

ANALYSIS

13 January 2021

Development of consumer price indices in the Q4 2020 and in the year 2020

The total consumer price level decreased by 0.4% in the Q4 2020 compared to the Q3 2020. Consumer prices increased by 2.6% in the Q4 2020, year-on-year (y-o-y), which is by 0.7 percentage points (p. p.) less compared to the Q3 2020.

The **quarter-on-quarter** (q-o-q) development of consumer prices in the Q4 2020 was influenced mainly by a price decrease in 'recreation and culture', 'food and non-alcoholic beverages', 'housing, water, electricity, gas and other fuels'. The decrease in prices in 'food and non-alcoholic beverages' was mainly due to a decrease in prices of bread and cereals by 0.5%, meat by 1.6%, fruit by 2.9%, non-alcoholic beverages by 1.9%. Prices in group milk, cheese and eggs went down by 0.9%. In 'housing, water, electricity, gas and other fuels' prices of actual rentals for housing decreased by 0.1%, electricity by 2.6%, natural gas by 4.3%. An opposite influence, i.e. on increase in the overall consumer price level was mainly due to a price rise in 'clothing and footwear', 'transport'. In 'clothing and footwear' prices of garments went up by 2.9% and footwear by 3.9%. In 'transport', prices of motor cars increased by 1.5% and prices of fuels and oils by 0.2%. The average month-on-month change in the aggregate consumer price index in the 4th quarter of 2020 was 0.0%, in the 3rd quarter of 2020 it was -0.1%.

Consumer price indices (previous quarter = 100)

DIVISION	2019	2020			
	Q4	Q1	Q2	Q3	Q4
TOTAL	100.4	101,8	100,3	100,8	99,6
Food and non-alcoholic beverages	101.4	103.5	101.5	97.6	99.2
Alcoholic beverages and tobacco	100.4	103.7	102.2	103.7	100.0
Clothing and footwear	104.3	100.0	102.2	98.1	103.1
Housing, water, electricity, gas and other fuels	100.9	101.5	100.1	100.2	99.7
Furnishings, household equipment and routine household maintenance	100.9	100.5	101.3	100.5	100.5
Health	99.3	100,2	101.9	101.3	99.7
Transport	99.8	100.2	96.7	103.1	100.7
Communication	98.0	98.6	99.6	100.0	99.9
Recreation and culture	96.0	103.1	98.6	104.7	96.3
Education	102.5	100.3	100.1	100.8	101.8
Restaurants and hotels	101.1	101.8	100.8	101.1	100.6
Miscellaneous goods and services	100.3	101.7	100.8	100.5	100.4

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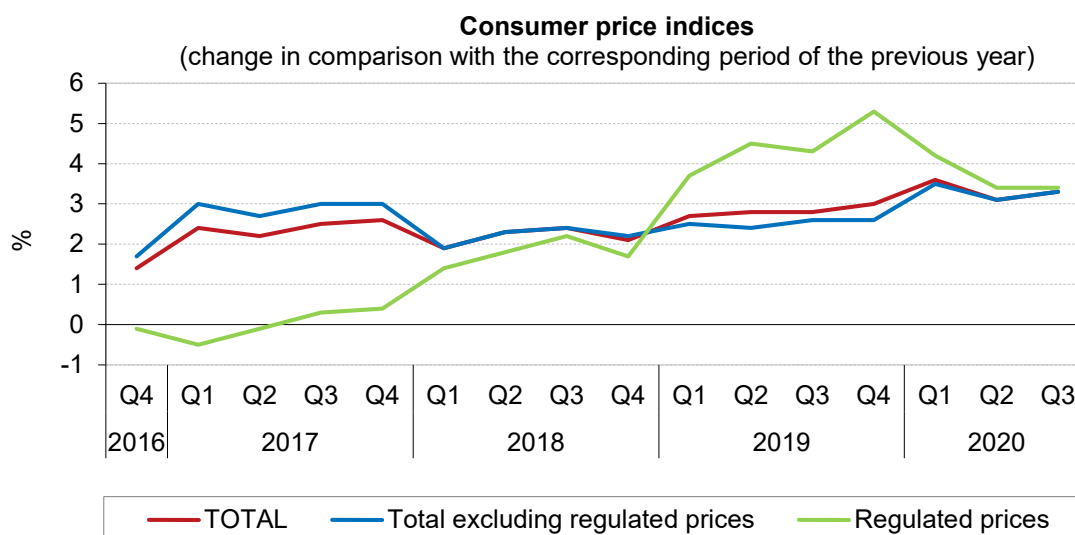
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Consumer prices rose by 2.6%, **year-on-year (y-o-y), in the Q4 2020 compared to the Q4 2019**, i.e. by 0.7 percentage points more than in the Q3. This development was mainly influenced by a slowdown in price growth in the 'food and non-alcoholic beverages' and in the 'housing, water, electricity, gas and other fuels'. An opposite influence, i.e. faster rise in prices was mainly due to price developments in 'transport'.

