

ANALYSIS

10 July 2020

Development of consumer price indices in the Q2 2020

The total consumer price level increased by 0.3% in the Q2 2020 compared to the Q1 2020. Consumer prices increased by 3.1% in the Q2 2020, year-on-year (y-o-y), which is by 0.5 percentage point (p. p.) less compared to the Q1 2020.

The **quarter-on-quarter** (q-o-q) development of consumer prices in the Q2 2020 was influenced mainly by a price increase in 'food and non-alcoholic beverages', 'alcoholic beverages and tobacco', 'clothing and footwear'. In 'food and non-alcoholic beverages', especially prices of fruit were higher by 8.5%, prices of vegetables by 7.3%, prices of meat by 1.1%, prices of bread and cereals by 1.1%. In 'alcoholic beverages and tobacco', prices of tobacco and tobacco products increased by 5.0%, on the contrary, prices of spirits went down by 0.2%, wine by 1.2%, prices of beer by 1.4%. In 'clothing and footwear', prices of garments increased by 2.4% and prices of shoes and other footwear by 2.2%. An opposite influence, i.e. on decrease in the overall consumer price level was mainly due to a price decrease in 'transport', where prices of fuels and lubricants for personal transport equipment went down by 15.4%. A price decrease in 'recreation and culture' was caused mainly by a decrease of prices of package holidays by 5.4%. The average month-on-month increment in the total consumer price index was 0.3% in the Q2 2020; it was 0.5% in the Q1 2020.

Consumer price indices (previous quarter = 100)

DIVISION	2019			2020	
	Q2	Q3	Q4	Q1	Q2
TOTAL	100.7	100.6	100.4	101.8	100.3
Food and non-alcoholic beverages	101.0	100.0	101.4	103.5	101.5
Alcoholic beverages and tobacco	99.3	100.2	100.4	103.7	102.2
Clothing and footwear	102.3	97.0	104.3	100.0	102.2
Housing, water, electricity, gas and other fuels	101.1	100.6	100.9	101.5	100.1
Furnishings, household equipment and routine household maintenance	100.5	100.5	100.9	100.5	101.3
Health	101.6	100.4	99.3	100.2	101.9
Transport	101.9	99.8	99.8	100.2	96.7
Communication	99.6	99.5	98.0	98.6	99.6
Recreation and culture	98.7	104.5	96.0	103.1	98.6
Education	100.0	101.2	102.5	100.3	100.1
Restaurants and hotels	101.2	101.3	101.1	101.8	100.8
Miscellaneous goods and services	101.0	100.6	100.3	101.7	100.8

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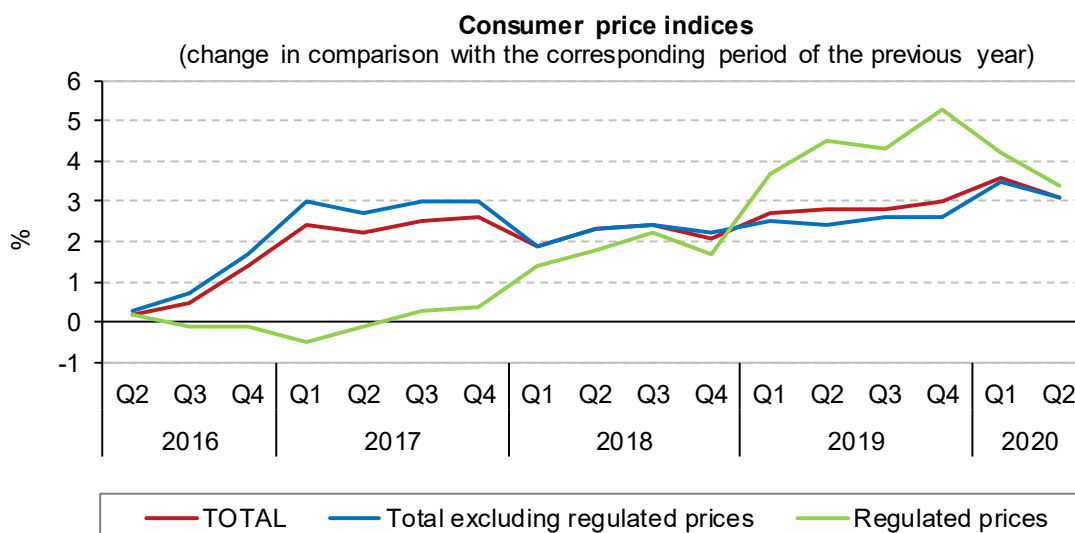
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Consumer prices rose by 3.1%, **year-on-year (y-o-y), in the Q2 2020 compared to the Q2 2019**, i.e. by 0.5 percentage point less than in the Q1. This development was influenced mainly by a transition from an increase into a decrease in 'transport', and a slowdown in price growth in 'housing, water, electricity, gas and other fuels'. An opposite influence, i.e. price growth acceleration was caused mainly by price development in 'alcoholic beverages and tobacco'.

