

ANALYSIS

13 January 2020

Development of consumer price indices in the Q4 2019 and in the year 2019

The total consumer price level increased by 0.4% in the Q4 2019 compared to the Q3 2019. Consumer prices increased by 3.0% in the Q4 2019, year-on-year (y-o-y), which is by 0.2 percentage point (p. p.) more compared to the Q3 2019.

The **quarter-on-quarter** (q-o-q) development of consumer prices in the Q4 2019 was influenced mainly by a price increase in 'food and non-alcoholic beverages', 'housing, water, electricity, gas and other fuels', and 'clothing and footwear'. In 'food and non-alcoholic beverages', especially prices of fruit were higher by 8.6%, prices of meat by 2.5%, prices of bread and cereals by 0.6%, and prices of non-alcoholic beverages by 0.9%. In 'housing, water, electricity, gas and other fuels', prices of heat energy increased by 0.1%, prices of electricity rose by 1.2%, prices of natural gas and town gas remained unchanged. Prices of actual rentals for housing rose by 0.4%. In 'clothing and footwear', prices of garments increased by 4.9% and prices of shoes and other footwear were 3.1% up. In 'restaurants and hotels', the price increase continued; prices of catering services increased by 1.4%. Mainly a decrease in prices in 'recreation and culture', where prices of package holidays decreased by 17.1%, had an influence in the opposite direction, i.e. on the price level reduction. In 'transport', prices of fuels and lubricants for personal transport equipment dropped (-1.0%); prices of motor cars decreased by 0.1%. In 'communication', prices of telephone and telefax services dropped by 2.1%. The average month-on-month increment in the total consumer price index was 0.3% in the Q4 2019; it was 0.0% in the Q3 2019.

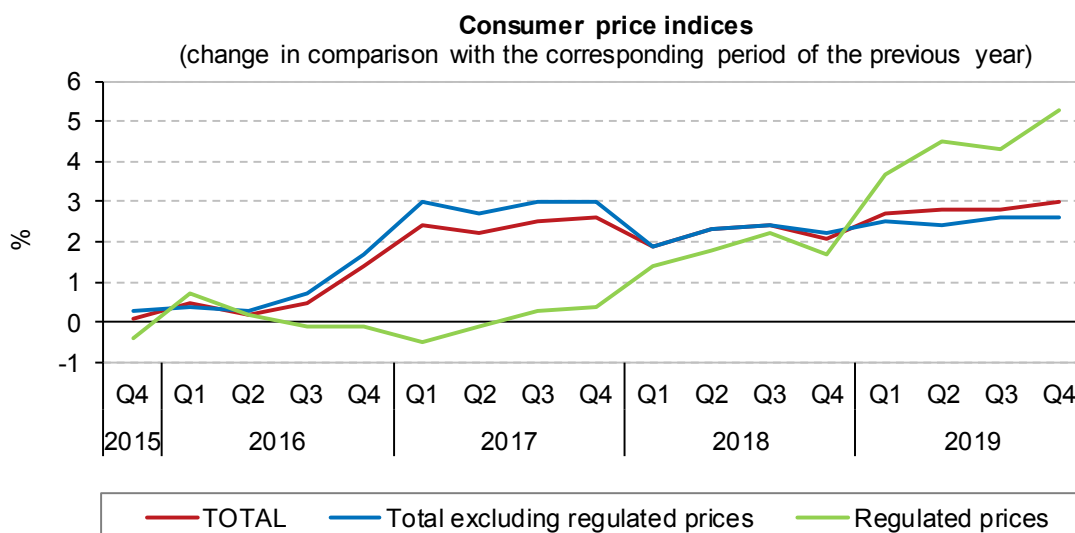
Consumer price indices (previous quarter = 100)

DIVISION	2018	2019			
	Q4	Q1	Q2	Q3	Q4
TOTAL	100.2	101.2	100.7	100.6	100.4
Food and non-alcoholic beverages	100.7	101.8	101.0	100.0	101.4
Alcoholic beverages and tobacco	100.4	102.0	99.3	100.2	100.4
Clothing and footwear	103.0	96.3	102.3	97.0	104.3
Housing, water, electricity, gas and other fuels	101.0	102.3	101.1	100.6	100.9
Furnishings, household equipment and routine household maintenance	100.3	100.1	100.5	100.5	100.9
Health	99.8	101.2	101.6	100.4	99.3
Transport	99.2	99.0	101.9	99.8	99.8
Communication	99.9	99.5	99.6	99.5	98.0
Recreation and culture	95.7	103.0	98.7	104.5	96.0
Education	101.3	100.1	100.0	101.2	102.5
Restaurants and hotels	101.0	100.9	101.2	101.3	101.1
Miscellaneous goods and services	100.8	101.2	101.0	100.6	100.3

