

YEAR-ON-YEAR INFLATION REMAINED UNCHANGED

Consumer price indices – February 2014

Consumer prices in February rose by 0.2% compared with January. This development came primarily from a price rise in 'recreation and culture'. The year-on-year growth of consumer prices amounted to 0.2% in February (the same as in January).

The **month-on-month** increase in 'recreation and culture' came particularly from the rise in seasonal prices of package holidays by 3.2%. In 'furnishings, household equipment and routine household maintenance', prices of goods and services for routine household maintenance went up by 1.7%. In 'health', amounts paid by patients for pharmaceutical products were 1.0% up.

A contrary effect on the overall consumer price level in February owed to a drop in prices in 'clothing and footwear', where prices of clothing and footwear were lower (-0.9% and -1.8%, respectively). The moderate price reduction in 'food and non-alcoholic beverages' was particularly caused by lower prices of fruit and vegetables (-1.0% and -0.9%, respectively). Flour prices were lower compared with the previous month (-1.3%) as well as prices of pork (-0.9%), yoghurts (-3.0%), vegetable fats (-3.5%) and sugar (-1.2%). On the other hand, prices of milk increased by 1.8%, butter by 2.5%, fish by 1.7%, non-alcoholic beverages by 1.3%. In 'miscellaneous goods and services', a price drop was influenced by lower prices of personal care (-0.7%).

Prices of goods in total remained unchanged, while prices of services went up by 0.4%.

In terms of the **year-on-year** comparison, in February, the increase in consumer prices was 0.2%, i.e. the same as in January. However, the majority of the consumer basket divisions recorded a different price development for these months. An acceleration of the price growth was shown in 'alcoholic beverages and tobacco', where prices of spirits rose by 3.2% (2.5% in January). An acceleration in the y-o-y price rise occurred also in 'food and non-alcoholic beverages' due to a lower month-on-month drop in prices in February 2014 than in February 2013. The y-o-y growth of prices accelerated primarily in bread to 3.2% (1.5% in January), fish to 3.7% (0.5% in January), milk to 14.4% (10.9% in January), butter to 15.3% (12.5% in January), fruit to 2.0% (0.0% in January). Prices of non-alcoholic beverages moved from a drop (-1.5% in January) to a growth of 0.9% in February. The decrease in prices of rolls and baguettes slowed down to -6.4% in February (-8.9% in January). A slowdown of the y-o-y rise occurred especially in 'transport' due to fuel prices, which were higher by 2.5% in January 2014, while their price growth was zero in February.

The biggest upward effect on the y-o-y consumer price level came from prices in 'food and non-alcoholic beverages'. Another significant impact on the overall level of consumer prices came from prices in 'alcoholic beverages and tobacco', where prices of tobacco products went up by 5.1% and prices of alcoholic beverages by 3.3%.

The reduction of the y-o-y price growth came from the prices in 'housing, water, electricity, gas and other fuels' due to a drop in prices of electricity and natural gas (-10.5% and -9.1%, respectively). Prices of the net actual rentals went up by 0.8%, water supply by 3.4%, sewage collection by 3.2%, heat and hot water by 0.7%. In 'communication', prices of telephone and telefax services and prices of mobile phones were lower (-10.1% and -15.0%, respectively). In 'furnishings, household equipment and routine household maintenance', the decrease in prices was influenced primarily by lower prices of household appliances (-3.2%).

Prices of goods in total increased by 0.4% and prices of services remained unchanged compared with February 2013. The overall consumer price index excluding imputed rentals was 100.2%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to February 2014 compared with the average CPI in the previous twelve months, stood at 1.1% in February.

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices (HICP)**¹⁾ in the **EU28 member states** was **0.9% in January**, i.e. 0.1 percentage point down on December. Prices grew most in the United Kingdom and Finland (1.9%). On the other hand, a year-on-year price drop occurred in Cyprus (-1.6%), Greece (-1.4%) and Bulgaria (-1.3%) in January. In Germany, the price rise was the same in January as in December, i.e. 1.2%. In Slovakia, the price increase slowed down to 0.0% in January (0.4% in December 2013). According to preliminary calculations, the HICP in the Czech Republic **in February 2014** rose by 0.1%, **month-on-month**, and by 0.3% (the same as in January), **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in February 2014** amounted to 0.8%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

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Starting from January 2014, the consumer price indices are calculated with updated weights, which are derived from the household expenditures in 2012. The new calculated indices are chained at all levels of the consumer basket with the original base period 2005 = 100. Thereby, a continuation of the existing index time series 2005 = 100, from which indices to other bases are 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) is ensured.

A new consumer basket is available on the CZSO web pages: [consumer basket](#)

¹⁾ So far, imputed rentals have been excluded from the HICP