

## Consumer price indices in Q1 2011

Consumer prices increased **in Q1 2011 compared to Q4 2010** by 1.2%; market prices increased by 1.0% and regulated prices<sup>\*)</sup> by 2.5%.

The quarter-on-quarter (q-o-q) price level increase was affected especially by a price increase in four divisions of the consumer basket, namely in 'food and non-alcoholic beverages', 'transport', 'housing, water, electricity, gas and other fuels', and 'alcoholic beverages and tobacco'. On the contrary, a price decrease was recorded only in the following divisions: 'clothing and footwear' and 'furnishings, household equipment, and routine maintenance of the house'.

Price growth of food was caused mainly by higher prices of fruit, vegetables, bread and cereals, oils and fats. In transport, prices grew significantly at automotive fuel (+6.0%); they exceeded their historical maxima or neared to them as in the case of diesel prices. In housing, especially prices of electricity increased by 4.8%, natural gas by 1.7%, water supply charges by 6.1%, and sewerage collection charges by 5.6%. From alcoholic beverages, prices increased at spirits by 4.4% and wine by 3.6%.

The average month-on-month growth rate in Q1 2011 was 0.3%; in Q1 2010 it was 0.5%. This was demonstrated in a slowdown of the year-on-year (y-o-y) price increase in Q1 2011.

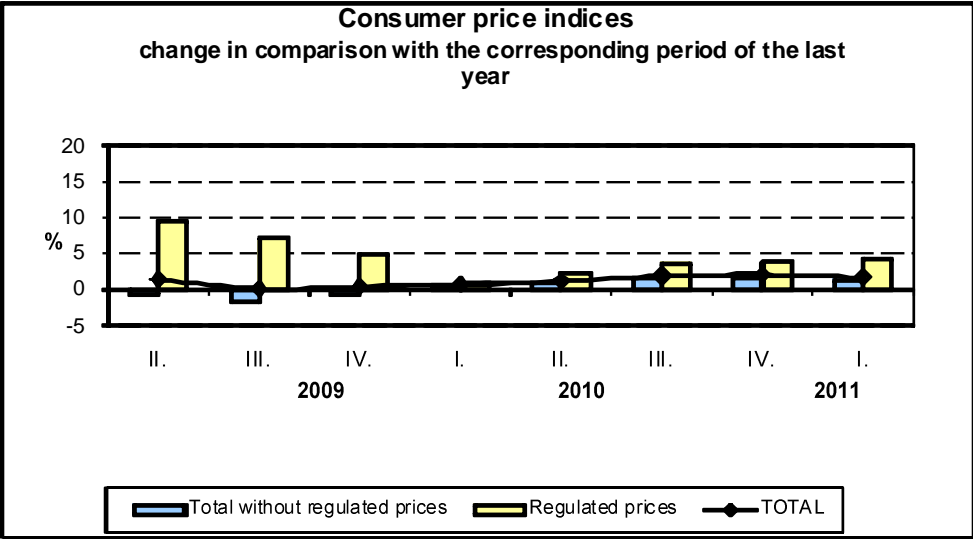
### Consumer price indices the previous quarter = 100

DIVISION	2010				2011
	Q1	Q2	Q3	Q4	Q1
TOTAL	101.5	100.6	100.1	99.8	101.2
Food and non-alcoholic beverages	103.7	100.6	99.5	101.0	102.9
Alcoholic beverages and tobacco	102.5	101.2	101.2	99.9	101.5
Clothing and footwear	96.6	101.5	96.4	102.7	96.3
Housing, water, electricity, gas and other fuels	101.5	100.4	100.5	100.0	101.7
Furnishings, household equipment, and routine maintenance of the house	100.2	100.0	99.7	99.5	99.6
Health	103.0	102.6	101.3	99.6	100.3
Transport	101.0	101.6	99.2	99.6	102.2
Communications	100.3	99.6	99.3	99.9	100.0
Recreation and culture	100.8	99.6	102.4	96.1	100.1
Education	100.1	100.0	100.6	101.3	100.2
Restaurants and hotels	101.4	100.7	100.3	100.1	100.4
Miscellaneous goods and services	100.5	99.9	100.4	100.3	100.6

<sup>\*)</sup> Goods and services prices of which are partly or entirely regulated.

