

ANALYSIS

10 April 2017

Consumer price indices in Q1 2017

The total consumer price level increased by 1.4% in Q1 2017 compared with Q4 2016. Consumer prices rose by 2.4% in Q1 2017, year-on-year, which was 1.0 percentage point up on Q4 2016.

The **quarter-on-quarter** (q-o-q) development of consumer prices in Q1 2017 was influenced by a price increase in the majority of the consumer basket divisions, of which the most in 'food and non-alcoholic beverages' and in 'restaurants and hotels', 'transport', and 'recreation and culture'. In 'food and non-alcoholic beverages', primarily prices of vegetables rose by 19.9%, fruit by 4.5%, eggs and egg products by 11.2% and rolls and baguettes by 5.0%. In 'restaurants and hotels', prices in restaurants and cafés increased by 3.9%. The growth of prices in 'transport' was influenced by an increase of prices of automotive fuel by 5.0%. In 'recreation and culture', prices of package holidays went up by 7.9% due to the upcoming winter season. A decrease in prices in 'clothing and footwear' had an influence in the opposite direction, i.e. on the price reduction. Prices of garments dropped due to lower cut-prices by 4.7% and prices of shoes and other footwear by 5.5% for the same reason. In 'furnishings, household equipment and routine household maintenance', the drop was due to lower prices of household appliances by 1.1%. The average m-o-m increase in the total consumer price index was 0.4% in Q1 2017; it was 0.3% in Q4 2016.

Consumer price indices (the previous quarter = 100)

DIVISION	2016				2017
	Q1	Q2	Q3	Q4	Q1
TOTAL	100.4	100.5	100.2	100.4	101.4
Food and non-alcoholic beverages	100.8	99.8	99.5	101.2	103.7
Alcoholic beverages and tobacco	102.5	102.3	100.4	99.9	100.8
Clothing and footwear	96.0	103.4	97.4	104.7	95.2
Housing, water, electricity, gas and other fuels	100.3	99.9	100.0	100.3	100.7
Furnishings, household equipment and routine household maintenance	100.4	100.0	99.9	99.5	99.9
Health	100.7	101.8	100.6	99.7	101.4
Transport	97.6	101.7	100.7	101.1	102.4
Communication	99.9	100.0	100.4	99.2	100.4
Recreation and culture	102.2	98.8	102.0	97.7	102.3
Education	99.9	99.9	100.7	101.3	100.2
Restaurants and hotels	100.3	100.5	100.5	101.4	102.7
Miscellaneous goods and services	100.5	100.7	100.1	100.2	100.7

