

## Common month-on-month drop in price level in September

### Consumer price indices – September 2010

The total consumer price level in September decreased compared with August by 0.3 %. This development came primarily from a drop in prices of seasonal recreation stays in 'recreation and culture'. The year-on-year rise in consumer prices accelerated moderately to 2.0 % in September (from 1.9 % in August).

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The **month-on-month** consumer price drop by 0.3 % owed primarily to a fall in prices of package holidays by 14.7 % (similarly as in the previous years) due to the end of summer season. In 'transport', prices of automotive fuel dropped by 1.0 % and prices of cars by 0.5 %. In food, prices of rolls and baguettes decreased primarily by 4.0 %, stone fruit and berry plants by 15.1 %, sugar by 3.6 %.

A contrary effect on the price level came from a price rise in clothing and footwear (1.5 % and 2.3 %, respectively) due to higher prices of new seasonal models. As the new school year started, fees in kindergartens increased particularly by 4.5 %, at private primary schools by 2.4 %, in after-school care centres by 4.6 % and for in-service courses by 4.4 %. In 'miscellaneous goods and services', prices of financial services rose by 3.8 %. In food, prices of flour increased primarily by 8.2 %, butter by 4.0 % and vegetables cultivated for their fruit by 7.8 %.

Prices of goods in total remained unchanged, m-o-m, while prices of services dropped by 0.8 %.

In terms of the **year-on-year** comparison, in September, the increase in consumer prices was 2.0 %, i.e. 0.1 percentage point up on August. An acceleration of y-o-y price growth was recorded particularly for 'miscellaneous goods and services', in which prices of financial services went up by 4.0 % (from 0.2 % in August). A moderate acceleration of price rise was registered also in 'food and non-alcoholic beverages'. Prices of butter were higher by 24.9 % (from 19.6 % in August), potatoes by 58.6 % (from 53.2 % in August) and in the group milk, cheese and eggs by 6.3 % (from 5.2 % in August).

The highest upward effect on the price level came from prices in 'food and non-alcoholic beverages', 'housing, water, electricity, gas and other fuels' and 'alcoholic beverages, tobacco'. In 'housing, water, electricity, gas and other fuels', the net actual rentals went up by 9.0 %, of which for dwellings with regulated rentals rose by 17.1 % and for dwellings with market rentals dropped by 0.8 %. Prices of natural gas were higher by 3.9 %, heat and hot water by 3.5 %, water supply by 3.8 %, sewerage collection by 4.9 %. Prices of alcoholic beverages rose by 5.1 %, identical to prices of tobacco products. Despite the m-o-m drop, prices of automotive fuel were higher by 11.8 %, y-o-y.

Prices of clothing and footwear were lower than in the previous year (-2.8 % and -1.2 %, respectively). In 'communications', prices of mobile phones decreased and so did prices of telephone and telefax services (-10.8 % and -1.2 %, respectively). In 'recreation and culture', prices of audio-visual, photographic and information processing equipment were lower by 7.9 %. In 'housing, water, electricity, gas and other fuels', prices of electricity went down by 2.7 %. In 'transport', prices of cars decreased by 12.6 %.

Prices of goods in total increased by 1.7 % and prices of services by 2.2 %. The overall consumer price index excluding imputed rentals was 102.0 %, year-on-year.

**Average inflation rate**, i.e. the increase in the average consumer price index in the twelve months to September 2010 compared with the average CPI in the previous twelve months, stood at 1.1 % in September, which is 0.2 percentage point up compared with August.

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices** (HICP) in the **EU27 member states** was 2.0 % in **August 2010** (0.1 percentage point down on July). The highest annual rates were observed in Romania (7.6 %) and Greece (5.6 %). The year-on-year decrease continued in Ireland (-1.2 %) and Latvia (-0.4 %). In Germany, the y-o-y growth decelerated to 1.0 % (from 1.2 % in July). In Slovakia, the price rise accelerated moderately to 1.1 % in August (from 1.0 % in July). According to preliminary calculations, the HICP in the **Czech Republic in September** decreased by 0.2 %, **month-on-month**, and rose by 1.8 % (1.5 % in August), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone**

**in September 2010** was 1.8 %, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

In September 2010, in comparison to August 2010, consumer prices decreased in **households of pensioners** by 0.1 %. It was recorded a lower consumer price index for 'recreation and culture' by 3.1 %. The drop came mainly from lower prices of recreational stays abroad and domestic recreational stays and also photographic and cinematographic equipment and optical instruments. Lower index was registered for 'transport' by 0.5 % due mainly to a decrease in prices of automotive fuel and cars. On the other hand, a higher index was recorded for 'education' (2.6 %) due mainly to higher fees for education not definable by level. The consumer price index for 'clothing and footwear' was up for pensioners (1.6 %) as a result of higher prices of men's ready-made clothing and women's footwear in particular.

**In the capital city of Prague**, the overall consumer price index (cost of living) decreased by 0.4 % month-on-month (-0.3 % in the whole Czech Republic). The consumer price index for 'recreation and culture' decreased by 4.4 % (-4.0 % in the Czech Republic) due primarily to lower prices of recreational stays abroad and domestic recreational stays. Prague registered a lower index for 'transport' by 0.7 % (-0.5 % in the Czech Republic) due primarily to lower prices of automotive fuel and also cars. The consumer price index for 'alcoholic beverages, tobacco' went down by 0.4 % (a rise by 0.2 % in the Czech Republic), affected mainly by lower prices of wine and spirits. On the other hand, an increase occurred in 'education' by 2.2 % (2.0 % in the Czech Republic) as a result of higher fees for nursery schools and education not definable by level in particular. In 'clothing and footwear', the rise in prices by 1.9 % (1.5 % in the Czech Republic) came from higher prices of children's and men's ready-made clothing and women's footwear.