Changes in the price development in the Q4 2020 reflected in acceleration of the y-o-y growth of the market prices to 2.8% (in the Q3 2020 they grew by 3.3%). The growth of regulated prices slowed to 1.7% in Q4 2020 from 3.4% in Q3 2020.



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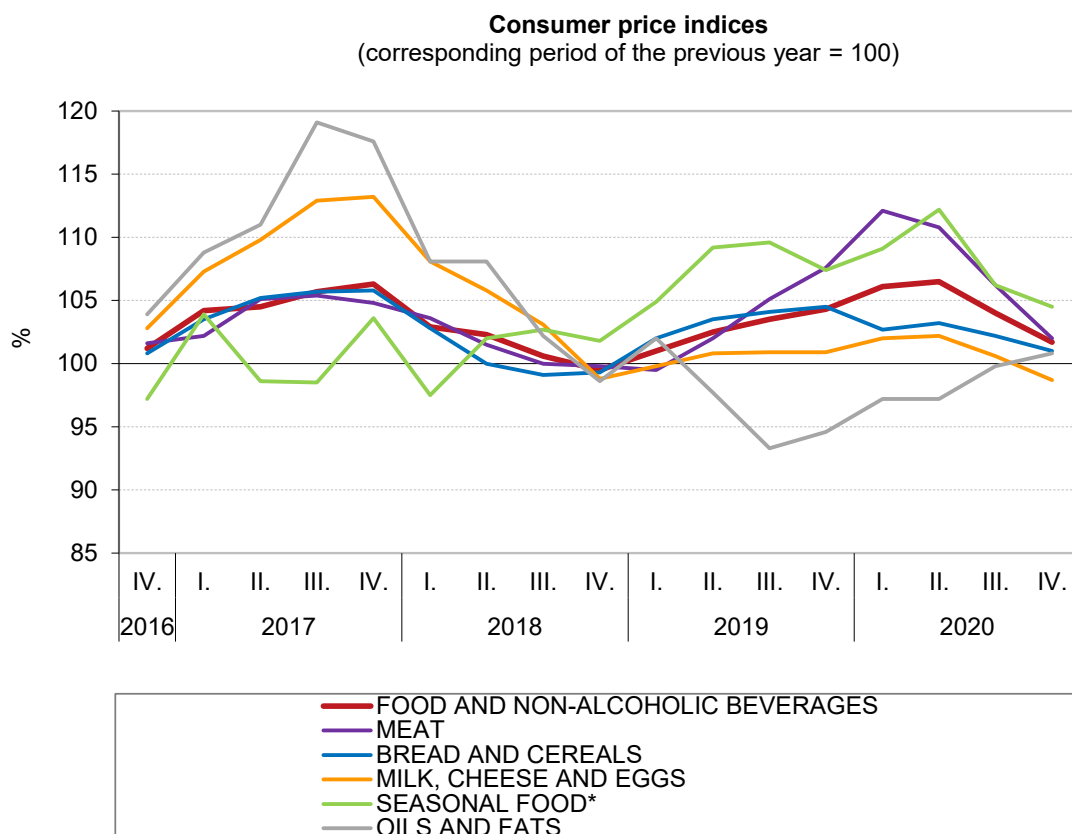
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Prices in the **'food and non-alcoholic beverages'** had the largest impact on the slowdown in price level growth. Prices of meat increased by 2.0% (increase by 6.2% in Q3), of which sausage prices by 4.5%. Prices of pork decreased by 1.6%, fish by 1.5%. Prices in the group milk, cheese and eggs decreased by 1.3% year-on-year (increase by 0.6% in Q3), of which prices of UHT semi-skimmed milk decreased by 9.5% (in Q3 quarter decline by 2.6%). Prices of yoghurts fell by 4.1% year on year (same as in Q3). Prices of cheese and curd were higher by 2.0%. Prices of eggs fell by 3.6%. Prices of oils and fats were higher by 0.8%, while prices of butter decreased by 3.6%. Prices of sugar fell by 1.1%. Prices of bread were higher by 0.1% and prices of flour and other cereals by 4.9%. Prices of fruit increased by 9.1%. Prices of non-alcoholic beverages increased by 0.3%, while prices of coffee were lower by 1.9%.