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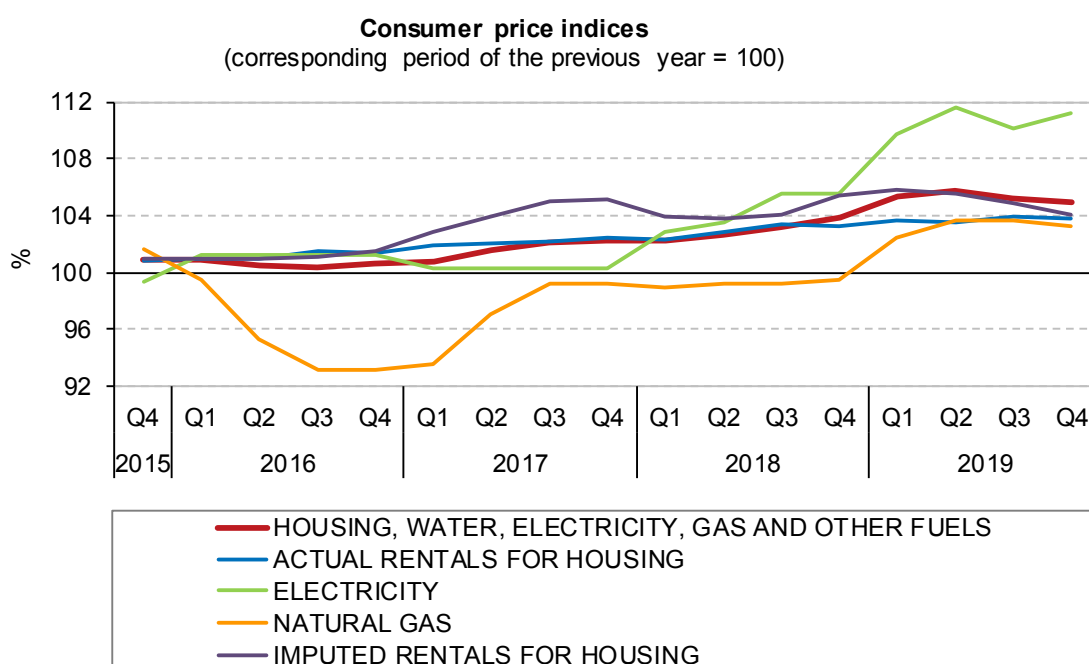
Consumer prices rose by 3.0%, **year-on-year (y-o-y), in the Q4 2019 compared to the Q4 2018**, i.e. by 0.2 percentage point more than in the Q3. This development was influenced mainly by the acceleration of a price growth in 'food and non-alcoholic beverages' and a slowdown in the price decline in 'clothing and footwear'. In addition, the higher price level was due to the price rise in 'furnishings, household equipment and routine household maintenance', 'restaurants and hotels', and 'recreation and culture'.

Changes in the price development in the Q4 2019 were reflected in the y-o-y growth of the market prices by 2.6%, the same as in the Q3 2019. The increase in regulated prices accelerated to 5.3% in the Q4 2019 from 4.3% in the Q3 2019.



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The biggest influence on the increase of the consumer price level came from prices in **'housing, water, electricity, gas and other fuels'**. Prices of electricity rose by 11.2% and prices of natural gas and town gas by 3.3% (3.6% in the Q3). Prices of actual rentals for housing rose by 3.8%, both charges for water supply and sewage collection increased by 2.6%, and prices of heat energy increased by 4.3%. Imputed rentals for housing increased by 4.0% (+4.9% in the Q3).

