

## Year-on-year inflation dropped to 4.4 % Consumer price indices – November 2008

The total consumer price level in November decreased compared with October by 0.5 %. A downward effect on the consumer price level, month-on-month, came mainly from the price fall in 'transport' and 'food and non-alcoholic beverages' and was the biggest since October 2006. The year-on-year consumer price growth markedly decelerated to 4.4 % in November (from 6.0 % in October).

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The **month-on-month** consumer price decrease by 0.5% owed mainly to a five-month continuous price drop in automotive fuel, which reached a record-breaking 9.2 % in November. The price of petrol Natural 95 was the lowest since February 2007 and the price of diesel oil was the lowest in the last eighteen months. A drop in prices by 2.0 % was recorded for prices of passenger cars. In 'food and non-alcoholic beverages', lower were especially prices of vegetables grown for fruit by 10.6 %, other vegetables by 10.5 %, fruit by 1.1 %, rolls and baguettes by 5.2 %, flour by 2.8 %, milk by 1.5 %, cheese by 1.8 %, yoghurts by 2.4 % and vegetable fats by 2.7 %. In 'recreation and culture', the off-season prices of package holidays dropped by 3.3 %.

An upward effect on the consumer price level came from a price increase in tobacco products by 0.9 %. In 'housing, water, electricity, gas and other fuels', market rentals rose by 0.9 %. In 'clothing and footwear', the prices of clothing rose by 0.5 % and footwear by 0.1 %. In food, price increases were recorded especially for bread, poultry, butter, chocolate and chocolate products and tea (0.8 %, 1.2 %, 1.0 %, 3.7 % and 1.7 %, respectively).

Prices of goods in total decreased by 0.8 %, while prices of services dropped by 0.1 %.

In terms of the **year-on-year** comparison, in November, the increase in consumer prices was 4.4 %, i.e. 1.6 percentage point down on October. This is for now the lowest year-on-year price increase since October 2007. This development came primarily from prices in 'food and non-alcoholic beverages' and 'transport'. In 'food and non-alcoholic beverages', the price growth of bread slowed down to 2.1 % (17.8 % in October), flour to 18.2 % (26.5 % in October), vegetable fats to 18.5 % (33.6 % in October) due to a marked increase in prices at the end of 2007. Prices of rolls and baguettes were by 4.7 % lower in November, year-on-year (a growth by 25.3 % in October, year-on-year). Prices of milk dropped by 6.6 %, unsalted butter by 26.3 %, fruit by 10.4 %, vegetables including potatoes by 9.7 %. In 'transport', prices of automotive fuel dropped by 12.1 % (a decrease 0.4 % only in October) and prices of cars by 12.0 % (a drop by 10.2 % in October).

The year-on-year price growth came mainly from the development in 'housing, water, electricity, gas and other fuels', where prices of natural gas rose by 33.9 %, electricity by 9.5 %, heat and hot water by 12.5 % and solid fuels by 14.9 %. Net actual rentals rose by 15.1 %, of which for dwellings with regulated rentals by 22.2 %, while for dwellings with market rentals by 4.0 %. Prices of tobacco products increased by 14.3 %.

Compared with 2007, prices of clothing were lower by 0.5 %, devices and household appliances by 2.0 % and prices of audio-visual and photographic equipment and data-processing equipment by 12.5 %. In 'communications', prices of mobile phones decreased and so did prices of telephone and telefax services.

Prices of goods in total grew by 2.3 % and prices of services by 7.9 %. The overall consumer price index excluding imputed rentals was higher by 4.2 %, year-on-year.

Inflation rate, i.e. the increase in the **average consumer price index in the twelve months to November 2008** compared with the average CPI in the previous twelve months, stood at 6.5 % in November (0.1 percentage point down compared with October 2008).

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices (HICP)** in the **EU 27 member states** was 3.7 % in **October** (0.5 p.p. down on September). The highest annual rates were observed in Latvia (13.7 %), Bulgaria (11.2 %) and Lithuania (10.7 %). The lowest rates were recorded in the Netherlands, Germany and Portugal (2.5 % identically). The growth of consumer prices in Slovakia slowed down to 4.2 % in October (4.5 % in September).

According to preliminary calculations, the HICP in the **Czech Republic in November 2008** decreased by 0.7 %, **month-on-month**, and decelerated to 4.1 % (5.7 % in October), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in November 2008** was 2.1 %, y-o-y, as Eurostat announced (more information at the Eurostat's web pages: [HICP](#)).

In November 2008, in comparison to October 2008, consumer prices dropped by 0.5 % in **households of pensioners** and by 0.6 % in **households of employees**. Both types of households recorded a lower consumer price index for 'transport': households of pensioners by 4.3 % and households of employees by 3.8 %. The decrease was affected particularly by lower prices of automotive fuel, new cars and bicycles. Lower index was registered for 'food and non-alcoholic beverages' (0.8 % for pensioners and 0.9 % for employees) due to prices of vegetables, rolls and baguettes and yoghurts. On the other hand, a higher index was recorded for 'alcoholic beverages, tobacco' (0.5 % for pensioners, 0.6% for employees) primarily due to higher prices of tobacco and beer.

**In the capital city of Prague**, the overall consumer price index (cost of living) decreased by 0.5 % month-on-month (0.5 % in the whole Czech Republic as well). The consumer price index for 'transport' dropped by 3.3 % (4.0 % in the Czech Republic) due to lower prices of automotive fuel and new cars. Prague registered a lower index for 'food and non-alcoholic beverages' by 1.1 % (0.9 % in the Czech Republic) particularly due to price decreases in vegetables, rolls and baguettes, wheat flour and cheese. The consumer price index for 'health' dropped by 0.8 % (0.1 % in the Czech Republic), affected mainly by lower prices of hospital services and medicaments with a prescription. On the other hand, a rise occurred in 'clothing and footwear' by 0.7 % (0.4 % in the Czech Republic) as a result of higher prices of children's footwear and women's and men's underwear and knitwear.