

ANALYSIS

10 April 2018

Consumer price indices in Q1 2018

The total consumer price level increased by 0.7% in Q1 2018 compared with Q4 2017. Consumer prices rose by 1.9% in Q1 2018, year-on-year, which was 0.7 percentage points down on Q4 2017.

The **quarter-on-quarter** (q-o-q) development of consumer prices in Q1 2018 was influenced by a price increase in the majority of the consumer basket divisions, of which the highest price increase was in 'housing, water, electricity, gas and other fuels', 'alcoholic beverages and tobacco', and in 'recreation and culture'. In 'housing, water, electricity, gas and other fuels', primarily prices of actual rentals for housing rose by 0.8%, electricity by 2.8%, water supply by 1.8% and sewage collection by 1.3%. In 'alcoholic beverages and tobacco', prices of beer went up by 3.9%, wine by 2.9%, spirits by 2.5%, and tobacco products by 0.5%. In 'recreation and culture', prices of package holidays rose by 7.5%. The growth of prices in 'transport' was influenced by an increase in prices of fuels and lubricants for personal transport equipment by 0.7% and motor cars by 0.8%. In 'miscellaneous goods and services', prices of personal care went up by 1.2%. The price increase continued in 'food and non-alcoholic beverages', where prices of fruit and vegetables rose (5.0% and 6.1%, respectively). A decrease in prices in 'clothing and footwear' (due to lower prices in sales of thereof) had an influence in the opposite direction, i.e. on the price reduction. Prices of garments went down by 4.3% and prices of shoes and other footwear by 5.0%. In 'food and non-alcoholic beverages', prices of eggs declined by 8.1%, butter by 14.9% and UHT semi skimmed milk by 5.5%. The average m-o-m increase in the total consumer price index was 0.2% in Q1 2018; it was the same as in Q4 2017.

Consumer price indices (the previous quarter = 100)

DIVISION	2017				2018
	Q1	Q2	Q3	Q4	Q1
TOTAL	101.4	100.2	100.5	100.5	100.7
Food and non-alcoholic beverages	103.7	100.1	100.7	101.7	100.4
Alcoholic beverages and tobacco	100.8	99.8	100.9	100.1	101.8
Clothing and footwear	95.2	104.0	96.9	103.4	95.8
Housing, water, electricity, gas and other fuels	100.7	100.5	100.5	100.5	100.8
Furnishings, household equipment and routine household maintenance	99.9	100.5	99.7	100.3	100.5
Health	101.4	101.8	101.1	99.8	101.0

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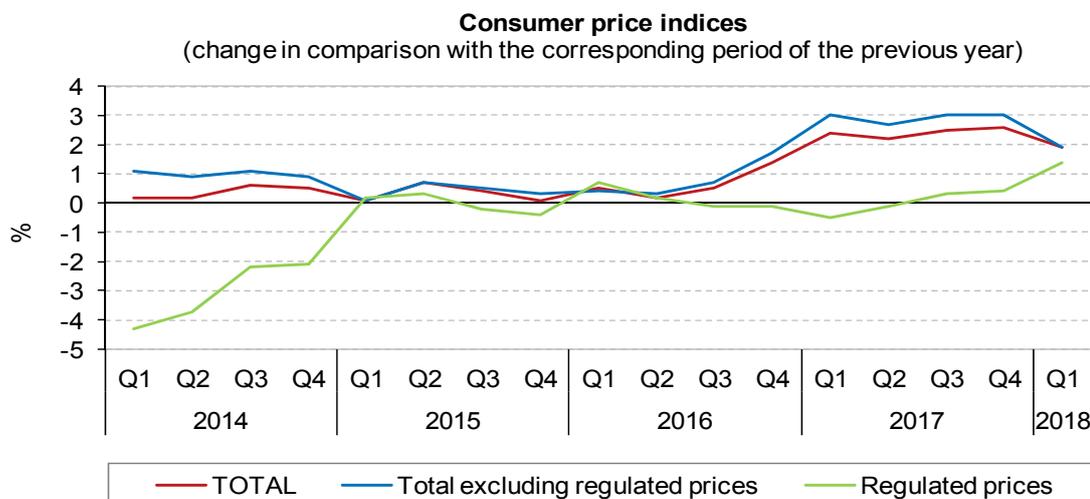
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DIVISION	2017				2018
	Q1	Q2	Q3	Q4	Q1
Transport	102.4	99.7	99.4	101.0	101.0
Communication	100.4	99.9	99.1	99.2	99.8
Recreation and culture	102.3	99.2	102.2	97.3	101.9
Education	100.2	100.0	100.5	100.9	100.1
Restaurants and hotels	102.7	101.0	100.9	100.7	100.8
Miscellaneous goods and services	100.7	100.1	99.9	100.3	101.1