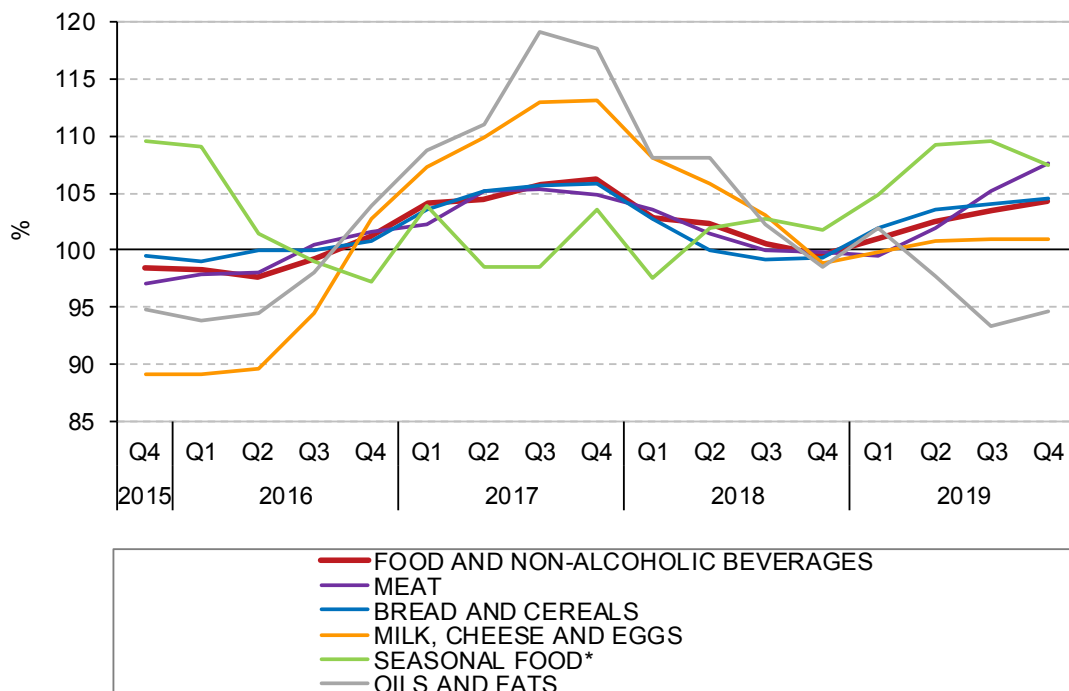


In **'food and non-alcoholic beverages'**, meat prices increased by 7.6%, of which pork prices by 12.1%. Prices of fish and seafood increased by 3.4%. Prices in the group of milk, cheese and eggs rose by 0.9%, y-o-y in the Q4, of which prices of yoghurt went up by 4.5% and prices of cheese and curd by 1.9%. Prices of eggs decreased by 7.3%, y-o-y, and prices of UHT semi-skimmed milk by 0.6%. Prices of oils and fats were lower by 5.4%, of which butter by 10.6%. Prices of sugar went up by 7.6% (a drop by 14.8% in the Q3). Bread prices increased by 4.5% and prices of flours and other cereals by 3.6%. Fruit prices went up by 10.7% (a decrease by 6.3% in the Q3). Prices of non-alcoholic beverages increased by 0.8%, of which prices of coffee were lower by 1.2%.

Prices of vegetables were higher by 6.0% (26.1% in the Q3), of which potato prices went up by 15.5% (48.2% in the Q3).

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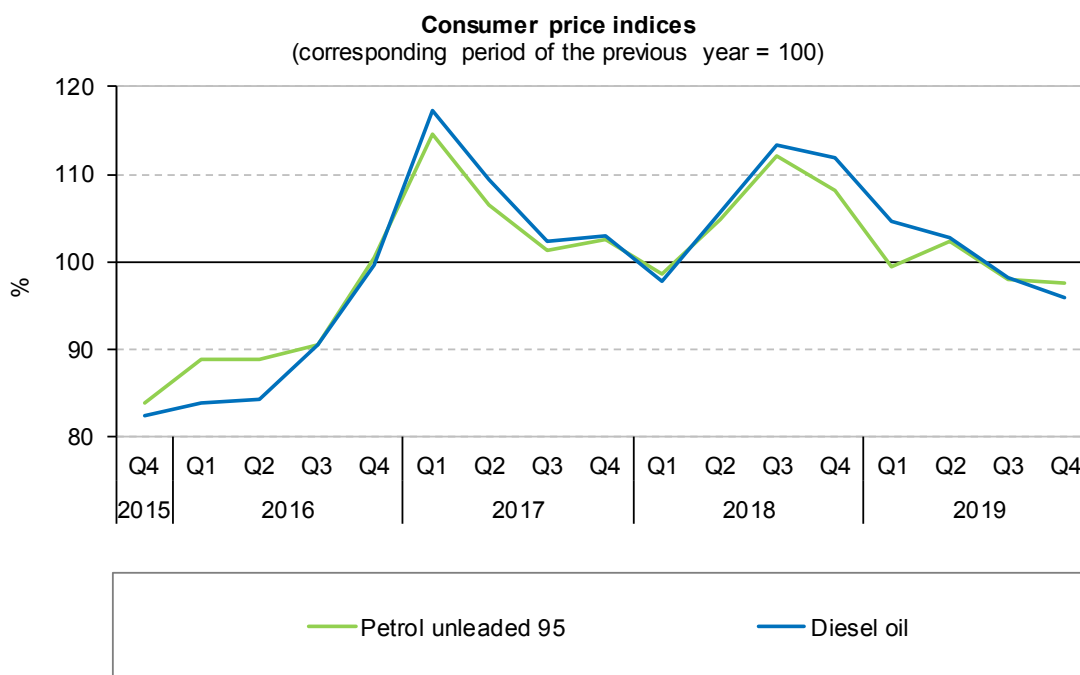
Consumer price indices
(corresponding period of the previous year = 100)



