

# YEAR-ON-YEAR INFLATION DROPPED IN JULY

## Consumer price indices – July 2012

**Consumer prices in July decreased by 0.1% compared with June. This development came primarily from a price reduction in 'food and non-alcoholic beverages', 'clothing and footwear', 'transport'. The rise in consumer prices decelerated to 3.1%, year-on-year (3.5% in June).**

The **month-on-month** decrease in consumer prices in 'food and non-alcoholic beverages' came from the fall in prices of vegetables by 12.7%, of which prices of potatoes dropped by 29.1% and prices of vegetables cultivated for their fruit by 22.6%. Prices of stone fruit and berries decreased markedly (-26.7%). Prices of eggs, yoghurts, sugar and tea were lower (from -1.5% to -1.9%). In 'clothing and footwear', prices of clothing and footwear dropped (-3.4% and -5.1%, respectively). In 'transport', prices of automotive fuel went down by 1.2%.

A contrary effect on the price level owed mainly to an increase in prices in 'recreation and culture', where seasonal prices of package holidays rose by 12.5%. In 'health', the growth of prices was due to the increase in prices of pharmaceutical products by 2.0%. In food, prices of citrus fruit rose by 13.0%, bananas by 5.1%, apples by 7.6%, and non-chocolate confectionery by 5.4%.

Prices of goods in total dropped by 0.7% and prices of services rose by 0.8%.

In terms of the **year-on-year** comparison, in July, the increase in consumer prices was 3.1%, i.e. 0.4 percentage points down on June. A deceleration in the price growth came primarily from prices in 'food and non-alcoholic beverages', where the rise in prices of vegetables slowed down to 7.3% (18.5% in June), of which prices of potatoes were higher only by 0.2% (15.5% in June) and prices of vegetables cultivated for their fruit by 26.3% (88.8% in June). In 'transport', the slowdown in the price rise was due to automotive fuel prices, which were higher by 3.1% from 4.2% in June.

The biggest upward effect on the y-o-y consumer price level came, as before, from prices in 'housing, water, electricity, gas and other fuels' and in spite of the reduction of their influence also prices in 'food and non-alcoholic beverages'. In 'housing, water, electricity, gas and other fuels', prices of natural gas were higher by 14.0%, electricity by 4.2%, water supply by 12.0%, sewerage collection by 10.5%, heat and hot water by 8.6%. The net actual rentals went up by 5.2%, of which for dwellings with regulated rentals rose by 11.6% and for dwellings with market rentals by 2.4%.

The reduction of the y-o-y growth came mainly from prices in 'clothing and footwear', where prices of clothing and footwear went down (-3.9% and -0.9%, respectively). The decrease in prices in 'furnishings, household equipment and routine maintenance of the house' was influenced primarily by lower prices of household appliances (-5.7%), glassware, crystal-ware, ceramic ware and chinaware (-4.6%), tolls and equipment for house and garden (-7.1%). In 'recreation and culture', a decrease in prices of audio-visual, photographic and information processing equipment continued (-7.4%), which deepened moderately in July. In 'communications', prices of mobile phones dropped (-7.5%).

Prices of goods in total and services rose (3.2% and 3.0%, respectively). The overall consumer price index excluding imputed rentals was 103.3%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to July 2012 compared with the average CPI in the previous twelve months, stood at 2.9% in July.

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices (HICP)**<sup>1)</sup> in the **EU27 member states** was 2.6% in **June**, i.e. the same as in May. The highest annual rate was observed in Hungary (5.6%) and the lowest in Sweden (0.9%). In Germany, the price rise slowed down to 2.0% (2.2% in May). In Slovakia, the price increase accelerated to 3.7% (3.4% in May). According to preliminary calculations, the HICP in the Czech Republic in **July 2012** decreased by 0.2%, **month-on-month**, and rose by 3.3% (3.8% in June), **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in July 2012** was 2.4%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

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<sup>1)</sup> So far, imputed rentals have been excluded from the HICP