Consumer prices rose by 1.9%, **year-on-year (y-o-y)**, in **Q1 2018 compared with Q1 2017**, i.e. 0.7 percentage points down on Q4 2017. The development was due to the deceleration in the price rise in 'food and non-alcoholic beverages', 'transport', 'restaurants and hotels'. The acceleration in the price growth of 'alcoholic beverages and tobacco' had an influence in the opposite direction, i.e. on an increase in the price level.

Changes in the development of prices in Q1 2018 caused the y-o-y growth of market prices by 1.9% (3.0% in Q4 2017). A rise in regulated prices accelerated to 1.4% in Q1 2018 from 0.4% in Q4 2017.



The biggest influence on the growth of the consumer price level came from prices in **'food and non-alcoholic beverages'**. Prices of meat rose by 3.6%, of which prices of pork by 2.8%. The growth of prices in the group of milk, cheese and eggs amounted to 8.1% in Q1, of which prices of eggs rose by 24.9%, cheese and curd by 3.2%, yoghurts by 16.7%. Prices of oils and fats went up by 8.1%, of which prices of butter by 12.7%. Prices of bread rose by 2.8%, flour by 5.3%, fruit by 8.1%. Prices of non-alcoholic beverages increased by 0.5%, of which prices of coffee by 2.4%, tea by 3.7%. Prices of fish and seafood remained unchanged compared with

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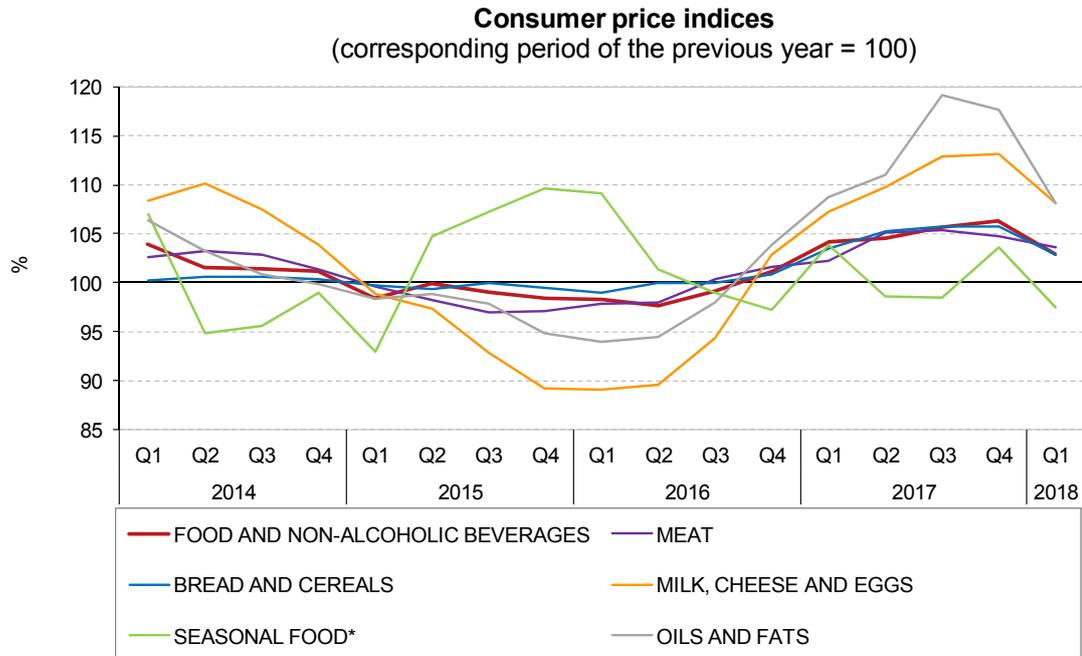
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Q1 2017. Prices of UHT semi skimmed milk went down by 0.4% and sugar by 6.5%. Prices of vegetables went down by 10.9%, with potato prices lower by 20.6%.



