AVERAGE INFLATION RATE STOOD AT 3.3% IN 2012

Consumer price indices – December 2012

**Consumer prices in December increased by 0.1% compared with November. This development came primarily from a price rise in 'food and non-alcoholic beverages'. The year-on-year rise in consumer prices decelerated to 2.4% in December (2.7% in November).**

The **month-on-month** increase in consumer prices in 'food and non-alcoholic beverages' came primarily from the rise in prices of fruit, vegetables and bread and cereals (11.3%, 5.5% and 0.5%, respectively). In 'housing, water, electricity, gas and other fuels', the net actual rentals went up by 1.0% due to the rent increases for dwellings with regulated rentals by 2.9%. In 'health', amounts paid by patients for drugs were 0.7% up.

A contrary effect on the price level owed mainly to a decrease in prices of automotive fuel, which continued for the third month and amounted to 2.3% in December. The price of petrol Natural 95 (35.11 CZK per litre) was the lowest since December 2011 and the price of diesel oil (35.82 CZK per litre) since July 2012. Prices of both clothing and footwear went down (-1.2% and -1.4%, respectively). In 'communications', prices of telephone and telefax services and prices of mobile phones decreased (-0.6% and -0.9%, respectively). In 'miscellaneous goods and services', the drop in prices came from lower prices of personal care by 1.0%. Prices of alcoholic beverages went down by 0.8%, of which prices of spirits by 1.5%.

Prices of goods in total dropped (-0.1%), while prices of services rose (0.1%).

In terms of the **year-on-year** comparison, in December, the increase in consumer prices was 2.4% (0.3 percentage points down on November). A deceleration of the price rise was particularly shown in 'food and non-alcoholic beverages', 'housing, water, electricity, gas and other fuels' and 'health' due primarily to a marked m-o-m growth of prices in these divisions in December 2011. In 'food and non-alcoholic beverages', the increase in prices of bread and cereals slowed down to 0.8% (1.3% in November), meat to 8.7% (10.2% in November), eggs to 27.6% (38.3% in November), cheese to 0.2% (3.2% in November), yoghurts to 1.8% (4.2% in November), cocoa to 4.9% (9.4% in November), coffee to 5.7% (8.1% in November). Prices of oils and fats moved from a growth of 0.6% in November to a drop (-2.5% in December). In 'health', the rise in prices of health services markedly slowed down to 1.6% from 45.0% in November due to a higher fee paid for the stay at a hospital since December 2011. Similarly, in 'housing, water, electricity, gas and other fuels', the y-o-y increase in prices of natural gas slowed down to 4.3% (7.7% in November) due to a natural gas prices rise since December 2011. A slowdown in the price increase in 'transport' was primarily due to prices of automotive fuel, which were higher, y-o-y, by 0.6% (3.1% in November). In 'miscellaneous goods and services', prices of personal care rose by 1.1% (1.7% in November).

A decisive upward effect on the y-o-y consumer price level in December came, as before, from prices in 'housing, water, electricity, gas and other fuels' and prices in 'food and non-alcoholic beverages', despite a slowdown in their growth. In 'housing, water, electricity, gas and other fuels', prices of natural gas were higher by 4.3%, electricity by 4.2%, water supply by 12.0%, sewerage collection by 10.7%, heat and hot water by 8.4%. The net actual rentals went up by 4.3%, of which for dwellings with regulated rentals rose by 11.6% and for dwellings with market rentals by 1.0%.

The reduction of the y-o-y growth came from prices in 'clothing and footwear', where prices of both clothing and footwear dropped (-3.4% and -2.0%, respectively). In 'communications', prices of telephone and telefax services and prices of mobile phones decreased (-5.5% and -10.4%, respectively). The fall in prices in 'furnishings, household equipment and routine maintenance of the house' was influenced primarily by lower prices of household appliances (-4.8%).

Prices of both goods in total and services rose by 2.3%. The overall consumer price index excluding imputed rentals was 102.4%, year-on-year.

**Inflation rate**, i.e. the increase in the average consumer price index in the twelve months to December 2012 compared with the average CPI in the previous twelve months, stood at 3.3% in December, which is by 1.4 percentage points more than in 2011, which is the highest value for the last four years.

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices** (HICP)[[1]](#footnote-1)) in the **EU27 member states** was 2.4% in **November**, i.e. 0.2 percentage points down on October. The highest annual rate was observed in Hungary (5.3%) and the lowest in Greece (0.4%). In Germany, the price rise slowed down to 1.9% (2.1% in October). In Slovakia, the price increase slowed down as well and was 3.5% (3.9% in October). According to preliminary calculations, the HICP in the Czech Republic **in December 2012** remainedunchanged, **month-on-month**, and rose by 2.4% (2.8% in November), **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone** in **December 2012** was 2.2%, y-o-y, as Eurostat announced (more information on the Eurostat’s web pages: [HICP](http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/introduction)).

1. ) So far, imputed rentals have been excluded from the HICP [↑](#footnote-ref-1)