

Average inflation rate stood at 1.0 % in 2009

Consumer price indices – December 2009

The total consumer price level in December increased compared with November by 0.2 %. An upward effect on the consumer price level, month-on-month, came from price rise in 'food and non-alcoholic beverages'. Consumer prices went up year-on-year by 1.0 % (0.5 % in November). Average year-on-year inflation rate reached 1.0 % in 2009.

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The **month-on-month** consumer price increase by 0.2 % was influenced by a price rise in 'food and non-alcoholic beverages' by 1.6 %. Higher were especially prices of fruit by 12.6 %, vegetables incl. potatoes by 4.5 %, bread by 3.2 %, eggs by 4.3 %, milk by 1.8 %, cheese by 3.5 %, yoghurts by 1.5 %, butter by 5.1 % and cocoa by 1.2 %.

An opposite effect on the consumer price level came from a price decrease in 'transport' due to lower prices of cars and automotive fuel (-1.7 % and -0.6 %, respectively). Prices of alcoholic beverages dropped by 0.7 %. In 'communications', prices of mobile phones decreased and so did prices of telephone and telefax services (-0.8 % and -0.6 %, respectively).

Prices of goods in total increased by 0.2 %, while prices of services remained unchanged.

In terms of the **year-on-year** comparison, in December 2009, the increase in consumer prices was 1.0 % (0.5 % in November). This change came particularly from a price development in 'transport', in which prices of automotive fuel accelerated to 15.7 % (from 4.2 % in November) due to a marked drop in automotive fuel prices in December 2008.

The marked price level growth kept coming from 'housing, water, electricity, gas and other fuels', in which the prices of electricity rose by 11.4 %, heat and hot water by 3.9 %, water supply by 9.2 % and sewerage collection by 9.0 %. Net actual rentals rose by 19.4 %, of which for dwellings with regulated rentals by 27.6 %, while for dwellings with market rentals by 4.6 %. On the other hand, prices of natural gas were lower by 11.6 %. A slowdown of the price growth continued in 'alcoholic beverages, tobacco' due to lower month-on-month price increase in tobacco products by 3.1 % (from 3.6 % in November). Prices of catering services rose by 1.5 % and prices of accommodation services by 2.0 %. In 'miscellaneous goods and services', prices of social services and insurance increased (by 4.7 % and 4.3 %, respectively).

The reduction of price level came from 'food and non-alcoholic beverages' which prices were lower over the whole year 2009 compared with 2008, nevertheless their drop slowed down by the end of 2009. Prices of bread were lower by 15.5 %, rolls and baguettes by 32.5 %, flour by 24.2 %, milk by 10.5 %, edible oils by 13.3 %. In 'clothing and footwear', prices of clothing were lower by 3.6 % and footwear by 0.5 %. In 'recreation and culture', a decrease in prices of audiovisual and photographic equipment and data-processing equipment continued (-8.5 %). Prices of mobile phones decreased and so did prices of telephone and telefax services due to discounts provided by mobile operators (-12.4 % and -3.8 %, respectively).

Prices of goods in total dropped by 0.2 %, while prices of services were higher by 2.6 %. The overall consumer price index excluding imputed rentals was 100.9 %, year-on-year.

Average inflation rate, i.e. the increase in the average consumer price index in the twelve months to December 2009 compared with the average CPI in the previous twelve months, stood at 1.0 % in November, which is a figure markedly lower compared with the previous year, in which it amounted to 6.3 %. It was the second lowest inflation rate since 1989 (a lower inflation rate was only in 2003 amounting to 0.1 %). This development was influenced by many factors, among other things by a drop in prices of food and non-alcoholic beverages by 3.9 %, automotive fuel by 11.8 % and cars by 9.2 %. Market prices decreased by 0.7 % in total, regulated prices went up by 8.1 %.

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 1.0 % in **November** (0.5 percentage point up on October). The highest annual rates were observed in Hungary (5.2 %) and Romania (4.6 %). The number of EU member states with a year-on-year drop went down from thirteen in October to five in November. The biggest decrease was reported for Ireland (-2.8 %). In Germany, prices rose by 0.3 % (-0.1 % in October). In Slovakia, prices remained unchanged (-0.1 % in October). According to preliminary calculations, the HICP in the **Czech Republic in December 2009** increased by 0.1 %, **month-on-month**, and by 0.5 % (a drop by 0.2 % in November), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in December 2009** was 0.9 %, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

In December 2009, in comparison to November 2009, consumer prices rose in **households of pensioners** by 0.3 %. It was recorded a lower consumer price index for 'food and non-alcoholic beverages' by 1.8 %. The increase was affected particularly by lower prices of fruit, vegetables and butter. Higher index was registered for 'recreation and culture' by 0.3 % due mainly to an increase in prices of recreational stays abroad and recreational and sports services. In 'restaurants and hotels', the consumer price level went up by 0.1 %. An upward effect on the consumer price level came from the rise in prices in restaurants, cafés and the like. On the other hand, a lower index was recorded for 'transport' (-0.6 %) mainly due to lower prices of automobile fuel and second hand cars and new cars. The consumer price index for 'alcoholic beverages, tobacco' was down by 0.5 % as a result of lower prices of beer, spirits and wine.

In the capital city of Prague, the overall consumer price index (cost of living) remained unchanged month-on-month (0.2 % in the whole Czech Republic). The consumer price index for 'food and non-alcoholic beverages' increased by 0.8 % (1.6 % in the Czech Republic) due primarily to higher prices of fruit, vegetables, eggs and egg products and butter. Prague registered a higher index for 'recreation and culture' by 0.2 % (0.2 % in the Czech Republic as well) particularly due to higher prices of recreational stays abroad and recreational and sports services. The consumer price index for 'health' went up by 0.2 % (0.1 % in the Czech Republic), affected mainly by higher payments for outpatient services and prescription drugs. On the other hand, a decrease occurred in 'alcoholic beverages, tobacco' by 0.8 % (-0.4 % in the Czech Republic) as a result of lower prices of spirits and beer in particular.

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Starting from January 2010, the consumer price indices will be calculated with revised weights. The weights are based on expenditure of households 2008. Calculated indices will be chained on all levels of consumer basket with the base period 2005 = 100. So, a continuation of the existing index time series 2005 = 100, from which indices to other bases will be derived (previous month = 100, corresponding period of last year = 100 and annual rolling average, i.e. average of index numbers over last 12 months to that of those for previous 12 months) will be ensured.