*Seasonal food includes fish and seafood, fruit and vegetables.

In **'transport'**, prices of fuels and lubricants turned to a drop from a growth for the first time since Q3 2016 (a drop by 1.6% in Q1 2018, a growth by 2.5% in Q4 2017). The price of unleaded petrol *Natural 95* amounted to CZK 30.36 and the price of diesel oil was CZK 29.55 in March.

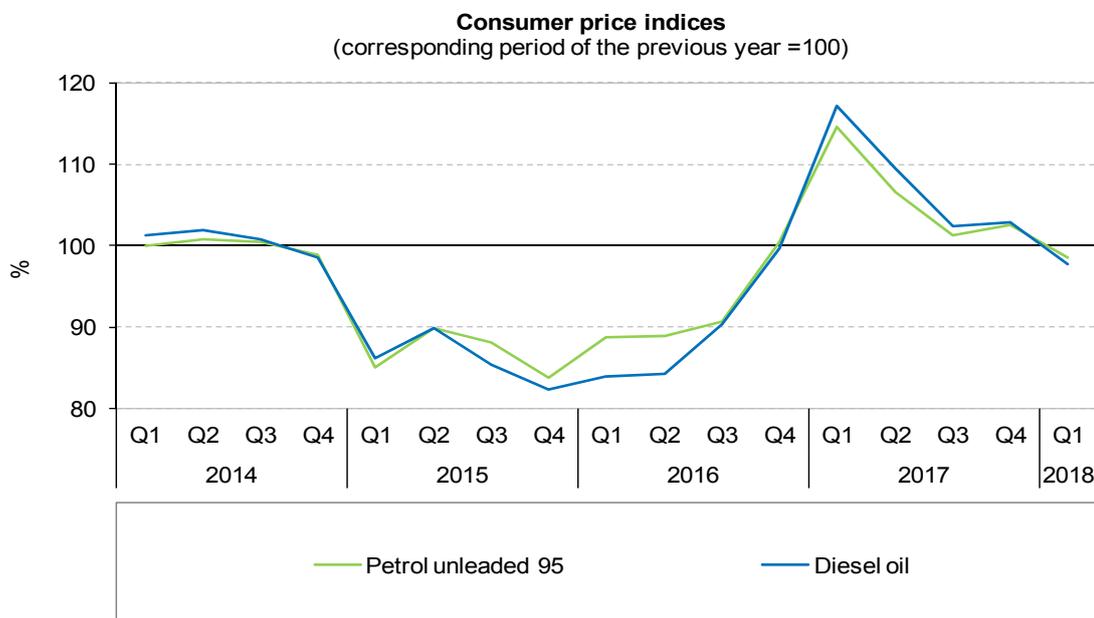
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In **'restaurants and hotels'**, the growth of consumer prices was influenced by growth of prices of catering services by 3.8% (6.1% in Q4 2017). Prices of accommodation services rose by 1.6% (the same as in Q4 2017).

In **'housing, water, electricity, gas and other fuels'**, prices in Q1 2018 rose by 2.3%, y-o-y. Electricity prices increased by 2.8% and prices of natural gas fell by 1.1%. Prices of actual rentals for housing went up by 2.3%, water supply by 1.9%, sewage collection by 1.2%. Prices of heat and hot water went down by 0.7%.

