

## ANALYSIS

12 July 2017

### Consumer price indices in Q2 2017

**The total consumer price level increased by 0.2% in Q2 2017 compared with Q1 2017. Consumer prices rose by 2.2% in Q2 2017, year-on-year, which was 0.2 percentage points down on Q1 2017.**

The **quarter-on-quarter** (q-o-q) development of consumer prices in Q2 2017 was influenced primarily by a price increase in 'clothing and footwear', 'health', 'restaurants and hotels'. In 'clothing and footwear', prices of garments went up by 3.1% and prices of shoes and other footwear by 6.9%. In 'health', prices of therapeutic stays at a spa rose by 11.3%. In 'restaurants and hotels', prices of restaurants and cafés were higher by 1.0%. In 'food and non-alcoholic beverages', primarily prices of bread rose by 4.6%, pork by 3.8%, yoghurts by 5.8%, and fruit by 1.4%. In 'housing, water, electricity, gas and other fuels', prices of net actual rentals went up by 0.6%. The growth was also recorded for prices in 'furnishings, household equipment and routine household maintenance' due particularly to an increase in prices of furniture by 0.7% and prices of tools and equipment for house and garden by 2.1%. A decrease in prices in 'recreation and culture', where prices of package holidays went down by 3.4%, had an influence in the opposite direction, i.e. on a reduction in the price level. In 'transport', prices of automotive fuel went down by 1.9%. The drop in prices in 'alcoholic beverages and tobacco' was caused by a decline in prices of spirits by 1.2%, wine by 2.7% and beer by 2.1%. The average m-o-m increase in the total consumer price index was 0.1% in Q2 2017; it was 0.4% in Q1 2017.

**Consumer price indices (the previous quarter = 100)**

DIVISION	2016			2017	
	Q2	Q3	Q4	Q1	Q2
TOTAL	100.5	100.2	100.4	101.4	100.2
Food and non-alcoholic beverages	99.8	99.5	101.2	103.7	100.1
Alcoholic beverages and tobacco	102.3	100.4	99.9	100.8	99.8
Clothing and footwear	103.4	97.4	104.7	95.2	104.0
Housing, water, electricity, gas and other fuels	99.9	100.0	100.3	100.7	100.5
Furnishings, household equipment and routine household maintenance	100.0	99.9	99.5	99.9	100.5
Health	101.8	100.6	99.7	101.4	101.8
Transport	101.7	100.7	101.1	102.4	99.7
Communication	100.0	100.4	99.2	100.4	99.9
Recreation and culture	98.8	102.0	97.7	102.3	99.2
Education	99.9	100.7	101.3	100.2	100.0
Restaurants and hotels	100.5	100.5	101.4	102.7	101.0
Miscellaneous goods and services	100.7	100.1	100.2	100.7	100.1

