Prices of automotive fuel continued to decline

Consumer price indices – February 2016

**Consumer prices in February rose compared with January by 0.1%. The price development was primarily due to a growth of prices in 'recreation and culture' and 'food and non-alcoholic beverages'. The year-on-year rise in consumer prices was 0.5% in February, i.e. 0.1 percentage point down on January.**

The **month-on-month** increase in consumer prices in 'recreation and culture' came primarily from the rise in prices of package holidays by 5.0%. In 'food and non-alcoholic beverages', prices of vegetables went particularly up by 3.3%, sausages and smoked meat by 1.0%, chocolate and chocolate-based products by 3.8%, rolls and baguettes by 1.9%, fruit by 0.5%. In 'furnishings, household equipment and routine household maintenance', prices of furniture increased especially by 1.8% and household appliances by 1.4%. In 'alcoholic beverages and tobacco', prices of spirits went up by 2.2%, beer by 0.5% and tobacco products by 0.4%. In 'miscellaneous goods and services', prices of beauty products increased by 2.3%.

A month-on-month drop in the price level came particularly from a decline in 'transport', where a decrease in automotive fuel prices continued for the seventh month and amounted to -3.9% in February. The average price of petrol Natural 95 (26.79 CZK per litre) was the lowest since April 2009 and the average price of diesel oil (25.45 CZK per litre) since March 2009. In 'clothing and footwear', prices of garments and prices of shoes and other footwear fell (-1.0% and -0.9%, respectively). In 'health', prices of pharmaceutical products were lower by 0.5%. In food, prices of flour went down by 3.3%, pork by 1.9%, milk by 3.1%, yoghurts by 1.5%, oils and fats by 2.0%, sugar by 1.8%, coffee by 2.3%.

Prices of goods in total dropped by 0.1% and prices of services went up by 0.2%.

In terms of the **year-on-year** comparison, in February, the consumer prices rose by 0.5%, i.e. 0.1 percentage point down on January. This development came from a slowdown in the year-on-year price growth in 'alcoholic beverages and tobacco' and in 'housing, water, electricity, gas and other fuels'. In 'alcoholic beverages and tobacco', the rise in prices of tobacco products slowed down to 2.8% in February from 6.4% in January. In 'housing, water, electricity, gas and other fuels', prices of the net actual rentals increased by 1.0% (1.4% in January) and prices of heat and hot water by 0.6% (1.0% in January). Prices of electricity rose by 1.2%, water supply by 0.5%, sewage collection by 3.3%. Prices of natural gas were lower by 0.5%, y-o-y.

The biggest influence on the growth of the price level in February came from prices in 'alcoholic beverages and tobacco', which went up by 3.2%. Next in order of influence were prices in 'recreation and culture' due mainly to the rise in prices of package holidays by 8.3% and prices in 'housing, water, electricity, gas and other fuels'. In 'clothing and footwear', prices of garments and prices of shoes and other footwear were higher (1.0% and 7.6%, respectively). In 'restaurants and hotels', prices of catering services and accommodation services were higher (1.1% and 0.5%, respectively).

A reduction in the y-o-y price level came, as before, from the price drop in 'food and non-alcoholic beverages' and in 'transport'. In 'food and non-alcoholic beverages', many items recorded a slowdown in the y-o-y price drop and thus their impact on the reduction in the price level. Prices of bread and cekals were Loir by 0.8% in February (-1.4% in January), meat by 1.7% (-2.1% in January), eggs by 9.7% (-11.0% in January), yoghurts by 8.8% (-9.9% in January), oils and fats by 5.3% (-5.8% in January). The growth of fruit prices accelerated to 3.2% in February (2.6% in January) and prices of potatoes to 51.6% (46.2% in January). In 'transport', the y-o-y drop in automotive fuel prices, which started in December 2014 and amounted to -11.1% in February, continued. The decline in prices continued in 'communication'.

Prices of goods in total decreased by 0.1% and prices of services went up by 1.5%. The overall consumer price index excluding imputed rentals was 100.4%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to February 2016 compared with the average CPI in the previous twelve months, amounted to 0.4% in February.

According to preliminary data of Eurostat, the **year-on-year** change in the average **harmonized index of consumer prices** (HICP)[[1]](#footnote-1)) in the **EU28 member states** was 0.3% **in January** i.e**.** 0.1percentage point more than in December. Prices went up the most in Belgium (1.8%) and Austria (1.4%). On the other hand, the decrease occurred in ten EU countries, of which the largest in Romania and Cyprus (-1.5% and -1.1%, respectively). In Slovakia, prices dropped by 0.6% in January (-0.5% in December). In Germany, the price level rose by 0.4% (0.2% in December). According to preliminary calculations, the HICP in the Czech Republic **in February 2016** was0.1%, **month-on-month,** and the **year-on-year** change amounted to 0.5% (the same as in January). The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone**  **in February 2016** amounted to -0.2%, y-o-y, as Eurostat announced (more information on the Eurostat’s web pages: [**HICP**](http://ec.europa.eu/eurostat/web/hicp/data/main-tables).)

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Starting from January 2016, the consumer price indices are calculated with updated weights, which are derived from the household expenditures in 2014. The new calculated indices are chained at all levels of the consumer basket with the original base period average of 2005 = 100. Thereby, a continuation of the existing index time series average of 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. the average of index numbers over the last 12 months to the average for the previous 12 months) will be ensured.

New consumer basket is available on the web pages CZSO: [consumer basket](https://www.czso.cz/csu/czso/what_is_it_inflation_resp_inflation_rate).

In February, in comparison to January, consumer prices in **households of pensioners** rose by 0.2%. In ‘recreation and culture‘, the increase in prices occurred by 1.0%. Prices of package holidays rose in particular. In ‘alcoholic beverages and tobacco‘, the consumer price index went up by 0.7%. Prices of spirits, beer and tobacco products increased. A rise in the overall consumer price index was also influenced by the price increase in ‘furnishings, household equipment and routine household maintenance‘, which amounted to 0.5%. It was shown for instance the increase in prices of furniture. On the other hand, the fall in prices by 0.9% occurred in ‘transport‘. The decline was caused by lower prices of automotive fuel. In ‘clothing and footwear‘, the price index decreased by 0.8%. It was due to lower prices of garments and lower prices of shoes and other footwear as well.

**In the capital city of Prague**, the overall consumer price index (cost of living) went up by 0.2%, month-on-month (0.1% in the whole Czech Republic). In ‘recreation and culture‘, the consumer price index increased by 1.5% (1.0% in the Czech Republic). Prices of package holidays went especially up. In ‘furnishings, household equipment and routine household maintenance‘, Prague registered a higher price index by 1.1% (0.5% in the Czech Republic). There occurred for instance a rise in prices of furniture. On the other hand, in ‘clothing and footwear‘, the consumer price index fell by 0.8% (-0.9% in the Czech Republic). It was a result of lower prices of garments and lower prices of shoes and other footwear. In ‘transport‘, consumer prices went down by 0.7% (-1.0% in the Czech Republic). It was due especially to lower automotive fuel prices.

1. ) *So far, imputed rentals have been excluded from the HICP* [↑](#footnote-ref-1)