

AVERAGE INFLATION RATE STOOD AT 3.2% IN 2020

Consumer price indices – inflation – December 2020

Consumer prices in December decreased by 0.2% compared with November. This development came primarily from price decline in 'food and non-alcoholic beverages'. The year-on-year growth of consumer prices amounted to 2.3% in December, which was 0.4 percentage points down on November. It was the lowest year-on-year price growth since December 2018. The average inflation rate for 2020 as a whole was 3.2%.

Month-on-month comparison

Price decrease in 'food and non-alcoholic beverages' came mainly from lower prices of vegetables by 9.4%. Prices of yoghurts went down by 5.8%, pork by 1.3%, eggs by 3.5%, cheese and curd by 0.8%. In 'clothing and footwear', prices of garments were lower by 1.8%.

Month-on-month increase in the overall consumer price level in December came from price rise in 'alcoholic beverages, tobacco', where prices of tobacco products were higher by 1.5% and spirits by 0.9%. In 'transport', prices of automotive fuels and lubricants increased by 0.9%. In food, mainly prices of potatoes were higher by 5.0% and UHT semi-skimmed milk by 2.5%.

Prices of goods in total went down by 0.4%, whereas prices of services went up by 0.2%.

Year-on-year comparison

Consumer prices increased by 2.3% in December, i.e. 0.4 percentage points down on November. This slowdown in the year-on-year price growth came mainly from prices in 'food and non-alcoholic beverages'. Prices of vegetables turned from growth by 6.8% in November into decline by 7.2% in December, prices of pork were lower by 6.8% (decrease by 2.6% in November), eggs by 5.2% (decrease by 1.2% in November), sugar by 1.8% (decrease by 0.6% in November). In 'clothing and footwear', price rise of garments slowed down to 2.4% (4.3% in November). Deceleration of year-on-year price rise occurred in 'housing, water, electricity, gas and other fuels', due to prices of electricity, which were higher by 2.5% in December (3.3% in November). In 'alcoholic beverages and tobacco' price rise of spirits accelerated to 5.4% (3.3% in November) and tobacco products to 16.4% (14.8% in November).

The biggest influence on the growth of the year-on-year price level in December came, as before, from prices in 'alcoholic beverages and tobacco' (increase by 10.7%). Next in order of influence were prices in 'housing, water, electricity, gas and other fuels', where prices of actual rentals were higher by 2.0%, water supply by 1.7%, sewage collection by 1.5%. Prices of natural gas were lower by 3.9%, year-on-year. In 'restaurants and hotels', prices of catering services increased by 4.7%. A reduction in the overall price level in December came from prices in 'food and non-alcoholic beverages' (decrease by 0.1%) and 'communications' (decrease by 1.2%).

Prices of goods in total and services went up (2.0% and 2.8%, respectively). The overall consumer price index excluding imputed rentals for housing was 102.4%, year-on-year.

The **average inflation rate** as measured by the increase in the average consumer price index in the twelve months 2020 compared with the average CPI in the twelve months 2019 was 3.2%, i.e. 0.4 percentage points up on 2019. It was the highest average inflation rate since 2012. Prices of goods in total and prices of services rose identically by 3.2%

(A summary of the development of the consumer price index in 2020 is a part of the Q4 analysis, which is released at the same time.)

Harmonized index of consumer prices (HICP) ¹⁾

According to preliminary calculations, the HICP in the Czech Republic in **December** went down by 0.2%, **month-on-month** and went up by 2.4%, **year-on-year**. According to flash estimates of Eurostat, the MUICP (Monetary Union Index of Consumer Prices) in **December 2020** amounted to –0.3% year-on-year (as in November). In Slovakia, prices were higher by 1.6% in December and on the other hand in Germany, prices were lower by 0.7%. According to preliminary data of Eurostat, the **year-on-year** change in the average **harmonized index of consumer prices (HICP)** in the **EU27 member states** amounted to 0.2% in **November** (as in October). The rise in prices was the highest in Poland (3.7%) and the deepest price reduction occurred in Greece (–2.1%). In Slovakia, prices were higher by 1.6% and in Germany prices decreased by 0.7%.

(More information on the Eurostat's web pages: [HICP](#).)

In December, in comparison with the previous month, the overall consumer price level in **households of pensioners** decreased by 0.2%. This development was mainly influenced by prices in 'food and non-alcoholic beverages', which were lower by 1.2%. In this division, prices of vegetables, yoghurts, eggs, pork went down in particular. The price decrease in 'clothing and footwear' by 1.1% was due to a drop in prices of garments. The opposite effect on the change in the price level had a price rise in 'alcoholic beverages, tobacco' by 0.7%. Prices of tobacco products and spirits were higher in this division.

In the capital city of Prague, consumer prices in total decreased by 0.1% compared to the previous month (–0.2% in the Czech Republic). The biggest influence on this development had the decrease in prices in 'food and non-alcoholic beverages' by 1.5% (–1.2% in the Czech Republic). In this division, prices of vegetables, non-alcoholic beverages, yoghurts, pork and eggs went down, in particular. In 'clothing and footwear', prices went down by 0.4% (–1.3% in the Czech Republic). Prices of garments were lower in this section. On the other hand, consumer prices in Prague increased by 0.7% in 'alcoholic beverages and tobacco' (0.4% in the Czech Republic). In this division, prices of tobacco products and spirits were higher.

[Methodological note to consumer price index in December 2020 \(COVID-19\)](#)

¹⁾ Imputed rentals are excluded from the HICP.