

FOOD PRICES FELL MODERATELY AGAIN, MONTH-ON-MONTH

Consumer price indices – inflation – September 2020

Consumer prices in September decreased by 0.6% compared with August. This development came primarily from price drop in 'recreation and culture' and in 'food and non-alcoholic beverages'. The year-on-year growth of consumer prices amounted to 3.2% in September, which was 0.1 percentage points down on August.

Month-on-month comparison

The decrease in the overall consumer price level in September came mainly from prices in 'recreation and culture', where prices of package holidays went down by 21.6% due to the end of summer season. In 'food and non-alcoholic beverages', primarily prices of vegetables were lower by 4.1%, of which prices of potatoes dropped by 9.3% and reached value CZK 13.44 per kg. It was the lowest value since September 2018. Prices of fruit decreased by 3.5%, non-alcoholic beverages by 2.6%, eggs by 5.2% and semi-skimmed UHT milk by 3.5%.

Month-on-month rise of consumer prices in 'alcoholic beverages, tobacco' came primarily from price increase of wine by 3.5%, beer by 2.0% and tobacco products by 0.2%. In 'clothing and footwear', prices of garments went up by 1.6% and shoes and other footwear by 1.5%. In 'restaurants and hotels', prices of catering services rose by 0.7%. As the new school year started, prices in 'education' increased by 2.5%. Fees in kindergartens increased by 4.1%, tuition fees at private secondary schools by 3.2%, school-fees at public universities by 4.2%, fees for foreign language learning by 2.8% and fees in after school care centres by 4.9%. In food, mainly prices of butter increased by 4.9% and prices of sugar by 3.9%.

Prices of goods in total went down by 0.1% and prices of services by 1.3%.

Year-on-year comparison

Consumer prices increased by 3.2% in September, i.e. 0.1 percentage points down on August. In 'food and non-alcoholic beverages', price growth of meat decelerated to 5.6% (6.0% in August), cheese and curd to 2.4% (3.7% in August), fruit to 20.6% (22.4% in August). Prices of semi-skimmed UHT milk were lower by 5.5% (decrease by 0.9% in August) and prices of eggs turned from rise by 6.9% in August to decline by 0.4% in September. In 'housing, water, electricity, gas and other fuels', year-on-year price rise of actual rentals for housing slowed down to 2.0% (2.6% in August). Acceleration of year-on-year price rise occurred in 'alcoholic beverages, tobacco', where prices of beer increased by 5.1% (3.7% in August) and prices of wine turned from decline by 0.2% in August into rise by 2.1% in September.

The biggest influence on the growth of the year-on-year price level in September came, as before, from prices in 'alcoholic beverages and tobacco', where prices of alcoholic beverages increased by 5.7% and tobacco products by 14.2%. In 'food and non-alcoholic beverages', prices of smoked meat and sausages went up by 7.5% and sugar by 17.4%. In 'housing, water, electricity, gas and other fuels', prices of water supply were higher by 1.7%, sewage collection by 1.5%, electricity by 7.6% and natural gas by 0.4%. In 'restaurants and hotels', prices of catering services increased by 5.4%. A reduction in the overall price level in September came again from prices in 'communication' (a decrease by 3.5%).

Prices of goods in total and services went up (3.5% and 2.7%, respectively). The overall consumer price index excluding imputed rentals for housing was 103.5%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to September 2020 compared with the average CPI in the previous twelve months, amounted to 3.3%.

According to preliminary data of Eurostat, the **year-on-year** change in the average **harmonized index of consumer prices (HICP)**¹⁾ in the **EU27 member states** amounted to 0.4% **in August** (0.4 percentage point down on July). The rise in prices was the highest in Hungary (4.0%) and Poland (3.7%). On the other hand, price reduction occurred in 13 EU countries, the deepest in Cyprus (-2.9%) and in Greece (-2.3%). In Slovakia, prices were higher by 1.4% year-on-year (1.8% in July). In Germany, prices decreased by 0.1% in August (year-on year price change 0.0% in July). According to preliminary calculations, the HICP in the Czech Republic **in September** went down by 0.6% **month-on-month** and rose by 3.3%, **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in September 2020** amounted to -0.3%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#).)

In September, in comparison with August, the overall consumer price level in **households of pensioners** went down by 0.6%. This development was mainly influenced by prices in 'recreation and culture', which fell by 6.2%. Prices of package holidays went down due to the ending of summer season in this division. In 'food and non-alcoholic beverages', prices decreased by 1.3%. Prices of vegetables, including potatoes, prices of fruit and prices in the group milk, cheese and eggs were lower in this division. The opposite effect on the change in the price level had an increase in prices in 'alcoholic beverages and tobacco' by 0.9%. Prices of wine and beer were higher in this division.

In the capital city of Prague, consumer prices in total decreased by 0.8% compared to the previous month (-0.6% in the Czech Republic). The biggest influence on this development had the decrease in prices in 'recreation and culture' by 7.1% (-5.9% in the Czech Republic), where prices of package holidays went down due to the end of summer season. In 'food and non-alcoholic beverages', prices were lower by 1.7% (-1.2% in the Czech Republic). In this division, prices of vegetables, including potatoes, fruit and non-alcoholic beverages fell in particular. On the other hand, consumer prices in Prague increased in 'clothing and footwear' by 3.3% (1.6% in the Czech Republic). Prices of garments and prices of shoes and other footwear were higher in this division.

¹⁾ Imputed rentals are excluded from the HICP.