

AVERAGE INFLATION RATE WAS 0.3% IN 2015

Consumer price indices – December 2015

Consumer prices in December dropped compared with November by 0.1%. The price development in December was primarily due to a further reduction in prices in 'food and non-alcoholic beverages' and 'transport'. The year-on-year rise in consumer prices was the same in December as in November, i.e. 0.1%. The average rate of inflation reached 0.3% in 2015 and was the lowest since the year 2003.

The **month-on-month** decrease in consumer prices in 'food and non-alcoholic beverages' came primarily from the decline in prices of vegetables by 4.0%, non-alcoholic beverages by 2.6%, yoghurts by 4.3%, chocolate and chocolate-based products by 3.3%, oils and fats by 2.3%, fish by 1.1%, pork by 0.6%, beef by 1.0%, flour by 1.3%, rice by 1.0%. In 'transport', the decline in automotive fuel prices continued for the fifth month and amounted to 2.3% in December. The average price of petrol Natural 95 (29.00 CZK per litre) and the average price of diesel oil (28.71 CZK per litre) were the lowest since December 2009. In 'miscellaneous goods and services', prices of products and services related to personal care were lower by 1.0%, of which prices of beauty products declined by 2.1%. In 'alcoholic beverages and tobacco', the drop in prices came from a reduction in prices of wine by 3.2%. Prices of shoes and other footwear went down by 1.1%.

A month-on-month growth of consumer prices occurred particularly in 'recreation and culture', where both prices of cultural services and prices of audio-visual, photographic and information processing equipment increased by 2.0%. In 'furnishings, household equipment and routine household maintenance', prices of furniture were higher by 1.2% and prices of goods and services for routine household maintenance by 2.1%. In 'housing, water, electricity, gas and other fuels', prices of net actual rentals went up by 0.3%. In food, prices of fruit rose by 2.3%, pasta by 1.1%, sausages and smoked meat by 1.2%, eggs by 0.5%, potatoes by 4.4%, sugar by 2.3%.

Prices of goods in total decreased (-0.2%), while prices of services rose by 0.2%.

In terms of the **year-on-year** comparison, in December, the consumer price level rose by 0.1%, i.e. the same as in November. This development was influenced by a deepening decline in prices in 'food and non-alcoholic beverages' and on the other hand by a slowdown in the price drop in 'transport'. In 'food and non-alcoholic beverages', prices of bread and cereals dropped by 1.2% in December (-0.9% in November), yoghurts by 11.9% (-5.7% in November), butter by 9.0% (-7.5% in November), edible oils by 5.9% (-3.2% in November), non-alcoholic beverages by 4.3% (-2.8% in November). A decreasing influence had also a slowdown in the growth of some food. Prices of fruit were higher by 1.3% in December (8.7% in November), vegetables by 12.7% (17.0% in November), pasta by 3.6% (6.8% in November), rice by 1.1% (2.7% in November), fish by 2.6% (3.5% in November). In 'transport', a slowdown in the price decline occurred due mainly to automotive fuel prices, which were lower by 15.1% in December (-17.6% in November). In 'miscellaneous goods and services', a rise in prices slowed down particularly due to prices of personal care, which turned from a growth by 0.6% in November to a drop by 0.4% in December.

The biggest influence on the growth of the price level in December came from prices in 'alcoholic beverages and tobacco', where prices of tobacco products went up by 6.7% and prices of alcoholic beverages by 1.7%. Next in order of influence were prices in 'housing, water, electricity, gas and other fuels', where prices of water supply rose by 3.4%, sewage collection by 2.8%, the net actual rentals by 1.3%, heat and hot water by 2.4%. Prices of electricity were lower (-0.6%), y-o-y. In 'recreation and culture', prices of package holidays went up by 6.8%. In 'clothing and footwear', prices of garments were higher by 1.7% and prices of shoes and other footwear by 5.5%. In 'restaurants and hotels', prices of catering services were higher by 1.2% and accommodation services by 0.5%.

A reduction in the y-o-y price level came, as before, the most from the price drop in 'food and non-alcoholic beverages' (-2.6%) and in 'transport' (-4.1%). The decline in prices continued in 'health' (due to the abolition of regulatory fees) and in 'communication'.

Prices of goods in total dropped (-0.4%), while prices of services went up by 0.9%. The overall consumer price index excluding imputed rentals was 100.0%, year-on-year.

The **average inflation rate** as measured by the increase in the average consumer price index in the twelve months 2015 compared with the average CPI in the twelve months 2014 was 0.3%, of which prices of services rose by 0.8% and prices of goods remained unchanged.

According to preliminary data of Eurostat, the **year-on-year** change in the average **harmonized index of consumer prices (HICP)**¹⁾ in the **EU28 member states** was 0.1% in November i.e. 0.1 percentage point more than in October. Prices went up the most in Belgium (1.4%) and Malta (1.3%). On the other hand, the decrease occurred in twelve EU countries, of which the largest in Cyprus (-1.5%) and Slovenia, Romania and Bulgaria (all -0.9%). In Slovakia, prices dropped by 0.4% in November (-0.5% in October). In Germany, the price level rose by 0.3% (0.2% in October). According to preliminary calculations, the HICP in the Czech Republic in December was -0.1%, **month-on-month**, and the **year-on-year** change amounted to -0.1% (0.0% in November). The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in December 2015** amounted to 0.2%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#).)

Starting from January 2016, the consumer price indices will be calculated with updated weights, which are derived from the household expenditures in 2014. The new calculated indices will be chained at all levels of the consumer basket with the original base period average of 2005 = 100. Thereby, a continuation of the existing index time series average of 2005 = 100, from which indices to other bases will be derived (previous month = 100, corresponding period of last year = 100 and annual rolling average, i.e. the average of index numbers over the last 12 months to the average for the previous 12 months) will be ensured.

¹⁾ So far, imputed rentals have been excluded from the HICP

In December, in comparison to November, consumer prices in households of pensioners dropped by 0.1%. In 'food and non-alcoholic beverages', the decrease in prices occurred by 0.9%. Prices of non-alcoholic beverages and vegetables declined in particular. In 'transport', the consumer price index went down by 0.5%. Prices of automotive fuel decreased in particular. A decline in the overall consumer price index was also influenced by the price drop in 'clothing and footwear', which amounted to 0.3%. It was shown mainly the fall in prices of shoes and other footwear. On the other hand, the rise in prices by 1.1% occurred in 'furnishings, household equipment and routine household maintenance'. The increase was caused mainly by prices of detergents. In 'recreation and culture', the price index went up by 1.0%. It was due primarily to higher prices of cultural services.

In the capital city of Prague, the consumer price level remained unchanged, month-on-month (-0.1% in the whole Czech Republic). In 'recreation and culture', the consumer price index increased by 1.0% (1.2% in the Czech Republic). Prices of equipment for the reception, recording and reproduction of sound and picture were higher in particular. In 'furnishings, household equipment and routine household maintenance', Prague registered a higher price index by 1.0% (1.0% in the Czech Republic as well). There occurred a rise in prices of detergents. On the other hand, in 'food and non-alcoholic beverages', the consumer price index decreased by 1.0% (-0.9% in the Czech Republic). It was mainly a result of lower prices of vegetables, yoghurts and butter. In 'alcoholic beverages and tobacco', consumer prices went down by 0.3% (-0.2% in the Czech Republic). It was due especially to lower prices of spirits.