Changes in the price development in the Q2 2020 were reflected in slowdown of the y-o-y growth of the market prices to 3.1% (in the Q1 2020 they grew by 3.5%). The increase in regulated prices slowed down to 3.4% in the Q2 2020 from 4.2% in the Q1 2020.



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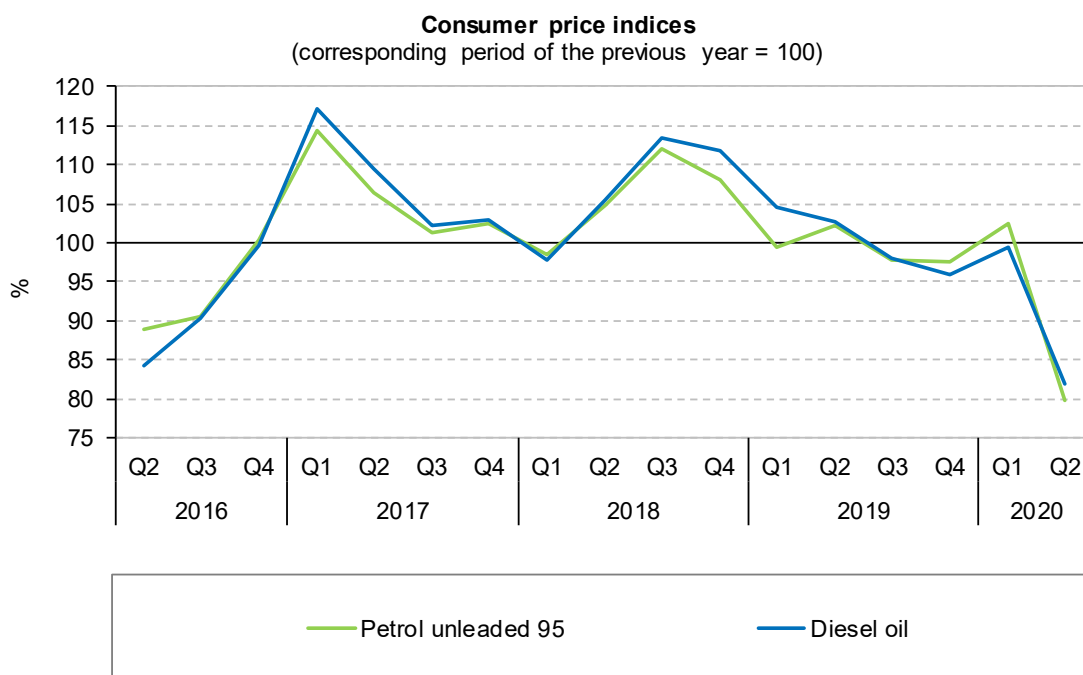
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The biggest influence on the slowdown of price level growth occurred in **'transport'**, where prices of fuels and lubricants for personal transport equipment went down by 19.2% (in the Q1 2020 they grew by 1.2%). The price of unleaded petrol Natural 95 was CZK 26.44 in June and the price of diesel oil was CZK 26.33.