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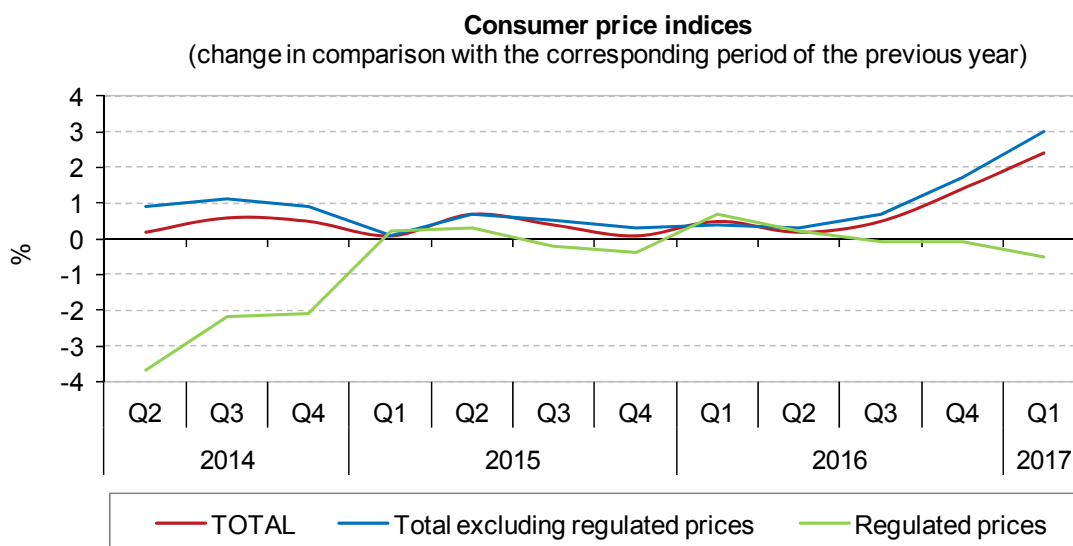
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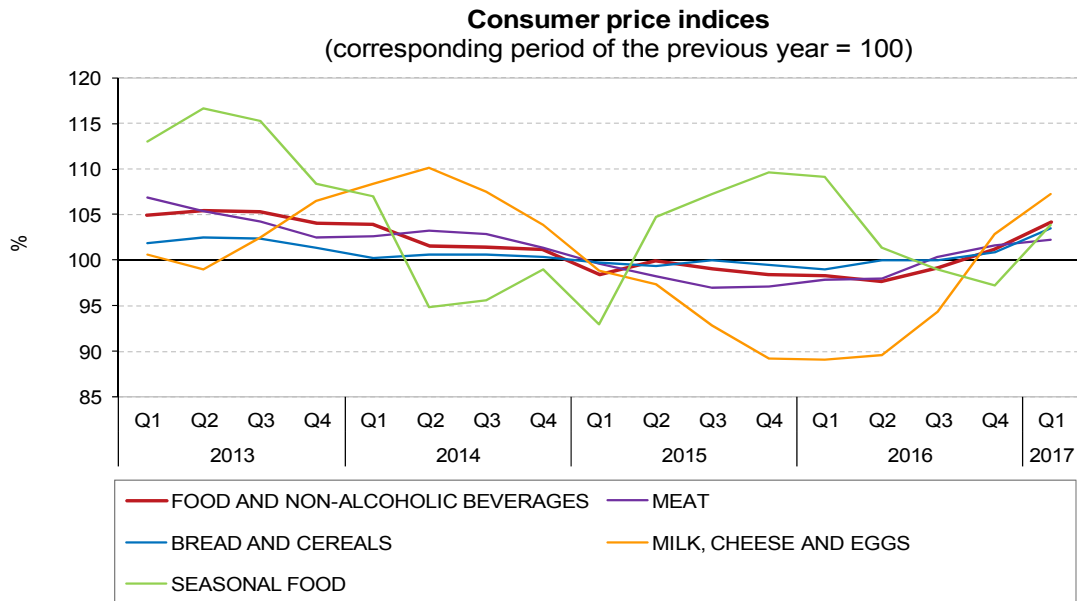
Consumer prices rose by 2.4%, **year-on-year (y-o-y)**, in **Q1 2017 compared with Q1 2016**, i.e. 1.0 percentage points up on Q4 2016. The development was due to the acceleration in the price rise in 'food and non-alcoholic beverages', and 'restaurants and hotels'. In 'transport', prices increased due to the acceleration in the growth of automotive fuel prices. A slowdown in the price rise in 'alcoholic beverages and tobacco' and 'clothing and footwear' had an influence in the opposite direction, i.e. on a decrease in the price level. In 'furnishings, household equipment and routine household maintenance', an acceleration of the price drop occurred. In 'housing, water, electricity, gas and other fuels', prices rose by 0.8% (a growth by 0.6% in Q4 2016).

Changes in the development of prices in Q1 2017 caused the acceleration in the y-o-y growth of market prices to 3.0% from 1.7% in Q4 2016. A drop in regulated prices accelerated to -0.5% in Q1 2017 from -0.1% in Q4 2016.

