

Year-on-year inflation slowed down to 6.5 %

Consumer price indices – August 2008

The consumer price level in August dropped compared with July by 0.1 %. A downward effect on the consumer price level, month-on-month, came mainly from the price fall in 'food and non-alcoholic beverages' and 'transport'. The year-on-year consumer price growth slowed down to 6.5 % in August (from 6.9 % in July) and was the smallest this year.

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The **month-on-month** consumer price level decrease by 0.1 % owed mainly to a price reduction in vegetables including potatoes by 11.9 % and fruit by 7.1 %. Prices of potatoes fell by 17.6 %. Prices of pasta, eggs and milk products were lower (by 2.1 %, 4.5 % and 1.4 %, respectively). In 'transport', prices of automotive fuel dropped by 3.1 % whereas the price of petrol Natural 95 was the lowest in the last four months and the price of diesel oil recorded its lowest level over the last three months. Prices of clothing and footwear dropped by 0.9% due to continuing summer sales of goods.

A downward effect on the consumer price level came from the price increase in tobacco products by 2.9 % due to an excise tax increase since January 2008. Seasonal prices of package holidays rose by 3.6% in 'recreation and culture'. Net actual rentals paid by tenants for rented dwellings increased by 0.2 % and solid fuel prices by 0.8 %. In 'miscellaneous goods and services', prices of services of social protection went up by 1.8 %.

Prices of goods in total decreased by 0.5 %, while prices of services rose by 0.4 %.

In terms of the **year-on-year** comparison, in August, the increase in consumer prices was 6.5 %, i.e. 0.4 percentage point down on July. A decelerated price growth was recorded primarily in 'food and non-alcoholic beverages', 'transport' and 'alcoholic beverages and tobacco'. In food, the increase in prices of fruit slowed down to 3.7 % (from 10.8 % in July), meat to 4.4 % (from 5.5 % in July), eggs to 13.3 % (from 20.0 % in July), cheese to 10.5 % (from 15.4 % in July). In 'transport', prices of automotive fuel were higher by 5.2 % (8.3 % in July), which is the smallest y-o-y growth since October 2007. The rise in prices of petrol fluctuated between 2 % and 3.6 %, while in prices of diesel oil amounted to 17.2 %. The growth of prices of tobacco products slowed down to 8.9 % (from 12.3 % in July).

The biggest effect on the price level, which was even stronger in August, came from 'housing, water, electricity, gas and other fuels', where prices of natural gas rose by 27.7 %, electricity by 9.5 %, heat and hot water by 11.2 % and solid fuels by 19.4 %. Net actual rentals rose by 15.4 %, of which for dwellings with regulated rentals by 23.5 %, while for dwellings with market rentals by 3.3 %. In 'food and non-alcoholic beverages', prices of bread and cereals went up by 22.5 %, of which prices of flour by 61.6 %, rice by 56.9 %, rolls and baguettes by 30.1 % and bread by 21.0 %. Prices of edible oils and vegetable fats were higher (by 30.3 % and 31.8 %, respectively).

Compared with 2007, prices of clothing were lower by 1.7 %, devices and household appliances by 1.6 %, transport vehicles by 4.8 %, audio-visual and photographic equipment and data-processing equipment by 11.3 % and electrical appliances for personal care by 2.6 %. In food, prices of potatoes were lower by 9.3 %, stone fruit and berry plants by 7.6 %, vegetables grown for fruit by 10.2 % and sugar by 3.8 %. In 'communications', prices of mobile phones decreased and so did prices of telephone and telefax services due to commercial discounts provided by mobile operators.

Prices of goods in total grew by 5.5 % and prices of services by 8.0 %.

Inflation rate, i.e. the increase in the **average consumer price index in the twelve months to August 2008** compared with the average CPI in the previous twelve months, stood at 6.1 % in August (0.3 percentage point up compared with July 2008).

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices** (HICP) in the **EU 27 member states** was 4.4 % in **July** (0.1 p.p. up on June). The highest annual rates were observed in Latvia (16.5 %) and Bulgaria (14.4 %), and the lowest rate in the Netherlands (3.0 %) and Portugal (3.1 %). The growth of consumer prices in Slovakia accelerated to 4.4 % in July (from 4.3 % in June). In Germany, the price growth of consumer prices accelerated to 3.5 % (from 3.4 % in June).

According to preliminary calculations, the HICP in the **Czech Republic in August 2008** decreased by 0.3 %, **month-on-month**, and slowed down to 6.2 % (from 6.8 % in July), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in August 2008** was 3.8 %, y-o-y, as Eurostat announced (more information on Eurostat's web pages: [HICP](#)).