

ANALYSIS

9 October 2018

Consumer price indices in Q3 2018

In Q3 2018, consumer prices rose by 0.6% compared with Q2 2018. Consumer prices went up by 2.4% in Q3 2018, year-on-year, which was 0.1 percentage point up on Q2 2018.

The **quarter-on-quarter** (q-o-q) development of consumer prices in Q3 2018 was influenced by a price increase in the majority of the consumer basket divisions, of which the highest was in 'recreation and culture' and 'housing, water, electricity, gas and other fuels'. In 'recreation and culture', especially prices of package holidays rose by 18.8%. In 'housing, water, electricity, gas and other fuels', prices of the net actual rentals and electricity went up in particular (1.0% and 1.8%, respectively). In 'transport', prices of fuels and lubricants for personal transport equipment increased by 3.5%. In 'miscellaneous goods and services', prices of personal care rose by 0.7% and financial services n.e.c. by 2.7%. In 'restaurants and hotels', prices of catering and accommodation services went up (0.7% and 2.0%, respectively). A decrease in prices in 'food and non-alcoholic beverages' in particular, in which prices of bread and cereals dropped by 0.4%, sugar by 17.6%, vegetables by 8.1%, and fruit by 3.6%, had an influence in the opposite direction, i.e. on the price level reduction. In 'clothing and footwear', prices of garments and prices of shoes and other footwear were lower (−3.2% and −4.1%, respectively). An average month-on-month (m-o-m) change in the overall consumer price index was 0.0% in Q3 2018 (0.4% in Q2 2018).

Consumer price indices (the previous quarter = 100)

DIVISION	2017		2018		
	Q3	Q4	Q1	Q2	Q3
TOTAL	100.5	100.5	100.7	100.7	100.6
Food and non-alcoholic beverages	100.7	101.7	100.4	99.5	99.0
Alcoholic beverages and tobacco	100.9	100.1	101.8	100.8	100.1
Clothing and footwear	96.9	103.4	95.8	103.1	96.6
Housing, water, electricity, gas and other fuels	100.5	100.5	100.8	100.8	101.1
Furnishings, household equipment and routine household maintenance	99.7	100.3	100.5	100.8	100.2
Health	101.1	99.8	101.0	101.8	100.9
Transport	99.4	101.0	101.0	101.6	100.8
Communication	99.1	99.2	99.8	99.8	99.7
Recreation and culture	102.2	97.3	101.9	99.3	103.8
Education	100.5	100.9	100.1	100.0	100.8
Restaurants and hotels	100.9	100.7	100.8	101.0	100.8
Miscellaneous goods and services	99.9	100.3	101.1	101.2	101.1

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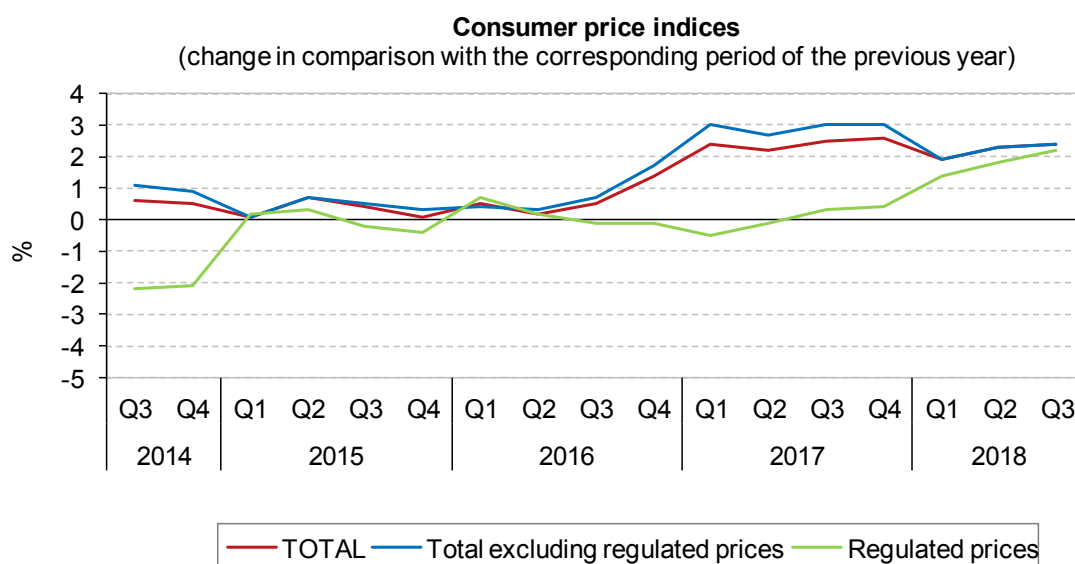
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Consumer prices increased by 2.4%, **year-on-year** (y-o-y), in **Q3 2018** compared with **Q3 2017**, i.e. 0.1 percentage point up on Q2. This development came primarily from an acceleration in the price rise in 'housing, water, electricity, gas and other fuels', 'transport', 'recreation and culture'. A slowdown in the price increase in 'food and non-alcoholic beverages' had especially an influence in the opposite direction, i.e. on the price reduction.

