

## Year-on-year inflation stood at zero in September

### Consumer price indices – September 2009

The total consumer price level in September decreased compared with August by 0.4 %. A downward effect on the consumer price level, month-on-month, came primarily from seasonal price reduction of recreational stays in 'recreation and culture'. Consumer prices remained unchanged year-on-year (the year-on-year index 100.0 %), which is the lowest figure since September 2003.

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The **month-on-month** consumer price drop by 0.4 % was influenced mainly by a price fall in 'recreation and culture' due to a decrease in off-peak prices of package holidays by 15.1 %. The drop in prices in 'food and non-alcoholic beverages' continued, although at a more moderate rate. Lower were particularly prices of bread by 3.6 %, cheese by 1.4 %, edible oils by 2.2 %, apples by 4.3 % and other vegetables by 9.9 %. In 'transport', prices of automotive fuel dropped by 1.6 % after a seven-month growth. In 'miscellaneous goods and services', prices of beauty products went down by 1.6 %.

An opposite effect on the consumer price level came from a price increase in clothing and footwear (1.4 % and 2.4 %, respectively) due to higher prices of new seasonal models. As the new school year started, fees in kindergartens went up by 5.6 %, at private primary schools by 1.3 %, tuition fees at private secondary schools by 1.7 %, in after-school care centres by 4.0 % and for foreign language teaching by 1.4 %. In 'restaurants and hotels' prices rose in school canteens by 0.7 %. Prices of accommodation services at universities and boarding schools were higher (3.6 % and 2.2 %, respectively).

Prices of goods in total dropped by 0.1 % and prices of services by 0.8 %.

In terms of the **year-on-year** comparison, in September, the increase in consumer prices was 0.0 % (+ 0.2 % in August), which is the lowest figure since September 2003. This development came particularly from 'alcoholic beverages, tobacco', in which a slowdown of y-o-y growth in prices of tobacco products to 5.0% (from 9.3% in August) was recorded due to higher prices of cigarettes in September 2008. A slowdown of the price growth was recorded also in 'education' due to lower month-on-month price increase in September 2009 compared to September 2008.

The most marked growth in the 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 7.4 %, 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 5.0 %. In 'restaurants and hotels' price increases were recorded in catering services and accommodation services, both by 1.6 %.

The most marked reduction in the price level came from 'food and non-alcoholic beverages', in which prices were lower for the tenth month in a row, year-on year. Prices of bread were lower by 20.2 %, rolls and baguettes by 35.2 %, flour by 29.9 %, milk by 18.0 %, cheese by 9.3 %, butter by 11.6 %, edible oils by 12.0 %, fruit by 9.5 %, vegetables including potatoes by 6.7 %. A price drop in 'transport' came from lower prices of automotive fuel and cars (-10.6 % and -9.3 %, respectively). In 'clothing and footwear', prices of clothing were lower by 4.3 % and footwear by 2.3 %. In 'recreation and culture', a decrease in prices of audiovisual and photographic equipment and data-processing equipment continued (-10.5 % in September). Prices of mobile phones decreased and so did prices of telephone and telefax services due to discounts provided by mobile operators (-14.8 % and -4.5 %, respectively).

Prices of goods in total dropped by 1.6 % and prices of services were higher by 2.8 %. The overall consumer price index excluding imputed rentals was 99.8 %, year-on-year.

Average inflation rate, i.e. **the increase in the average consumer price index in the twelve months to September 2009** compared with the average CPI in the previous twelve months, stood at 2.1 % in September, which is 0.5 percentage point down compared with August 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 0.6 % in **August** (0.4 percentage point up on July). The highest annual rates were observed in Hungary (5.0 %) and Romania (4.9 %). The number of EU member states, where a year-on-year drop was recorded, decreased from fourteen in July to ten in August. The biggest decrease was reported for Ireland (-2.4 %). In Germany, the drop of HICP was -0.1 %. In Slovakia the price growth decelerated to 0.5 % (from 0.6 % in July). According to preliminary calculations, the HICP in the **Czech Republic in September 2009** dropped by 0.4 %, **month-on-month**, and by 0.3 % (change of 0.0 % in August), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in September 2009** was -0.3 %, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

In September 2009, in comparison to August 2009, consumer prices dropped in **households of pensioners** by 0.3 %. It was recorded a lower consumer price index for 'recreation and services' by 3.0 %. The decrease was affected particularly by lower prices of recreational stays abroad and domestic recreational stays. Lower index was registered for 'transport' by 0.7 % due mainly to a decrease in prices of automotive fuel and prices of bikes. In 'food and non-alcoholic beverages', the consumer price level decreased by 0.5 %. A downward effect on the consumer price level came from the drop in prices of bread, eggs and egg products and edible oils. On the other hand, a higher index was recorded for 'clothing and footwear ' (1.4 %) mainly due to higher prices of footwear and ready-made clothing. The consumer price index for 'education' was up by 0.9 % as a result of higher prices of secondary education and education not definable by level.

**In the capital city of Prague**, the overall consumer price index (cost of living) dropped by 0.4 % month-on-month (0.4 % in the whole Czech Republic as well). The consumer price index for 'recreation and services' decreased by 4.4 % (3.9 % in the Czech Republic) due primarily to lower prices of recreational stays abroad, domestic recreational stays and also television sets, video-cassette players and recorders. Prague registered a lower index for 'transport' by 0.7 % (0.7 % in the Czech Republic, too) particularly due to lower prices of automotive fuel and bikes. The consumer price index for 'food and non-alcoholic beverages' went down by 0.3 % (0.4 % in the Czech Republic), affected mainly by lower prices of bread, eggs and egg products, rice and edible oils. On the other hand, a rise occurred in 'clothing and footwear ' by 2.0 % (by 1.6 % in the Czech Republic) as a result of higher prices of children's ready-made clothing and women's and children's footwear.