

# YEAR-ON-YEAR GROWTH OF CONSUMER PRICES SLOWED DOWN

## Consumer price indices – July 2013

**Consumer prices in July dropped by 0.2% compared with June. This decline came primarily from price decreases in 'food and non-alcoholic beverages'. The year-on-year growth of consumer prices decelerated to 1.4% in July from 1.6% in June.**

The **month-on-month** decrease in consumer prices came particularly from the drop in prices of vegetables by 13.8%, of which prices of potatoes by 29.0%. Prices of fruit went down by 1.9%, poultry by 2.1%, eggs by 4.1%, mineral or spring waters by 3.5%. In 'clothing and footwear', prices of both clothing and footwear were lower (-2.3% and -2.9%, respectively). The price drop in 'housing, water, electricity, gas and other fuels' was primarily influenced by the reduction in prices of natural gas by 2.8%. In 'miscellaneous goods and services', prices of beauty products decreased (-2.5%).

A contrary effect on the consumer price level owed mainly to a growth of prices in 'recreation and culture', where seasonal prices of package holidays rose by 12.5%. In 'transport', prices of automotive fuel went up by 1.4%. Prices of tobacco products and prices of wine were higher (0.6% and 0.5%, respectively).

Prices of goods in total dropped (-0.8%), while prices of services rose (0.7%).

In terms of the **year-on-year** comparison, in July, the increase in consumer prices was 1.4%, i.e. 0.2 percentage points down compared with June. A deceleration of the price rise came particularly from prices in 'food and non-alcoholic beverages' and 'housing, water, electricity, gas and other fuels'. Prices of meat were higher by 4.4% (5.4% in June), edible oils by 2.5% (4.8% in June), other vegetables (cultivated for their roots or leaves) by 9.5% (21.3% in June). Prices of eggs were lower by 23.7% (21.9% in June), y-o-y. In 'housing, water, electricity, gas and other fuels', the price drop in natural gas deepened to -6.9% (-4.2% in June). In 'miscellaneous goods and services', the growth of prices of social protection slowed down to 2.9% in July (4.7% in June).

A decisive upward effect on the y-o-y consumer price level came from prices in 'food and non-alcoholic beverages'. The second highest upward effect (in spite of its reduction) owed to prices in 'housing, water, electricity, gas and other fuels' and to prices in 'alcoholic beverages, tobacco'. In food, prices of flour rose by 25.0%, milk by 10.0%, butter by 12.3%, fruit by 9.9%, vegetables by 29.7%. In 'housing, water, electricity, gas and other fuels', the net actual rentals went up by 2.1%, water supply by 6.6%, sewerage collection by 7.1%, prices of electricity by 3.3%, heat and hot water by 3.9%. In 'alcoholic beverages, tobacco', prices of beer increased by 4.4%, spirits by 4.2%, wine by 2.8%. In 'transport', prices of automotive fuel turned from a y-o-y drop (-0.8%) in June to a rise (1.8%) in July.

The reduction of the y-o-y price growth came from the decrease in prices in 'communication', where prices of telephone and telefax services were lower (-11.8%).

Prices of goods in total and prices of services increased (2.0% and 0.8%, respectively). The overall consumer price index excluding imputed rentals was 101.6%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to July 2013 compared with the average CPI in the previous twelve months, stood at 2.2% in July.

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 **EU27 member states** was 1.7% in **June**, i.e. 0.1 percentage point up on May. Prices grew most in Romania (4.5%). On the other hand, a y-o-y price decrease occurred in Greece (-0.3%) in June. In Germany, the price rise accelerated to 1.9% in June (1.6% in May). In Slovakia, the price increase decelerated moderately to 1.7% in June (1.8% in May). According to preliminary calculations, the HICP in the Czech Republic in **July 2013** dropped by 0.3%, **month-on-month**, and rose by 1.4% (1.6% in June), **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in July 2013** was 1.6%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

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

In July, in comparison to June, consumer prices decreased in **households of pensioners** (-0.5%). In 'food and non-alcoholic beverages', a lower consumer price index was recorded (-2.6%). The decrease was affected particularly by lower prices of vegetables and also eggs and egg products. In 'clothing and footwear', the decrease in prices was shown (-2.1%) due to a fall in prices of both footwear and garments. In 'miscellaneous goods and services', the consumer price level fell (-0.4%). A downward effect on the consumer price level came mainly from the decrease in prices of beauty products. On the other hand, in 'recreation and culture', a higher consumer price index was registered (2.1%) due to the rise in prices of recreational stays abroad and domestic recreational stays. An increase was recorded also for 'transport' (0.3%), where the increase in prices of automotive fuel was shown in particular.

**In the capital city of Prague**, the overall consumer price index (cost of living) dropped by 0.1% month-on-month (-0.2% in the whole Czech Republic). The consumer price index for 'clothing and footwear' decreased by 2.4% (-2.3% in the Czech Republic) due mainly to lower prices of clothing and also footwear. In 'food and non-alcoholic beverages', Prague registered a lower index by 2.2% (-2.2% in the Czech Republic as well) due particularly to lower prices of vegetables and eggs and egg products. On the other hand, the rise in prices in 'recreation and culture', amounted to 2.9% (2.5% in the Czech Republic). It was primarily a result of higher prices of recreational stays abroad and domestic recreational stays. In 'alcoholic beverages, tobacco', prices increased by 0.5% (0.4% in the Czech Republic) due primarily to the rise in prices of tobacco and beer.