

YEAR-ON-YEAR RISE IN CONSUMER PRICES SLOWED DOWN

Consumer price indices – July 2015

Consumer prices in July decreased compared with June by 0.1%. This development came primarily from a reduction in prices in 'food and non-alcoholic beverages' and 'clothing and footwear', which was mitigated by an increase in 'recreation and culture'. The year-on-year rise in consumer prices amounted to 0.5%. It was by 0.3 percentage points less than in June.

The **month-on-month** decrease in consumer prices in 'food and non-alcoholic beverages' came especially from the drop in prices of vegetables by 9.8%, of which prices of potatoes went down by 25.0% and prices of vegetables cultivated for their fruit by 11.3%. Prices of fruit were lower by 3.8%, meat by 1.1%, rolls and baguettes by 3.2%, cheese by 2.1%, other milk products by 4.6%. In 'clothing and footwear', garment prices went down by 3.0% and prices of shoes and other footwear by 3.2%.

A contrary effect on the overall consumer price level in July owed particularly to a price increase in 'recreation and culture' due to the rise in seasonal prices of package holidays by 12.8%. In 'alcoholic beverages and tobacco', prices of spirits rose by 1.8%, wine by 1.6%, while beer prices dropped by 0.5%. In 'transport', prices of automotive fuel rose by 0.1%, in which prices of petrol Natural 95 were higher by 0.4% and on the other hand prices of diesel oil went down by 1.1%. In food, prices of bread went up by 1.3%, pasta by 2.6%, butter by 1.0%, vegetable and other fats by 2.8%.

Prices of goods in total decreased by 0.7% and prices of services rose by 0.7%.

In terms of the **year-on-year** comparison, in July, the consumer price level rose by 0.5%, i.e. by 0.3 percentage points less than in June. A slowdown in the y-o-y price growth occurred mainly in 'food and non-alcoholic beverages', where prices moved to a drop (-1.0%) in July from a growth by 0.6% in June. This development came especially from prices of vegetables, which were lower by 2.7% in July (a growth by 7.6% in June). It was due primarily to the decline in prices of vegetables cultivated for their fruit by 7.2% and potatoes by 1.8% (a growth 5.2% and 19.5%, respectively in June). For many kinds of food was recorded their deeper price drop in July. Prices of rolls and baguettes dropped by 3.6% (-1.1% in June), flour by 2.1% (-0.5% in June), meat by 3.4% (-1.7% in June), milk by 14.7% (-12.5% in June), cheese by 7.7% (-4.8% in June), other milk products by 4.5% (-0.4% in June). A slowdown of the y-o-y rise in prices occurred also in other divisions of the consumer basket in July. In 'housing, water, electricity, gas and other fuels', the year-on-year rise in prices of natural gas slowed down to 1.7% from 4.5% in June due to the month-on-month increase in prices since July 2014. In 'alcoholic beverages and tobacco', the growth of beer prices slowed down to 1.3% from 3.3% in June. In 'transport', the price decrease deepened due particularly to automotive fuel prices, which were lower by 10.8% in July (-9.7% in June).

The biggest influence on the growth of the price level in July came from prices in 'alcoholic beverages and tobacco', where prices of tobacco products rose by 8.6%. Next in order of influence were prices in 'housing, water, electricity, gas and other fuels', where prices of water supply rose by 3.4%, sewage collection by 2.8%, the net actual rentals by 0.5%, heat and hot water by 2.3%. Prices of electricity were lower (-0.3%), y-o-y. The growth of prices in 'recreation and culture' was due to the increase in prices of package holidays by 6.8% in particular. In 'clothing and footwear', prices of shoes and footwear were higher by 9.8%, prices of garments remained unchanged, year-on-year. In 'restaurants and hotels', prices of catering services were higher by 1.6% and accommodation services by 0.2%. In 'miscellaneous goods and services', prices of insurance and financial services rose (2.7% and 7.5%, respectively). In food, prices of fruit went mainly up by 10.1%, of which prices of citrus fruit by 17.5%.

A reduction in the y-o-y price level came from the price drop in 'food and non-alcoholic beverages' and as before the decline in prices in 'transport', 'health' (due to the abolition of regulatory fees) and 'communication'.

Prices of goods in total rose by 0.2% and prices of services by 0.9%. The overall consumer price index excluding imputed rentals was 100.4%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to July 2015 compared with the average CPI in the previous twelve months, amounted to 0.5% in July.

According to preliminary data of Eurostat, the year-on-year change in the average **harmonized index of consumer prices (HICP)**¹⁾ in the **EU28 member states** was 0.1% in June i.e. 0.2 percentage points less than in May. Prices went up the most in Malta and Austria (1.1% and 1.0%, respectively). On the other hand, the decrease occurred in eight EU countries, of which the largest in Cyprus (-2.1%) and Greece (-1.1%). In Slovakia, prices dropped by 0.1% in June (the same as in April and May). In Germany, the growth of prices slowed down to 0.1% (0.7% in May). According to preliminary calculations, the HICP in the Czech Republic in July decreased by 0.2%, **month-on-month**, and rose by 0.4% (0.9% in June), **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in July 2015** amounted to 0.2%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

¹⁾ So far, imputed rentals have been excluded from the HICP