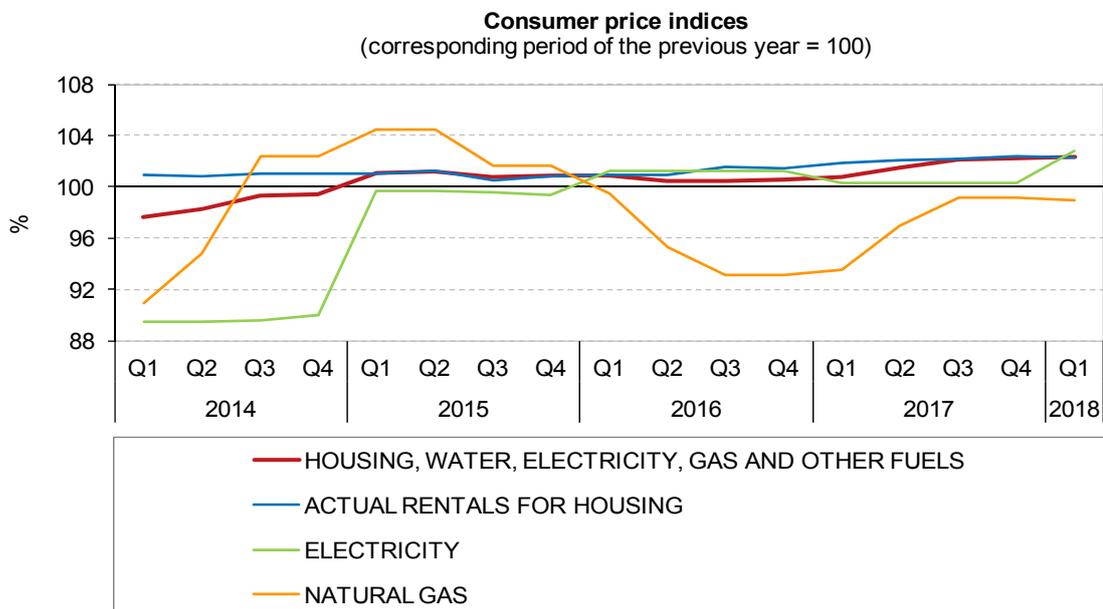
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In **'alcoholic beverages and tobacco'**, prices of tobacco products rose by 2.5% (2.1% in Q4 2017). Prices of spirits rose by 3.0%, wine by 0.9%, and beer by 3.1%.

In **'communication'**, prices of telecommunication services went down by 1.7%, y-o-y. Prices of postal services rose by 4.9%.

In **'miscellaneous goods and services'**, prices of financial services dropped by 2.8%. Prices of personal care rose by 2.1% (2.9% in Q4 2017).

In **'clothing and footwear'**, prices of garments went down by 1.5% (–2.0% in Q4 2017). Prices of shoes and other footwear rose by 3.2% (2.6% in Q4 2017).

In **'furnishings, household equipment and routine household maintenance'**, a price rise also occurred. It was influenced by higher prices of goods and services for routine household maintenance by 0.8% (–0.3% in Q4 2017). Prices of household furniture went up by 2.9% (2.4% in Q4 2017).

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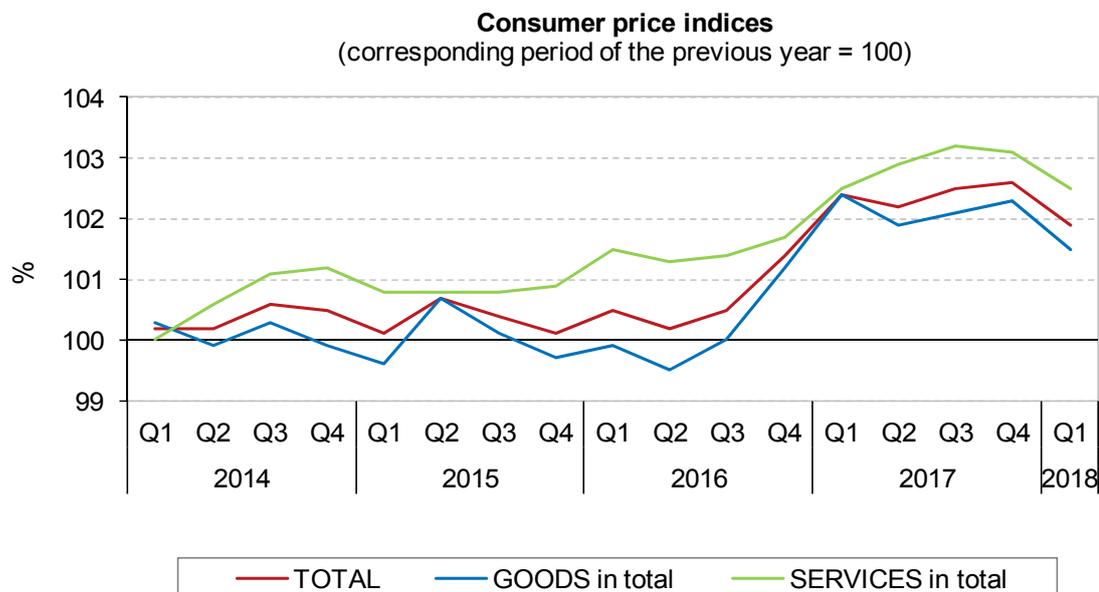
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The aforementioned fluctuations in consumer prices resulted in a rise in prices of **goods in total** by 1.5% and prices of **services** by 2.5%.



