

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

### Consumer price indices – inflation – July 2017

Consumer prices in July rose compared with June by 0.5%. This development was primarily due to the growth of prices in 'recreation and culture' and further in 'food and non-alcoholic beverages' and in 'alcoholic beverages and tobacco'. The year-on-year growth of consumer prices accelerated to 2.5% from 2.3% in June.

The **month-on-month** rise in consumer prices in 'recreation and culture' came from higher seasonal prices of package holidays by 12.6%. In 'food and non-alcoholic beverages', prices of cheese went primarily up by 3.5% and vegetables by 2.9%, of which prices of vegetables cultivated for their fruit by 11.9%. Prices of non-alcoholic beverages rose by 1.3%, fresh butter by 7.3%, eggs by 5.0%, pork by 1.1%. In 'alcoholic beverages and tobacco', prices of beer and spirits were particularly higher (3.6% and 1.4%, respectively).

A drop in the price level came primarily from a price decrease in 'clothing and footwear', in which prices of garments went down by 2.1% and prices of shoes and other footwear by 2.8%. In 'transport', prices of automotive fuel were lower by 2.1%. In 'food and non-alcoholic beverages', prices of fruit went especially down by 1.7%.

Prices of goods in total and prices of services rose (0.2% and 0.9%, respectively).

In terms of the **year-on-year** comparison, in July, the consumer prices increased by 2.5%, i.e. 0.2 percentage points up compared with June. An acceleration in the y-o-y price increase occurred in 'food and non-alcoholic beverages' and in 'restaurants and hotels'. The price development in 'food and non-alcoholic beverages' was primarily due to the acceleration in the year-on-year rise in prices of eggs to 27.7% (23.6% in June), milk to 14.3% (10.4% in June), fresh butter to 44.8% (42.6% in June). Prices of vegetables slowed down the fall to 2.6% (-8.1% in June) due to prices of potatoes and vegetables cultivated for their fruit. In 'restaurants and hotels', prices of catering services went up by 6.7% (6.4% in June).

The biggest influence on the growth of the y-o-y price level in July came, as before, from prices in 'food and non-alcoholic beverages' (an increase by 5.8%). Next in order of influence were prices in 'housing, water, electricity, gas and other fuels', where prices of the net actual rentals rose by 2.9%, water supply by 1.2%, sewage collection by 0.4%, electricity by 0.3%. The rise in the price level came also from prices in 'restaurants and hotels' (the increase by 6.0%). In 'transport', prices of cars went up by 3.8%.

A reduction in the price level, year-on-year, came from lower prices in 'furnishings, household equipment and routine household maintenance' (-0.4%). A drop continued also in 'communication', where prices of telephone and telefax services and prices of mobile phones declined (-0.8% and -14.6%, respectively). In 'housing, water, electricity, gas and other fuels', prices of heat and hot water and prices of natural gas were lower (-2.3% and -0.8%, respectively). In 'transport', prices of automotive fuel dropped (-0.1%), year-on-year.

Prices of goods in total went up by 2.1% and prices of services by 3.1%. The overall consumer price index excluding imputed rentals was 102.3%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to July 2017 compared with the average CPI in the previous twelve months, amounted to 1.8% in July.

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 **EU28 member states** amounted to 1.4% **in June**, i.e. 0.2 percentage points less than in May. The rise in prices was the highest in Lithuania (3.5%). On the other hand, the y-o-y drop in prices occurred in Ireland (only one country in the EU) by 0.6% in June. In Slovakia, the price increase decelerated to 1.0% in June from 1.1% in May. In Germany, prices rose by 1.5% (1.4% in May). According to preliminary calculations, the HICP in the Czech Republic **in July** went up by 0.4%, **month-on-month**, and by 2.4% (the same as in June), **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in July 2017** amounted to 1.3%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#).)

In July 2017, in comparison with June, the overall consumer price level in **households of pensioners** rose by 0.6%. In 'recreation and culture', prices went up by 2.5%. Prices of package holidays had primarily an influence on the price increase in this division. In 'food and non-alcoholic beverages', the consumer price index increased by 1.1%. Prices of butter and eggs were particularly higher. In 'alcoholic beverages and tobacco', prices rose by 0.9%. It was caused especially by prices of beer. On the other hand, the decrease in prices by 2.0% occurred in 'clothing and footwear'. The fall was caused mainly by lower prices of shoes and other footwear and lower prices of garments. In 'transport', the price decline was recorded by 0.4%. It was due mainly to the drop in prices of automotive fuel.

**In the capital city of Prague**, the overall consumer price index (cost of living) rose by 0.8%, month-on-month (0.5% in the whole Czech Republic). In 'recreation and culture', the consumer price index increased by 3.0% (2.7% in the Czech Republic). Prices of package holidays went especially up. In 'food and non-alcoholic beverages', Prague registered a higher price index by 1.6% (0.9% in the Czech Republic). Prices of eggs, butter, yoghurts and vegetables were primarily higher in this division. On the other hand, in 'clothing and footwear', the consumer price index decreased by 1.6% (-2.2% in the Czech Republic). Lower prices of garments were particularly collected. In 'furnishings, household equipment and routine household maintenance', consumer prices went down by 0.4% (0.0% in the Czech Republic). The drop was recorded primarily for prices of bed linen and table linen and prices of furnishings.

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