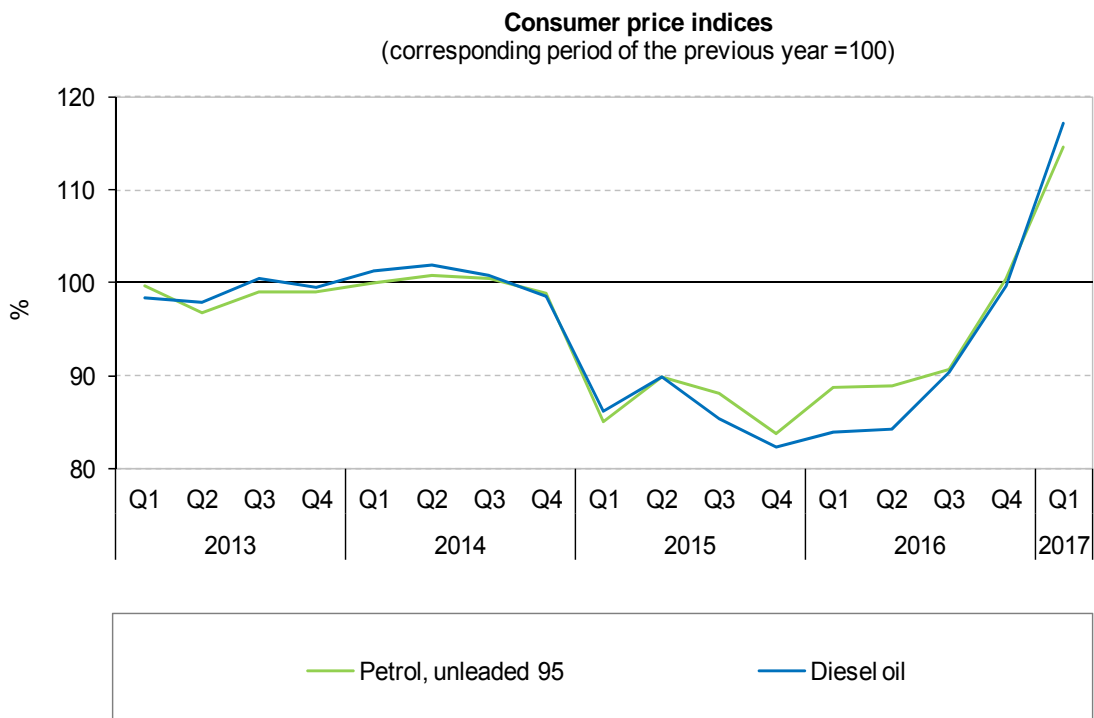


The biggest influence on the growth of the consumer price level came from prices in '**food and non-alcoholic beverages**'. Prices of meat rose by 2.2%, of which prices of pork by 7.5%. Fish prices went up by 5.1%. The growth of prices in the group of milk, cheese, eggs amounted to 7.3% in Q1, of which prices of eggs rose by 18.5%, cheese by 14.0%, milk by 2.1%, yoghurts by 0.4%. Prices of oils and fats went up by 8.8%, of which prices of butter by 17.4%. Sugar prices rose by 26.5%. Prices of bread rose by 5.4%, flour by 1.2%, rolls and baguettes by 8.1%. Prices of fruit went down by 0.3% (-4.0% in Q4 2016). Prices of vegetables rose by 6.9%, of which prices of potatoes by 7.9% (-4.5% and -16.3%, respectively in Q4 2016). Prices of non-alcoholic beverages increased by 1.1%, of which coffee by 5.8%, tea by 1.5%.

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In 'transport', the y-o-y price rise, caused mainly by higher prices of automotive fuel, which were the highest since Q3 2015, continued. Prices of automotive fuel grew since August 2016 till February 2017; in March they slightly dropped. The price of unleaded petrol *Natural 95* amounted to CZK 30.93 and the price of diesel oil was CZK 30.31 in March.



