Year-on-year consumer price growth slowed down

Consumer price indices – March 2016

**Consumer prices in March dropped compared with February by 0.1%. The price development was primarily due to a decline in prices in 'recreation and culture'. The year-on-year rise in consumer prices was 0.3% in March, i.e. 0.2 percentage points down on February.**

The **month-on-month** decrease in consumer prices in 'recreation and culture' came primarily from the drop in prices of package holidays by 5.9%. In 'furnishings, household equipment and routine household maintenance', the moderate decline in prices came from a reduction in prices of detergents by 2.2%, cleaning and maintenance products by 3.3%. The consumer price level in 'food and non-alcoholic beverages' remained unchanged, month-on-month, but prices of various food recorded double-sided movements. Prices of poultry went down by 1.8%, cheese by 2.3%, yoghurts by 4.1%, butter by 2.1%, bread by 0.8%. In 'alcoholic beverages and tobacco', prices of spirits were lower by 4.0%. In 'transport', prices of automotive fuel went down by 0.5%, of which prices of petrol Natural 95 were lower by 0.7% and prices of diesel oil rose by 0.7%.

An increase in the price level came particularly from a rise in 'clothing and footwear', where prices of garments and shoes and other footwear went up, both by 1.1%. In 'health', prices of drugs increased by 1.0% and seasonal prices of therapeutic stays at a spa by 4.0%. In 'alcoholic beverages and tobacco', prices of tobacco products rose by 1.8%. In food, prices of vegetables increased by 6.3% in particular, of which prices of potatoes rose by 9.4%.

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

In terms of the **year-on-year** comparison, in March, the consumer prices increased by 0.3%, i.e. 0.2 percentage points down on February. This development came from a deepening in the year-on-year price drop in 'transport', where prices of automotive fuel were lower by 15.3% in March (-11.1% in February). It was due to a significant month-on-month increase in prices of automotive fuel in March 2015. In 'recreation and culture', the year-on-year price growth slowed down due mainly to prices of package holidays, which were higher by 6.9% in March (8.3% in February).

The biggest influence on the growth of the price level in March came from prices in 'alcoholic beverages and tobacco', where prices of alcoholic beverages went up by 3.6% and tobacco products by 2.4%. Next in order of influence were prices in 'housing, water, electricity, gas and other fuels' and prices in 'recreation and culture'. In 'housing, water, electricity, gas and other fuels', prices of the net actual rentals increased by 1.3%, water supply by 0.5% sewage collection by 3.3%, electricity by 1.2%, heat and hot water by 0.2%. Prices of natural gas were lower by 0.5%, year-on-year. In 'clothing and footwear', prices of garments were higher by 1.0% and prices of shoes and other footwear by 7.0%. In 'restaurants and hotels', prices of catering services and accommodation services went up (1.3% and 1.0%, respectively).

A reduction in the y-o-y price level came, as before, from the price drop in 'transport' and in 'food and non-alcoholic beverages'. In 'food and non-alcoholic beverages', prices of bread and cereals were lower by 0.8% compared with March 2015 in particular, meat by 2.5%, eggs by 14.6%, milk by 16.7%, cheese by 11.9%, yoghurts by 10.8%, butter by 11.9%, sugar by 16.1%. The y-o-y growth was mainly recorded for prices of vegetables by 20.8% (of which potato prices by 52.4%) and fruit prices by 2.5%. The decrease in prices continued in 'communication'.

Prices of goods in total declined by 0.3% and prices of services went up by 1.5%. The overall consumer price index excluding imputed rentals was 100.3%, year-on-year.

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

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 -0.2% **in February** i.e**.** 0.5percentage points less than in January. Prices went up the most in Belgium (1.1%), Austria and Malta (both 1.0%). On the other hand, the decrease occurred in fifteen EU countries, of which the largest in Cyprus (-2.2%) and Romania (-2.1%). In Slovakia, prices dropped by 0.3% in February (-0.6% in January). In Germany, prices turned from a rise by 0.4% in January to a drop by 0.2% in February. According to preliminary calculations, the HICP in the Czech Republic **in March** was0.0%, **month-on-month,** and the **year-on-year** change amounted to 0.3% (0.5% in February). The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone** **in March 2016** amounted to -0.1%, 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).

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