* Seasonal food includes fish and seafood, fruit, and vegetables.

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In **'transport'**, prices of transport services increased by 2.2% and prices of motor cars by 0.6%. Prices of fuels and lubricants for personal transport equipment decreased by 3.2% (in the Q3 they decreased by 2.1%). The price of unleaded petrol *Natural 95* was CZK 31.76 in December and the price of diesel oil was CZK 31.63.



In **'restaurants and hotels'**, prices increased in catering services by 4.9% and prices of accommodation services by 3.3% (2.5% in the Q3 2019).

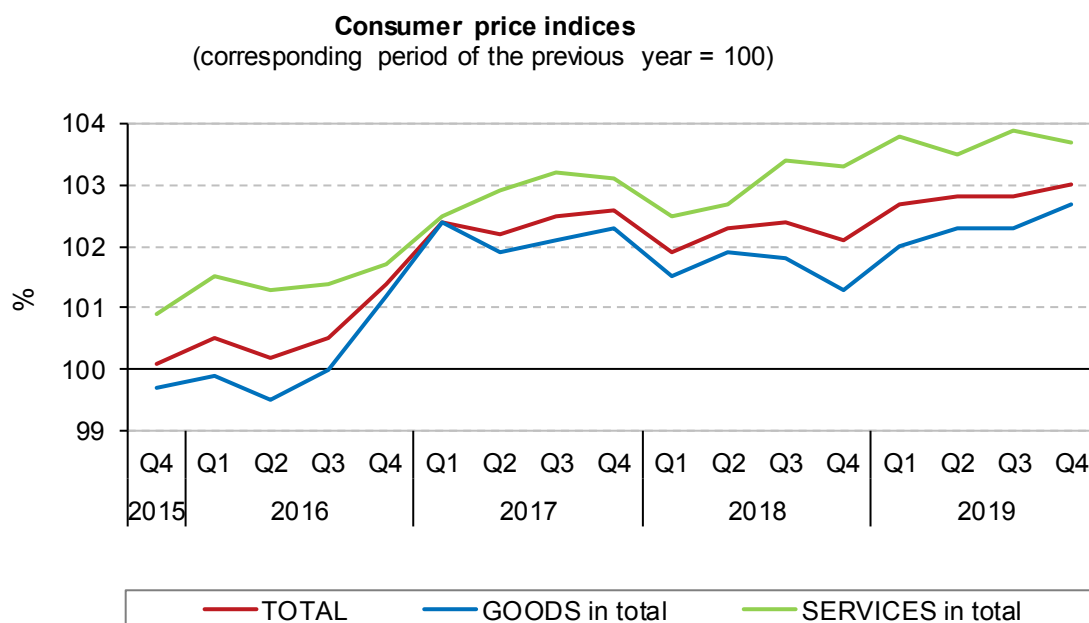
In **'recreation and culture'**, prices of package holidays increased by 6.2% (7.0% in the Q3 2019).

In **'miscellaneous goods and services'**, prices of financial services went up by 3.9% (in the Q3 it was 5.6%). Prices of personal care increased by 3.1% (3.4% in the Q3 2019).

In **'alcoholic beverages and tobacco'**, prices of tobacco products increased by 0.9%. Prices of spirits rose by 3.4%, wine by 1.6%, and beer by 4.2%.