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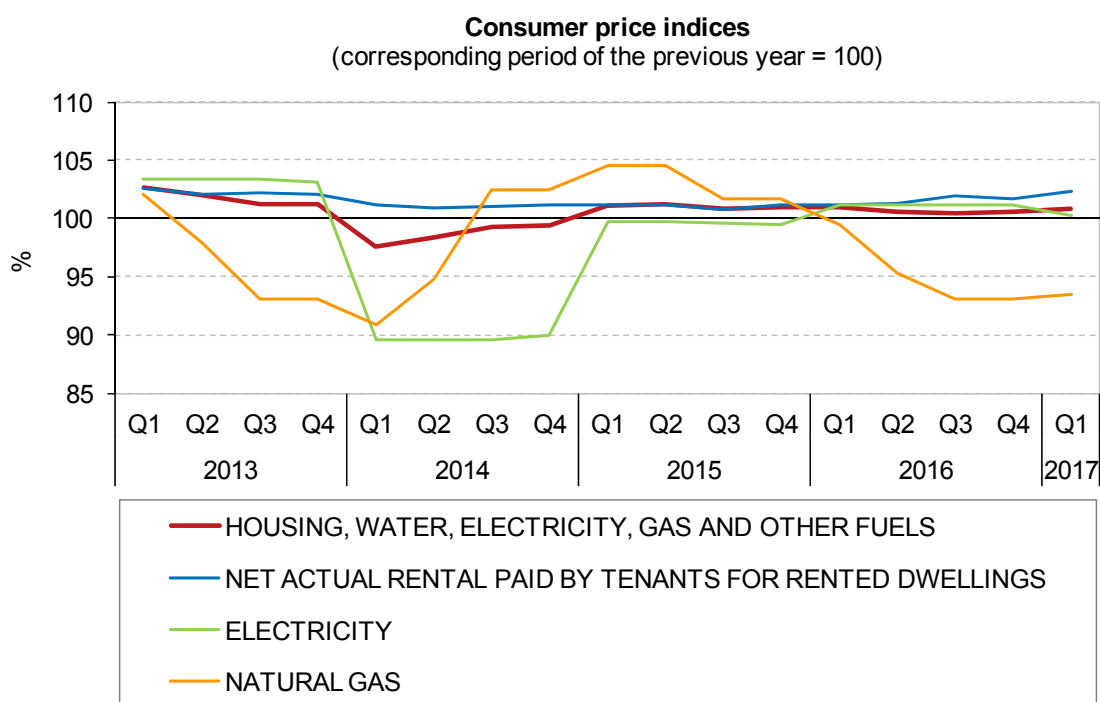
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In **'alcoholic beverages and tobacco'**, prices of tobacco products rose by 5.9% (6.4% in Q4 2016) and prices of spirits by 1.4% (4.6% in Q4 2016).

In **'restaurants and hotels'**, the growth of consumer prices was influenced by growth of prices of catering services by 5.8% (3.0% in Q4 2016) and prices of accommodation services by 1.5% (0.9% in Q4 2016).

In **'housing, water, electricity, gas and other fuels'**, prices in Q1 2017 rose by 0.8%, y-o-y. Electricity prices went up by 0.3% (1.2% in Q4 2016). Prices of natural gas fell by 6.5% (-6.9% in Q4 2016). Prices of net actual rentals went up by 2.3%, water supply by 2.2%, sewage collection by 2.4%. Prices of heat and hot water went down by 0.1%.



In **'communication'**, prices remained unchanged, y-o-y. Prices of telecommunication services remained without a change as well (-0.4% in Q4 2016). Prices of postal services rose by 18.0%.

In **'clothing and footwear'**, a slowdown in the y-o-y growth of prices occurred in Q1 2017 due to a drop in prices of garments by 0.6% (a rise by 0.2% in Q4 2016). Prices of shoes and other footwear rose by 3.1% (4.1% in Q4 2016).

In **'health'**, the y-o-y rise in prices accelerated due to the increase in prices of pharmaceutical products by 3.1% (2.3% in Q4 2016).

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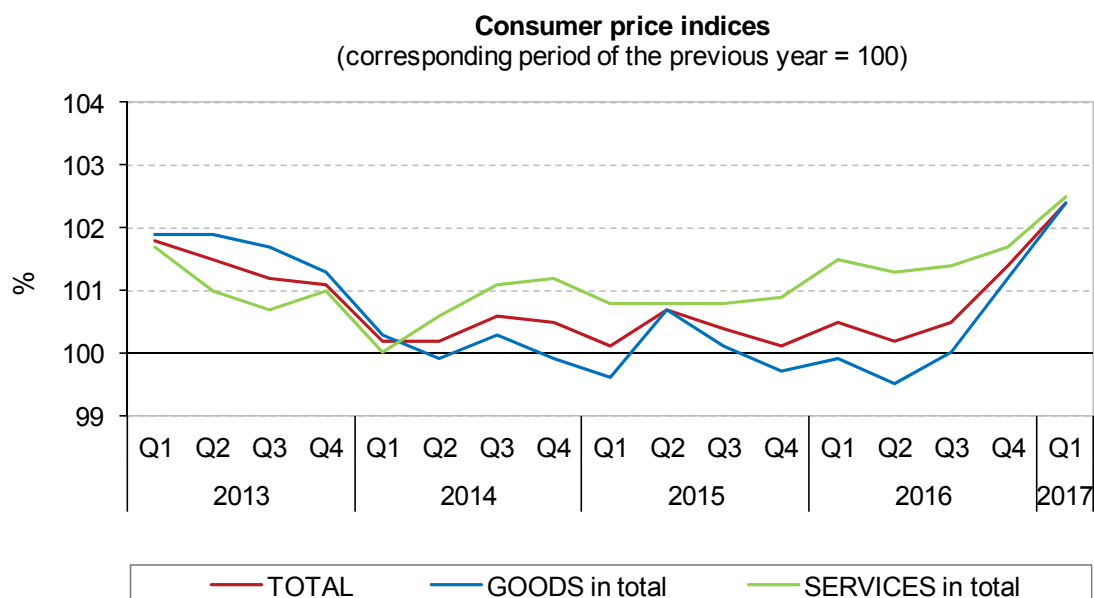
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In **'furnishings, household equipment and routine household maintenance'**, an acceleration in the price drop occurred due to lower prices of goods and services for routine household maintenance by 3.7% (3.2% in Q4 2016) and prices of household appliances by 0.9% (a growth by 1.1% in Q4 2016).