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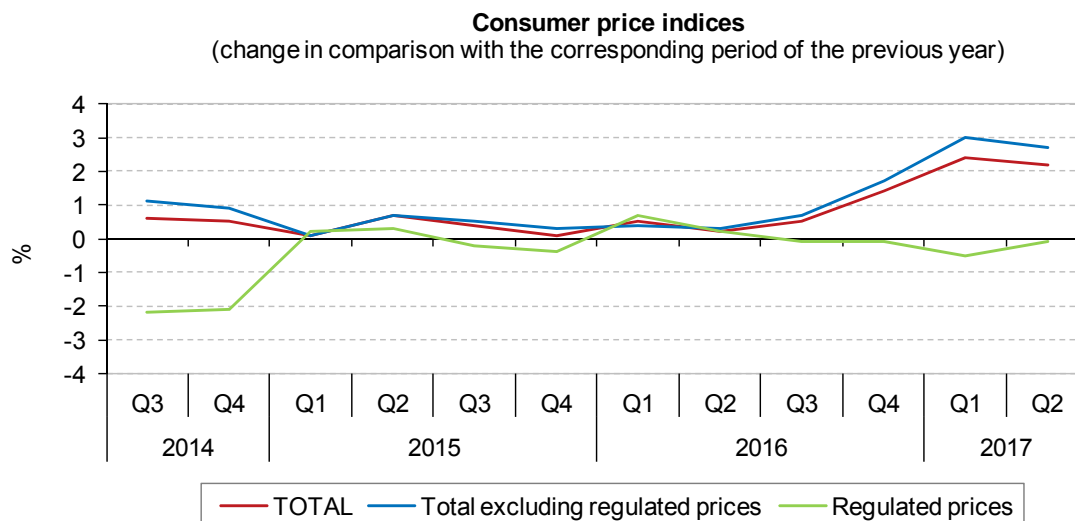
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Consumer prices rose by 2.2%, **year-on-year (y-o-y)**, in **Q2 2017 compared with Q2 2016**, i.e. 0.2 percentage points down on Q1. The development was due to the deceleration in the price rise in 'alcoholic beverages and tobacco', 'transport', and 'miscellaneous goods and services'. The increase in the price level in 'food and non-alcoholic beverages', 'housing, water, electricity, gas and other fuels', 'recreation and culture', and 'restaurants and hotels' had an influence in the opposite direction, i.e. on an acceleration in the price rise.

Changes in the development of prices in Q2 2017 caused a deceleration in the y-o-y growth of market prices to 2.7% from 3.0% in Q1. A drop in regulated prices decelerated to –0.1% in Q2 2017 from –0.5% in Q1.



The biggest influence on the growth of the consumer price level came from prices in **'food and non-alcoholic beverages'**. Prices of meat rose by 5.1%, of which prices of pork by 13.5%. Fish prices went up by 2.3%. The growth of prices in the group of milk, cheese, eggs amounted to 9.8% in Q2, of which prices of eggs rose by 19.9%, cheese by 14.3%, milk by 5.8%, yoghurts by 10.2%. Prices of oils and fats were higher by 11.0%, of which prices of butter by 21.7%. Sugar prices rose by 20.3%. Prices of bread and prices of rolls and baguettes rose (both by 9.2%). Prices of flour went down by 4.5%. Prices of fruit rose by 1.5% (–0.3% in Q1). Prices of vegetables went down by 4.8%, of which prices of potatoes by 0.6% (a rise by 6.9% and 7.9%, respectively in Q1). Prices of non-alcoholic beverages increased by 1.1%, of which coffee by 5.4%, tea by 0.2%.