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The aforementioned fluctuations in consumer prices resulted in a rise in prices of **goods in total** by 2.7% and prices of **services** by 3.7%.

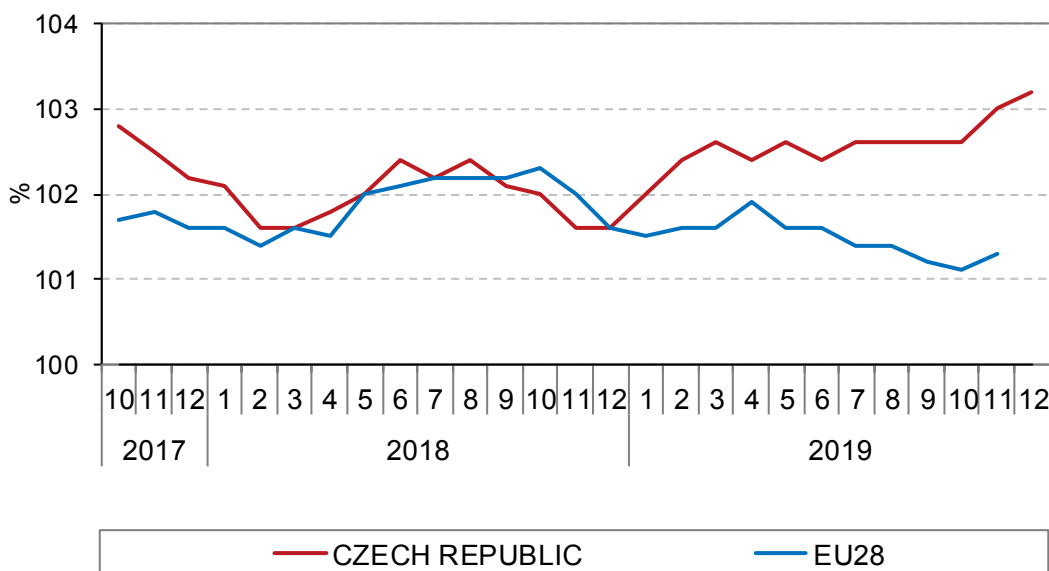


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Harmonized index of consumer prices in the EU28

According to Eurostat data, the y-o-y change of the average harmonized index of consumer prices (HICP) in the EU28 was 1.1% in October and 1.3% in November. In the Czech Republic (CR), the y-o-y increase in the HICP was 2.6% in October and 3.0% in November. According to preliminary calculations, the HICP in the CR rose by 3.2%, y-o-y, in December. It is clear from the chart below that the HICP in the CR has been higher since April 2019 than the same indicator in the EU and the difference between the figures for the CR and for the EU has been gradually increasing. In November, the y-o-y HICP increase in all EU Member States was positive. The values ranged from 0.2% in Italy and Portugal to 3.8% in Romania.

Harmonized indices of consumer prices
(corresponding period of the previous year = 100)



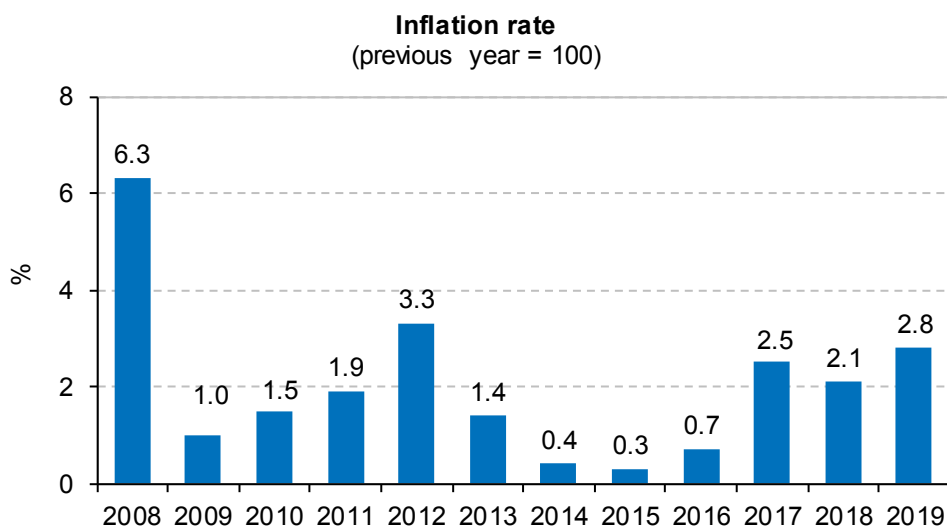
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Development of the consumer price index in 2019

