

## Food prices pushed inflation up

### Consumer price indices – May 2011

**Consumer prices increased in May by 0.5 %, month-on-month. This growth came primarily from a price rise in 'food and non-alcoholic beverages'. The increase in consumer prices amounted to 2.0 %, year-on-year, (1.6 % in April).**

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The **month-on-month** consumer price growth by 0.5 % owed particularly to prices of bread and cereals by 7.3 %, in which prices of bread by 12.3 % and rolls and baguettes by 16.9 %. Prices of fruit increased by 3.1 % due to the rise in prices of bananas and apples (12.4 % and 8.9 %, respectively). The growth of food prices was influenced by the increase in prices of milk by 1.8 %, cheese by 1.4 %, butter by 3.0 %, cooking oils by 2.2 %, vegetable fats by 2.4 %, sugar by 3.1 % and non-alcoholic beverages by 2.9 %. In 'alcoholic beverages, tobacco', prices of wine and beer went up (2.4 % and 2.3 %, respectively). In 'health', seasonal prices of stays at a spa rose by 7.0 %. Continued, albeit at a slower pace than in the previous two months, increasing automotive fuel prices, which in May amounted to 0.7%. The average monthly price of petrol Natural 95 rose in May by 1.0 %, thereby further increasing its historic high to 35.21 CZK per litre.

A contrary effect on the price level came primarily from a price drop in clothing by 0.5 %, footwear by 0.4 %, refrigerators and freezers by 1.3 %, both information processing equipment and recording media by 1.1 %, beauty products by 1.7 %.

Prices of goods in total rose by 0.8 % and prices of services by 0.1 %.

In terms of the **year-on-year** comparison, in May, the increase in consumer prices was 2.0 %, i.e. 0.4 percentage points up on April. An acceleration of the year-on-year price growth was mainly shown in 'food and non-alcoholic beverages' due to the increase in the price growth of many kinds of food. It involved mainly the prices of rolls and baguettes, in which the rise in prices accelerated to 34.4 % (17.7 % in April) and prices of bread with the increase by 20.4 % (4.4 % in April). Prices of flour went up by 38.6 % (30.3 % in April), pasta by 15.5 % (12.8 % in April), milk by 15.4 % (13.0 % in April), butter by 21.3 % (18.3 % in April), cooking oils by 26.5 % (23.6 % in April), vegetable fats by 14.0 % (11.1 % in April), sugar by 21.3 % (16.6 % in April), cocoa by 16.4 % (14.4 % in April).

Prices of 'food and non-alcoholic beverages' in May had a dominant influence on the y-o-y growth of the overall consumer price level. The second highest upward effect on the total growth of the consumer price level came from prices in 'housing, water, electricity, gas and other fuels', in which prices of electricity went up by 4.8 %, natural gas by 5.8 %, water supply by 6.2 %, sewerage collection by 5.8 %, heat and hot water by 1.7 %. The net actual rentals increased by 2.6 %, of which for dwellings with regulated rentals rose by 6.5 % and for dwellings with market rentals by 0.9 %. In 'alcoholic beverages, tobacco', prices of spirits were higher by 4.4 %, wine by 6.1 % and tobacco products by 3.6 %. In 'transport', prices of automotive fuel rose by 9.3 %.

Prices in 'clothing and footwear' continued to be lower than in the previous year due to a drop in prices of clothing by 3.1 %, while prices of footwear were higher by 0.2 %. In food, prices of rice decreased particularly by 5.5 %, eggs by 14.8 %, citrus fruit by 8.5 %, stone fruit and berries by 6.6 %, vegetables cultivated for their fruit by 14.5 %. The year-on-year drop in prices of household appliances (-4.2 %), goods and services for routine household maintenance (-1.9 %), audio-visual, photographic and information processing equipment (-10.6 %) and prices of mobile phones (-11.9 %) continued.

Prices of goods in total increased by 2.5 % and prices of services by 1.0 %. The overall consumer price index excluding imputed rentals was 102.2 %, year-on-year.

Average inflation rate, i.e. the increase in the average consumer price index in the twelve months to May 2011 compared with the average CPI in the previous twelve months, stood at 1.8 % in May.

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 3.2 % in **April 2011** (0.1 percentage point up on March). The highest annual rates were observed in Romania (8.4 %) and Estonia (5.4 %). In Germany, the y-o-y growth accelerated to 2.7 % (2.3 % in March). In Slovakia, the increase in the HICP accelerated to 3.9 % (3.8 % in March). According to preliminary calculations, the HICP in the **Czech Republic in May 2011** increased by 0.6 %, **month-on-month**, and accelerated to 2.0 % (1.6 % in April), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in May 2011** was 2.7 %, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

In May 2011, in comparison to April 2011, consumer prices rose in **households of pensioners** by 0.7 %. It was recorded a higher consumer price index for 'food and non-alcoholic beverages' by 2.0 %. The increase was affected particularly by higher prices of rolls and baguettes. Higher index was also registered for 'alcoholic beverages, tobacco' by 1.7 % due mainly to an increase in prices of wine and beer. In 'health', the consumer prices went up by 0.8 %. An upward effect on the consumer price level came primarily from the rise in prices of hospital services. On the other hand, a lower index was recorded for 'clothing and footwear' (-0.4 %) mainly due to lower prices of ready-made clothing. A drop was recorded for 'miscellaneous goods and services' (-0.1 %), primarily due to the decrease in prices of beauty products.

**In the capital city of Prague**, the overall consumer price index (cost of living) increased by 0.4 % month-on-month (in the whole Czech Republic by 0.5 %). The consumer price index for 'food and non-alcoholic beverages' rose by 1.7 % (2.1 % in the Czech Republic) due primarily to higher prices of rolls and baguettes. Prague registered a higher index for 'alcoholic beverages, tobacco' by 1.1 % (1.4 % in the Czech Republic) particularly due to higher prices of spirits and wine. The consumer price index for 'restaurants and hotels' went up by 0.7 % (0.4 % in the Czech Republic), affected mainly by higher prices of accommodation services and meals provided by restaurants. On the other hand, a decrease occurred in 'clothing and footwear' by 0.2 % (-0.3 % in the Czech Republic) as a result of children's ready-made clothing and women's footwear in particular.