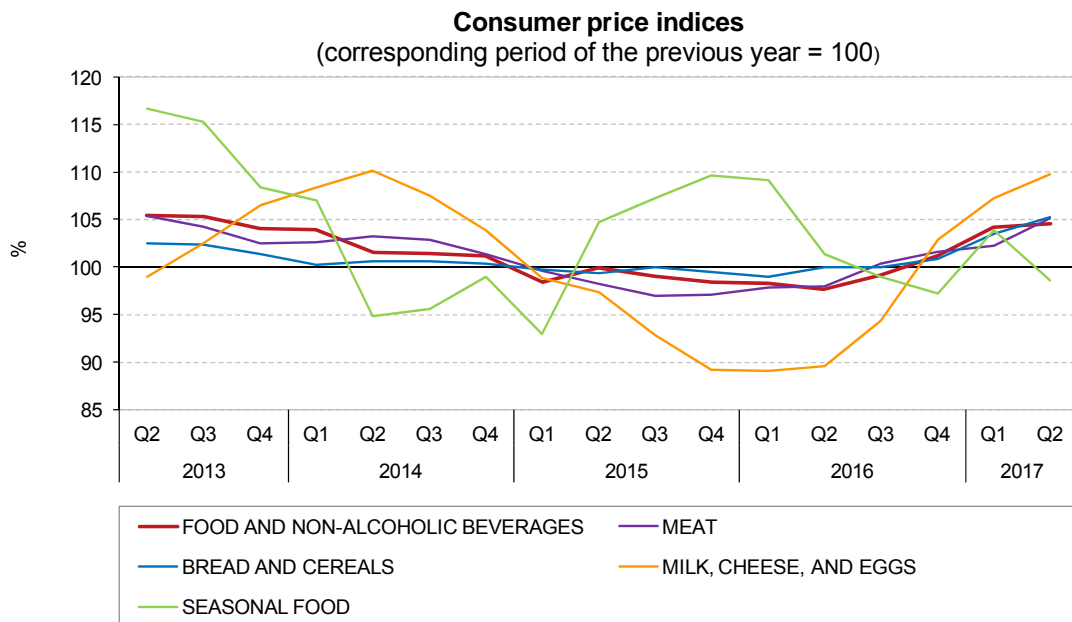
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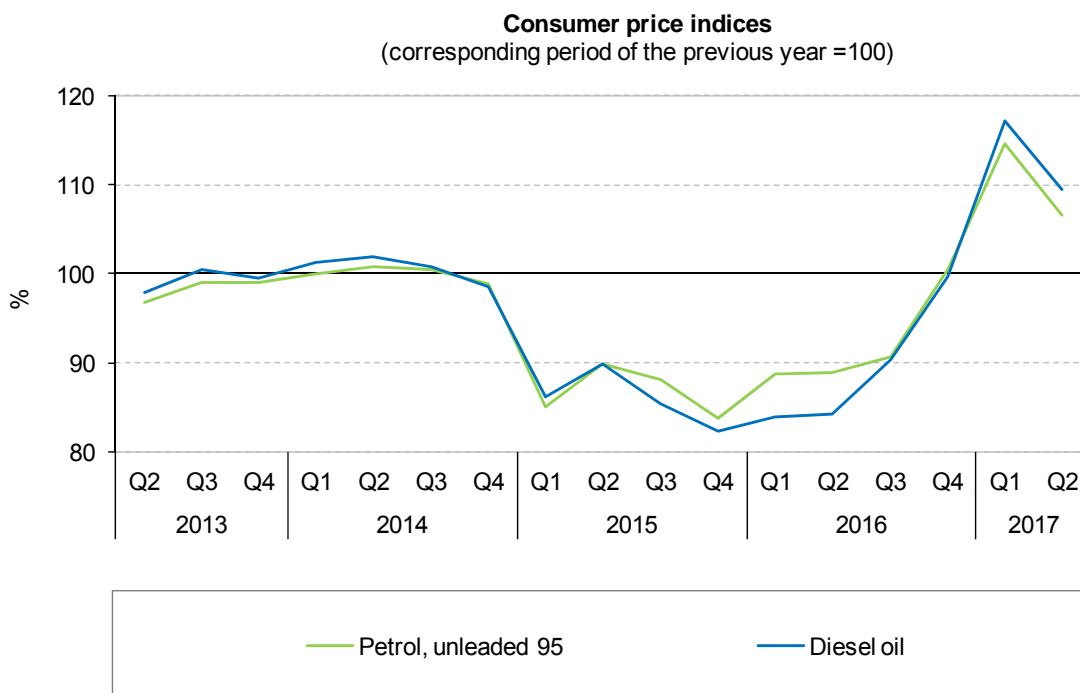
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In 'transport', the y-o-y price rise slowed down, caused mainly by lower prices of automotive fuel in Q2 2017. The price of unleaded petrol *Natural 95* amounted to CZK 30.01 in June and the price of diesel oil was CZK 28.99.