The **average inflation rate in 2019** reached 2.8%, which was by 0.7 percentage point more than in 2018. The lowest y-o-y growth was recorded for consumer prices in the Q1 2019 (by 2.7%), in other quarters the price growth was slightly faster (2.8% in both the Q2 and Q3, 3.0% in the Q4). The inflation development in 2019 was influenced primarily by the price rise in 'housing, water, electricity, gas and other fuels' and in 'alcoholic beverages and tobacco'. The inflation growth was caused also by the rise in prices in 'restaurants and hotels' and 'miscellaneous goods and services', but to a lesser extent.

The development of prices in 'clothing and footwear' had an influence in the opposite direction, i.e. on the price level reduction.

The price development in the individual divisions of the consumer basket was reflected in the increase in prices of services by 3.7%; prices of goods in total rose by 2.3%.



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The influence of individual divisions of the consumer basket on the overall price level in 2019 is illustrated in the breakdown of the total increase of the consumer price index.

Breakdown of the y-o-y change of the consumer price index in 2019 (percentage points)

DIVISION	
TOTAL	2.8
Food and non-alcoholic beverages	0.5
Alcoholic beverages, tobacco	0.2
Clothing and footwear	-0.1
Housing, water, electricity, gas and other fuels	1.4
Bytové vybavení, zařízení domácnosti, opravy	0.1
Health	0.1
Transport	0.0
Communication	0.0
Recreation and culture	0.1
Education	0.0
Restaurants and hotels	0.2
Miscellaneous goods and services	0.3

The increase in the year-on-year price level growth was owing to prices in **'housing, water, electricity, gas and other fuels'** in particular. Prices of actual rentals for housing went up by 3.7%, electricity by 10.6%, prices of natural gas and town gas by 3.2%, charges for water supply and sewage collection both by 2.6%, and prices of heat energy went up by 4.7%. Imputed rentals for housing increased by 5.1%.

In **'food and non-alcoholic beverages'**, prices of bread and cereals rose by 3.5%, of which prices of bread increased by 3.3%. Prices of meat were higher by 3.6%, of which pork by 5.2%. Prices of eggs decreased by 11.5%, butter by 5.3%, and UHT semi-skimmed milk by 1.2%. Prices of yoghurt increased by 2.6%, cheese and curd by 2.9%. Fruit prices dropped by 3.9%. Prices of vegetables were higher by 19.6%, of which potato prices by 48.2%.

The price increase in **'restaurants and hotels'** was due mainly to prices of catering services, which were higher by 4.4%. Prices of accommodation services went up by 2.8%.

'Miscellaneous goods and services' involve various items, of which especially prices of hairdressing salons and services of personal care went up by 5.5% and prices of insurance by 4.5%. Prices of financial services went up by 5.0%.

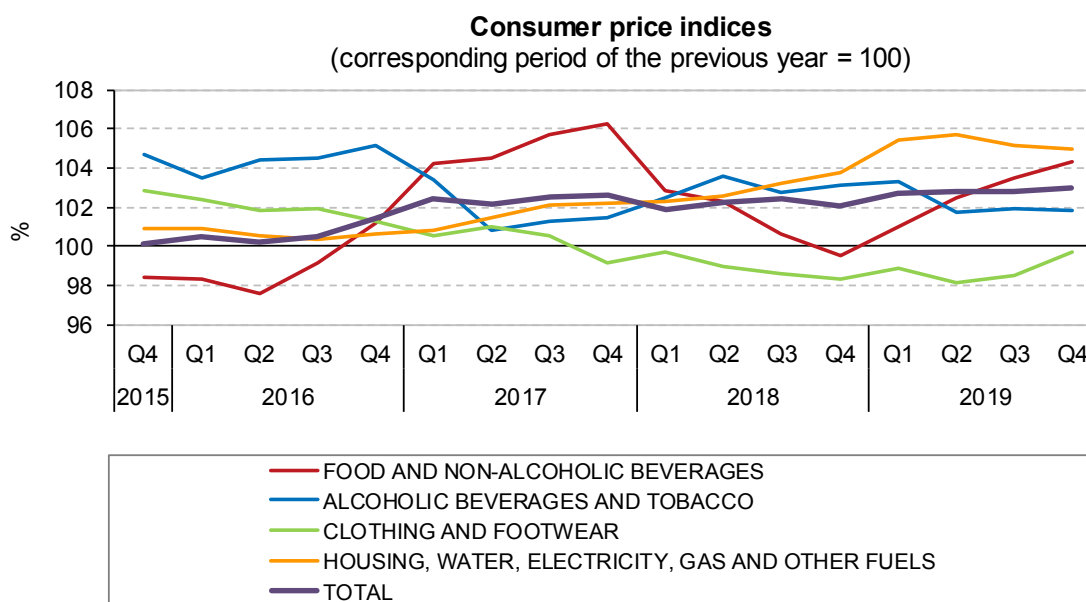
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The growth of prices in **'alcoholic beverages and tobacco'** occurred due to the price rise in tobacco products by 1.9%, prices of spirits rose by 3.2%, wine by 0.8%, and beer by 3.4%.