Harmonized index of consumer prices in the EU28

According to Eurostat data, the y-o-y change in the average harmonized index of consumer prices (HICP) in the EU28 was 1.6% in January and 1.3% in February. In the Czech Republic (CR), the y-o-y values of the HICP in January and February were 2.1% and 1.6%, respectively. According to preliminary calculations, the HICP in the CR rose by 1.6%, y-o-y, in March. It can be seen in the chart below that the development of inflation in the CR and in the EU was similar. For most of the observed period, the HICP in the CR was higher than the same indicator in the EU however, a convergence of values for the CR and the EU occurred at the end of the period. The y-o-y drop in the HICP was recorded only in Cyprus (-0.4%) in February. The biggest HICP increase in all EU Member States was in Romania (3.8%) in February.

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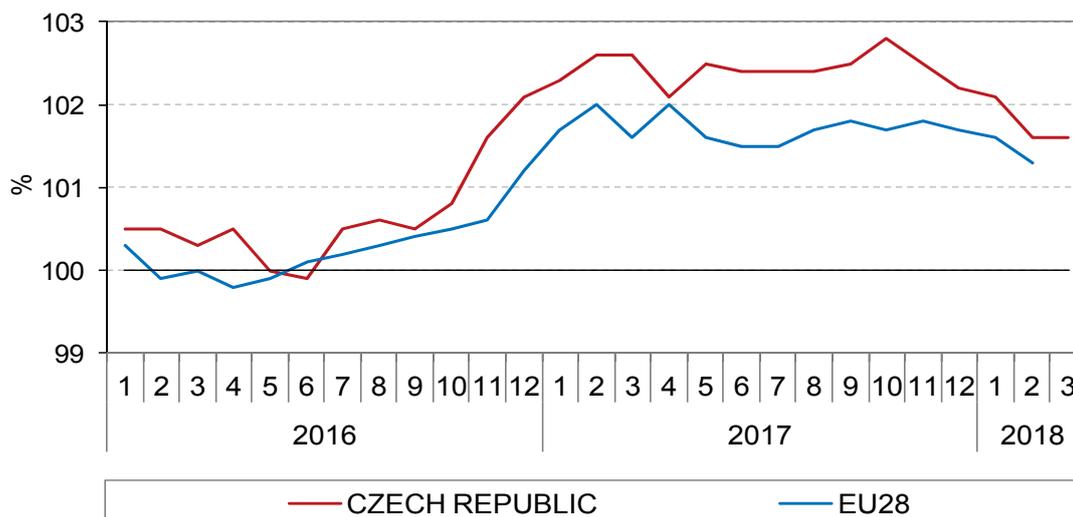
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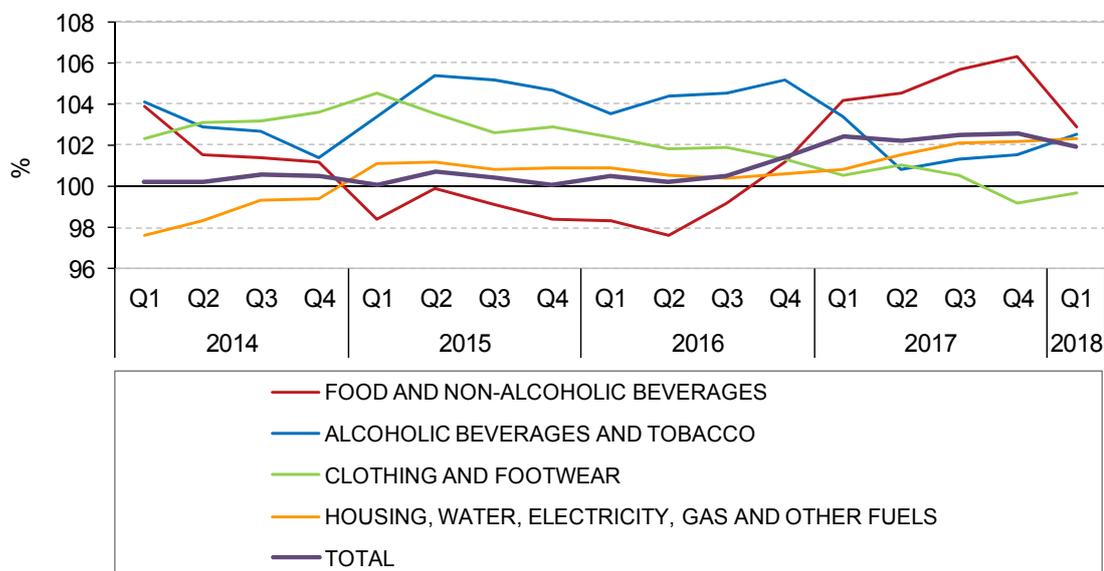
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Harmonized indices of consumer prices
(corresponding period of the previous year = 100)