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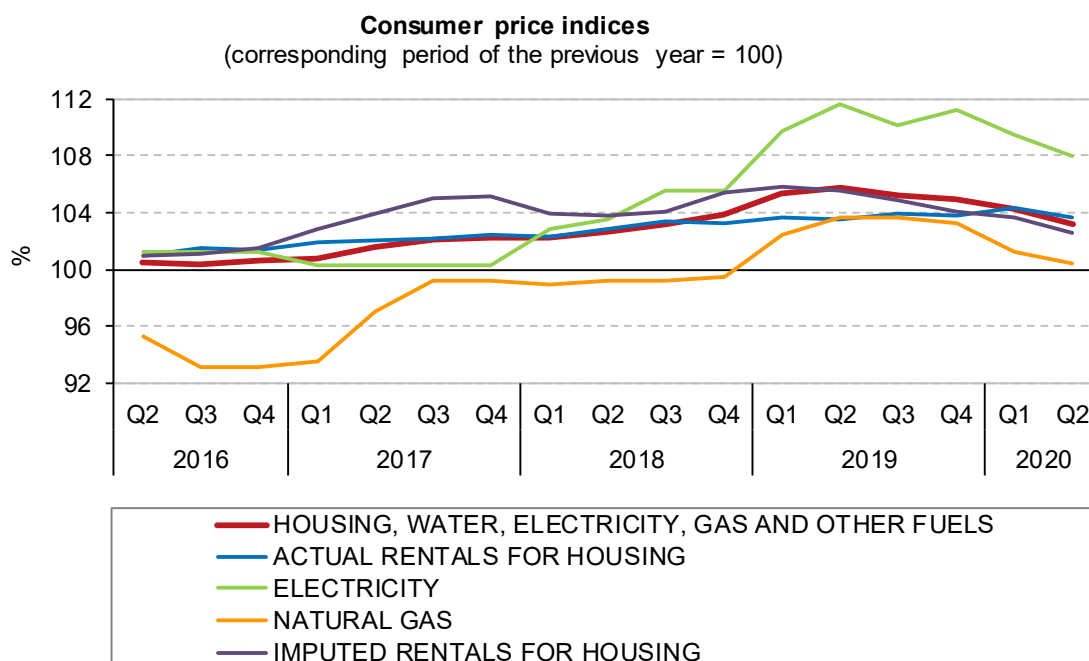
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In 'housing, water, electricity, gas and other fuels', prices of electricity rose by 8.0% and prices of natural gas and town gas by 0.4%. Prices of actual rentals for housing rose by 3.7%, charges for water supply and sewage collection increased by 2.9% and 2.5%, respectively. Prices of heat energy decreased by 1.5%. Imputed rentals for housing (own housing costs) increased by 2.6% (+3.7% in the Q1).



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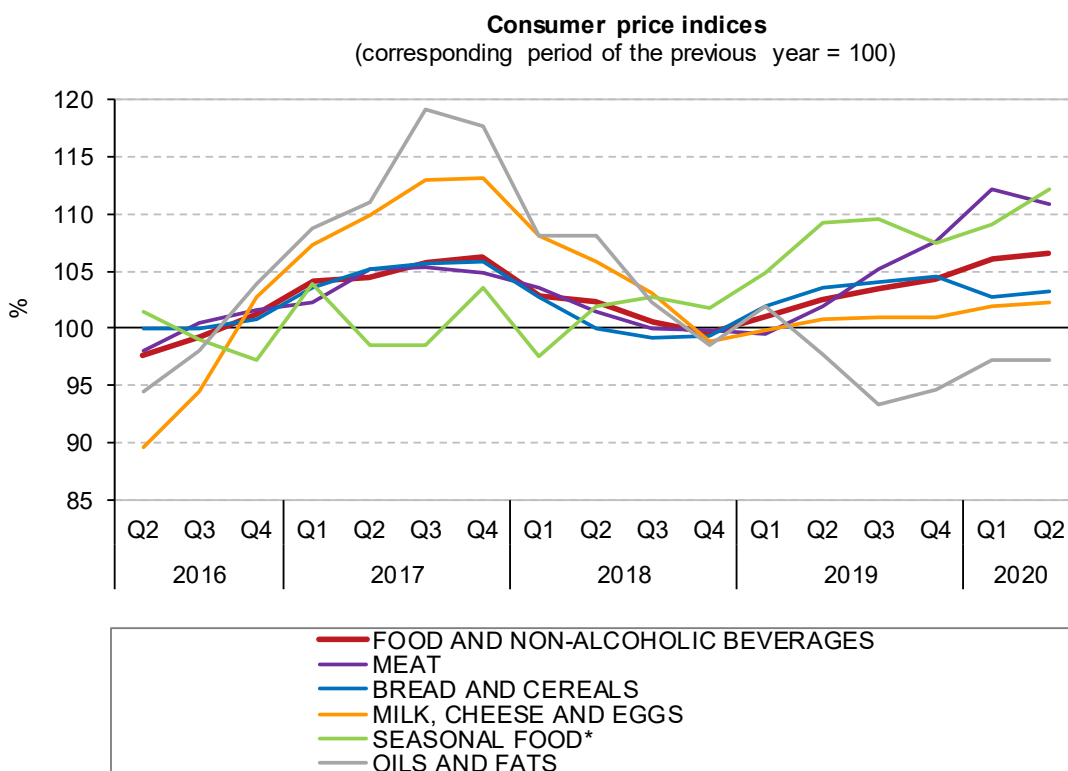
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In **'alcoholic beverages and tobacco'**, prices of tobacco products increased by 7.5%. Prices of spirits rose by 9.0%, wine by 1.8%, and beer by 4.2%.