Consumer prices increased by 1.7%, year-on-year (**Q1 2011 compared to Q1 2010**), which is by 0.4 percentage point less than in Q4 2010. A slowdown of the y-o-y price growth occurred in most of the divisions of the consumer basket due to significant increase of prices at some items in January 2010 as a result of an increase of the basic and reduced VAT rate by 1 percentage point and increase of excise taxes at automotive fuel, tobacco products, and alcoholic beverages. The slowdown of price growth demonstrated the most in the following divisions: food and non-alcoholic beverages, alcoholic beverages and tobacco, health, and restaurants and hotels, although at the first two mentioned divisions prices grew rather significantly also in Q1 2011.

The y-o-y growth of market prices slowed down to 1.3% (from 1.6% in Q4 2010) and that of regulated prices accelerated to 4.3% (from 3.8% in Q4 2010).



The price growth in '**food and non-alcoholic beverages**' slowed down mainly at vegetables to 7.6% from 30.0% in Q4 2010 and at the expenditure group of milk, cheese, and eggs to 3.8% from 6.2% in Q4 2010. However, in many items of food the y-o-y growth exceeding 10% persisted (rolls and baguettes, flour, milk, butter, edible oils, and other).

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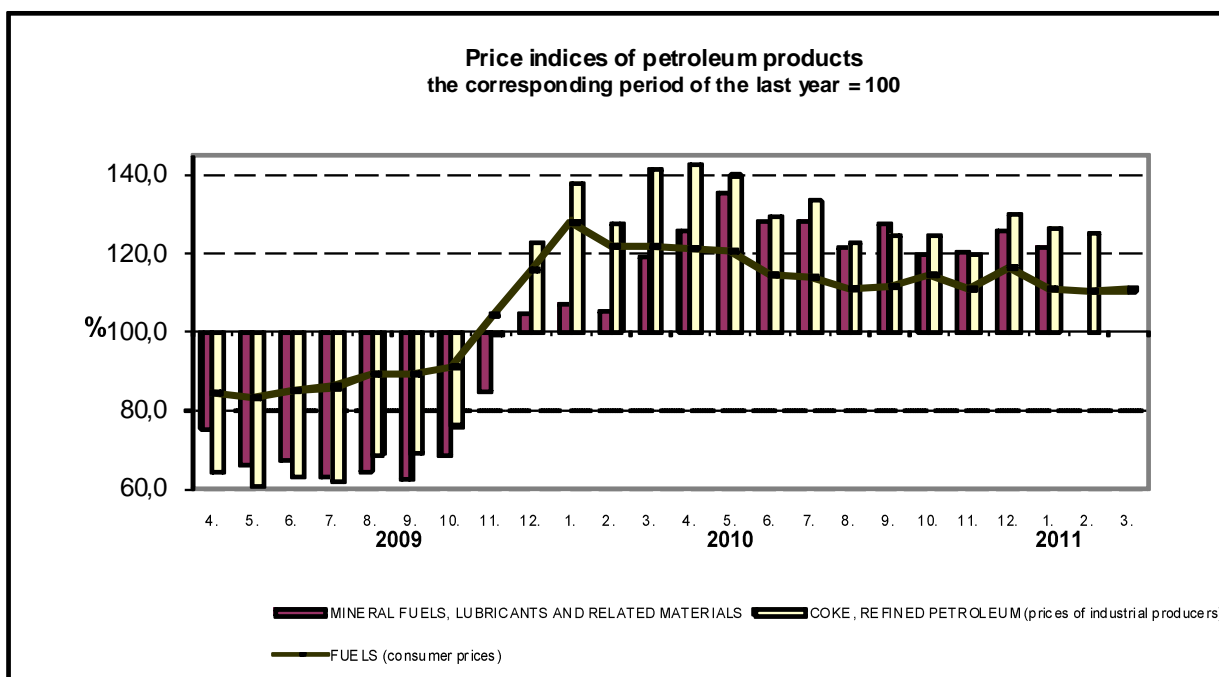
In **'alcoholic beverages and tobacco'** the y-o-y growth of alcoholic beverages slowed down in Q1 2011 (it was caused mainly by an increase of taxes from January 2010) to 2.6% from 4.9% in Q4 2010. At tobacco products, the increase of indirect taxes influenced individual kinds of cigarettes with a delay and not always in the full extent. Therefore, the growth of prices of tobacco products in Q1 2011 slightly accelerated.

In **'health'** increase of prices and supplementary payments for medicaments prescribed by doctor mitigated to 5.1% (from 11.0% in Q4 2010) mainly due to administrative factors, which occurred in January 2010.

