

Further drop in automotive fuel prices Consumer price indices – September 2008

The consumer price level in September dropped compared with August by 0.2 %. A downward effect on the consumer price level, month-on-month, came from the seasonal price fall in domestic recreational stays and recreational stays abroad (similarly as in the previous years) and further decrease in prices of automotive fuel. The year-on-year consumer price growth accelerated to 6.6 % in September (from 6.5 % in August).

The **month-on-month** consumer price level decrease by 0.2 % owed mainly to a price reduction in 'recreation and culture', in which prices of package holidays went down by 14.6 %. In 'transport', the drop in prices of automotive fuel continued for the third month amounting to 1.7 % in September. The price of petrol and diesel oil was the lowest over the last five months. In 'food and non-alcoholic beverages', lower were mainly prices of fruit, potatoes and other vegetables (by 7.8 %, 8.8 % and 9.2 %, respectively). Prices of rolls and baguettes dropped by 3.3 %, flour by 5.6 %, eggs by 2.3 % and cheese by 1.4 %. In 'communications', prices decreased by 1.1 % due especially to lower prices of roaming services.

A downward effect on the consumer price level came from the price increase in tobacco products by 4.6 %. In 'clothing and footwear', prices of clothing increased by 0.9 % and footwear by 2.5 % due to new collections of autumn and winter clothing and footwear. Net actual rentals paid by tenants for rented dwellings increased by 0.2 % and solid fuel prices by 4.2 %. As the new school year started, prices went up in 'education' by 3.0 %, of which fees in kindergartens by 5.0 %, in after-school care centres by 4.4 %, for foreign language teaching by 4.5 %, at private primary schools by 3.6 %, and tuition fees at private secondary schools by 1.7 %. Similarly, in 'restaurants and hotels', prices in canteens at schools went up (1.8 %). Prices of accommodation services at universities and boarding schools were higher (1.9 % and 2.9 %, respectively).

Prices of goods in total increased by 0.1 %, while prices of services dropped by 0.6 %.

In terms of the **year-on-year** comparison, in September, the increase in consumer prices was 6.6 %, i.e. 0.1 percentage point up on August. An accelerated price growth was recorded primarily in 'alcoholic beverages and tobacco', 'recreation and culture' and 'education'. Prices of tobacco products rose by 13.1 % (from 8.9 % in August). In spite of a marked month-on-month drop in prices of package holidays, their prices were 1.5 % up, year-on-year. In 'education', the y-o-y growth accelerated almost in all levels of educational services. On the other hand, in 'food and non-alcoholic beverages', the y-o-y growth of prices slowed down mainly due to changes in prices of fruit, which were lower by 2.2 % in September (a 3.7% growth in August). Similarly, prices of unsalted butter dropped to 7.6 % in September, while in August they were 1.4 % up. A slowdown in the growth of prices was recorded primarily for rolls and baguettes to 25.6 % (from 30.1 % in September), flour to 40.5 % (from 61.6 % in August) and cheese to 4.9 % (from 10.5 % in August).

The biggest effect on the price level still came from 'housing, water, electricity, gas and other fuels', where prices of natural gas rose by 27.5 %, electricity by 9.5 %, heat and hot water by 11.1 % and solid fuels by 19.9 %. Net actual rentals rose by 14.7 %, of which for dwellings with regulated rentals by 22.3 %, while for dwellings with market rentals by 3.0 %. In 'transport', prices of automotive fuel were higher by 4.3 % (by 5.2 % in August), which is the lowest y-o-y increase over the last eleven months. The growth of petrol prices ranged from 1.7 % to 3.2 %, while the growth of diesel oil prices was 13.3 %.

Compared with 2007, prices of clothing were lower by 1.4 %, devices and household appliances by 1.8 %, transport vehicles by 4.9 %, audio-visual and photographic equipment and data-processing equipment by 11.5 %. In food, prices of citrus fruit and bananas were lower identically by 9.0 %, stone fruit and berry plants by 6.7 %, potatoes by 5.8 %, other vegetables by 4.6 % and sugar by 2.5 %. In 'communications', prices of mobile phones decreased and so did prices of telephone and telefax services.

Prices of goods in total grew by 5.5 % and prices of services by 8.3 %.

Inflation rate, i.e. the increase in the **average consumer price index in the twelve months to September 2008** compared with the average CPI in the previous twelve months, stood at 6.4 % in September (0.3 percentage point up compared with August 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 4.2 % in **August** (0.2 p.p. down on July). The highest annual rates were observed in Latvia (15.6 %) and Lithuania (12.2 %), and the lowest rate in the Netherlands (3.0 %) and Portugal (3.1 %). The growth of consumer prices in Slovakia remained unchanged in August (4.4 %). In Germany, the price growth of consumer prices decelerated to 3.3 % (from 3.5 % in July).

According to preliminary calculations, the HICP in the **Czech Republic in September 2008** decreased by 0.2 %, **month-on-month**, and accelerated to 6.4 % (from 6.2 % in August), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in September 2008** was 3.6 %, y-o-y, as Eurostat announced (more information at Eurostat's web pages: [HICP](#)).

In September 2008, in comparison to August 2008, consumer prices dropped by 0.2 % in **households of pensioners** and by 0.2 % in **households of employees** as well. Both types of households recorded a lower consumer price index for 'recreation and culture': households of pensioners by 2.7 % and households of employees by 3.6 %. The decrease was affected particularly by lower prices of recreational stays abroad and domestic recreational stays and prices of TV sets and video recorders. Lower index was registered for 'food and non-alcoholic beverages' (0.7 % for pensioners and 0.6 % for employees) due to prices of fruit, wheat flour and rolls and baguettes. On the other hand, a higher index was recorded for 'alcoholic beverages, tobacco' (1.9 % for pensioners, 2.8 % for employees) due to higher prices of tobacco and beer. The consumer price index for 'clothing and footwear' was up for pensioners and employees (both 1.3 %) as a result of higher prices of footwear and ready made clothing.

In the capital city of Prague, the overall consumer price index (cost of living) decreased by 0.2 % month-on-month (0.2 % in the whole Czech Republic too). The consumer price index for 'recreation and culture' dropped by 4.1 % (3.7 % in the Czech Republic) due to lower prices of recreational stays abroad and domestic recreational stays and photographic and cinematographic equipment and optical instruments. Prague registered a lower index for 'communications' by 1.3 % (1.1 % in the Czech Republic) particularly due to price decreases in telecommunication services and mobile phones. The consumer price index for 'food and non-alcoholic beverages' dropped by 0.8 % (0.6 % in the Czech Republic), affected mainly by lower prices of fruit, rolls and baguettes and sugar. On the other hand, a rise occurred in 'alcoholic beverages, tobacco' by 3.5 % (2.7 % in the Czech Republic) as a result of higher prices of tobacco, wine and beer.