

Year-on-year inflation slightly dropped again Consumer price indices – April 2008

The consumer price level in April increased compared with March by 0.4%. An upward effect on the consumer price level, month-on-month, came mainly from the price rise in 'housing, water, electricity, gas and other fuels', 'food and non-alcoholic beverages', 'alcoholic beverages, tobacco' and 'clothing and footwear'. The year-on-year rise in consumer prices slowed down in April to 6.8% (from 7.1% in March).

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The **month-on-month** consumer price level increase by 0.4% owed mainly to the price rise in natural gas by 2.9% and heat for heating of rooms and hot water preparation by 0.6%. In 'food and non-alcoholic beverages', an increase in prices was recorded due especially to higher prices of flour by 13.4%, rice by 5.4%, other vegetables by 11.6%, citrus fruit by 8.4%, vegetable fats by 5.2% and sugar by 4.2%, after the price drop in the previous two months. In 'alcoholic beverages, tobacco', prices of alcoholic beverages rose by 1.6%, including prices of spirits by 1.7%, wine by 2.5% and bottled beer by 1.0%. In 'clothing and footwear', the price growth was influenced by higher prices of new summer goods.

A downward effect on the consumer price level came from the price decrease in off-season prices of package holidays by 1.2% similarly as in the previous years. Prices of some kinds of food were lower, for instance prices of bread, eggs, and vegetables grown for fruit (by 2.2%, 1.8% and 3.4%, respectively).

Prices of goods in total increased by 0.5%, while prices of services rose by 0.3%.

In terms of the **year-on-year** comparison, in April, the increase in consumer prices was 6.8%, i.e. 0.3 percentage point down on March. The price growth slowdown came mainly from prices in 'food and non-alcoholic beverages', 'alcoholic beverages, tobacco', 'transport' and 'health'. In food, a rise in prices slowed down primarily in other fruit to 8.6% (16.3% in March), yoghurts to 7.6% (10.6% in March), bread to 31.6% (35.9% in March) and rolls and baguettes to 30.0% (34.2% in March). In 'alcoholic beverages, tobacco', prices of tobacco products decreased to 16.6% (19.1% in March). In 'transport', prices of automotive fuels were higher by 8.0% (12.7% in March).

On the other hand, in housing, the price growth accelerated slightly due to prices of natural gas, which were higher by 18.4% (16.5% in March). Net actual rentals increased by 17.6%, of which for dwellings with regulated rentals by 28.8%, while for dwellings with market rentals by 1.4%. Prices of electricity increased by 9.5%, heat and hot water by 11.2% and solid fuels by 20.0%. Water supply and sewerage collection charges were higher (by 8.3% and 9.1%, respectively).

Prices of several kinds of food were markedly higher than in the previous year. Prices of eggs were higher by 24.1%, milk by 28.1%, cheese by 21.0%, butter by 15.9% and edible oils by 28.6%. In 'restaurants and hotels', prices in restaurants, company canteens and school canteens rose (by 6.7%, 8.9% and 10.6%, respectively).

Compared with 2007, prices of clothing were lower by 2.4%, prices of devices and household appliances by 1.6%, prices of transport vehicles by 1.9% and prices of audio-visual and photographic equipment and data-processing equipment by 11.3%. In food, mainly prices of potatoes and vegetables grown for fruit were lower, year-on-year, (by 38.2%, and 28.8%, respectively). In 'communications', prices of mobile phones decreased and so did prices of telephone and telefax services due to commercial discounts provided by mobile operators.

Prices of goods in total grew by 6.0% and prices of services by 7.9%.

Inflation rate, i.e. the increase in the **average consumer price index in the twelve months to April 2008** compared with the average CPI in the previous twelve months, stood at 4.7% in April (0.4 percentage point up compared with March 2008).

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices (HICP)** in the **EU 27 member states** was 3.7% in **March** (0.2 p.p. up on February). The highest annual rates were observed in Latvia (16.6%) and Bulgaria (13.2%), and the lowest rate in the Netherlands (1.9%). The growth of consumer prices in Slovakia accelerated to 3.6% in March (from 3.4% in February). In Germany, the price growth of consumer prices accelerated to 3.3% (from 3.0% in February).

According to preliminary calculations, the HICP in the **Czech Republic in April 2008** decreased by 0.4%, **month-on-month**, and slowed down to 6.7% (from 7.1% in March), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in April 2008** was 3.3%, y-o-y, as Eurostat announced (more information on Eurostat's web pages: [HICP](#)).

In April 2008, in comparison to March 2008, consumer prices grew by 0.4% in **households of pensioners** and by 0.4% in **households of employees** as well. Both types of households recorded a higher consumer price index for 'housing, water, electricity, gas and other fuels': households of pensioners by 0.6% and households of employees by 0.5%. The increase was affected particularly by higher prices of natural gas and heat for heating of rooms and hot water preparation. Higher index was registered for 'food and non-alcoholic beverages' (0.8% for pensioners and 0.5% for employees) due to prices of flour, rice and vegetable fats. On the other hand, a lower index was recorded for 'recreation and culture' (0.6% for pensioners, 0.6% for employees too) primarily due to lower prices of recreational stays abroad and flowers and flower products.

In the capital city of Prague, the overall consumer price index (cost of living) grew by 0.3% month-on-month (0.4% in the whole Czech Republic). The consumer price index for 'food and non-alcoholic products' increased by 0.7% (0.5% in the Czech Republic) due to higher prices of flour, vegetable fats, citrus fruit and rice. Prague registered a higher index for 'clothing and footwear' by 1.7% (1.3% in the Czech Republic) particularly due to price increases in men's footwear and women's footwear. The consumer price index for 'alcoholic beverages, tobacco' grew by 0.7% (0.7% in the Czech Republic too), affected mainly by higher prices of spirits and wine. On the other hand, a drop occurred in 'recreation and culture' by 0.9% (by 0.5% in the Czech Republic) as a result of lower prices of domestic recreational stays and recreational stays abroad and prices of flowers and flower products.