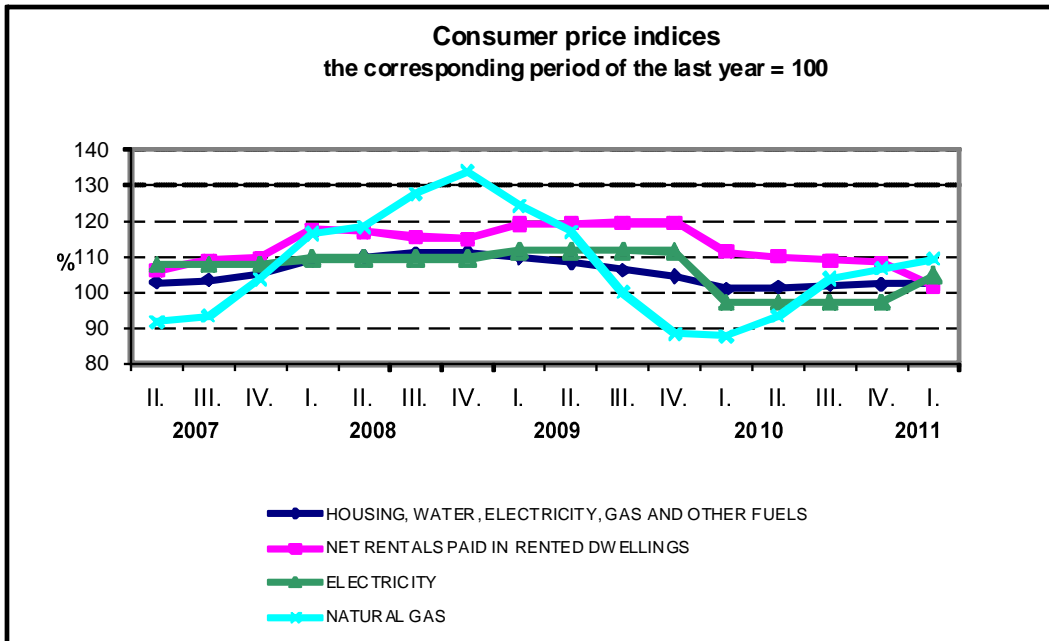
Similarly in **'restaurants and hotels'** due to lower price growth in January 2011 than in January 2010 there was a deceleration of the y-o-y price growth in Q1 2011.

An acceleration in the y-o-y growth in Q1 2011 occurred in transport and housing.

In **'transport'** the price development was affected namely by mitigation of decrease of prices of passenger cars and a slight price increase in personal transport by road. Prices of automotive fuel despite their significant increase in Q1 2011 increased by 10.8%, y-o-y, while in Q4 2010 it was by 13.9%. The reason for the development was the q-o-q price increase in Q1 2010 by 9.0% (partially the effect of indirect taxes increase), while in Q1 2011 prices of automotive fuel increased by 6.0%. The development of consumer prices of automotive fuel in relation to prices of industrial producers and import prices of petroleum products are depicted in the graph below.