Changes in the price development in Q3 2018 were reflected in the y-o-y increase in the market prices by 2.4% (from 2.3% in Q2). The rise in regulated prices accelerated to 2.2% in Q3 2018 from 1.8% in Q2.



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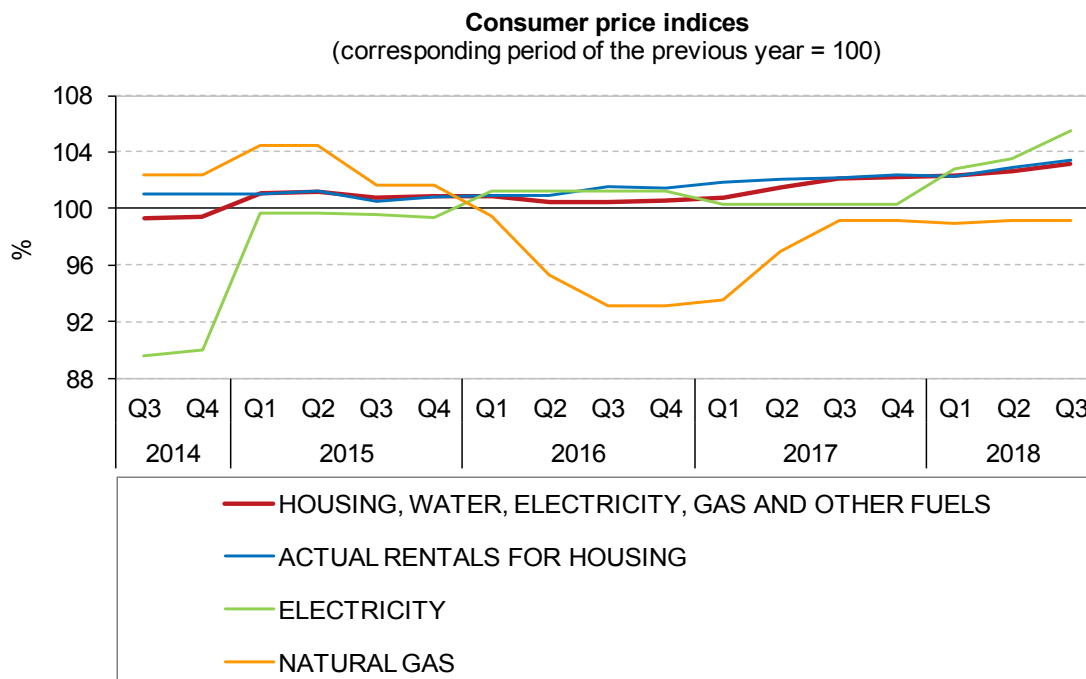
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In 'housing, water, electricity, gas and other fuels', prices rose by 3.2%, y-o-y, in Q3 2018. Electricity prices were higher by 5.5% and prices of natural gas went down by 0.8%. Prices of the net actual rentals went up by 3.4%, water supply by 1.8% and sewage collection by 1.3%.