The impact on the price level increase came also from prices in **'food and non-alcoholic beverages'**. Prices of meat increased by 10.8%, of which pork prices by 14.2% and prices of smoked meats by 13.0%. Prices of fish and seafood increased by 1.5%. Prices in the group of milk, cheese and eggs rose by 2.2%, y-o-y in the Q2, of which prices of cheese and curd by 3.7% and prices of UHT semi-skimmed milk by 3.4% (+3.0% in Q1). Prices of yoghurt decreased by 2.6%, y-o-y (-2.4% in Q1). Prices of eggs increased by 2.5%, y-o-y. Prices of oils and fats were lower by 2.8%, of which butter by 7.3%. Prices of sugar went up by 14.5%. Bread prices increased by 1.8% and prices of flours and other cereals by 14.5%. Fruit prices went up by 25.8%. Prices of non-alcoholic beverages increased by 2.0%, of which prices of coffee were lower by 0.2%. Prices of vegetables were higher by 6.5%, of which potato prices went up by 0.8% (in the Q1 they decreased by 0.2%).



*Seasonal food includes fish and seafood, fruit and vegetables

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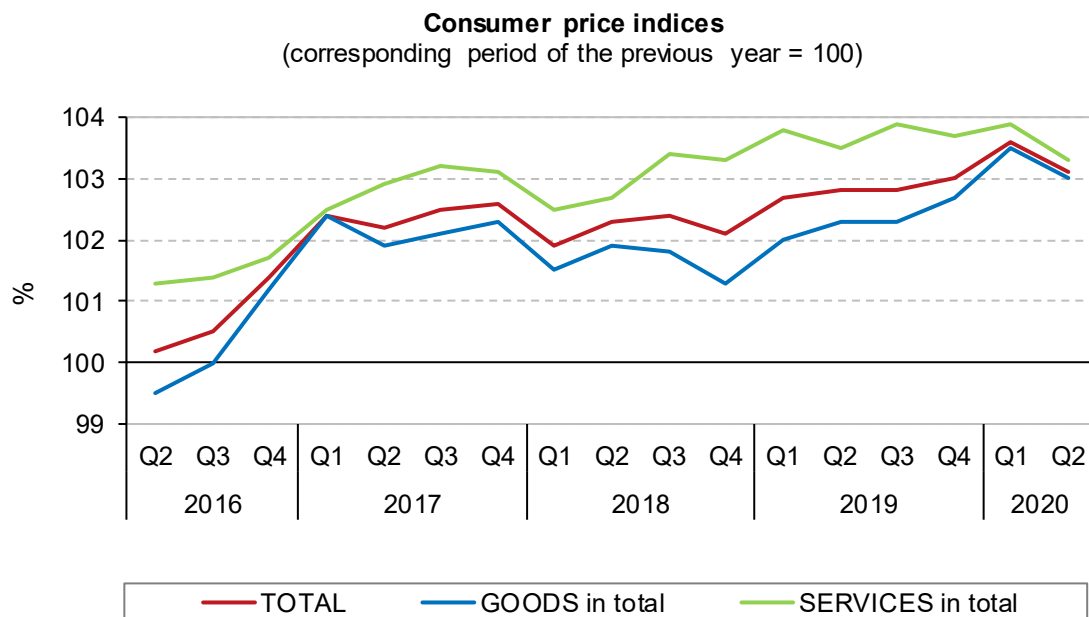
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In **'clothing and footwear'**, prices of garments increased by 4.2% and prices of shoes and other footwear by 1.9%.