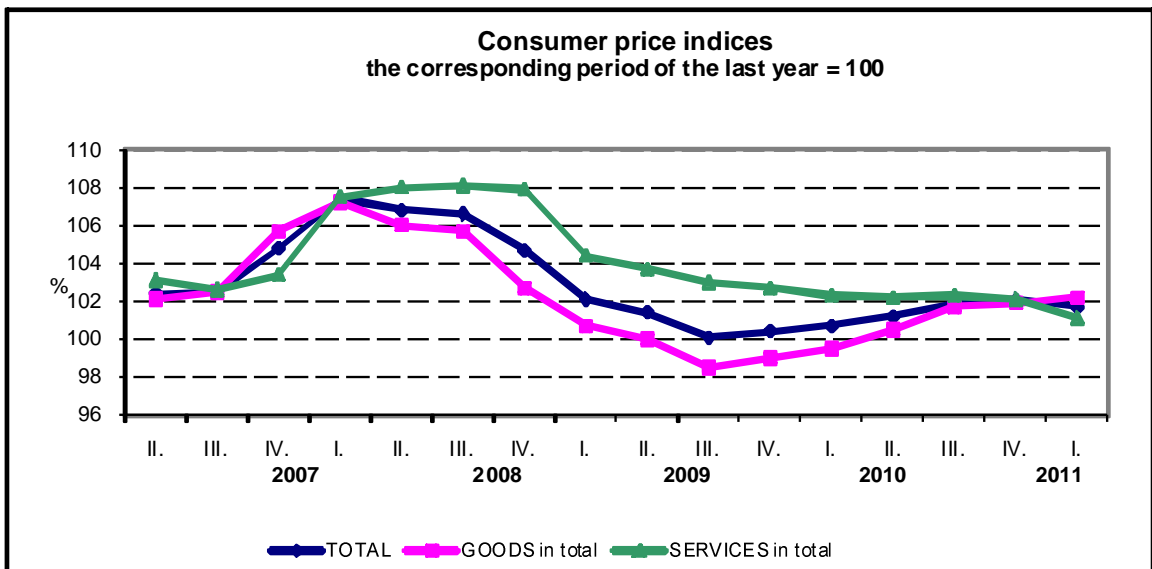


In **'housing, water, electricity, gas and other fuels'** prices of natural gas rose by 9.2%, while in Q4 2010 they were up by 6.6%. Prices of electricity, which were during the entire year 2010 lower than in 2009 turned to grow by 4.8% in Q1 2011. The growth of net actual rentals slowed down markedly to 1.9% (from 8.4% in Q4 2010) of which in dwellings with regulated rentals it was higher by 5.2% and in dwellings with market rentals by 0.5%. This year, up to now, the rentals that continue to be regulated, have not been increased, yet, in regional towns (with the exception of Ostrava and Ústí nad Labem, in which the regulation was terminated as at January 2011) and in selected towns of the *Středočeský* Region. Similarly, also increases of rentals in municipalities, in which the regulation of rentals was terminated, have not been a mass phenomenon, yet.



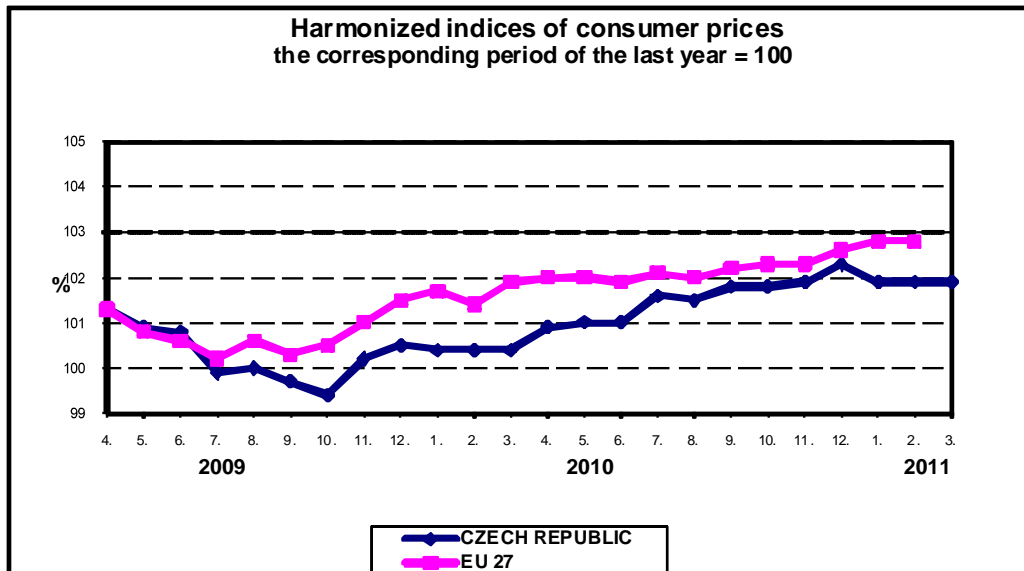
The price drop continued in 'clothing and footwear' and furthermore in household appliances, mobile phones and services of mobile phone operators, equipment for the reception, recording, and reproduction of sound and pictures, and package holidays.

Prices of **goods in total** grew by 2.2% (from 1.9% in Q4 2010) and the growth of prices of **services** slowed down to 1.1% (from 2.1% in Q4 2010). It is clear from the graph that prices of services thus grew slower after four years than prices of goods.



## Harmonized index of consumer prices in the EU27

According to Eurostat preliminary data the year-on-year increase in the average **harmonized index of consumer prices (HICP)** in the EU27 was 2.8%, both in January and February. In the Czech Republic the y-o-y change of HICP was 1.9% in both months. According to preliminary data the HICP increment in the CR remained the same also in March. It is clear from the graph that the y-o-y HICP in the CR was lower for a long-term than the average HICP in the EU27 Member States and their difference slightly increased in Q1 2011.