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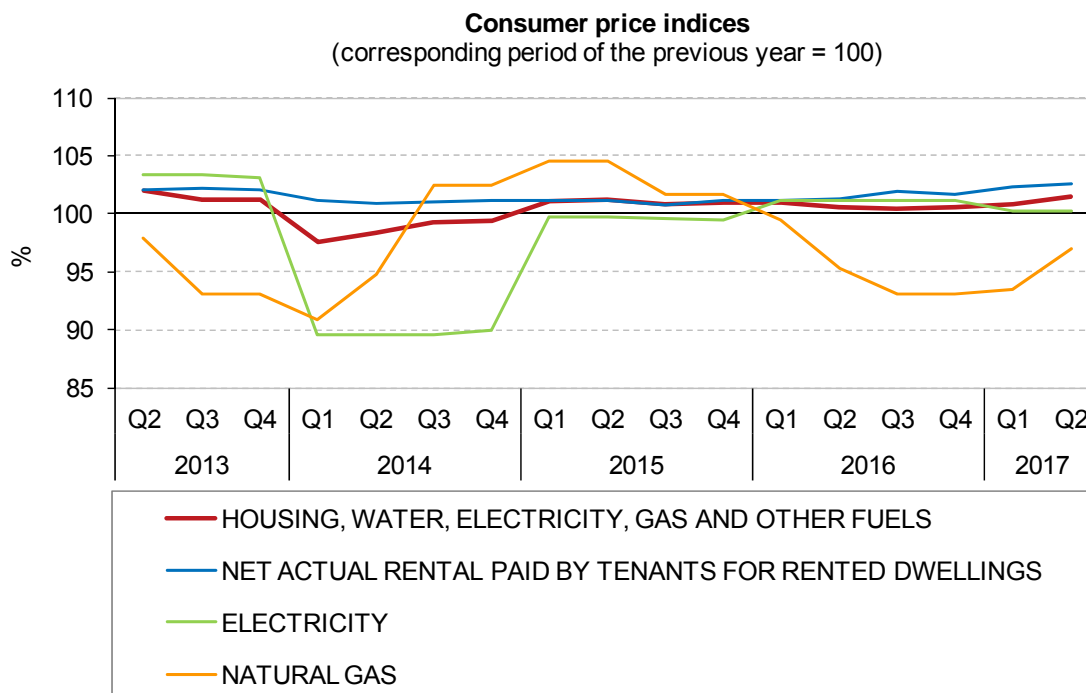
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In **'housing, water, electricity, gas and other fuels'**, prices in Q2 2017 rose by 1.5%, y-o-y. Electricity prices went up by 0.3% (the same as in Q1). Prices of natural gas fell by 3.0% (–6.5% in Q1). Prices of net actual rentals went up by 2.6%, water levies by 1.2%, sewage collection levies by 0.4%. Prices of heat and hot water went down by 2.0%.



In **'restaurants and hotels'**, the growth of consumer prices was influenced by growth of prices of catering services by 6.4% (5.8% in Q1) and prices of accommodation services by 2.1% (1.5% in Q1).

In **'alcoholic beverages and tobacco'**, prices of tobacco products rose by 3.1% (5.9% in Q1). Prices of spirits went down by 1.7%, wine by 0.5%, and beer by 3.0%.

In **'communication'**, prices of telecommunication services remained unchanged, y-o-y (the same as in Q1). Prices of postal services rose by 7.2%.

In **'clothing and footwear'**, prices of garments went down by 0.2% (–0.6% in Q1). Prices of shoes and other footwear rose by 3.7% (3.1% in Q1).

In **'furnishings, household equipment and routine household maintenance'**, a deceleration in the price drop occurred due to higher prices of furnishings and household equipment by 0.8% (–0.1% in Q1). The decrease in prices of goods and services for routine household maintenance decelerated to –1.4% (–3.7% in Q1).

