of services were higher by 2.7 %. The overall consumer price index excluding imputed rentals was 100.5 %, year-on-year.

Average inflation rate, i.e. **the increase in the average consumer price index in the twelve months to November 2009** compared with the average CPI in the previous twelve months, stood at 1.3 % in November, which is 0.3 percentage point down compared with October 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 0.5 % in **October** (0.2 percentage point up on September). The highest annual rates were observed in Romania (4.3 %) and Hungary (4.2 %). A year-on-year drop was recorded in thirteen EU member states in October and the biggest decrease was reported for Ireland (-2.8 %). In Germany, the drop of HICP was -0.1 %. In Slovakia, prices dropped to -0.1 % (from 0.0 % in September). According to preliminary calculations, the HICP in the **Czech Republic in November 2009** increased by 0.1 %, **month-on-month**, and by 0.2 % (a drop by 0.6 % in October), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in November 2009** was 0.6 %, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

Starting from January 2010, the consumer price indices will be calculated with revised weights. The weights are based on expenditure of households 2008. Calculated indices will be chained on all levels of consumer basket with the base period 2005 = 100. So a continuation of the existing index time series 2005 = 100, from which indices to other bases will be derived (previous month = 100, corresponding period of last year = 100 and annual rolling average, i.e. average of index numbers over last 12 months to that of those for previous 12 months) will be ensured.

In November 2009, in comparison to October 2009, consumer prices rose in **households of pensioners** by 0.3 %. It was recorded a lower consumer price index for 'transport' by 1.2 %. The increase was affected particularly by lower prices of automotive fuel. Higher index was registered for 'clothing and footwear' by 1.1 % due mainly to an increase in prices of women's ready-made clothing and men's underwear and knitwear. In 'food and non-alcoholic beverages', the consumer price level went up by 0.5 %. An upward effect on the consumer price level came from the rise in prices of fruit, butter and sugar. On the other hand, a lower index was recorded for 'communications' (-0.2 %) mainly due to lower prices of telephone and telefax services and mobile phones. The consumer price index for 'health' was down by 0.1 % as a result of lower hospital service fees.

**In the capital city of Prague**, the overall consumer price index (cost of living) increased by 0.3 % month-on-month (0.2 % in the whole Czech Republic). The consumer price index for 'clothing and footwear' increased by 1.1 % (1.0 % in the Czech Republic) due primarily to higher prices of women's and children's ready-made clothing and women's footwear. Prague registered a higher index for 'food and non-alcoholic beverages' by 0.9 % (0.5 % in the Czech Republic) particularly due to higher prices of fruit, butter and sugar. The consumer price index for 'transport' went up by 0.7 % (0.9 % in the Czech Republic), affected mainly by higher prices of automotive fuel. On the other hand, a decrease occurred in 'recreation and culture' by 0.7 % (-0.5 % in the Czech Republic) as a result of lower prices of domestic recreational stays and photographic and cinematographic equipment and optical instruments.