In **'recreation and culture'**, the acceleration in the price growth was caused especially by the increase in prices of package holidays by 0.8%.

The aforementioned movements in consumer prices resulted in a rise in prices of **goods in total** by 2.4% and prices of **services** by 2.5%.



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 1.7% in January and 1.9% in February. In the Czech Republic (CR), the y-o-y change of the HICP in January and February was 2.3% and 2.6%, respectively. According to preliminary calculations, the HICP in the CR rose by 2.6%, y-o-y, in March. It can be seen in the chart below that the development of inflation in the CR and in the EU was similar. For most of the observed period, the HICP in the CR was higher than the same indicator in the EU. The index has been growing in the EU since April 2016 and in the CR since September 2016 (the HICP in the CR in March 2017 was the same as in February). The y-o-y increases in the HICP were above zero in all EU Member States in January and February.

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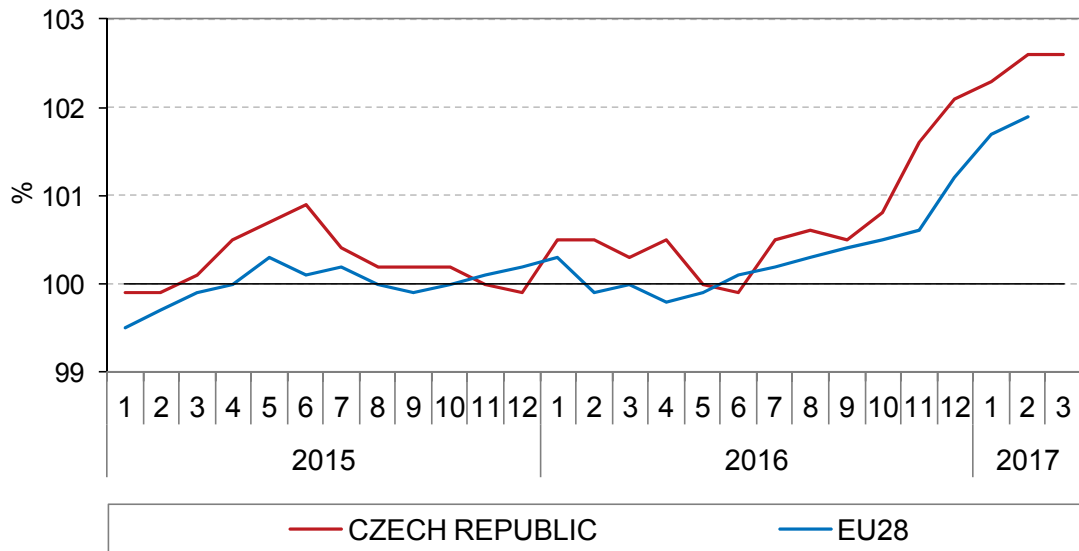
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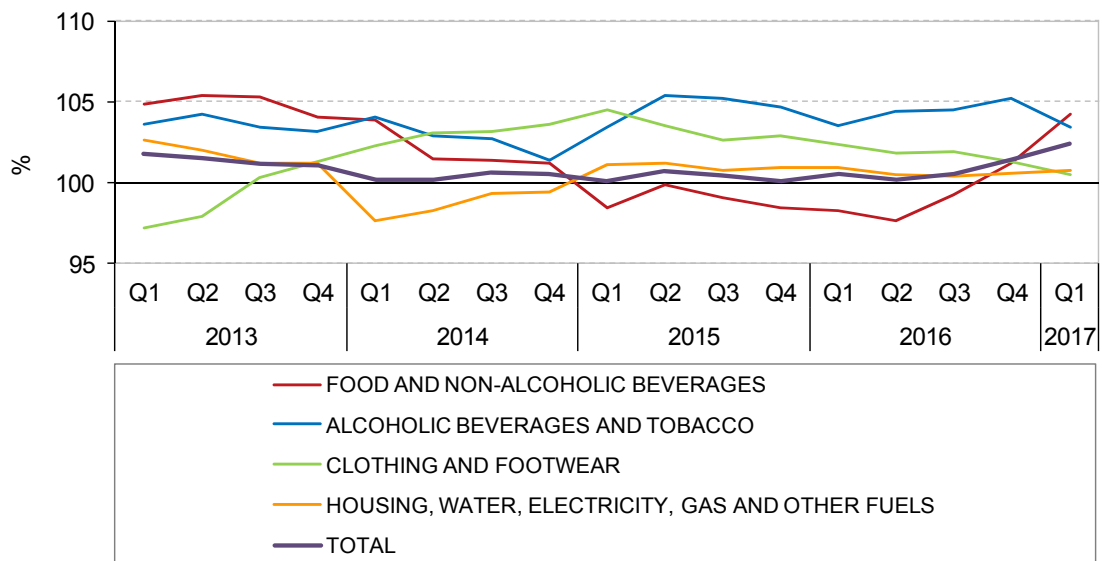
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Harmonized indices of consumer prices
(corresponding period of the previous year = 100)