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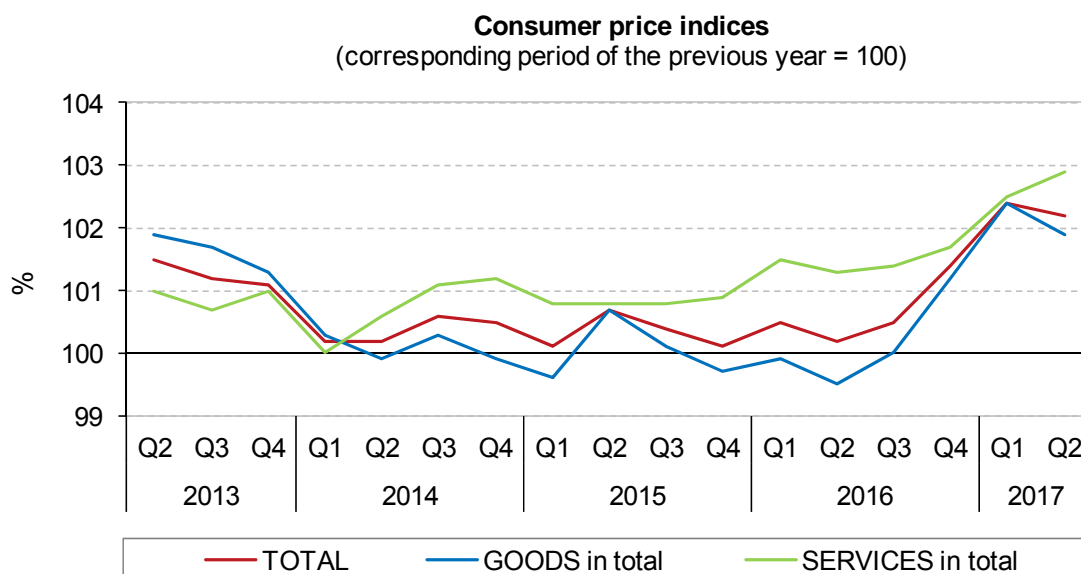
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In '**recreation and culture**', the acceleration in the price growth was caused especially by an increase in prices of package holidays by 2.1%.

In '**miscellaneous goods and services**', prices of financial services went down by 3.1%.

The aforementioned movements in consumer prices resulted in a rise in prices of **goods in total** by 1.9% and prices of **services** by 2.9%.



### Harmonized index of consumer prices in the EU28

According to Eurostat data, the y-o-y increase in the average harmonized index of consumer prices (HICP) in the EU28 was 2.0% in April and 1.6% in May. In the Czech Republic (CR), the y-o-y change of the HICP in April and May was 2.1% and 2.5%, respectively. According to preliminary calculations, the HICP in the CR rose by 2.4%, y-o-y, in June. It can be seen in the chart below that the development of inflation in the CR and in the EU was similar. The HICP in the CR was higher than the same EU indicator for most of the observed period. Starting already with January 2017, the y-o-y HICP increases have been positive in the majority of EU Member States, only in Ireland the increase was zero in June.

