

Overall level of consumer prices unchanged

Consumer price indices – June 2010

The total consumer price level in June remained unchanged compared with May (index 100.0 % month-on-month). This development came primarily from a price rise in 'recreation and culture', which was offset by falling prices in 'clothing and footwear' and 'alcoholic beverages, tobacco'. The year-on-year rise in consumer prices amounted to 1.2 % in June (the same as in May).

* * *

The **month-on-month** consumer price development was influenced primarily by a price growth of seasonal prices of package holidays by 3.5 %. In 'food and non-alcoholic beverages', the rise in prices came from higher prices of potatoes by 57.7 % because market offer switched from old to new potatoes. Prices of pasta were higher by 3.1 %, yoghurts by 1.2 % and butter by 2.4 %. In 'transport', the increase in prices of automotive fuel continued for the sixth month, which amounted only to 0.4 % in June.

A downward effect on the price level came from a price drop in clothing and footwear (-0.8 % and -1.5 %, respectively). Prices of alcoholic beverages dropped by 1.5 %, of which prices of bottled beer by 2.7 %. In food, prices of stone fruit and berry plants decreased by 11.3 % and vegetables grown for fruit by 16.9 %.

Prices of goods in total dropped by 0.2 % and prices of services rose by 0.3 %.

In terms of the **year-on-year** comparison, in June 2010, the increase in consumer prices was 1.2 %. In 'food and non-alcoholic beverages' the y-o-y drop in prices stopped after eighteen months. This change was influenced primarily by higher prices of vegetables including potatoes by 18.6 %, oils and fats by 2.2 % and milk, cheese and eggs by 1.4 %. A slowdown in the price growth was shown in 'transport', in which the rise in prices of automotive fuel slowed down from 20.5 % to 14.4 % due to a marked increase in their prices in June 2009.

The highest upward effect on the price level came from prices in 'housing, water, electricity, gas and other fuels' and 'alcoholic beverages, tobacco'. In 'housing, water, electricity, gas and other fuels' the net actual rentals went up by 10.1 %, of which for dwellings with regulated rentals rose by 18.7 % and for dwellings with market rentals dropped by 0.5 %. Prices of alcoholic beverages were higher by 3.6 % and tobacco products by 4.7 %.

The reduction of price level came from prices in clothing by 3.2 % and footwear by 0.9 %. In 'communications', prices of mobile phones decreased and so did prices of telephone and telefax services (-13.1 % and -2.4 %, respectively). In food, prices of rolls and baguettes, flour and edible oils remained lower (-10.6 %, -12.3 % and -5.2 %, respectively). However, their drop slowed down. In 'housing, water, electricity, gas and other fuels', prices of natural gas went down by 6.5 % and electricity by 2.7 %. In 'recreation and culture', prices of audio-visual, photographic and information processing equipment were lower by 9.0 %.

Prices of goods in total increased by 0.4 % and prices of services by 2.3 %. The overall consumer price index excluding imputed rentals was 101.1 %, year-on-year.

Average inflation rate, i.e. the increase in the average consumer price index in the twelve months to June 2010 compared with the average CPI in the previous twelve months, stood at 0.6 % in June, which is the same compared with the previous two months.

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices** (HICP) in the **EU27 member states** was 2.0 % in **May 2010** (0.1 percentage point down on April). The highest annual rates were observed in Greece (5.3 %) and Hungary (4.9 %). The

year-on-year decrease continued in Latvia (-2.4 %) and Ireland (-1.9 %). In Germany, the y-o-y growth accelerated to 1.2 % (from 1.0 % in April). In Slovakia, the price rise was the same as in April (0.7 %). According to preliminary calculations, the HICP in the **Czech Republic in June** increased by 0.0 %, **month-on-month**, and by 1.0 % (the same as in May), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in June 2010** was 1.4 %, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

In June 2010, in comparison to May 2010, consumer prices rose in **households of pensioners** by 0.1 %. It was recorded a higher consumer price index for 'recreation and culture' by 0.6 %. The increase came mainly from higher prices of domestic recreational stays and recreational stays abroad. Higher index was registered for 'food and non-alcoholic beverages' by 0.5 % due mainly to an increase in prices of vegetables including potatoes, pasta and butter. In 'restaurants and hotels', the consumer price level went up by 0.3 %. An upward effect on the consumer price level came primarily from the rise in prices of accommodation services and meals provided by restaurants. On the other hand, a lower index was recorded for 'clothing and footwear' (-0.9 %) due mainly to lower prices of women's footwear and women's and men's ready-made clothing. The consumer price index for 'alcoholic beverages, tobacco' was down for pensioners (-0.8%) as a result of lower prices of beer and wine.

In the capital city of Prague, the overall consumer price index (cost of living) increased by 0.1 % month-on-month (0.0 % in the whole Czech Republic). The consumer price index for 'recreation and culture' rose by 0.5 % (0.8 % in the Czech Republic) due primarily to higher prices of domestic recreational stays and recreational stays abroad. Prague registered a higher index for 'food and non-alcoholic beverages' by 0.2 % (0.3 % in the Czech Republic) particularly due to higher prices of vegetables including potatoes, cakes and desserts and pasta. The consumer price index for 'health' went up by 0.2 % (a drop -0.1 % in the Czech Republic), affected mainly by higher prices of hospital services. On the other hand, a decrease occurred in 'clothing and footwear' by 0.2 % (-0.9 % in the Czech Republic) as a result of lower prices of children's underwear and knitwear and clothing accessories, in particular. In 'transport', the drop in prices by 0.2 % (0.0 % in the Czech Republic) came from lower prices of new cars and bicycles.