The development of consumer price index by COICOP division:

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



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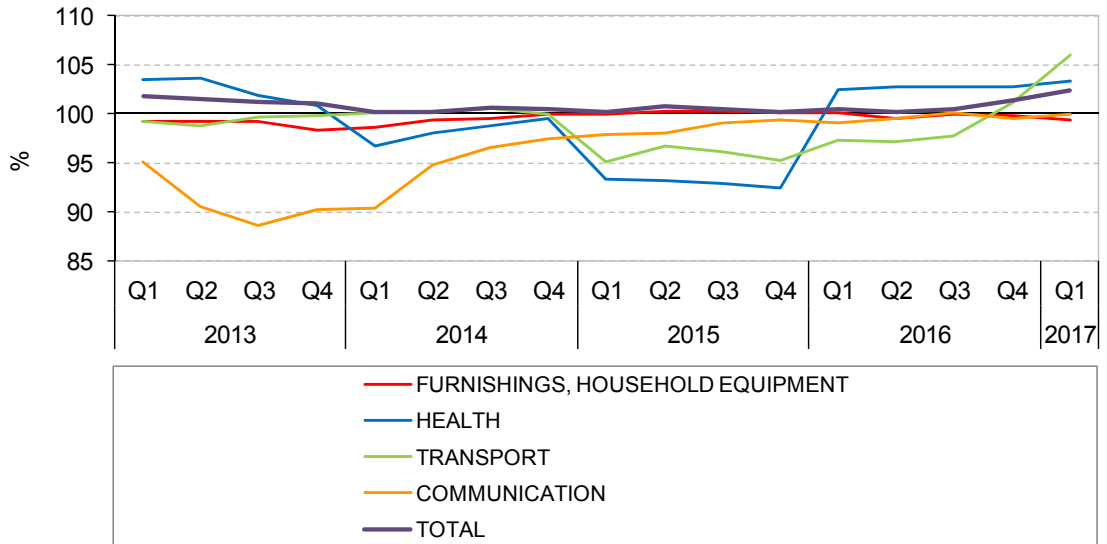
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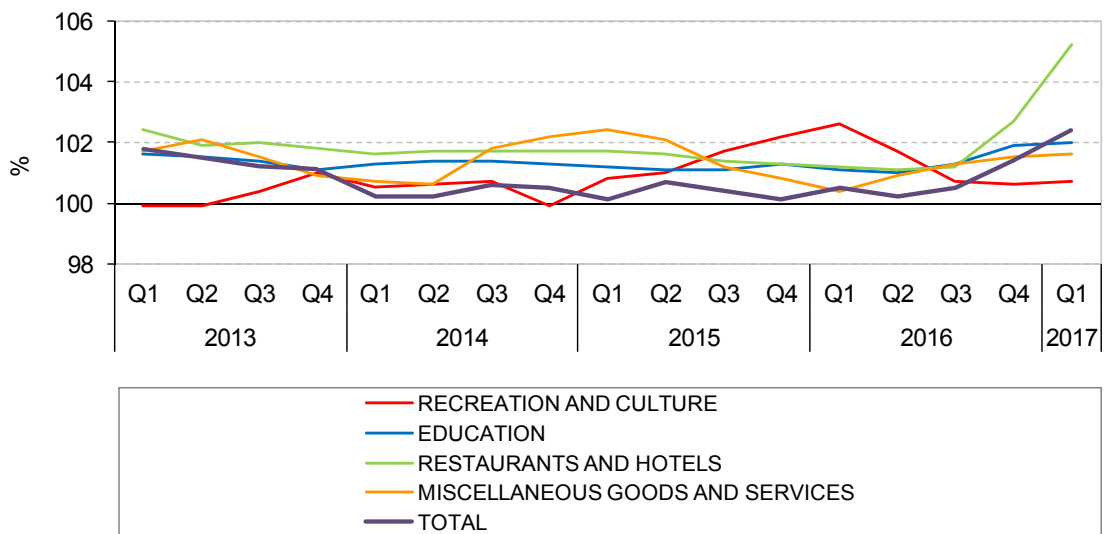
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			Corresponding period of the previous year = 100							
			Q 1	Q 2	Q 3	Q 4	January	February	March	Q 1
0	Total	1000.0	100.5	100.2	100.5	101.4	102.2	102.5	102.6	102.4
01	Food and non-alcoholic beverages	180.6	98.3	97.6	99.2	101.2	103.5	104.6	104.4	104.2
01.11	<i>Bread and cereals</i>	29.1	99.0	100.0	100.0	100.8	102.7	103.5	104.4	103.5
01.12	<i>Meat</i>	43.4	97.9	98.0	100.4	101.6	101.6	101.6	103.3	102.2
02	Alcoholic beverages and tobacco	93.4	103.5	104.4	104.5	105.2	103.7	103.1	103.4	103.4
03	Clothing and footwear	39.2	102.4	101.8	101.9	101.3	100.7	100.4	100.3	100.5
04	Housing, water, electricity, gas and other fuels	251.3	100.9	100.5	100.4	100.6	100.8	100.8	100.9	100.8
04.111	<i>Net rentals paid in rented dwellings</i>	27.2	101.2	101.3	101.9	101.7	102.1	102.5	102.5	102.3