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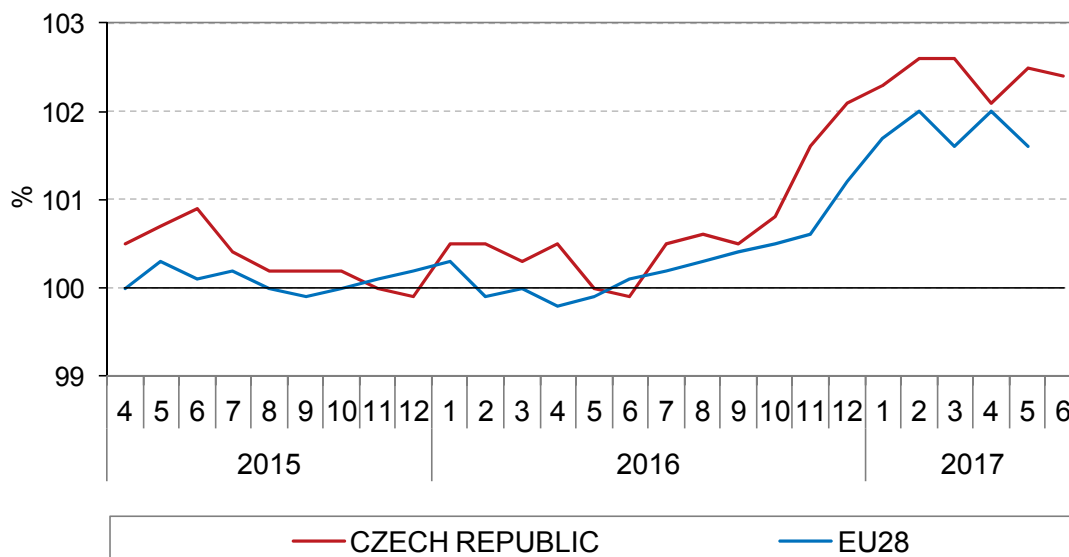
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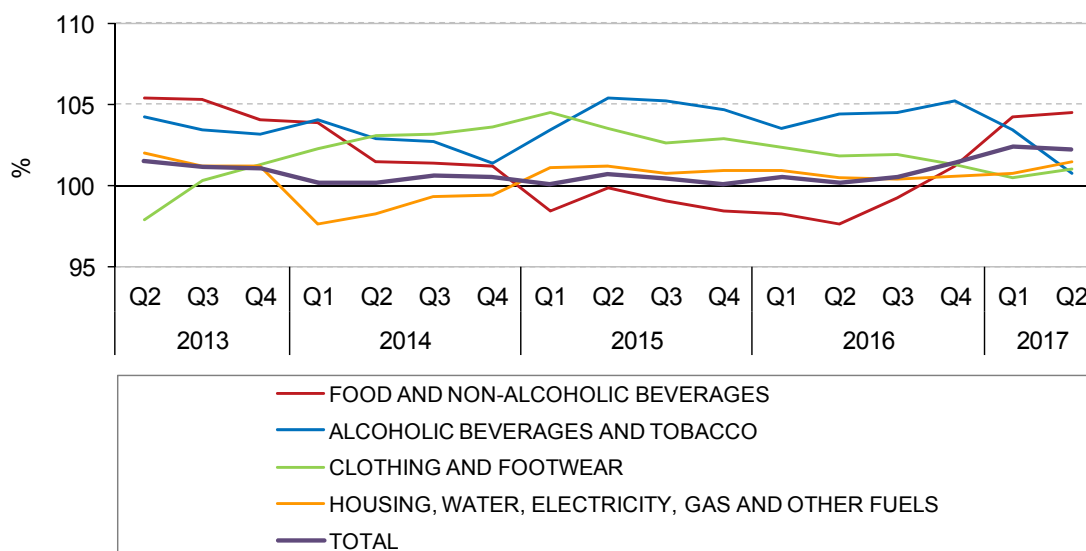
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**Harmonized indices of consumer prices**  
(corresponding period of the previous year = 100)



The development of consumer price index by COICOP division:

**Consumer price indices**  
(corresponding period of the previous year = 100)



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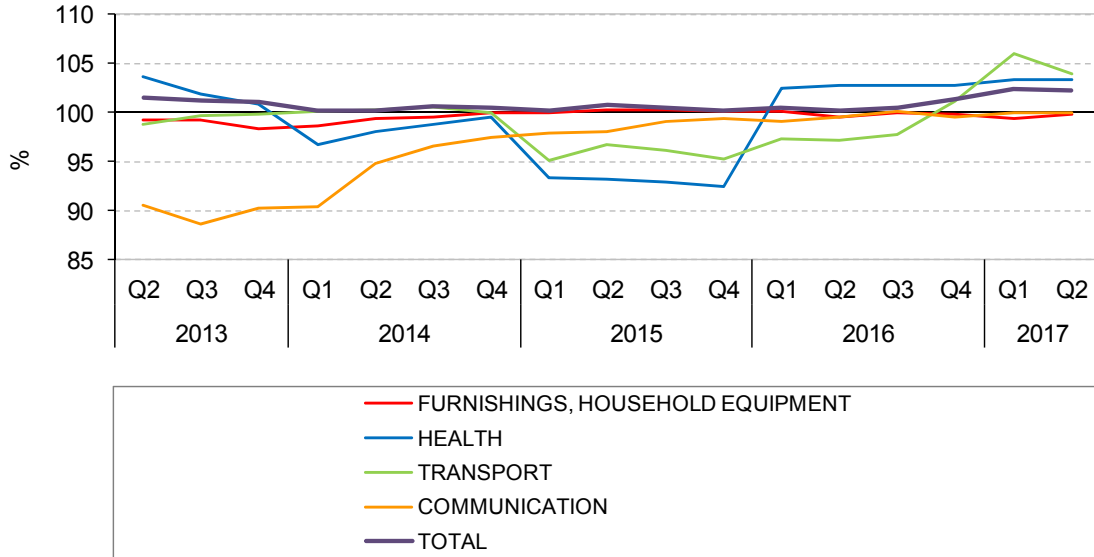
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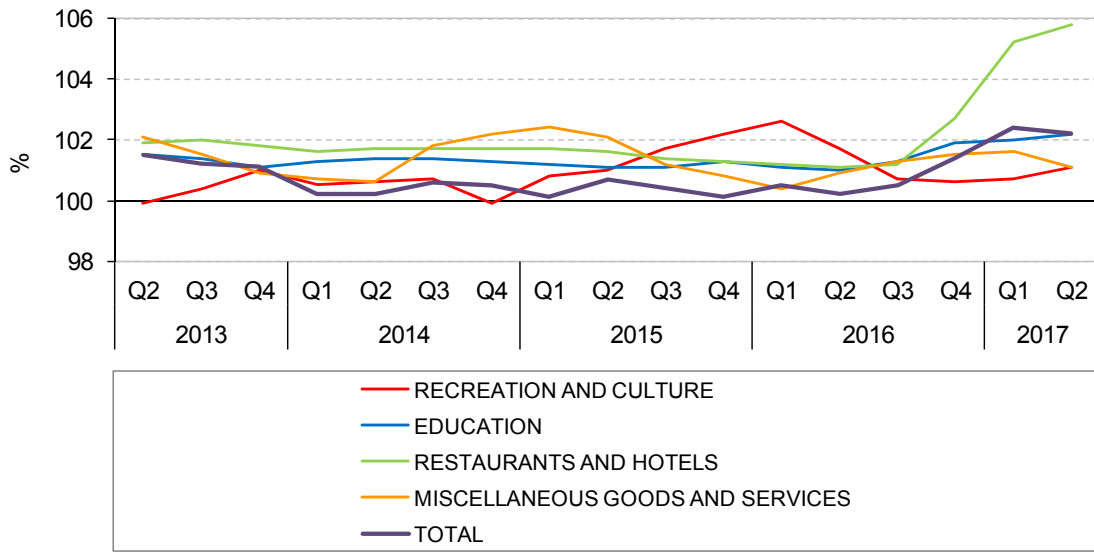
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**Consumer price indices**  
(corresponding period of the previous year = 100)