In **'restaurants and hotels'**, prices in catering services increased by 5.5% and prices of accommodation services by 2.5%.

In **'miscellaneous goods and services'**, prices of financial services went up by 2.5%. Prices of personal care increased by 3.7%.

The aforementioned fluctuations in consumer prices resulted in a rise in prices of **goods in total** by 3.0% and prices of **services** by 3.3%



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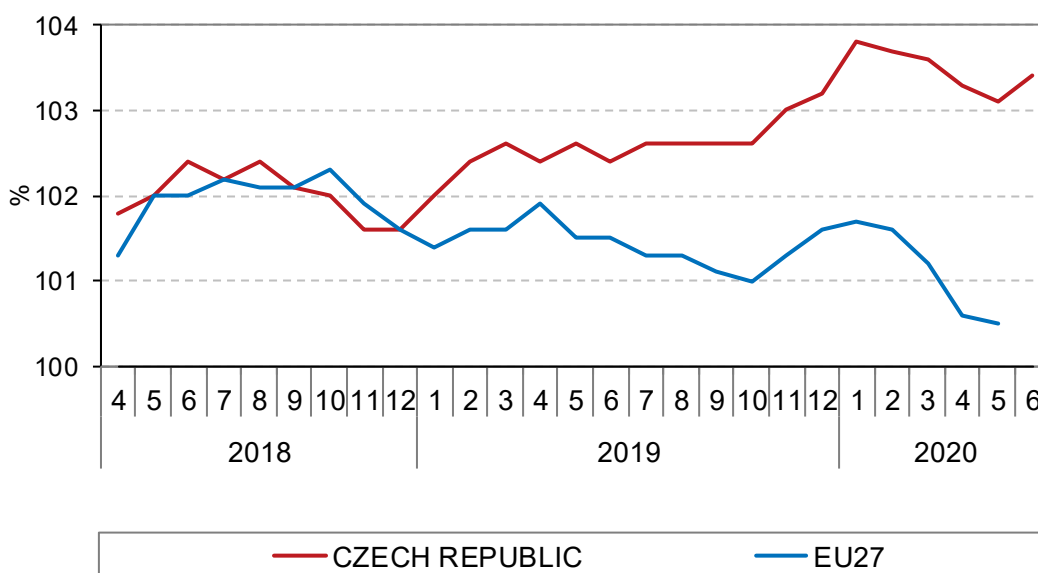
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Harmonized index of consumer prices in the EU27

According to Eurostat data, the y-o-y change of the average harmonized index of consumer prices (HICP) in the EU27 was 0.6% in April 2020 and 0.5% in May. In the Czech Republic (CR), the y-o-y increase in the HICP was 3.3% in April and 3.1% in May. According to preliminary calculations, the HICP in the CR rose by 3.4%, y-o-y, in June. It is clear from the chart below that the HICP in the CR has been higher than the same indicator in the EU since January 2019 and the difference between the figures for the CR and for the EU has been gradually increasing. In May 2020, the y-o-y HICP decreased in 14 EU Member States, the figures ranged from -1.8% in Estonia to +3.4% in Poland.