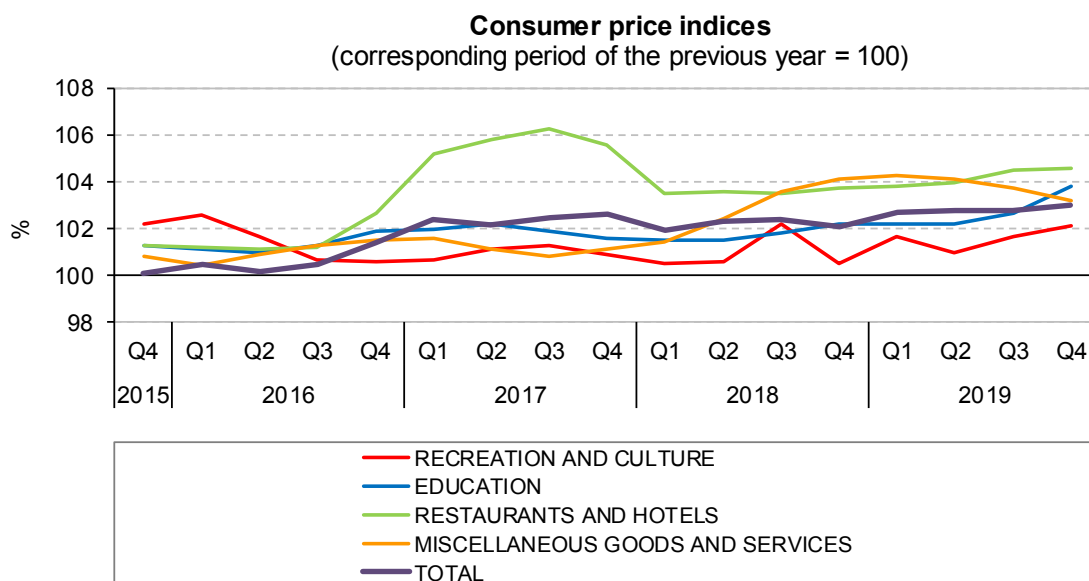
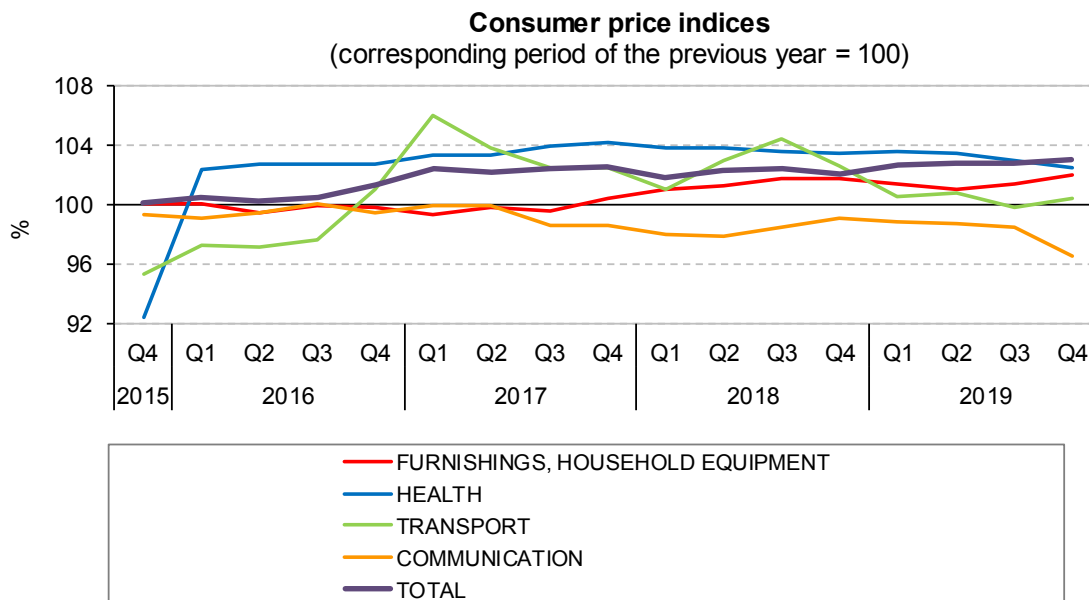
In **'transport'**, prices of fuels and lubricants for personal transport equipment decreased by 0.5%. Prices of motor cars rose by 0.9%. Prices of transport services went down by 4.7%.