### Consumer price indices 1 Q 2011

COICOP	Division	Constant weights 2008	2010				2011			
			Corresponding period of last year = 100							
			1 Q	2 Q	3 Q	4 Q	January	February	March	1 Q
<b>0</b>	<b>Total</b>	<b>1000,0</b>	<b>100,7</b>	<b>101,2</b>	<b>101,9</b>	<b>102,1</b>	<b>101,7</b>	<b>101,8</b>	<b>101,7</b>	<b>101,7</b>
<b>01</b>	<b>Food and non-alcoholic beverages</b>	<b>170,3</b>	<b>97,6</b>	<b>99,9</b>	<b>103,7</b>	<b>104,9</b>	<b>104,3</b>	<b>104,2</b>	<b>103,7</b>	<b>104,1</b>
01.11	<i>Bread and cereals</i>	27,3	89,4	93,0	98,0	101,7	106,7	105,7	106,7	106,4
01.12	<i>Meat</i>	40,5	98,2	97,9	99,0	100,0	99,0	100,1	100,3	99,8
<b>02</b>	<b>Alcoholic beverages and tobacco</b>	<b>86,0</b>	<b>103,8</b>	<b>104,3</b>	<b>105,5</b>	<b>104,9</b>	<b>103,5</b>	<b>104,0</b>	<b>103,9</b>	<b>103,8</b>
<b>03</b>	<b>Clothing and footwear</b>	<b>47,2</b>	<b>97,2</b>	<b>97,8</b>	<b>97,5</b>	<b>97,0</b>	<b>96,5</b>	<b>96,3</b>	<b>97,0</b>	<b>96,6</b>
<b>04</b>	<b>Housing, water, electricity, gas and other fuels</b>	<b>253,4</b>	<b>101,0</b>	<b>101,4</b>	<b>102,1</b>	<b>102,3</b>	<b>102,7</b>	<b>102,4</b>	<b>102,4</b>	<b>102,5</b>
04.111	<i>Net rentals paid in rented dwellings</i>	25,2	111,4	110,0	109,0	108,4	102,3	101,8	101,7	101,9
04.511	<i>Electricity</i>	36,3	97,3	97,3	97,3	97,4	104,8	104,8	104,8	104,8
04.521	<i>Natural gas</i>	23,7	87,7	93,5	103,9	106,6	109,2	109,2	109,2	109,2
<b>05</b>	<b>Furnishings, household equipment and routine maintenance of the house</b>	<b>55,2</b>	<b>99,4</b>	<b>99,4</b>	<b>99,7</b>	<b>99,4</b>	<b>98,9</b>	<b>98,7</b>	<b>98,9</b>	<b>98,8</b>
<b>06</b>	<b>Health</b>	<b>25,0</b>	<b>100,2</b>	<b>106,6</b>	<b>107,5</b>	<b>106,6</b>	<b>103,9</b>	<b>103,7</b>	<b>103,9</b>	<b>103,8</b>
<b>07</b>	<b>Transport</b>	<b>114,9</b>	<b>105,0</b>	<b>103,2</b>	<b>101,0</b>	<b>101,4</b>	<b>102,1</b>	<b>102,8</b>	<b>102,8</b>	<b>102,6</b>
07.221	<i>Automotive fuels</i>	37,0	123,8	118,7	112,3	113,9	111,1	110,6	110,7	110,8
<b>08</b>	<b>Communications</b>	<b>39,9</b>	<b>97,1</b>	<b>97,1</b>	<b>98,4</b>	<b>99,1</b>	<b>98,7</b>	<b>98,8</b>	<b>98,8</b>	<b>98,7</b>
<b>09</b>	<b>Recreation and culture</b>	<b>93,7</b>	<b>98,9</b>	<b>99,0</b>	<b>99,4</b>	<b>98,7</b>	<b>98,3</b>	<b>98,0</b>	<b>97,9</b>	<b>98,1</b>
09.60	<i>Package holidays</i>	22,4	97,2	97,6	99,3	99,5	98,7	98,4	98,9	98,6
<b>10</b>	<b>Education</b>	<b>7,8</b>	<b>101,4</b>	<b>101,4</b>	<b>101,6</b>	<b>102,0</b>	<b>102,1</b>	<b>102,2</b>	<b>102,2</b>	<b>102,2</b>
<b>11</b>	<b>Restaurants and hotels</b>	<b>44,2</b>	<b>102,4</b>	<b>102,5</b>	<b>102,5</b>	<b>102,4</b>	<b>101,5</b>	<b>101,4</b>	<b>101,2</b>	<b>101,4</b>
<b>12</b>	<b>Miscellaneous goods and services</b>	<b>62,4</b>	<b>101,2</b>	<b>100,9</b>	<b>100,7</b>	<b>101,2</b>	<b>101,3</b>	<b>101,3</b>	<b>101,1</b>	<b>101,2</b>