The development of consumer price index by ECOICOP division:

Consumer price indices
(corresponding period of the previous year = 100)



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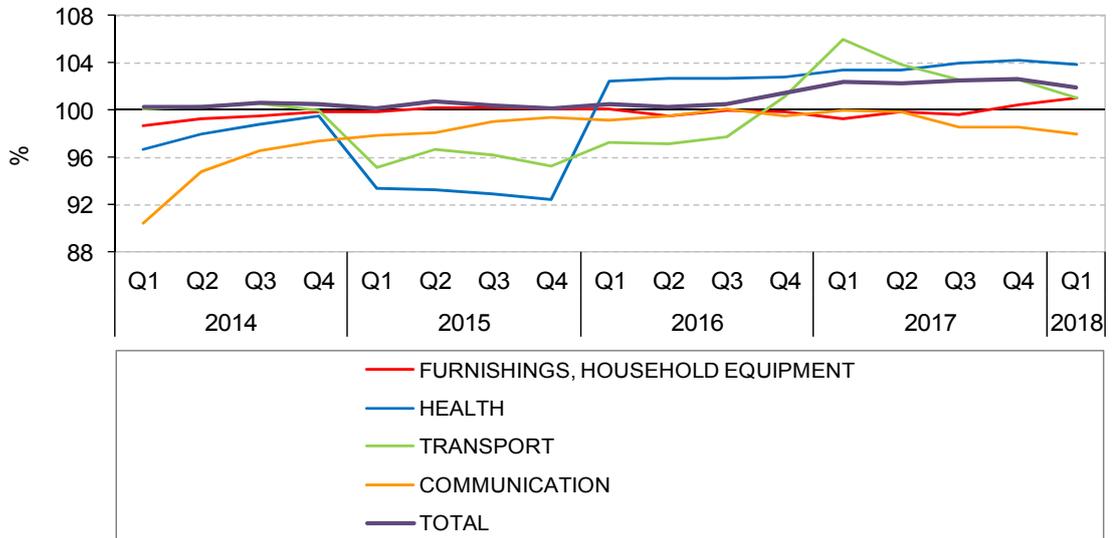
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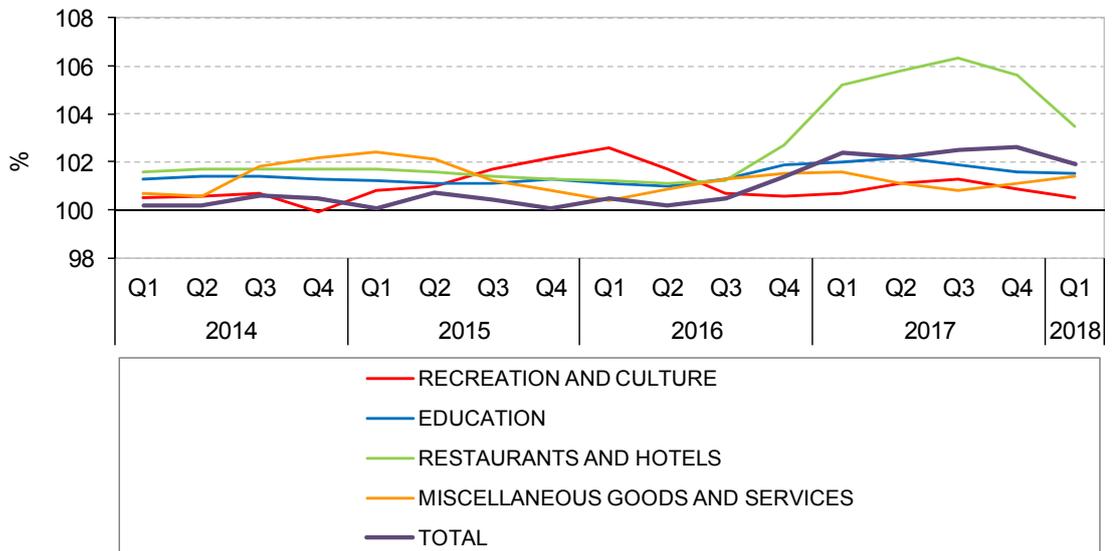
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			Corresponding period of the previous year = 100							
			Q 1	Q 2	Q 3	Q 4	January	February	March	Q 1
E00	Total	1000.0	102.4	102.2	102.5	102.6	102.2	101.8	101.7	101.9
E01	Food and non-alcoholic beverages	177.6	104.2	104.5	105.7	106.3	104.5	102.3	101.9	102.9
<i>E01.11</i>	<i>Bread and cereals</i>	<i>28.3</i>	<i>103.5</i>	<i>105.2</i>	<i>105.7</i>	<i>105.8</i>	<i>104.1</i>	<i>102.8</i>	<i>101.4</i>	<i>102.8</i>
<i>E01.12</i>	<i>Meat</i>	<i>42.1</i>	<i>102.2</i>	<i>105.1</i>	<i>105.4</i>	<i>104.8</i>	<i>104.1</i>	<i>103.8</i>	<i>103.0</i>	<i>103.6</i>
E02	Alcoholic beverages and tobacco	92.2	103.4	100.8	101.3	101.5	103.2	102.3	102.0	102.5
E03	Clothing and footwear	41.5	100.5	101.0	100.5	99.2	99.5	99.9	99.8	99.7
E04	Housing, water, electricity, gas and other fuels	257.2	100.8	101.5	102.1	102.2	102.3	102.3	102.3	102.3
<i>E04.1</i>	<i>Actual rentals for housing</i>	<i>33.7</i>	<i>101.9</i>	<i>102.1</i>	<i>102.2</i>	<i>102.4</i>	<i>102.1</i>	<i>102.3</i>	<i>102.4</i>	<i>102.3</i>
