

CONSUMER PRICES ROSE IN JUNE

Consumer price indices – June 2012

Consumer prices in June increased by 0.2% compared with May. This growth came primarily from a price rise in 'food and non-alcoholic beverages' and 'alcoholic beverages, tobacco'. The rise in consumer prices accelerated to 3.5%, year-on-year (3.2% in May).

The **month-on-month** increase in consumer prices in 'food and non-alcoholic beverages' was influenced by the rise in prices of vegetables by 13.5%, of which prices of potatoes rose by 58.1% and prices of other vegetables (root vegetable and cabbages) by 2.8%. Prices of citrus fruit were higher by 9.4%. Within the range the rates 1.2% - 2.0%, prices of flour rose as well as prices of beef, fish, cheese, other dairy products, coffee and tea. In 'alcoholic beverages, tobacco', prices of tobacco products increased by 1.4% due primarily to a lagged impact of higher excise tax since January 2012. In 'recreation and culture', seasonal prices of package holidays went up by 2.7%.

A contrary effect on the price level came mainly from a decrease in prices in 'transport', where the drop in prices of fuel continued for the second month (-2.2% in June). The average price of diesel oil (35.72 CZK per litre) was the lowest since the beginning of the year 2012 in June. In 'clothing and footwear', prices of both clothing and footwear went down (-1.1% and -1.9%, respectively). In food, prices of bananas decreased (-18.0%) as well as prices of eggs (-2.1%) and cooking oils (-1.6%).

Prices of goods in total rose by 0.2% and prices of services by 0.3%.

In terms of the **year-on-year** comparison, in June, the increase in consumer prices was 3.5%, i.e. 0.3 percentage points up on May. An acceleration in the price growth came primarily from prices in 'food and non-alcoholic beverages', where prices of vegetables rose by 18.5% (-11.2% in May), fruit by 10.4% (6.7% in May), eggs by 60.7% (57.0% in May), poultry by 4.5% (2.2% in May), cheese by 4.5% (1.5% in May). In 'alcoholic beverages, tobacco', the rise in prices of alcoholic beverages accelerated to 2.4% from 0.2% in May and tobacco products to 3.1% from 2.2% in May.

The growing upward effect on the y-o-y consumer price level came from prices in 'food and non-alcoholic beverages', while the price influence in 'housing, water, electricity, gas and other fuels' dropped. It was caused by a slowdown in the y-o-y growth of prices of natural gas to 16.1% from 25.1% due to the price increase since June in the previous year. Prices of electricity were higher by 4.2%, water supply by 12.0%, sewerage collection by 10.5%, heat and hot water by 8.6%. The net actual rentals went up by 5.7%, of which for dwellings with regulated rentals rose by 13.0% and for dwellings with market rentals by 2.4%.

The reduction of the y-o-y growth came mainly from prices in 'clothing and footwear', where prices of clothing went down (-3.4%). The decrease in prices in 'furnishings, household equipment and routine maintenance of the house' was influenced primarily by lower prices of household appliances (-5.4%), tools and equipment for house and garden (-6.6%). In 'recreation and culture', a decrease in prices of audio-visual, photographic and information processing equipment continued (-7.0%). In 'communications', prices of mobile phones dropped (-9.3%).

Prices of goods in total and services rose (3.8% and 3.1%, respectively). The overall consumer price index excluding imputed rentals was 103.8%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to June 2012 compared with the average CPI in the previous twelve months, stood at 2.8% in June.

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices** (HICP)¹⁾ in the **EU27 member states** was 2.6% in **May**, i.e. 0.1 percentage points down on April. The highest annual rate was observed in Hungary (5.4%) and the lowest in Sweden and Greece (both 0.9%). In Germany, the price rise amounted to 2.2% (the same as in April). In Slovakia, the price increase slowed down to 3.4% (3.7% in April). According to preliminary calculations, the HICP in the Czech Republic in **June 2012** increased by 0.2%, **month-on-month**, and by 3.8% (3.5% in May), **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in June 2012** was 2.4%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

¹⁾ So far, imputed rentals have been excluded from the HICP

In June, in comparison to May, consumer prices rose in **households of pensioners** by 0.3%. It was recorded a higher consumer price index for 'food and non-alcoholic beverages' by 1.5%. The increase was affected particularly by higher prices of vegetables. Higher index was registered for 'alcoholic beverages, tobacco' by 0.7% due to an increase in prices of tobacco and spirits. In 'recreation and culture', the consumer prices went up by 0.5%. An upward effect on the consumer price level came mainly from the rise in prices of recreational stays abroad. On the other hand, a lower index was recorded for 'clothing and footwear' (-1.1%) due primarily to lower prices of women's footwear and women's ready-made clothing. A drop was recorded also for 'transport' (-0.9%) due primarily to the decrease in prices of automotive fuel and new cars in particular.

In the capital city of Prague, the overall consumer price index (cost of living) increased by 0.3% month-on-month (0.2% in the whole Czech Republic). The consumer price index for 'food and non-alcoholic beverages' rose by 1.7% (1.4% in the Czech Republic) due mainly to higher prices of vegetables and butter. Prague registered a higher index for 'alcoholic beverages, tobacco' by 1.5% (0.8% in the Czech Republic) due particularly to higher prices of spirits and tobacco. On the other hand, a drop occurred in 'clothing and footwear' by 1.1% (-1.2% in the Czech Republic) as a result of lower prices of women's underwear and knitwear in particular. In 'transport', the decrease in prices by 0.8% (-0.9% in the Czech Republic) came primarily from lower prices of automotive fuel and new cars.