

Year-on-year inflation rate slowed down in January

Consumer price indices – January 2011

The total consumer price level in January increased compared with December by 0.7 %, which was the lowest month-on-month growth of prices in January since 2005. This development came primarily from a price rise in 'housing, water, electricity, gas and other fuels'. In January the increase in consumer prices amounted to 1.7 %, y-o-y, (2.3 % in December).

* * *

The **month-on-month** consumer price growth by 0.7 % owed particularly to prices of electricity by 4.8 %, natural gas by 1.7 %, heat and hot water by 1.8 %, water supply by 6.1 % and sewerage collection by 5.6 %. The net actual rentals went up by 1.7 %, of which for dwellings with regulated rentals by 3.7 %, while for dwellings with market rentals by 0.9 %. In 'transport', the rise in prices of automotive fuels continued and amounted to 2.0 % in January. The average price of petrol Natural 95 reached 33.47 CZK per 1 litre and was the highest in its history. The growth of prices continued in 'food and non-alcoholic beverages', in which prices of oils and fats rose by 3.5 %, fruit by 2.5 %, milk by 3.7 %, chocolate and chocolate products by 2.8 %, confectionery without chocolate by 3.3 % and non-alcoholic beverages by 2.2 %. In 'alcoholic beverages, tobacco', prices of spirits went up by 4.9 %. Prices of postal services increased by 3.8 %. Prices of package holidays and newspapers and magazines were also higher (2.7 % and 1.1 %, respectively). In 'miscellaneous goods and services', prices of social protection rose by 3.1 %.

A contrary effect on the price level came from a consumer price drop in clothing and footwear (-3.6 % and -4.6 %, respectively). In food, prices of bread went down by 2.7 %, rolls and baguettes by 1.4 % and vegetables by 1.7 %. Prices of refrigerators and freezers, mobile phones, TV sets, cameras and camcorders, toys and sports equipment fell by one to two percent.

Prices of goods in total increased by 0.5 % and prices of services by 0.8 %.

In terms of the **year-on-year** comparison, in January, the increase in consumer prices was 1.7 %, i.e. 0.6 percentage points down on December. A slowdown in the year-on-year price growth was shown in the majority of divisions of consumer basket due to a marked increase in prices of some items in January 2010. The growth of prices of alcoholic beverages slowed down to 2.4 % (5.8 % in December). Amounts paid by patients for drugs were higher by 5.2 % (10.5 % in December). In 'transport', the rise in prices of automotive fuel slowed down to 11.1 % (16.6 % in December). Catering services increased by 1.6 % (2.5 % in December). In food, the marked growth of prices of vegetables slowed down from 34.0 % in December to 12.7 % in January.

The highest upward effect on the consumer price level came, as before, from prices in 'food and non-alcoholic beverages' (in spite of a slowdown of their rise) and in January also from prices in 'housing, water, electricity, gas and other fuels'. Prices of rolls and baguettes were higher by 10.6 % than in the previous year, flour by 27.9 %, milk by 10.8 %, butter by 15.1 %, edible oils by 20.6 %, fruit by 13.6 %, potatoes by 58.2 % and cocoa by 18.2 %. In 'housing, water, electricity, gas and other fuels', prices of electricity went up by 4.8 %, natural gas by 9.2 %, heat and hot water by 2.9 %, both water supply and sewerage collection by 6.1 %. The net actual rentals went up by 2.3 %, of which for dwellings with regulated rentals rose by 6.3 % and for dwellings with market rentals by 0.6 %.

Prices of clothing and footwear were lower than in the previous year (-3.8 % and -3.4 %, respectively). Prices of household appliances went down by 3.0 %, prices of audio-visual, photographic and information processing equipment were lower by 9.5 % and prices of mobile phones by 12.5 %. Prices of goods in total increased by 2.1 % and prices of services by 1.2 %. The overall consumer price index excluding imputed rentals was 102.0 %, year-on-year.

Average inflation rate, i.e. the increase in the average consumer price index in the twelve months to January 2011 compared with the average CPI in the previous twelve months, stood at 1.6 % in January, which is 0.1 percentage points up compared with December.

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 2.6 % in **December 2010** (0.3 percentage points up on November). The highest annual rates were observed in Romania (7.9 %) and Estonia (5.4 %). In Germany, the y-o-y growth amounted to 1.9 % (1.6 % in November). Similarly, in Slovakia, the increase in the HICP went up to 1.3 % (1.0 % in November). According to preliminary calculations, the HICP in the **Czech Republic in January 2011** rose by 0.8 %, **month-on-month**, and by 1.9 % (2.3 % in December), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the**

Eurozone in January 2011 was 2.4 %, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

In January 2011, in comparison to December 2010, consumer prices rose in **households of pensioners** by 1.1 %. It was recorded a higher consumer price index for 'housing, water, electricity, gas and other fuels' by 2.7 %. The increase was affected particularly by higher prices of electricity, water supply and heat and hot water. Higher index was also registered for 'alcoholic beverages, tobacco' by 1.4 % due mainly to an increase in prices of spirits and wine. In 'miscellaneous goods and services', the consumer prices went up by 1.3 %. An upward effect on the consumer price level came primarily from the rise in prices of social protection and beauty products. On the other hand, a lower index was recorded for 'clothing and footwear' (-3.6 %) mainly due to lower prices of men's and women's ready-made clothing and women's footwear. A drop was recorded for 'furnishings, household equipment and routine maintenance of the house' by 0.1 %, primarily due to the decrease in prices of refrigerators and freezers.

In the capital city of Prague, the overall consumer price index (cost of living) increased by 0.7 % month-on-month (in the whole Czech Republic by 0.7 % as well). The consumer price index for 'food and non-alcoholic beverages' increased by 2.3 % (0.7 % in the Czech Republic) due primarily to higher prices of fruit, oils and fats. Prague registered a higher index for 'housing, water, electricity, gas and other fuels' by 1.2 % (1.7 % in the Czech Republic) particularly due to higher prices of electricity and water supply. The consumer price index for 'alcoholic beverages, tobacco' went up by 1.1 % (0.9 % in the Czech Republic), affected mainly by higher prices of spirits and beer. On the other hand, a decrease occurred in 'clothing and footwear' by 6.2 % (-3.7 % in the Czech Republic) as a result of lower prices of women's and men's ready-made clothing and women's footwear.