<i>E04.510</i>	<i>Electricity</i>	<i>42.7</i>	<i>100.3</i>	<i>100.3</i>	<i>100.3</i>	<i>100.3</i>	<i>102.8</i>	<i>102.8</i>	<i>102.8</i>	<i>102.8</i>
<i>E04.521</i>	<i>Natural gas</i>	<i>24.4</i>	<i>93.5</i>	<i>97.0</i>	<i>99.2</i>	<i>99.2</i>	<i>98.2</i>	<i>99.2</i>	<i>99.2</i>	<i>98.9</i>
E05	Furnishings, household equipment and routine household maintenance	58.1	99.3	99.8	99.6	100.4	100.6	101.3	101.0	101.0
E06	Health	24.5	103.4	103.4	104.0	104.2	104.0	103.8	103.8	103.9
E07	Transport	101.7	106.0	103.9	102.5	102.5	101.0	101.1	101.1	101.0
<i>E07.22</i>	<i>Fuels and lubricants for personal transport equipment</i>	<i>29.1</i>	<i>114.9</i>	<i>107.3</i>	<i>101.7</i>	<i>102.5</i>	<i>98.9</i>	<i>98.3</i>	<i>98.0</i>	<i>98.4</i>
E08	Communication	28.9	100.0	99.9	98.6	98.6	98.8	97.7	97.6	98.0
E09	Recreation and culture	86.3	100.7	101.1	101.3	100.9	100.4	100.4	100.7	100.5
<i>E09.60</i>	<i>Package holidays</i>	<i>19.2</i>	<i>100.8</i>	<i>102.1</i>	<i>103.9</i>	<i>102.9</i>	<i>102.2</i>	<i>102.0</i>	<i>103.1</i>	<i>102.4</i>
E10	Education	5.7	102.0	102.2	101.9	101.6	101.5	101.5	101.5	101.5
E11	Restaurants and hotels	59.1	105.2	105.8	106.3	105.6	103.8	103.4	103.4	103.5
E12	Miscellaneous goods and services	67.2	101.6	101.1	100.8	101.1	100.8	101.4	102.1	101.4

Elaborated by Consumer Prices Statistics Unit of the CZSO

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