- FURNISHINGS, HOUSEHOLD EQUIPMENT
- HEALTH
- TRANSPORT
- COMMUNICATION
- TOTAL

**Consumer price indices**  
(corresponding period of the previous year = 100)



- RECREATION AND CULTURE
- EDUCATION
- RESTAURANTS AND HOTELS
- MISCELLANEOUS GOODS AND SERVICES
- TOTAL

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COICOP	Division	Constant weights of 2014 (per mille)	2016			2017				
			Corresponding period of the previous year = 100							
			Q2	Q3	Q4	Q1	April	May	June	Q2
<b>0</b>	<b>Total</b>	<b>1000.0</b>	<b>100.2</b>	<b>100.5</b>	<b>101.4</b>	<b>102.4</b>	<b>102.0</b>	<b>102.4</b>	<b>102.3</b>	<b>102.2</b>
<b>01</b>	<b>Food and non-alcoholic beverages</b>	<b>180.6</b>	<b>97.6</b>	<b>99.2</b>	<b>101.2</b>	<b>104.2</b>	<b>103.6</b>	<b>104.5</b>	<b>105.4</b>	<b>104.5</b>
01.11	<i>Bread and cereals</i>	29.1	100.0	100.0	100.8	103.5	104.7	105.1	105.8	105.2
01.12	<i>Meat</i>	43.4	98.0	100.4	101.6	102.2	103.5	105.6	106.1	105.1
<b>02</b>	<b>Alcoholic beverages and tobacco</b>	<b>93.4</b>	<b>104.4</b>	<b>104.5</b>	<b>105.2</b>	<b>103.4</b>	<b>99.9</b>	<b>101.3</b>	<b>101.2</b>	<b>100.8</b>
<b>03</b>	<b>Clothing and footwear</b>	<b>39.2</b>	<b>101.8</b>	<b>101.9</b>	<b>101.3</b>	<b>100.5</b>	<b>100.8</b>	<b>101.4</b>	<b>100.8</b>	<b>101.0</b>
<b>04</b>	<b>Housing, water, electricity, gas and other fuels</b>	<b>251.3</b>	<b>100.5</b>	<b>100.4</b>	<b>100.6</b>	<b>100.8</b>	<b>100.9</b>	<b>101.7</b>	<b>101.9</b>	<b>101.5</b>
04.111	<i>Net rentals paid in rented dwellings</i>	27.2	101.3	101.9	101.7	102.3	102.6	102.7	102.6	102.6
04.511	<i>Electricity</i>	46.9	101.2	101.2	101.2	100.3	100.3	100.3	100.3	100.3
04.521	<i>Natural gas</i>	27.5	95.3	93.1	93.1	93.5	92.9	99.2	99.2	97.0
<b>05</b>	<b>Furnishings, household equipment and routine household maintenance</b>	<b>57.8</b>	<b>99.5</b>	<b>100.0</b>	<b>99.8</b>	<b>99.3</b>	<b>100.0</b>	<b>99.8</b>	<b>99.6</b>	<b>99.8</b>
<b>06</b>	<b>Health</b>	<b>23.0</b>	<b>102.7</b>	<b>102.7</b>	<b>102.8</b>	<b>103.4</b>	<b>103.3</b>	<b>103.3</b>	<b>103.5</b>	<b>103.4</b>
<b>07</b>	<b>Transport</b>	<b>100.9</b>	<b>97.1</b>	<b>97.7</b>	<b>101.1</b>	<b>106.0</b>	<b>105.5</b>	<b>104.1</b>	<b>102.2</b>	<b>103.9</b>
07.221	<i>Automotive fuels</i>	33.1	87.7	90.4	100.2	115.0	112.6	107.8	101.7	107.3
<b>08</b>	<b>Communication</b>	<b>30.7</b>	<b>99.5</b>	<b>100.1</b>	<b>99.5</b>	<b>100.0</b>	<b>100.3</b>	<b>99.9</b>	<b>99.4</b>	<b>99.9</b>
<b>09</b>	<b>Recreation and culture</b>	<b>89.6</b>	<b>101.7</b>	<b>100.7</b>	<b>100.6</b>	<b>100.7</b>	<b>100.9</b>	<b>101.1</b>	<b>101.2</b>	<b>101.1</b>
09.60	<i>Package holidays</i>	19.8	103.2	99.8	99.8	100.8	100.8	101.4	104.2	102.1
<b>10</b>	<b>Education</b>	<b>6.2</b>	<b>101.0</b>	<b>101.3</b>	<b>101.9</b>	<b>102.0</b>	<b>102.2</b>	<b>102.2</b>	<b>102.1</b>	<b>102.2</b>
<b>11</b>	<b>Restaurants and hotels</b>	<b>58.1</b>	<b>101.1</b>	<b>101.2</b>	<b>102.7</b>	<b>105.2</b>	<b>105.6</b>	<b>105.7</b>	<b>105.9</b>	<b>105.8</b>
<b>12</b>	<b>Miscellaneous goods and services</b>	<b>69.2</b>	<b>100.9</b>	<b>101.3</b>	<b>101.5</b>	<b>101.6</b>	<b>101.6</b>	<b>100.9</b>	<b>100.9</b>	<b>101.1</b>

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

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