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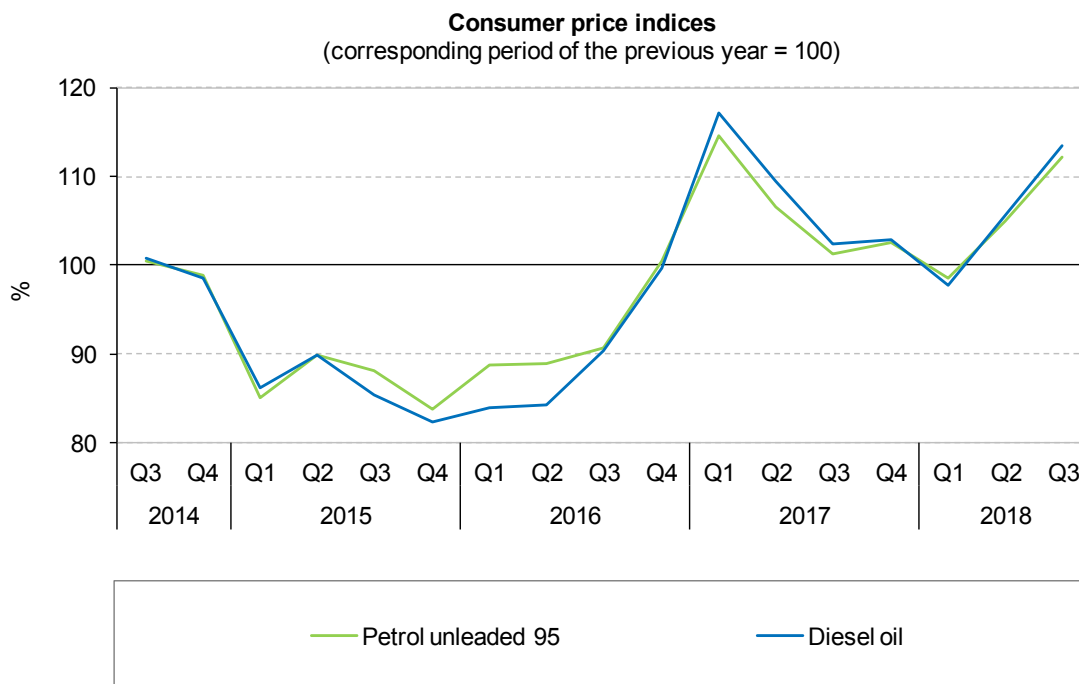
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In **'transport'**, prices of fuels and lubricants for personal transport equipment rose by 12.3% (4.9% in Q2 2018). The price of petrol unleaded 95 was CZK 33.26, which was the highest since December 2014. The price of diesel oil was CZK 32.44 in September (the highest since July 2015).



In **'recreation and culture'**, prices of package holidays went up by 9.7% (2.8% in Q2) and prices of recreational and cultural services by 2.8% (2.9% in Q2).

In **'miscellaneous goods and services'**, prices of personal care went up by 3.5% (2.9% in Q2).

The price growth occurred also in **'furnishings, household equipment and routine household maintenance'**. This development was influenced by higher prices of goods and services for routine household maintenance by 4.0% (1.5% in Q2). Prices of furniture rose by 3.8% (3.6% in Q2).

