

# YEAR-ON-YEAR INFLATION INCREASED SLIGHTLY

## Consumer price indices – November 2013

**Consumer prices in November dropped by 0.1% compared with October. This decrease came from a moderate price decline in the majority of the consumer basket divisions, primarily in 'alcoholic beverages, tobacco' and 'recreation and culture'. The month-on-month price rise occurred only in 'food and non-alcoholic beverages'. The year-on-year growth of consumer prices accelerated to 1.1% in November (0.9% in October) after a slowdown, which lasted for 4 months.**

The **month-on-month** decrease in consumer prices in 'alcoholic beverages, tobacco' came from the reduction in prices of spirits and beer (-3.0% and -0.9%, respectively). The drop in prices in 'recreation and culture' caused particularly a decline in off-season prices of package holidays (-2.1%). In 'miscellaneous goods and services', prices of beauty products went primarily down (-2.6%). In 'transport', fuel prices decreased (-0.8%). In 'clothing and footwear', prices of clothing and footwear were lower (-0.5% and -0.3%, respectively). In food, prices of flour were Loir (-2.4%) as well as prices of edible oils (-2.4%), sugar (-1.5%), cocoa (-1.4%) and tea (-1.0%).

A contrary effect on the consumer price level owed mainly to a month-on-month rise in prices in 'food and non-alcoholic beverages', where prices went up by 0.7% in November after four months of the drop. Prices of vegetables were particularly higher by 1.3%, eggs by 5.3%, butcher products by 0.9%, yoghurts by 3.7%, cheese by 1.5%, milk by 1.7%, chocolate and chocolate-based products by 3.4% compared with October.

Prices of goods in total remained unchanged, prices of services decreased (-0.2%).

In terms of the **year-on-year** comparison, in November, the increase in consumer prices was 1.1%, i.e. 0.2 percentage points up compared with October. An acceleration of the price rise came particularly from 'food and non-alcoholic beverages', where milk prices increased by 14.7% (11.3% in October), yoghurts by 10.2% (7.6% in October). Prices of non-alcoholic beverages moved from a drop (-0.8%) in October to a growth of 1.4% in November. Prices of eggs were lower by 17.5% (-22.5% in October). An acceleration in the overall price growth was influenced by a slowdown in the price decrease in 'communication', where prices of telephone and telefax services dropped by 9.4% (-11.5% in October). Similarly, in 'transport', prices of fuel declined by 1.2% (-4.0% in October).

The biggest upward effect on the y-o-y consumer price level came, as before, from prices in 'food and non-alcoholic beverages' and 'housing, water, electricity, gas and other fuels'. In food, prices of vegetables were primarily higher by 13.6%, y-o-y, of which prices of potatoes by 66.7%. Prices of cheese increased by 9.9%, butter by 11.2%, other milk products by 5.8%. In 'housing, water, electricity, gas and other fuels', the net actual rentals went up by 2.5%, water supply by 6.6%, sewage collection by 6.9%, prices of electricity by 3.3%, heat and hot water by 3.8%. Prices of natural gas were lower, year-on-year (-7.0%). Another more significant impact on the overall level of consumer prices came from prices in 'alcoholic beverages, tobacco', where prices of wine increased by 3.7%, tobacco products by 4.8%.

The reduction of the y-o-y price growth came, although its influence weakened, from the decrease in prices in 'communication'. The drop in prices in 'furnishings, household equipment and routine household maintenance' was influenced primarily by lower prices of household appliances (-4.5%).

Prices of goods in total and prices of services increased (1.1% both). The overall consumer price index excluding imputed rentals was 101.2%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to November 2013 compared with the average CPI in the previous twelve months, stood at 1.5% in November.

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 **EU28 member states** was 0.9% in **October**, i.e. 0.4 percentage points down on September. Prices grew most in United Kingdom (2.2%) and Estonia (2.2% as well), however, a slowdown in the price growth was shown in both countries compared with September. On the other hand, a year-on-year price decrease occurred in Greece (-1.9%), Bulgaria (-1.1%), Cyprus (-0.5%) and Ireland (-0.1%) in October. In Germany, the price rise slowed down to 1.2% (1.6% in September). In Slovakia, the price increase decelerated to 0.7% in October (1.1% in September). According to preliminary calculations, the HICP in the Czech Republic in **November 2013** increased by 0.2%, **month-on-month**, and by 1.0% (0.8% in October), **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in November 2013** was 0.9%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

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

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Starting from January 2014, the consumer price indices will be calculated with updated weights, which are derived from the household expenditures in 2012. The new calculated indices will be 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 will be 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) will be ensured.

In November, in comparison to October, consumer prices fell in **households of pensioners** (-0.1%). In 'alcoholic beverages, tobacco', a lower consumer price index was recorded (-0.8%). The drop was affected by lower prices of spirits and beer. In 'clothing and footwear', the decline in prices was shown (-0.5%) due primarily to a decrease in prices of clothing. In 'recreation and culture', the consumer price level dropped (-0.4%). A downward effect on the consumer price level came mainly from the decrease in prices of domestic recreational stays and recreational stays abroad. On the other hand, in 'food and non-alcoholic beverages', a higher consumer price index was registered (0.5%) due primarily to the rise in prices of eggs and egg products and yoghurts.

**In the capital city of Prague**, the overall consumer price index (cost of living) dropped by 0.1% month-on-month (-0.1% in the whole Czech Republic as well). In 'miscellaneous goods and services', the consumer price index decreased by 0.7% (-0.5% in the Czech Republic) due mainly to lower prices of beauty products. In 'recreation and culture', Prague registered a lower index by 0.4% (-0.5% in the Czech Republic) due particularly to lower prices of domestic recreational stays and recreational stays abroad. On the other hand, in 'food and non-alcoholic beverages', the rise in prices amounted to 0.6% (0.7% in the Czech Republic). It was a result of higher prices of eggs and egg products and chocolate and chocolate-based products. In 'housing, water, electricity, gas and other fuels', the growth of prices amounted to 0.1% (0.0% in the Czech Republic) due primarily to the increase in the net actual rentals paid by tenants for rented dwellings.