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



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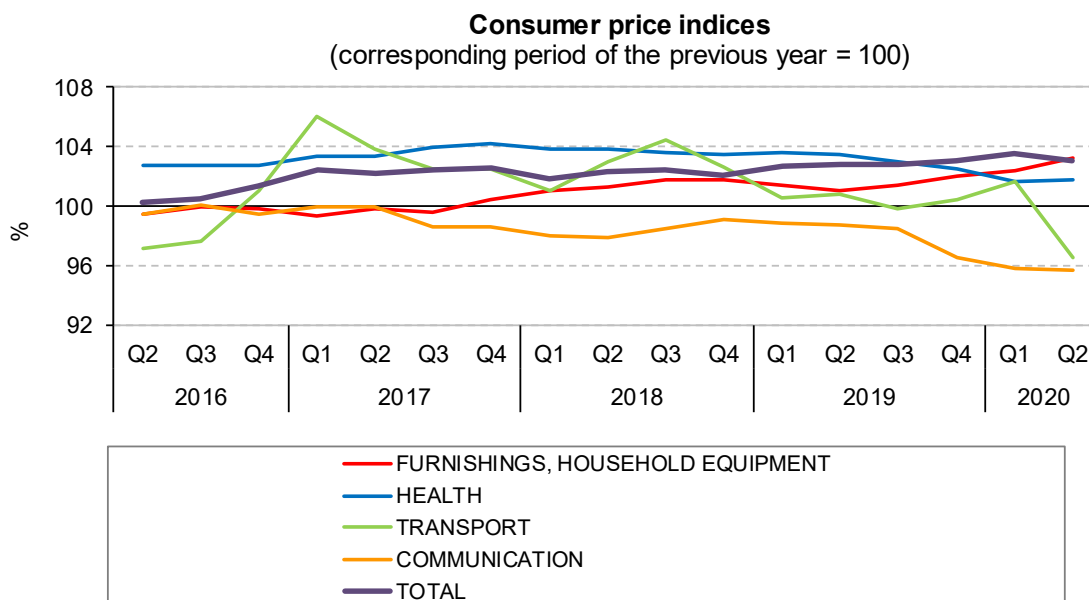
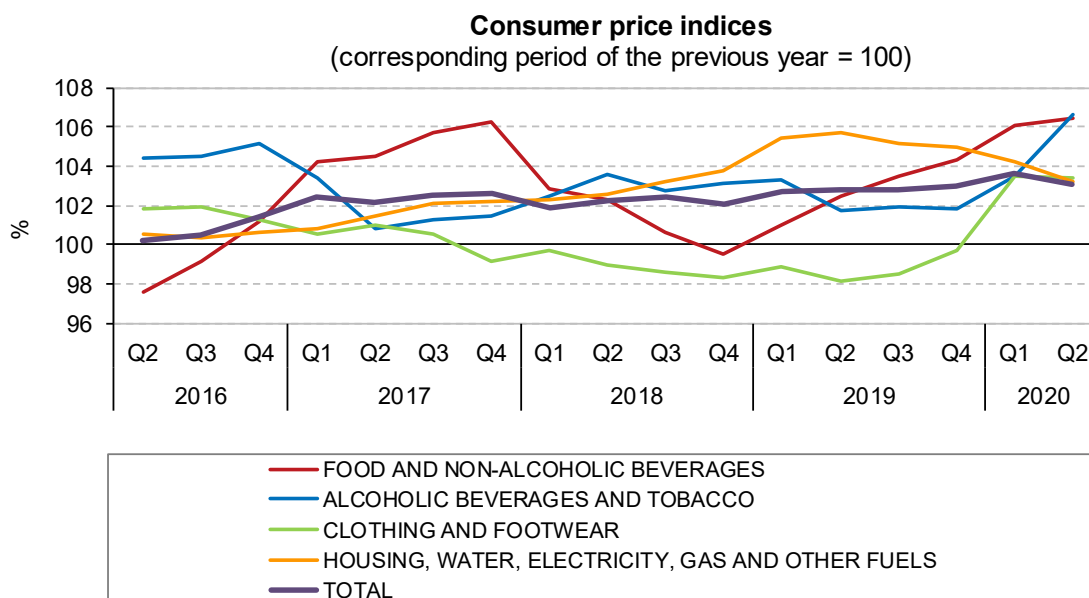
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Development of the consumer price index by ECOICOP division:



