

Consumer price index dropped year-on-year

Consumer price indices – October 2009

The total consumer price level in October decreased compared with August by 0.2 %. A downward effect on the consumer price level, month-on-month, came primarily from price reduction in 'transport' and 'housing, water, electricity, gas and other fuels'. Consumer prices decreased year-on-year by 0.2 %. The year-on-year drop in consumer level was recorded in August 2003 for the last time.

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The **month-on-month** consumer price drop by 0.2 % was influenced mainly by a price fall in automotive fuel and natural gas (by 2.6 % and 2.8 %, respectively). Prices of package holidays dropped in 'recreation and culture' by 2.4 %. The drop in prices in 'food and non-alcoholic beverages' continued for the ninth month and was influenced primarily by falling prices of fruit (-2.4 %) and vegetables incl. potatoes (-1.3 %) in October. Lower were also prices of rice and yoghurts (both by 1.4 %), sugar (by 5.0 %), tea (by 1.5 %).

An opposite effect on the consumer price level came from a price increase in clothing and footwear (1.9 % and 2.5 %, respectively) due to higher prices of new winter models.

Prices of goods in total and prices of services dropped (both by 0.2 %).

In terms of the **year-on-year** comparison, in October 2009, the decrease in consumer prices was 0.2 %. The year-on year decrease of price level was registered for the last time in August 2003. This development came particularly from a slowdown of the price rise in 'housing, water, electricity, gas and other fuels' (which, up to now, managed to compensate price decreases in other divisions of consumer basket) due to lower prices of natural gas (-11.6 %). A similar marked y-o-y drop in prices of natural gas (-11.4 %) was registered for January 2003. A slowdown of the price growth continued in 'alcoholic beverages, tobacco' due to lower month-on-month price increase in tobacco products by 4.2 % (from 5.0 % in September).

The most marked reduction of price level came from 'food and non-alcoholic beverages', in which prices were lower for the eleventh month in a row, year-on year. Prices of bread were lower by 13.0 %, rolls and baguettes by 36.4 %, flour by 30.7 %, milk by 16.6 %, cheese by 10.1 %, edible oils by 11.3 %, fruit by 8.0 %, vegetables including potatoes by 12.6 %. Similarly in 'transport', a y-o-y price drop in automotive fuel continued for the thirteenth month (-8.7 %). In 'clothing and footwear', prices of clothing were lower by 4.2 % and footwear by 1.4 %. In 'recreation and culture', a decrease in prices of audiovisual and photographic equipment and data-processing equipment continued (-9.4 %). Prices of mobile phones decreased and so did prices of telephone and telefax services due to discounts provided by mobile operators (-11.2 % and -4.4 %, respectively).

The most marked growth in price level came from 'housing, water, electricity, gas and other fuels', in which the prices of electricity rose by 11.6 %, heat and hot water by 5.5 %, water supply by 9.2 % and sewerage collection by 9.0 %. Net actual rentals rose by 19.6 %, of which for dwellings with regulated rentals by 27.5 %, while for dwellings with market rentals by 5.6 %. In 'restaurants and hotels' price increases were recorded in catering services by 1.4 % and accommodation services by 1.8 %.

Prices of goods in total dropped by 2.0 % and prices of services were higher by 2.8 %. The overall consumer price index excluding imputed rentals was 99.6 %, year-on-year.

Average inflation rate, i.e. **the increase in the average consumer price index in the twelve months to October 2009** compared with the average CPI in the previous twelve months, stood at 1.6 % in October, which is 0.5 percentage point down compared with September 2009.

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices** (HICP) in the **EU27 member states** was 0.3 % in **September** (0.3 percentage point down on August). The highest annual rates were observed in Romania (4.9 %) and Hungary (4.8 %). A year-on-year drop was recorded in ten EU member states in September and the biggest

decrease was reported for Ireland (-3.0 %). In Germany, the drop of HICP was -0.5 %. In Slovakia the price growth decelerated to 0.0 % (from 0.5 % in August). According to preliminary calculations, the HICP in the **Czech Republic in October 2009** dropped by 0.3 %, **month-on-month**, and by 0.6 % (a drop by 0.3 % in September), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in October 2009** was -0.1 %, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

In October 2009, in comparison to September 2009, consumer prices dropped in **households of pensioners** by 0.3 %. It was recorded a lower consumer price index for 'transport' by 0.9 %. The decrease was affected particularly by lower prices of automotive fuel and bicycles. Lower index was registered for 'recreation and culture' by 0.6 % due mainly to a decrease in prices of domestic recreational stays and television sets, videocassette players and recorders. In 'housing, water, electricity, gas and other fuels', the consumer price level decreased by 0.4 %. A downward effect on the consumer price level came from the drop in prices of natural gas. On the other hand, a higher index was recorded for 'clothing and footwear ' (1.5 %) mainly due to higher prices of ready-made clothing and footwear. The consumer price index for 'alcoholic beverages, tobacco' was up by 0.2 % as a result of higher prices of spirits and tobacco.

In the capital city of Prague, the overall consumer price index (cost of living) dropped by 0.3 % month-on-month (0.2 % in the whole Czech Republic). The consumer price index for 'transport' decreased by 0.6 % (0.7 % in the Czech Republic) due primarily to lower prices of automotive fuels. Prague registered a lower index for 'recreation and culture' by 0.5 % (0.6 % in the Czech Republic) particularly due to lower prices of domestic recreational stays and photographic and cinematographic equipment and optical instruments. The consumer price index for 'housing, water, electricity, gas and other fuels' went down by 0.4 % (0.2 % in the Czech Republic), affected mainly by lower prices of natural gas and net actual rentals paid by tenants for rented dwellings. On the other hand, a rise occurred in 'clothing and footwear ' by 2.0 % (by 1.9 % in the Czech Republic) as a result of higher prices of children's ready-made clothing and men's and children's footwear.