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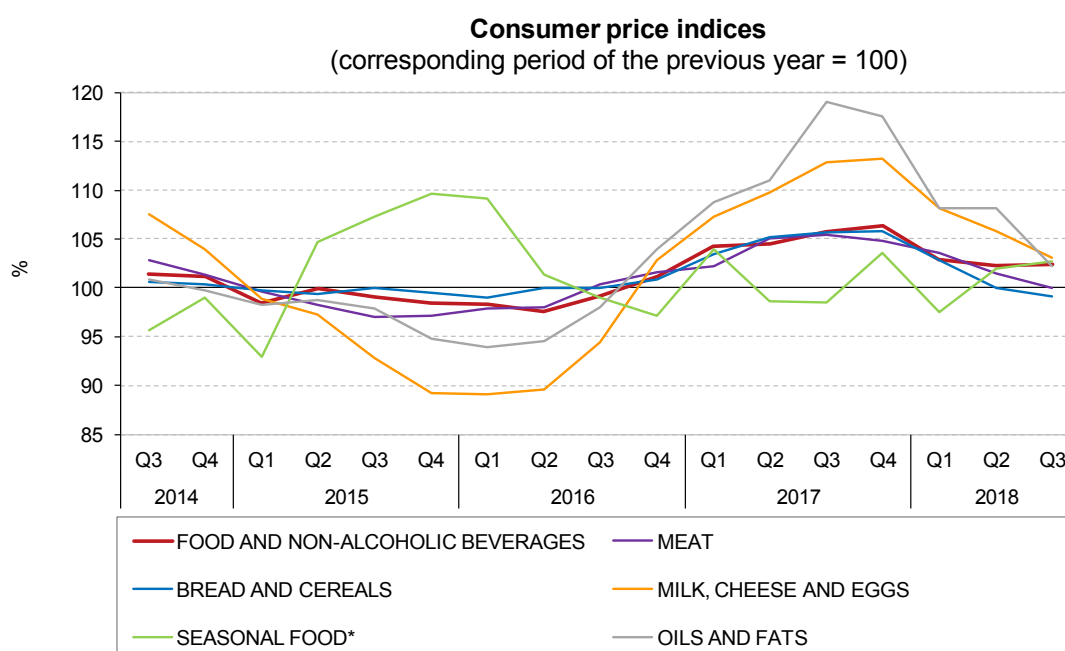
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The influence on the slower growth of the total consumer price level in Q3 compared with Q2 came from the price development in **'food and non-alcoholic beverages'**. Prices of meat remained unchanged (a growth by 1.5% in Q2), of which prices of dried, salted or smoked meat went down by 0.9% (a rise by 2.8% in Q2). The growth of prices in the group of milk, cheese, and eggs amounted to 3.1% in Q3 (5.8% in Q2), of which prices of eggs increased by 10.9%, cheese and curd by 0.8%, yoghurts by 4.8%. Prices of oils and fats were higher by 2.2%, of which prices of butter by 2.6%. Bread prices went down by 2.5%. Prices of flour went up by 4.0%, fruit by 5.9%. Prices of non-alcoholic beverages went down by 0.6%. Prices of coffee dropped by 2.0% (–0.9% in Q2). Prices of tea went up by 1.9%. Prices of fish and seafood were lower by 2.2%. Prices of UHT semi skimmed milk and sugar declined (–2.9% and –28.9%, respectively). Prices of vegetables went up by 1.5%, while prices of potatoes were lower by 6.4%.



*Seasonal food includes fish and seafood, fruit and vegetables.

In **'alcoholic beverages and tobacco'**, prices of tobacco products rose by 3.5% (3.6% in Q2). Prices of spirits went up by 1.8%, wine by 2.9%, and beer by 1.6%.

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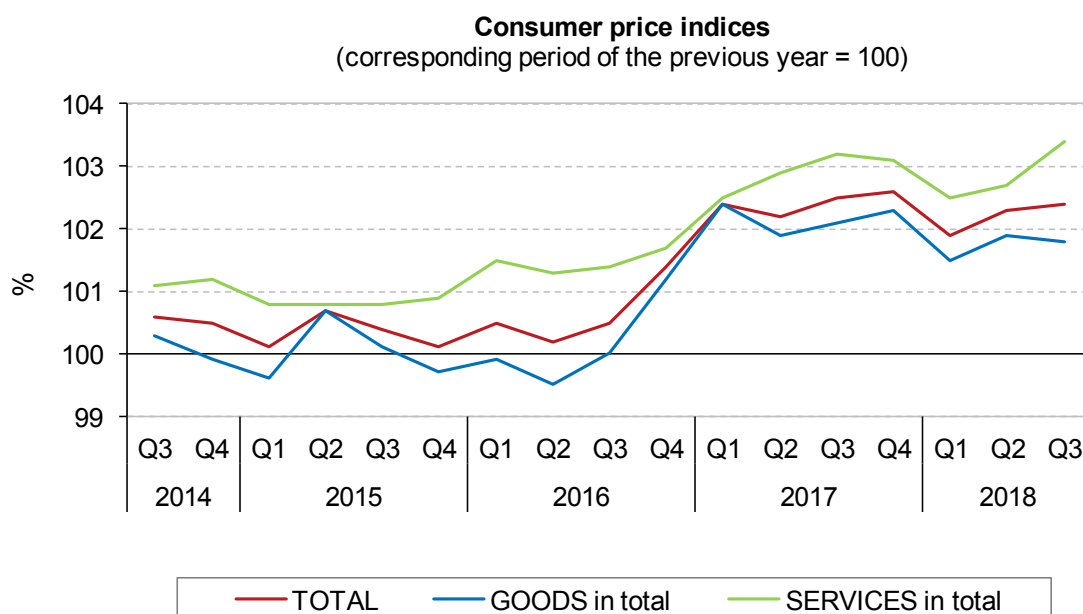
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A growth of consumer prices in '**restaurants and hotels**' was influenced by higher prices of catering services by 3.4% (3.6% in Q2). Prices of accommodation services rose by 4.0% (2.9% in Q2).

