

## Slowdown in year-on-year inflation continued

### Consumer price indices – May 2009

The total consumer price level in May remained unchanged compared with April (index 100.0 % month-on-month). This development came mainly from two opposing movements of prices in the consumer basket, i.e. an increase in prices of automotive fuel and a drop in food prices. The year-on-year consumer price growth decelerated further to 1.3 % in May (from 1.8 % in April).

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The **month-on-month** consumer price development was influenced primarily by a price rise in 'transport', in which prices of automotive fuel went up by 2.3 %. Since October 2008 the highest average price of petrol Natural 95 was registered in May. In 'health', prices of pharmaceuticals increased by 0.6 % and prices of spa stays by 7.5 % due to the beginning of season. In food, prices of flour increased by 3.9 %, eggs by 4.6 % and potatoes by 4.6 %.

An opposite effect on the consumer price level came from a price decrease in 'food and non-alcoholic beverages', in which prices of bread dropped by 7.3 %, rolls and baguettes by 6.4 %, fruit by 4.7 % and vegetables grown for fruit by 10.6 %.

Prices of goods in total decreased by 0.1 %, while prices of services rose by 0.1 %.

In terms of the **year-on-year** comparison, in May, the increase in consumer prices was 1.3 %, i.e. 0.5 percentage point down on April. This is the lowest year-on-year growth since January 2007. The deceleration of y-o-y price growth came mainly from deeper price drop in 'food and non-alcoholic beverages', in which prices of bread and cereals were lower by 9.4 % (6.0 % in April) and fruit by 10.9 % (5.6 % in April). Prices of vegetables turned from a growth by 5.0 % in April to a drop by 5.2 % in May. Similarly, in 'transport', the price drop was deeper due to lower prices of automotive fuel by 16.8 % (15.5 % in April).

The most marked growth was reported for 'alcoholic beverages, tobacco' due to a 15.0% price increase in tobacco products. The second biggest growth was registered in 'housing, water, electricity, gas and other fuels', in which prices of natural gas rose by 17.1 %, prices of electricity by 11.6 %, heat and hot water by 7.5 %, water supply by 9.2 % and sewerage collection by 9.0 %. Net actual rentals rose by 19.5 %, of which for dwellings with regulated rentals by 27.2 %, while for dwellings with market rentals by 5.5 %.

Lower than in the previous year (apart from prices in 'food and non-alcoholic beverages' and 'transport') were prices of clothing (-3.3 %), footwear (-1.1 %), household appliances (-1.2 %) and detergents (-9.7 %). A price cut (-10.2 %) continued in audio-visual and photographic equipment and data-processing equipment. Prices of mobile phones also decreased and so did prices of telephone and telefax services (-17.0 % and -3.9 %, respectively).

Prices of goods in total dropped by 0.1 % and prices of services were higher by 3.7 %. The overall consumer price index excluding imputed rentals was higher by 1.2 %, year-on-year.

Average inflation rate, i.e. **the increase in the average consumer price index in the twelve months to May 2009** compared with the average CPI in the previous twelve months, stood at 4.1 % in April, which is 0.5 percentage point down compared with April 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 1.2 % in **April** (0.2 percentage point down on March). The highest annual rates were observed in Romania (6.5 %). In Ireland and Portugal prices fell by 0.7 and 0.6 %, respectively, compared to the previous year. In Germany, the growth of prices accelerated to 0.8 % in April (from 0.4 % in March), in Slovakia the growth decelerated to 1.4 % (from 1.8 % in March). According to preliminary calculations, the HICP in the **Czech Republic in May 2009** increased by 0.1 %, **month-on-month**, and decelerated to 0.9 % (1.3 % in April), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in May 2009** was 0.0 %, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

In May 2009, in comparison to April 2009, consumer prices remained unchanged in **households of pensioners**. It was recorded a higher consumer price index for 'health' by 1.1 %. The increase was affected particularly by higher prices of hospital services and prescription drugs. Higher index was registered for 'transport' by 1.0 % due mainly to an increase in prices of automotive fuel. In 'recreation and culture', the consumer price level increased by 0.4 %. An upward effect on the consumer price level came primarily from the rise in prices of domestic recreational stays. On the other hand, a lower index was recorded for 'food and non-alcoholic beverages' (-1.0 %) mainly due to lower prices of bread, rolls and baguettes, fruit and vegetables.

**In the capital city of Prague**, the overall consumer price index (cost of living) dropped by -0.1 % month-on-month (0.0 % in the whole Czech Republic). The consumer price index for 'food and non-alcoholic beverages' decreased by -1.3 % (-1.1 % in the Czech Republic) due to lower prices of bread, rolls and baguettes, fruit and vegetables. Prague registered a lower index for 'communications' by -0.3 % (-0.2 % in the Czech Republic) particularly due to lower prices of mobile phones and telephone and telefax services. The consumer price index for 'clothing and footwear' dropped by -0.1 % (-0.1 % in the Czech Republic too), affected mainly by lower prices of men's and children's footwear. On the other hand, a rise occurred in 'health' by 0.9 % (by 0.8 % in the Czech Republic) as a result of higher prices of hospital services and prescription drugs in particular.