

# YEAR-ON-YEAR GROWTH OF CONSUMER PRICES SLOWED DOWN

## Consumer price indices – inflation – May 2020

Consumer prices in May increased by 0.4% compared with April. This development came primarily from a price increase in 'alcoholic beverages and tobacco'. The year-on-year growth of consumer prices amounted to 2.9% in May, which was 0.3 percentage points down on April.

### Month-on-month comparison

Month-on-month rise of consumer prices in 'alcoholic beverages and tobacco' came from price increase of tobacco products by 3.7%, spirits by 3.3% and beer by 3.4%. In 'food and non-alcoholic beverages' mainly prices of fruit were higher by 7.6%, sausages and smoked meat by 1.2%, potatoes by 5.1% and eggs by 4.2%. Price development in 'transport' was influenced mainly by price rise of motor cars by 1.8%. In 'furnishings, household equipment and routine household maintenance' mainly prices of household appliances increased by 1.3%.

The decrease in the overall consumer price level in May came from price reduction in 'clothing and footwear', where prices of garments were lower by 1.4%. In food, mainly prices of vegetables decreased by 1.2% and cheese and curd by 1.6%. In 'housing, water, electricity, gas and other fuels' prices of water supply dropped by 3.5% and sewage collection by 3.0% (partially due to reduction of VAT from 15% to 10%).

Prices of goods in total went up by 0.6% and prices of services by 0.3%.

### Year-on-year comparison

Consumer prices increased by 2.9% in May, i.e. 0.3 percentage points down on April. Slowdown in the year-on-year price growth occurred mainly in 'food and non-alcoholic beverages'. Prices of meat went up by 10.8% (12.8% in April), cheese and curd by 2.1% (6.0% in April), vegetables by 4.0% (11.8% in April) and sugar by 11.6% (16.2% in April). Prices of butter were lower by 7.7% (3.5% in April). In 'clothing and footwear', prices of garments were higher by 3.4% (4.5% in April). In 'housing, water, electricity, gas and other fuels', prices of water supply were higher by 1.7% (5.3% in April) and sewage collection by 1.5% (4.5% in April). On the contrary, year-on-year price growth in 'alcoholic beverages and tobacco' accelerated, mainly due to prices of tobacco products, which went up by 7.1% (3.2% in April).

The biggest influence on the growth of the year-on-year price level in May came from prices in 'food and non-alcoholic beverages', where prices of flour went up by 13.9%, pork by 13.7%, sausages and smoked meat by 13.6% and fruit by 25.4%. Second in order of influence were prices in 'housing, water, electricity, gas and other fuels', where prices of actual rentals for housing were higher by 3.8%, electricity by 8.0% and natural gas by 0.4%. The impact on the price level increase came also from prices in 'alcoholic beverages and tobacco', where prices of spirits increased by 8.9% and beer by 3.5%. A reduction in the overall price level in May came from prices in 'transport', mainly due to prices of fuels, which were lower by 21.7%. In 'communication' prices of telephone and telefax services dropped by 4.1%.

Prices of goods in total and services went up (2.7% and 3.3%, respectively). The overall consumer price index excluding imputed rentals for housing was 103.0%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to May 2020 compared with the average CPI in the previous twelve months, amounted to 3.1%.

According to preliminary data of Eurostat, the **year-on-year** change in the average **harmonized index of consumer prices (HICP)**<sup>1)</sup> in the **EU27 member states** amounted to 0.6% **in April** (0.5 percentage point down on March). The rise in prices was the highest in Czechia (3.3%) and Poland (2.9%). On the other hand, the deepest price reduction occurred in Slovenia (1.3%) and in Cyprus (1.2%). In Slovakia, price growth in April slowed down to 2.1% from 2.4% in March. In Germany, prices increased by 0.8% (1.3% in March). According to preliminary calculations, the change in the HICP in the Czech Republic **in May** amounted to 0.5% **month-on-month**, and 3.1% **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in May 2020** amounted to 0.1%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#).)

In May, in comparison with April, the overall consumer price level in **households of pensioners** went up by 0.5%. This development was influenced mainly by prices in 'alcoholic beverages, tobacco', which rose by 3.0%. Prices of tobacco, beer and spirits increased in this division. Prices in 'food and non-alcoholic beverages' went up by 0.5%. Especially prices of fruit, sausages and smoked meat, potatoes and eggs increased in this division. Prices in 'health' went up by 1.2%. Prices in 'furnishings, household equipment and routine household maintenance' increased by 0.4%. Price drop by 0.2% in 'housing, water, electricity, gas and other fuels' had the opposite effect on the change in the price level. Prices of water supply and sewage collection decreased in this division, in particular.

**In the capital city of Prague**, consumer prices in total went up by 0.4%, month-on-month (0.4% also in the Czech Republic). This development was mainly influenced by a price rise in 'alcoholic beverages, tobacco' by 3.6% (2.9% in the Czech Republic). Prices of tobacco, spirits and beer increased in this division. In 'food and non-alcoholic beverages' prices went up by 0.5% (0.6% in the Czech Republic). Especially prices of fruit, sausages and smoked meat, potatoes and eggs increased in this division. Prices in 'housing, water, electricity, gas and other fuels' were higher by 0.2% (0.0% in the Czech Republic). On the other hand, prices in Prague decreased by 0.4% in 'clothing and footwear' (-1.0% in the Czech Republic). Prices of garments went down in this division, in particular.

[Methodological note to consumer price index in May 2020 \(COVID-19\)](#)

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<sup>1)</sup> Imputed rentals are excluded from the HICP.