In '**clothing and footwear**', prices of garments went down by 2.4% (–2.1% in Q2). Prices of shoes and other footwear rose by 1.7% (2.4% in Q2).

The aforementioned consumer price fluctuations had an impact on the rise in prices of **goods in total** by 1.8% and in prices of **services** by 3.4%.



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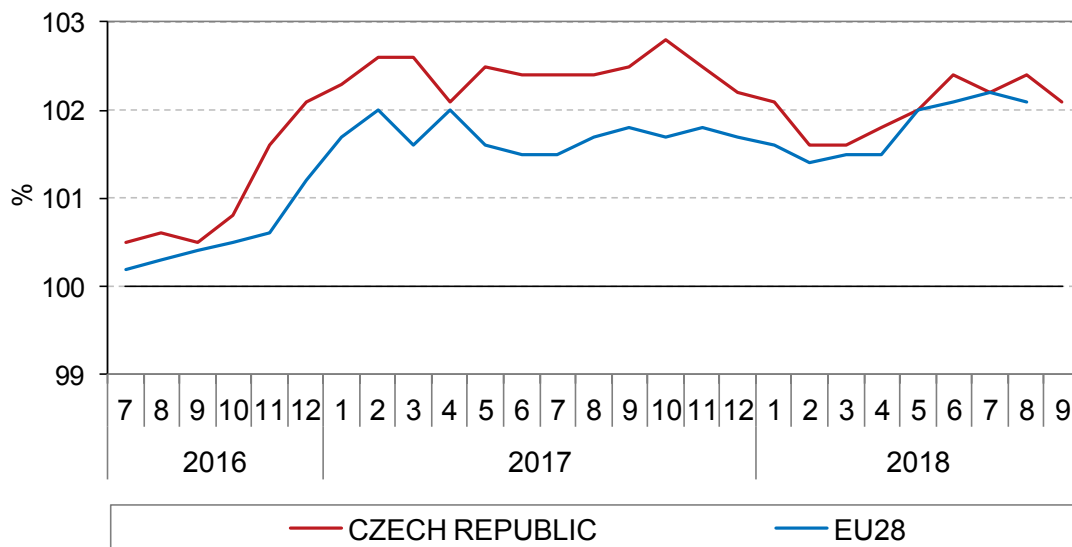
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Harmonized index of consumer prices in the EU28

According to Eurostat data, the y-o-y change of the average harmonized index of consumer prices (HICP) in the EU28 was 2.2% in July and 2.1% in August. In the Czech Republic (CR), the y-o-y increase in the HICP was 2.2% in July and 2.4% in August. According to preliminary calculations, the HICP in the CR rose by 2.1%, y-o-y, in September. It can be seen in the chart below that the inflation development in the CR and in the EU was similar. For most of the reporting period the HICP for the CR was higher than the same indicator in the EU, however at the end of this period the values for the CR and the EU were converging. The y-o-y increase in the HICP was positive in all EU Member States in August, ranging from 4.7% in Romania (the highest) to 0.8% in Denmark (the lowest).

Harmonized indices of consumer prices
(corresponding period of the previous year = 100)



