

## YEAR-ON-YEAR GROWTH OF PRICES SLOWED DOWN

### Consumer price indices – inflation – July 2018

**Consumer prices in July increased by 0.2% compared with June. This development was influenced especially by higher prices in 'recreation and culture'. The year-on-year growth of consumer prices decelerated to 2.3% in July, which was 0.3 percentage points down on June.**

The **month-on-month** increase in consumer prices in 'recreation and culture' came from higher seasonal prices of package holidays by 23.7%. In 'miscellaneous goods and services', prices of financial services increased by 2.4%. In 'food and non-alcoholic beverages', prices of butter went up by 4.2% in particular.

The decrease in the overall consumer price level in July was influenced especially by the price drop in 'food and non-alcoholic beverages'. Prices of vegetables were lower by 12.2%, of which potato prices by 22.7%. Prices of fruit dropped by 4.7%, non-alcoholic beverages by 1.7%, cheese and curd by 1.7%, sugar by 9.8%, eggs by 4.3%. In 'clothing and footwear', prices of garments and prices of shoes and other footwear declined (–2.6% and –2.9%, respectively).

Prices of goods in total went down by 0.6%, while prices of services went up by 1.6%.

In terms of the **year-on-year** comparison, in July, the consumer prices increased by 2.3%, i.e. 0.3 percentage points down on June. This development was influenced primarily by prices in 'food and non-alcoholic beverages' and 'recreation and culture'. In 'food and non-alcoholic beverages', prices of vegetables turned to a drop by 7.4% in July from a rise by 8.5% in June and prices of sugar deepened their decrease to –23.0% (–13.6% in June). In 'recreation and culture', the year-on-year price growth accelerated especially due to prices of package holidays, which went up by 12.6% (2.5% in June). In 'clothing and footwear', the drop in prices of garments deepened to –2.2% (–1.7% in June).

The biggest influence on the growth of the y-o-y price level in July came, as before, from prices in 'housing, water, electricity, gas and other fuels', where prices of actual rentals for housing rose by 3.2%, water supply by 1.8%, sewage collection by 1.3%, electricity by 5.1%. Next in order of influence were prices in 'transport', where prices of fuels and lubricants for personal transport equipment went up by 12.6%, year-on-year. The increase in the price level came also from prices in 'recreation and culture' (a growth by 3.1%) and prices in 'alcoholic beverages and tobacco', where prices of spirits rose by 2.8%, wine by 2.1%, beer by 1.2%, and tobacco products by 3.6%.

A reduction in the price level in July came from prices in 'clothing and footwear' (a drop by 1.3%). In 'communication', prices of telephone and telefax services dropped by 1.5% in particular. In 'food and non-alcoholic beverages', prices went down by 0.1%, year-on-year. In 'housing, water, electricity, gas and other fuels', prices of natural gas decreased by 0.8% and prices of heat and hot water by 0.2%.

Prices of goods in total and services went up (1.6% and 3.5%, respectively). The overall consumer price index excluding imputed rentals for housing was 102.2%, year-on-year.

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

According to preliminary data of Eurostat, the **year-on-year** change in the average **harmonized index of consumer prices (HICP)**<sup>1)</sup> in the **EU28 member states** amounted to 2.0% in **June**, i.e. the same as in May. The rise in prices was the highest in Romania (4.7%) and the lowest price increase was in Ireland (0.7%). In

---

<sup>1)</sup> Imputed rentals are excluded from the HICP.

Slovakia, the price rise accelerated to 2.9% in June (2.7% in May). In Germany, prices were higher by 2.1% (2.2% in May). According to preliminary calculations, the HICP in the Czech Republic **in July** rose by 0.2%, **month-on-month**, and by 2.2%, **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in July 2018** amounted to 2.1%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#).)

In July, in comparison with June, the overall consumer price level in **households of pensioners** remained unchanged. In 'recreation and culture', prices were higher by 5.3%. Prices of package holidays influenced primarily the price rise in this division. In 'miscellaneous goods and services', the consumer price index rose by 0.4%. Prices of financial services were particularly higher. In 'furnishings, household equipment and routine household maintenance', prices increased by 0.4% as well. Prices of goods and services for routine household maintenance were especially higher. On the other hand, the decrease in prices by 2.6% occurred in 'clothing and footwear'. Prices of shoes and other footwear and prices of garments declined. In 'food and non-alcoholic beverages', prices went down by 1.8%. It was caused especially by lower prices of vegetables and fruit.

**In the capital city of Prague**, the overall consumer price index (cost of living) rose by 0.3%, month-on-month (0.2% in the Czech Republic). In 'recreation and culture', the consumer price index was higher by 7.0% (5.4% in the Czech Republic). Prices of package holidays had the biggest influence. In 'restaurants and hotels', Prague registered a higher price index by 0.5% (0.4% in the Czech Republic). Prices of representatives in the group restaurants, cafés and the like had primarily an influence in this division. On the other hand, in 'clothing and footwear', the consumer price index fell by 4.1% (-2.6% in the Czech Republic). Prices of garments and prices of shoes and other footwear were lower. In 'food and non-alcoholic beverages', consumer prices went down by 2.3% (-1.9% in the Czech Republic). Prices of vegetables and fruit influenced the price reduction in this division in particular.