04.511	<i>Electricity</i>	46.9	101.2	101.2	101.2	101.2	100.3	100.3	100.3	100.3
04.521	<i>Natural gas</i>	27.5	99.5	95.3	93.1	93.1	94.9	92.9	92.9	93.5
05	Furnishings, household equipment and routine household maintenance	57.8	100.1	99.5	100.0	99.8	99.5	98.7	99.7	99.3
06	Health	23.0	102.4	102.7	102.7	102.8	103.1	103.8	103.2	103.4
07	Transport	100.9	97.3	97.1	97.7	101.1	105.1	106.6	106.3	106.0
07.221	<i>Automotive fuels</i>	33.1	87.5	87.7	90.4	100.2	111.6	116.8	116.8	115.0
08	Communication	30.7	99.1	99.5	100.1	99.5	99.1	100.4	100.4	100.0
09	Recreation and culture	89.6	102.6	101.7	100.7	100.6	100.5	100.8	100.8	100.7
09.60	<i>Package holidays</i>	19.8	107.4	103.2	99.8	99.8	101.2	100.7	100.6	100.8
10	Education	6.2	101.1	101.0	101.3	101.9	101.9	102.1	102.1	102.0
11	Restaurants and hotels	58.1	101.2	101.1	101.2	102.7	104.8	105.4	105.5	105.2
12	Miscellaneous goods and services	69.2	100.4	100.9	101.3	101.5	101.8	101.7	101.4	101.6

Elaborated by Consumer Prices Statistics Unit of the CZSO

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