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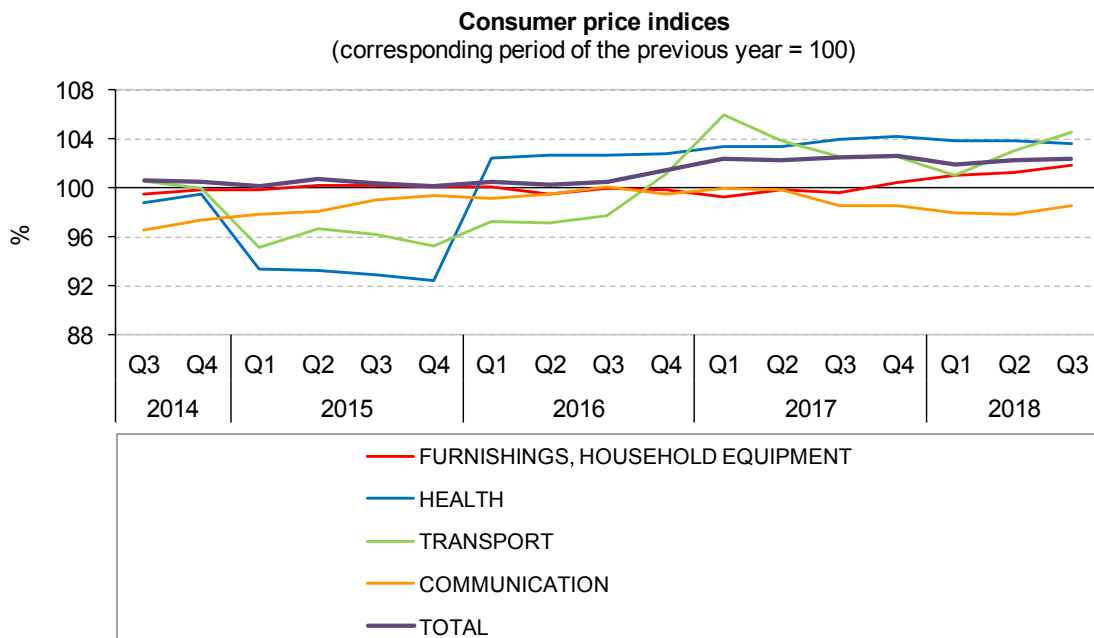
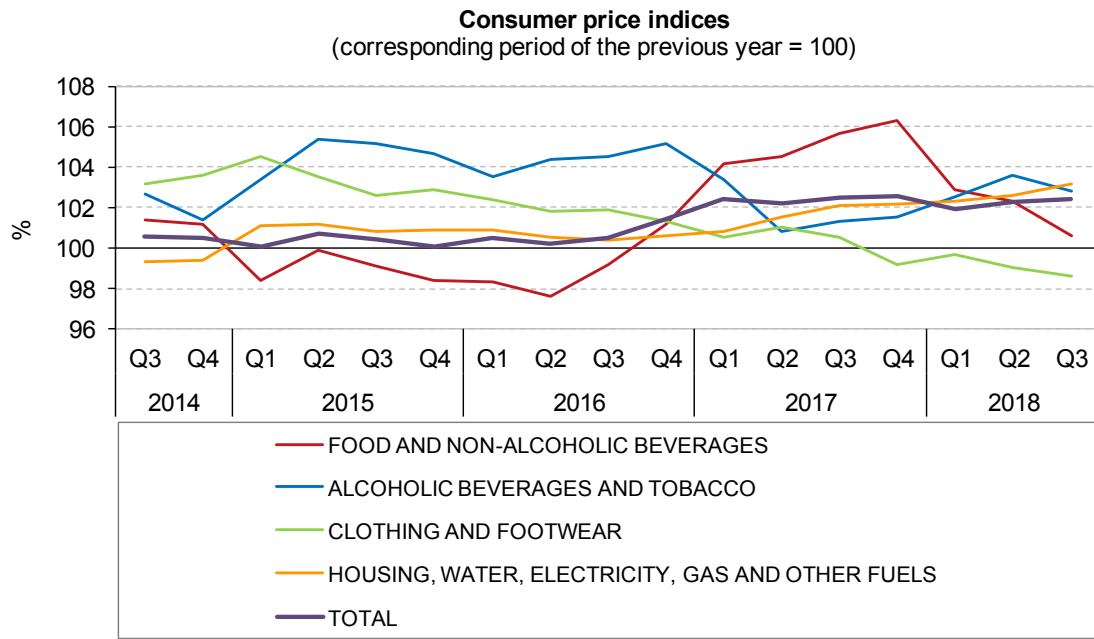
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The development of consumer price index by COICOP division