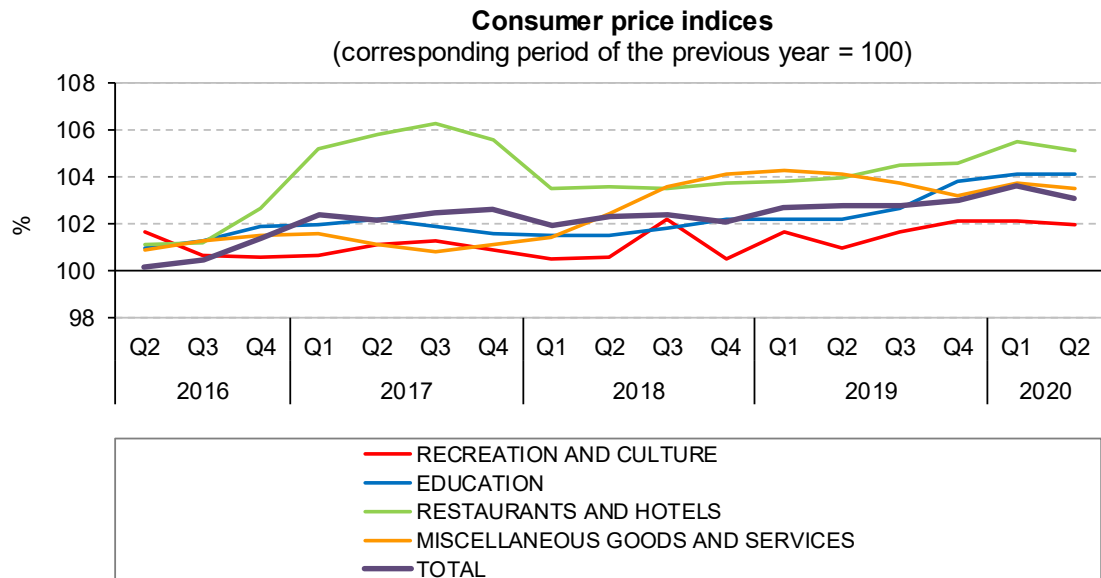
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ECOICOP	Division	Constant weights of 2018 per mille	2019			2020				
			Corresponding period of the previous year = 100							
			Q2	Q3	Q4	Q1	April	May	June	Q2
E00	Total	1000.0	102.8	102.8	103.0	103.6	103.2	102.9	103.3	103.1
E01	Food and non-alcoholic beverages	177.2	102.5	103.5	104.3	106.1	107.8	106.3	105.4	106.5
E01.11	Bread and cereals	28.3	103.5	104.1	104.5	102.7	103.5	103.2	102.8	103.2
E01.12	Meat	42.3	102.0	105.1	107.6	112.1	112.8	110.8	108.8	110.8
E02	Alcoholic beverages and tobacco	87.0	101.7	101.9	101.8	103.5	104.3	105.8	109.6	106.6
E03	Clothing and footwear	41.6	98.1	98.5	99.7	103.5	103.6	102.9	103.7	103.4
E04	Housing, water, electricity, gas and other fuels	251.4	105.7	105.2	105.0	104.2	103.5	103.2	103.0	103.2
E04.1	Actual rentals for housing	36.3	103.5	103.9	103.8	104.3	104.3	103.8	103.1	103.7
E04.2	Imputed rentals for housing	106.1	105.6	104.9	104.0	103.7	102.8	102.5	102.4	102.6
E04.510	Electricity	38.5	111.6	110.1	111.2	109.4	108.6	108.0	107.6	108.0
E04.521	Natural gas and town gas	21.8	103.6	103.6	103.3	101.2	100.4	100.4	100.4	100.4
E05	Furnishings, household equipment and routine household maintenance	56.6	101.1	101.4	102.0	102.4	103.3	103.1	103.3	103.3
E06	Health	24.5	103.5	103.0	102.5	101.6	101.2	101.9	102.3	101.8
E07	Transport	115.1	100.8	99.8	100.5	101.7	96.2	96.1	97.4	96.6
E07.22	Fuels and lubricants for personal transport equipment	34.3	102.4	97.9	96.8	101.2	83.3	78.3	80.8	80.8
E08	Communication	28.8	98.7	98.5	96.6	95.8	95.1	95.9	95.9	95.7
E09	Recreation and culture	85.3	101.0	101.7	102.1	102.1	102.0	101.8	102.0	102.0
E09.60	Package holidays	19.2	104.7	107.0	106.2	105.1	104.9	105.9	104.6	105.1
E10	Education	5.6	102.2	102.7	103.8	104.1	104.1	104.0	104.1	104.1
E11	Restaurants and hotels	63.5	104.0	104.5	104.6	105.5	105.1	105.1	105.0	105.1
E12	Miscellaneous goods and services	63.4	104.1	103.7	103.2	103.7	103.4	103.2	103.8	103.5

Elaborated by Consumer Prices Statistics Unit of the CZSO

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