

AVERAGE INFLATION RATE STOOD AT 1.9 % IN 2011

Consumer price indices – December 2011

Consumer prices rose in December by 0.4 %, month-on-month. This growth came primarily from a price rise in 'food and non-alcoholic beverages', which was the highest (with the exception of May) in 2011. The increase in consumer prices amounted to 2.4 %, year-on-year. The average inflation rate reached 1.9 % in 2011.

The **month-on-month** growth of consumer prices was recorded for the majority of kinds of food. Prices of bread and cereals increased by 1.0 %, meat by 1.1 %, fish by 0.9 %, eggs by 3.4 %, milk by 2.3 %, cheese by 3.4 %, yoghurts by 2.9 %, other milk products by 2.5 %, oils and fats by 2.8 %, chocolate and chocolate products by 1.7 %, non-alcoholic beverages by 1.3 %. In 'housing, water, electricity, gas and other fuels', prices of natural gas rose by 3.3 %. In 'health', the growth of prices came from the increase in the fee per stay in hospitals. In 'transport', the average price of diesel oil rose by 0.7 % and reached its historic high (35.58 CZK per litre). Prices of passenger transport by railway increased on average by 2.8 % in December.

A contrary effect on the price level came primarily from a drop in prices of clothing by 2.3 % and footwear by 1.1 %. Prices of alcoholic beverages went down by 1.3 %.

Prices of goods in total rose by 0.5 % and prices of services by 0.4 %.

In terms of the **year-on-year** comparison, in December, the increase in consumer prices was 2.4 %, i.e. 0.1 percentage point down on November. A slowdown of the price growth was particularly shown in 'transport', in which the rise in prices of automotive fuel slowed down to 7.2 % (12.0 % in November). The reason was a significant month-on-month increase in prices of automotive fuel (4.6 %) in December 2010.

Prices of 'housing, water, electricity, gas and other fuels' and 'food and non-alcoholic beverages' had a dominant influence on the y-o-y growth of the overall consumer price level. In 'housing, water, electricity, gas and other fuels', prices of natural gas went up by 22.2 %, electricity by 4.8 %, water supply by 6.2 %, sewerage collection by 5.8 %, heat and hot water by 1.9 %. The net actual rentals went up by 4.6 %, of which for dwellings with regulated rentals rose by 11.8 % and for dwellings with market rentals by 1.5 %. In food, prices of bread were higher by 13.6 %, rolls and baguettes by 17.8 %, flour by 10.1 %, eggs by 21.2 %, milk by 11.7 %, cooking oils by 17.2 %, sugar by 37.4 %, cocoa by 18.0 %, coffee by 30.9 %.

The reduction in the y-o-y growth came mainly from prices in 'clothing and footwear', where prices of clothing went down (-3.6 %). The drop in prices in 'recreation and culture' was influenced primarily by lower prices of audio-visual, photographic and information processing equipment (-9.9 %). The y-o-y drop in prices of household appliances continued (-4.6 %). In 'communications', prices of mobile phones decreased (-7.0 %).

Prices of goods in total increased by 3.0 %, while prices of services by 1.7 %. The overall consumer price index excluding imputed rentals was 102.7 %, year-on-year.

Average inflation rate, i.e. the increase in the average consumer price index in the twelve months to December 2011 compared with the average CPI in the previous twelve months, stood at 1.9 % in December, i.e. by 0.4 percentage points up on 2010.

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 3.4 % in **November 2011**, i.e. 0.1 percentage point up on October. The highest annual rates were observed in the United Kingdom and Slovakia (both 4.8 %), and the lowest in Sweden (1.1 %). In Germany, the y-o-y growth slowed down to 2.8 % in November (2.9 % in October). According to preliminary calculations, the HICP in the **Czech Republic in December 2011** increased by 0.4 %, **month-on-month**, and amounted to 2.8 % (2.9 % in November), **year-on-year**. Average year-on-year increase was 2.1 % in 2011. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in December 2011** was 2.8 %, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

The consumer price indices will be calculated with new weights 2010 from January 2012 on the base of a standard revision of the calculations of the price indices. The weights of all items of the consumer basket will be changed at the same time. The indices, which were calculated from the technical base December 2009=100 will be replaced by a new technical base December 2011=100. Indices calculated that way will be chained on all levels of the CZ-COICOP classification to the existing price indices with the base 2005=100 and thus continuation of the present time series will be ensured.