In **'clothing and footwear'**, prices of garments went down by 2.6%, while prices of shoes and other footwear rose by 2.4%.

Development of the consumer price index by ECOICOP division:



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Consumer price indices in the Q4 2019 and in the year 2019

ECOICOP	Division	Constant weights of 2016 per mille	2018	2019							
			Corresponding period of the previous year = 100								
			Q4	Q1	Q2	Q3	October	November	December	Q4	year
E00	Total	1000.0	102.1	102.7	102.8	102.8	102.7	103.1	103.2	103.0	102.8
E01	Food and non-alcoholic beverages	177.6	99.5	101.0	102.5	103.5	102.8	105.4	104.8	104.3	102.8
E01.11	Bread and cereals	28.3	99.3	102.0	103.5	104.1	105.1	105.9	102.5	104.5	103.5
E01.12	Meat	42.1	99.8	99.5	102.0	105.1	105.5	107.8	109.7	107.6	103.6
E02	Alcoholic beverages and tobacco	92.2	103.1	103.3	101.7	101.9	101.9	101.7	101.9	101.8	102.2
E03	Clothing and footwear	41.5	98.3	98.9	98.1	98.5	99.2	99.2	100.6	99.7	98.8
E04	Housing, water, electricity, gas and other fuels	257.2	103.8	105.4	105.7	105.2	104.9	105.0	105.1	105.0	105.3
E04.1	Actual rentals for housing	33.7	103.3	103.7	103.5	103.9	103.8	103.8	103.7	103.8	103.7
E04.2	Imputed rentals for housing	103.9	105.4	105.8	105.6	104.9	104.1	104.1	104.0	104.0	105.1
E04.510	Electricity	42.7	105.6	109.7	111.6	110.1	109.9	111.5	112.3	111.2	110.6
E04.521	Natural gas and town gas	24.4	99.5	102.4	103.6	103.6	103.6	103.4	103.0	103.3	103.2
E05	Furnishings, household equipment and routine household maintenance	58.1	101.8	101.4	101.1	101.4	101.8	102.4	102.0	102.0	101.5
E06	Health	24.5	103.5	103.6	103.5	103.0	103.0	102.5	102.1	102.5	103.2
E07	Transport	101.7	102.6	100.6	100.8	99.8	100.3	99.9	101.2	100.5	100.4
E07.22	Fuels and lubricants for personal transport equipment	29.1	109.5	101.3	102.4	97.9	96.0	95.7	98.8	96.8	99.5
E08	Communication	28.9	99.1	98.8	98.7	98.5	98.0	95.9	95.9	96.6	98.1
E09	Recreation and culture	86.3	100.5	101.7	101.0	101.7	102.0	102.2	102.2	102.1	101.6
E09.60	Package holidays	19.2	103.2	107.2	104.7	107.0	106.1	106.4	106.1	106.2	106.3
E10	Education	5.7	102.2	102.2	102.2	102.7	103.8	103.8	103.8	103.8	102.7
E11	Restaurants and hotels	59.1	103.7	103.8	104.0	104.5	104.6	104.6	104.7	104.6	104.2
E12	Miscellaneous goods and services	67.2	104.1	104.3	104.1	103.7	103.3	103.4	102.9	103.2	103.8

Elaborated by Consumer Prices Statistics Unit of the CZSO

Contact:

Jiří Trexler

Consumer Prices Statistics Unit

E-mail: jiri.trexler@czso.cz

Phone: (+420) 274 054 137