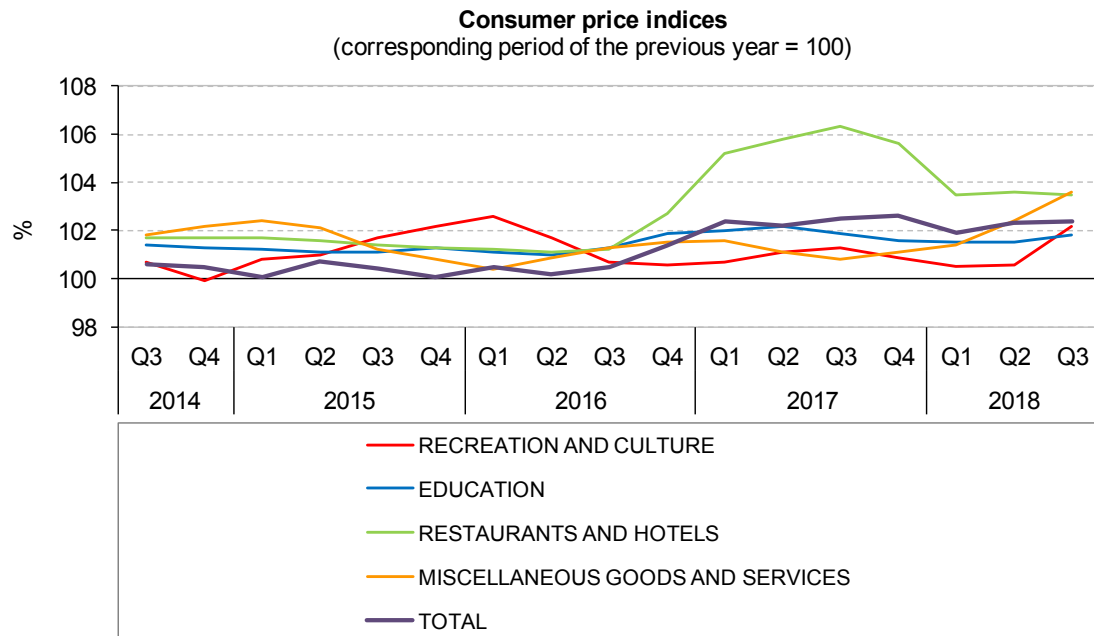
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COICOP	Division	Constant weights 2016 (per mille)	2017		2018					
			Corresponding period of the previous year = 100							
			Q3	Q4	Q1	Q2	July	August	September	Q3
0	Total	1 000.0	102.5	102.6	101.9	102.3	102.3	102.5	102.3	102.4
01	Food and non-alcoholic beverages	177.6	105.7	106.3	102.9	102.3	99.9	100.6	101.3	100.6
01.11	<i>Bread and cereals</i>	28.3	105.7	105.8	102.8	100.0	99.8	99.9	97.7	99.1
01.12	<i>Meat</i>	42.1	105.4	104.8	103.6	101.5	100.3	99.4	100.3	100.0
02	Alcoholic beverages and tobacco	92.2	101.3	101.5	102.5	103.6	102.9	102.3	103.3	102.8
03	Clothing and footwear	41.5	100.5	99.2	99.7	99.0	98.7	98.6	98.5	98.6
04	Housing, water, electricity, gas and other fuels	257.2	102.1	102.2	102.3	102.6	102.9	103.2	103.4	103.2
04.111	<i>Net rentals paid in rented dwellings</i>	33.7	102.2	102.4	102.3	102.9	103.2	103.5	103.5	103.4
04.511	<i>Electricity</i>	42.7	100.3	100.3	102.8	103.5	105.1	105.6	105.6	105.5
04.521	<i>Natural gas</i>	24.4	99.2	99.2	98.9	99.2	99.2	99.2	99.2	99.2
05	Furnishings, household equipment and routine household maintenance	58.1	99.6	100.4	101.0	101.3	101.7	102.1	101.6	101.8
06	Health	24.5	104.0	104.2	103.9	103.8	103.6	103.8	103.2	103.6
07	Transport	101.7	102.5	102.5	101.0	103.0	105.4	104.8	103.2	104.5
07.221	<i>Fuels for personal transport equipment</i>	29.1	101.7	102.5	98.4	104.9	112.6	112.4	111.7	112.3
08	Communication	28.9	98.6	98.6	98.0	97.9	98.4	98.5	98.6	98.5
09	Recreation and culture	86.3	101.3	100.9	100.5	100.6	103.1	103.0	100.4	102.2
09.60	<i>Package holidays</i>	19.2	103.9	102.9	102.4	102.8	112.6	113.6	101.9	109.7
10	Education	5.7	101.9	101.6	101.5	101.5	101.6	101.6	102.2	101.8
11	Restaurants and hotels	59.1	106.3	105.6	103.5	103.6	103.6	103.6	103.1	103.5
12	Miscellaneous goods and services	67.2	100.8	101.1	101.4	102.4	102.9	103.8	104.1	103.6

Elaborated by experts from the Consumer Prices Statistics Unit of the CZSO

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