

YEAR-ON-YEAR GROWTH OF CONSUMER PRICES ACCELERATED SLIGHTLY

Consumer price indices – August 2014

Consumer prices in August dropped compared with July (-0.1%). This development was due to the decline in prices in 'food and non- alcoholic beverages' and in 'alcoholic beverages and tobacco'. The year-on-year increase in consumer prices accelerated to 0.6% in August (0.5% in July).

The **month-on-month** decrease in consumer prices in 'food and non-alcoholic beverages' came from the fall in vegetables cultivated for their fruit (-28.0%), potatoes (-25.6%), stone fruit and berries (-20.2%). Prices of poultry were lower (-1.2%) as well as prices of milk (-0.9%), cheese (-0.7%) and edible oils (-0.9%). In 'alcoholic beverages and tobacco', prices of spirits, wine and beer went down (-1.8%, -0.5% and -0.6%, respectively). Prices of clothing and footwear dropped (-0.1% and -1.7%, respectively).

A contrary effect on the overall consumer price level in August owed to a rise primarily in seasonal prices of package holidays by 3.1% in 'recreation and culture'. In 'miscellaneous goods and services', the increase in prices of financial services by 2.6% was shown. In food, prices of citrus fruit were higher by 20.4% in August compared with July, chocolate and chocolate-based products by 7.8%, non-alcoholic beverages by 1.9%, yoghurts by 4.0%, eggs by 2.9%, rolls and baguettes by 0.9%, rice by 2.6%.

Prices of goods in total dropped (-0.3%), while prices of services went up by 0.3%.

In terms of the **year-on-year** comparison, in August, the consumer price level rose by 0.6%, i.e. 0.1 percentage point up on July. The acceleration in a price growth was mainly in 'food and non-alcoholic beverages', where prices of rice increased by 2.2% (0.5% in July), eggs by 14.5% (10.5% in July), vegetable fats by 2.2% (0.7% in July). Prices of citrus fruit were higher by 6.6% (a drop -4.4% in July). Similarly, prices of chocolate and chocolate-based products turned from a drop (-1.2%) in July to a rise by 7.7% in August. The acceleration in the y-o-y price increase was shown also in 'clothing and footwear' due to higher prices of clothing by 2.9% (2.1% in July). On the other hand, in 'alcoholic beverages and tobacco', the price growth slowed down due to a decline in prices of spirits (-0.4%) and due to a slowdown in the rise in prices of wine to 2.8% in August (3.4% in July) and tobacco products to 2.9% (4.0% in July).

The biggest effect on the y-o-y growth of consumer prices, in August, came from prices in 'food and non-alcoholic beverages' and in 'alcoholic beverages and tobacco'. In food, prices of milk increased by 7.5%, cheese by 4.8%, yoghurts by 11.7%, honey by 7.5%. Prices of potatoes and apples were primarily lower than in the previous year (-41.1% and -21.5%, respectively). In 'transport', prices of transport services went up by 2.3%. In 'recreation and culture', the price growth was influenced mainly by prices of package holidays, which were higher by 4.6%. In 'restaurants and hotels', prices of catering and accommodation services increased (2.0% and 0.9%, respectively). In 'miscellaneous goods and services', prices of financial services went up by 2.1%.

The reduction of the y-o-y price growth was affected by a decline in prices in 'housing, water, electricity, gas and other fuels' due to the fall in prices of electricity (-10.4%). Prices of natural gas increased by 2.4%, the net actual rentals by 1.1%, water supply by 3.4%, sewage collection by 3.2%, heat and hot water by 0.6%. The year-on-year decrease in prices continued in 'communication' due to the drop in prices of telephone and telefax services and mobile phones (-3.3% and -19.5%, respectively).

Prices of goods in total increased by 0.2% and prices of services rose by 1.2%. The overall consumer price index excluding imputed rentals was 100.4%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to August 2014 compared with the average CPI in the previous twelve months, stood at 0.5% in August.

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices (HICP)**¹⁾ in the **EU28 member states** was 0.6% in **July**, i.e. 0.1 percentage point down on June. Prices increased the most in Austria (1.7%). On the other hand, the largest price decline occurred in Bulgaria (-1.1%) and in Greece (-0.8%). In Slovakia, prices dropped by 0.2% in July (-0.1% in June). In Germany, the price rise slowed down to 0.8% in July (1.0% in June). According to preliminary calculations, the HICP in the Czech Republic in **August** dropped by 0.1%, **month-on-month**, and rose by 0.7% (0.6% in July), **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone** in **August 2014** amounted to 0.3%, 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 August, in comparison to July, consumer prices dropped in **households of pensioners** (-0.2%). In 'food and non-alcoholic beverages', the consumer price index decreased (-0.5%). The decline was affected mainly by lower prices of vegetables. In 'alcoholic beverages and tobacco', the fall in prices occurred (-0.5%) as well. Prices of spirits went primarily down. A decrease of the overall consumer price index was also influenced by the price decline (-0.5%) in 'clothing and footwear'. It was shown the drop in prices of footwear and clothing. On the other hand, the rise in prices by 0.4% occurred in 'recreation and culture'. The growth was caused mainly by higher prices of recreational stays abroad. In 'miscellaneous goods and services', the price index went up by 0.2% due primarily to higher prices of financial services and insurance connected with transport.

In the capital city of Prague, the overall consumer price index (cost of living) remained unchanged month-on-month (a drop -0.1% in the whole Czech Republic). In 'recreation and culture', the consumer price index increased by 0.6% (0.6% also in the Czech Republic) due mainly to higher prices of recreational stays abroad. In 'transport', Prague registered a higher index by 0.3% (0.1% in the Czech Republic). There were mainly higher prices of passenger transport by air and prices of second hand cars. On the other hand, in 'food and non-alcoholic beverages', the decrease in consumer price index amounted to 0.9% (-0.6% in the Czech Republic). It was mainly a result of lower prices of vegetables. In 'communication', consumer prices went down by 0.4% (-0.4% in the Czech Republic as well). Prague registered lower prices of mobile phones and telephone and telefax services.