

Inflation dropped to 6.7% year-on-year Consumer price indices – June 2008

The consumer price level in June increased compared with May by 0.2%. An upward effect on the consumer price level, month-on-month, came mainly from the price rise in 'transport' and 'housing, water, electricity, gas and other fuels'. The year-on-year consumer price growth slowed down to 6.7% in June (from 6.8% in May and April).

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The **month-on-month** consumer price level increase by 0.2% owed mainly to further price rise in automotive fuel by 3.3%, in which diesel oil price increased by 5.5% to reach again maximum in its history. Prices of petrol Natural 95 were higher only in September 2005. In 'recreation and culture', due to the upcoming summer season prices of package holidays increased by 3.2%. In 'housing, water, electricity, gas and other fuels', an increase was recorded primarily for net actual rentals paid by tenants for rented dwellings (by 0.3%) and in solid fuel prices (by 0.6%). In 'restaurants and hotels', prices of meals and prices of accommodation services went up (by 0.5% and 0.6%, respectively). In food, especially prices of potatoes were higher by 50.9% because market offer switched from old to new potatoes. Prices of flour rose by 4.0%, rice by 4.1%, pork by 3.8% and fruit by 1.2%.

A downward effect on the consumer price level came from the price decrease in food. The biggest drop was recorded for prices of vegetables grown for fruit (by 25.3%). Prices of bread were lower by 3.2%, eggs by 2.9%, milk by 1.6%, yoghurts by 1.8% and butter by 2.1%. The price fall in consumer prices came from lower prices of cars by 1.9%, motorcycles by 2.0%, mobile phones by 2.6% and audio-visual and photographic equipment and data-processing equipment by 0.8%.

Prices of goods in total increased by 0.1%, while prices of services rose by 0.4%.

In terms of the **year-on-year** comparison, in June, the increase in consumer prices was 6.7%, i.e. 0.1 percentage point down on May. A slowdown in the price rise in 'alcoholic beverages, tobacco' was influenced by decelerated price growth of tobacco products to 12.2% (from 14.3% in May). An accelerated price growth was recorded mainly in 'transport', where prices of automotive fuel were by 9.8% up (7.6% in May). Prices of oil increased by 23.9% (from 18.2% in May) and prices of different kinds of petrol by 6.8% to 7.6% (from 5.0% to 5.8% in May).

The biggest effect on the price level still comes from 'housing, water, electricity, gas and other fuels', where prices of natural gas were higher by 18.4%, electricity by 9.5%, heat and hot water by 11.2% and solid fuels by 19.6%. Water supply and sewerage collection charges were higher (by 8.3% and 9.1%, respectively). Net actual rentals increased by 16.7%, of which for dwellings with regulated rentals by 25.9%, while for dwellings with market rentals by 2.8%. The second biggest upward influence on the price level came from prices in the division 'food and non-alcoholic beverages', where prices of flour went up by 61.1%, rice by 33.3%, rolls and baguettes by 25.7%, edible oils by 30.7%, vegetable fats by 26.8% and citrus fruit by 39.3%.

Compared with 2007, prices of clothing were lower by 2.2%, devices and household appliances by 1.6%, transport vehicles by 4.0%, audio-visual and photographic equipment

and data-processing equipment by 10.6%, recording media by 4.7% and sports equipment by 5.2%. In spite of the marked month-on-month increase, prices of potatoes were lower by 10.2%, year-on-year. In 'communications', prices of mobile phones decreased and so did prices of telephone and telefax services due to commercial discounts provided by mobile operators.

Prices of goods in total grew by 5.9% and prices of services by 8.0%.

Inflation rate, i.e. the increase in the **average consumer price index in the twelve months to June 2008** compared with the average CPI in the previous twelve months, stood at 5.4% in June (0.4 percentage point up compared with May 2008).

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices** (HICP) in the **EU 27 member states** was 4.0% in **May** (0.4 p.p. up on April). The highest annual rates were observed in Latvia (17.7%) and Bulgaria (14.0%), and the lowest rate in the Netherlands (2.1%). The growth of consumer prices in Slovakia accelerated to 4.0% in May (from 3.7% in April). In Germany, the price growth of consumer prices accelerated to 3.1% (from 2.6% in April).

According to preliminary calculations, the HICP in the **Czech Republic in June 2008** increased by 0.1%, **month-on-month**, and slowed down to 6.6% (from 6.8% in May), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in June 2008** was 4.0%, y-o-y, as Eurostat announced (more information on Eurostat's web pages: [HICP](#)).

In June 2008, in comparison to May 2008, consumer prices grew by 0.2% in **households of pensioners** and by 0.2% in **households of employees** as well. Both types of households recorded a higher consumer price index for 'transport': households of pensioners by 1.1% and households of employees by 0.7%. The increase was affected particularly by higher prices of automotive fuel and prices of passenger transport by road-TAXI. Higher index was registered for 'recreation and culture' (0.4% for pensioners and 0.5% for employees) due to prices of recreational stays abroad and domestic recreational stays. On the other hand, a lower index was recorded for 'health' for pensioners (by 0.1%) due to lower amounts paid by patients for drugs with prescription, but a higher index was recorded for 'health' for employees (by 0.2%).

In the capital city of Prague, the overall consumer price index (cost of living) grew by 0.2% month-on-month (0.2% in the whole Czech Republic as well). The consumer price index for 'recreation and culture' increased by 0.7% (0.5% in the Czech Republic) due to higher prices of recreational stays abroad and domestic recreational stays. Prague registered a higher index for 'restaurants and hotels' by 0.6% (0.4% in the Czech Republic) particularly due to price increases in meals provided by restaurants, beer provided by restaurants and accommodation services. The consumer price index for 'transport' grew by 0.3% (0.8% in the Czech Republic), affected mainly by higher prices of automotive fuel and prices of passenger transport by road-TAXI. On the other hand, a drop occurred in 'clothing and footwear' by 0.5% (0.1% in the Czech Republic) as a result of lower prices of women's underwear and knitwear and children's underwear and knitwear.