

YEAR-ON-YEAR GROWTH OF CONSUMER PRICES MODERATED

Consumer price indices – inflation – September 2018

Consumer prices in September decreased by 0.3% compared with August, which was the biggest price drop since November 2015. This development was influenced especially by lower prices in 'recreation and culture' and 'transport'. The year-on-year growth of consumer prices decelerated to 2.3% in September, which was 0.2 percentage points down on August.

The **month-on-month** decrease in 'recreation and culture' came primarily from lower prices of package holidays by 22.3% due to the end of summer season. In 'transport', the decline in prices was influenced especially by lower prices of transport services by 8.4%. This development was strongly influenced by the newly introduced nationwide fare discounts in bus and rail transport. An impact of these discounts on the change in the total month-on-month increase in the consumer price index in September represented its decrease by 0.1 percentage point (according to the CZSO preliminary calculation). In food, prices of bread and cereals were lower by 1.4%, non-alcoholic beverages by 1.4% and sugar by 10.7% in particular.

The increase in the overall consumer price level in September was caused mainly by higher prices in 'food and non-alcoholic beverages'. Prices of vegetables rose by 14.6%, oils and fats by 3.0%, UHT semi skimmed milk by 6.3%, cheese and curd by 1.2%, and eggs by 5.0%. In 'alcoholic beverages and tobacco', prices of spirits and beer rose (both 2.5%). In 'clothing and footwear', the price rise was influenced by higher prices of garments by 1.7% and prices of shoes and other footwear by 1.9%. As the new school year started, prices in 'education' rose by 2.0%. Fees in kindergartens increased by 1.0%, tuition fees at private secondary schools by 3.8%, school-fees at public universities by 3.5%, fees for foreign language learning by 3.9% and fees in schools of art (base level) by 1.8%.

Prices of goods in total went up by 0.5%, while prices of services went down by 1.5%.

In terms of the **year-on-year** comparison, in September, the consumer prices increased by 2.3%, i.e. 0.2 percentage points down on August. The deceleration in the year-on-year rise occurred primarily in 'recreation and culture' due to prices of package holidays, which increased by 1.9%, year-on-year (13.6% in August). In 'transport', prices of fuels and lubricants for personal transport equipment slowed down their rise to 11.7% in September (12.4% in August) and prices of transport services turned from a growth by 1.0% in August to a drop by 7.2% in September. The acceleration in the year-on-year price growth occurred in 'food and non-alcoholic beverages' due to especially the development of vegetable prices, which turned from a decline by 0.3% in August to the growth by 13.4% in September. Prices of yoghurts were higher by 6.5% (3.8% in August), eggs by 16.4% (8.9% in August), fruit by 7.6% (5.6% in August). Prices of UHT semi skimmed milk turned from a fall by 6.3% in August to the rise by 1.8% in September. The year-on-year price rise accelerated also in 'alcoholic beverages and tobacco', where prices of alcoholic beverages went up by 3.0% (1.1% in August).

The biggest influence on the growth of the y-o-y price level came, as before, from prices in 'housing, water, electricity, gas and other fuels', where prices of actual rentals for housing increased by 3.5%, water supply by 1.8%, sewage collection by 1.3%, electricity by 5.6%, solid fuels by 4.9%. The growth of the price level was caused also by prices in 'food and non-alcoholic beverages' (a rise by 1.3%). In 'alcoholic beverages and tobacco', prices of spirits went up by 1.9%, wine by 3.7%, beer by 3.8%, and tobacco products by 3.5%. The impact on the price level increase (despite its weakening) had also prices in 'transport' (a growth by 3.2%).

The rise in prices continued in 'miscellaneous goods and services', where prices of personal care were higher by 4.3% and prices of insurance by 6.3%.

A reduction in the price level in September came from prices in 'clothing and footwear', where prices of garments decreased by 2.5%. In 'communication', the drop in prices continued as well due to lower prices of telephone and telefax services by 1.3% in particular. In 'housing, water, electricity, gas and other fuels', prices of natural gas decreased by 0.8%.

Prices of goods in total and services went up (2.0% and 2.9%, respectively). The overall consumer price index excluding imputed rentals for housing was 102.0%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to September 2018 compared with the average CPI in the previous twelve months, amounted to 2.3% in September.

According to preliminary data of Eurostat, the **year-on-year** change in the average **harmonized index of consumer prices** (HICP)¹ in the **EU28 member states** amounted to 2.1% in **August**, which is 0.1 percentage point lower than in July. The rise in prices was the highest in Romania (4.7%) and the lowest price increase was in Denmark (0.8%). In Slovakia, the price rise accelerated to 2.9% in August from 2.6% in July. In Germany, prices were higher by 1.9% (2.1% in July). According to preliminary calculations, the HICP in the Czech Republic in **September** went down by 0.4% **month-on-month** and rose by 2.1%, **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in September 2018** amounted to 2.1%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#).)

In September, in comparison with August, the overall consumer price level in **households of pensioners** went down by 0.4%. In 'recreation and culture', prices were lower by 6.0%. Prices of package holidays influenced primarily the price drop in this division. In 'transport', the consumer price index declined by 3.4%. Prices of transport services had the biggest fall in this division. This development was strongly influenced by the newly introduced nationwide fare discounts in bus and rail transport. In 'health', prices decreased by 0.1%. Prices of out-patient services were especially lower. On the other hand, the increase in prices by 2.3% occurred in 'education'. Prices of education not definable by level rose. In 'clothing and footwear', prices went up by 1.7%. It was caused especially by higher prices of garments and prices of shoes and other footwear.

In the capital city of Prague, the overall consumer price index (cost of living) went down by 0.5%, month-on-month (−0.3% in the Czech Republic). In 'recreation and culture', the consumer price index was lower by 7.9% (−6.1% in the Czech Republic). Prices of package holidays had the biggest decrease in this division. In 'transport', Prague registered a lower price index by 0.3% (−0.9% in the Czech Republic). Prices of transport services had primarily an influence in this division. This development was strongly influenced by the newly introduced nationwide fare discounts in bus and rail transport. On the other hand, in 'education', the consumer price index went up by 2.8% (2.0% in the Czech Republic). Prices of education not definable by level were higher in particular. In 'clothing and footwear', consumer prices increased by 1.8% (1.7% in the Czech Republic). Prices of garments and prices of shoes and other footwear influenced the price rise in this division.

¹) Imputed rentals are excluded from the HICP.