

Inflation remained unchanged in February and stood at 7.5% Consumer price indices – February 2008

The consumer price level in February 2008 increased compared with January 2007 by 0.3%. An upward effect on the consumer price level, month-on-month, came mainly from the growth of prices in 'housing, water, electricity, gas and other fuels', 'recreation and culture' and 'restaurants and hotels'. The year-on-year rise in consumer prices remained unchanged in February (the same as in January) and stood at 7.5%.

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The **month-on-month** consumer price level increase by 0.3% owed mainly to the price rise in 'housing, water, electricity, gas and other fuels', in which prices of water supply went up by 4.2%, sewerage collection by 5.0% and heat and hot water by 0.7%. Net actual rentals paid by tenants increased by 0.6%. Like in previous years, primarily prices of package holidays rose by 3.1% in 'recreation and culture' due to higher seasonal prices of domestic recreational stays and recreational stays abroad in the mountains. In food, prices of bread and cereals were higher (1.9%) due especially to the increase in prices of bread (4.3%) and rolls and baguettes (2.4%). In 'restaurants and hotels', prices rose in restaurants by 0.9%, school canteens by 1.5% and company canteens by 0.6%.

A downward effect on the price level came from the price drop in 'food and non-alcoholic beverages' and 'transport'. Lower were especially prices of fruit and vegetables including potatoes (by 2.6% and 4.7%, respectively). Prices of milk decreased by 1.3%, unsalted butter by 5.0%, sugar by 1.1%, chocolate and chocolate products by 1.1% and cocoa by 0.8%. In 'transport', prices of automotive fuel went down by 1.4%. In 'clothing and footwear', prices of clothing were lower by 0.3% and footwear by 0.6%. The moderate drop in prices continued in equipment for the reception, recording and reproduction of pictures and sound, photographic and cinematographic equipment, personal computers and mobile phones.

Prices of goods in total decreased by 0.2% and prices of services rose by 1.0%.

In terms of the **year-on-year** comparison, in February, the increase in consumer prices was 7.5%, i.e. the same as in January. The price growth acceleration came mainly from prices in 'housing, water, electricity, gas and other fuels', 'transport', and 'restaurants and hotels'. On the other hand, in 'food and non-alcoholic beverages', 'alcoholic beverages, tobacco' and 'miscellaneous goods and services' the year-on-year growth slowed down.

In housing, net actual rentals increased by 17.7%, of which for dwellings with regulated rentals by 29.0%, while for dwellings with market rentals by 1.4%. Prices of natural gas increased by 16.5%, electricity by 9.5%, heat and hot water by 11.0% and solid fuels by 20.5%. Water supply and sewerage collection charges were higher (by 8.3% and 9.1%, respectively). In 'transport', prices of automotive fuel went up by 15.9% and prices of transport services by 9.8%. In public catering, prices in restaurants went up by 6.5%, in company canteens by 8.1% and in school canteens by 9.8%.

In spite of a moderate slowdown in the growth of prices in 'food and non-alcoholic beverages', prices of bread were higher by 33.3%, rolls and baguettes by 30.8%, flour by 51.3%, eggs by 30.7%, milk by 29.5%, cheese by 23.5%, unsalted butter by 18.3% and edible oils by 28.0%. In 'alcoholic beverages, tobacco', the growth of prices of tobacco products slowed down to 23.0% (from 27.1% in January). Similarly, in 'miscellaneous goods and services', prices of social protection were higher by 3.6% (by 14.7% in January).

Compared with 2007, prices of clothing were lower by 2.7%, prices of devices and household appliances by 1.7%, prices of transport vehicles by 1.5% and prices of audio-visual and photographic equipment and data-processing equipment by 11.4%. In food, mainly prices of potatoes and vegetables grown for fruit were lower, year-on-year, (by 38.3% and 15.9%, respectively). In communications, prices of mobile phones decreased by 19.0% and prices of telephone and telefax services by 2.4% due to commercial discounts provided by mobile operators.

Prices of goods in total grew by 7.4% and prices of services by 7.7%.

Inflation rate, i.e. the increase in the **average consumer price index in the twelve months to February 2008** compared with the average CPI in the previous twelve months, stood at 3.9% in February (0.5 percentage point up compared with January 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 3.4% in **January** (0.2 percentage point up compared to December). The highest annual rates were observed in Latvia (15.6%) and Bulgaria (11.7%), and the lowest rates in the Netherlands (1.8%) and Great Britain (2.2%). The growth of consumer prices in Slovakia accelerated to 3.2% in January (from 2.5% in December). In Germany, the price growth slowed down to 2.9% (from 3.1% in December).

According to preliminary calculations, the HICP in the **Czech Republic in February 2008** increased by 0.1%, **month-on-month**, and slowed down to 7.6% (from 7.9% in January), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in February 2008** was 3.2%, y-o-y, as Eurostat announced.

In February 2008, in comparison to January 2008, consumer prices remained unchanged in **households of pensioners** and grew by 0.1% in **households of employees**. Both types of households recorded a higher consumer price index for 'recreation and culture': households of pensioners by 1.0% and households of employees by 0.9%. The increase was affected particularly by higher prices of domestic recreational stays and flowers and flower products. Higher index was registered for 'restaurants and hotels' (0.8% for pensioners and also 0.8% for employees) due to growth of prices of catering services (meals) and prices of meals in school canteens. On the other hand, a lower index was recorded for 'food and non-alcohol beverages' (0.6% for pensioners, 0.4% for employees) primarily due to lower prices of vegetables, fruit, butter and eggs and egg products. The consumer price index for 'transport' dropped by 0.6% for pensioners and was down by 0.3% for employees, as a result of lower prices of automotive fuel and second-hand cars.

In the capital city of Prague, the overall consumer price index (cost of living) grew by 0.3% month-on-month (0.3% in the whole Czech Republic as well). The consumer price index for 'housing, water, electricity, gas and other fuels' increased by 0.7% (1.0% in the Czech Republic) due to higher prices of water supply, sewerage collection, heat and hot water. Prague registered a higher index for 'recreation and culture' by 1.0% (1.0% in the Czech Republic as well) particularly due to price increases in domestic recreation stays and flowers and flower products. The consumer price index for 'restaurants and hotels' grew by 0.7% (0.9% in the Czech Republic), affected by higher prices of catering services (meals) and prices of meals in school canteens. On the other hand, a drop occurred in 'food and non-alcoholic beverages' by 0.5% (0.5% in the Czech Republic too) as a result of lower prices of vegetables, fruit, butter and eggs and egg products. The consumer price index for 'clothing and footwear' decreased by 0.5% (by 0.3% was recorded for the whole Czech Republic), which was affected by lower prices of children's ready-made clothing and men's ready-made clothing.