Prices of vegetables were higher by 1.8%, while prices of potatoes were lower by 20.4% (decrease by 11.4% in Q3).



* Seasonal foods include fish and seafood, fruits and vegetables.

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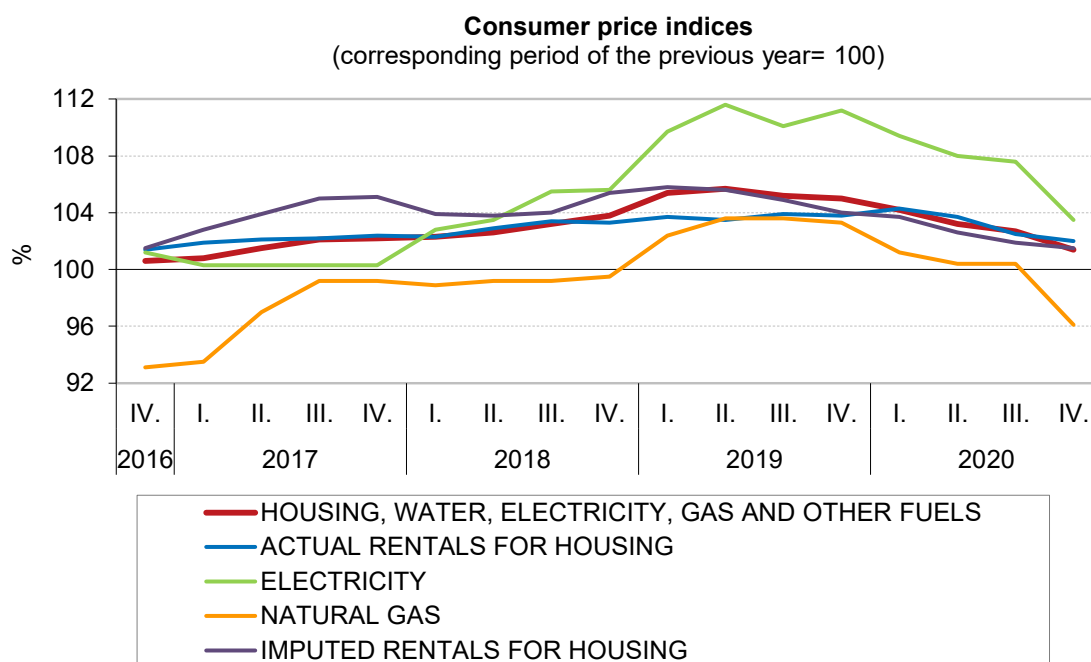
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In 'housing, water, electricity, gas and other fuels', prices of electricity rose by 3.5% and prices of natural gas and town gas decreased by 3.9%. Prices of actual rentals for housing rose by 2.0%, charges for water supply and sewage collection by 1.7% and 1.5%, respectively. Prices of heat energy decreased by 1.3%. Imputed rentals for housing (own housing costs) increased by 1.5% (1.9% in Q3).



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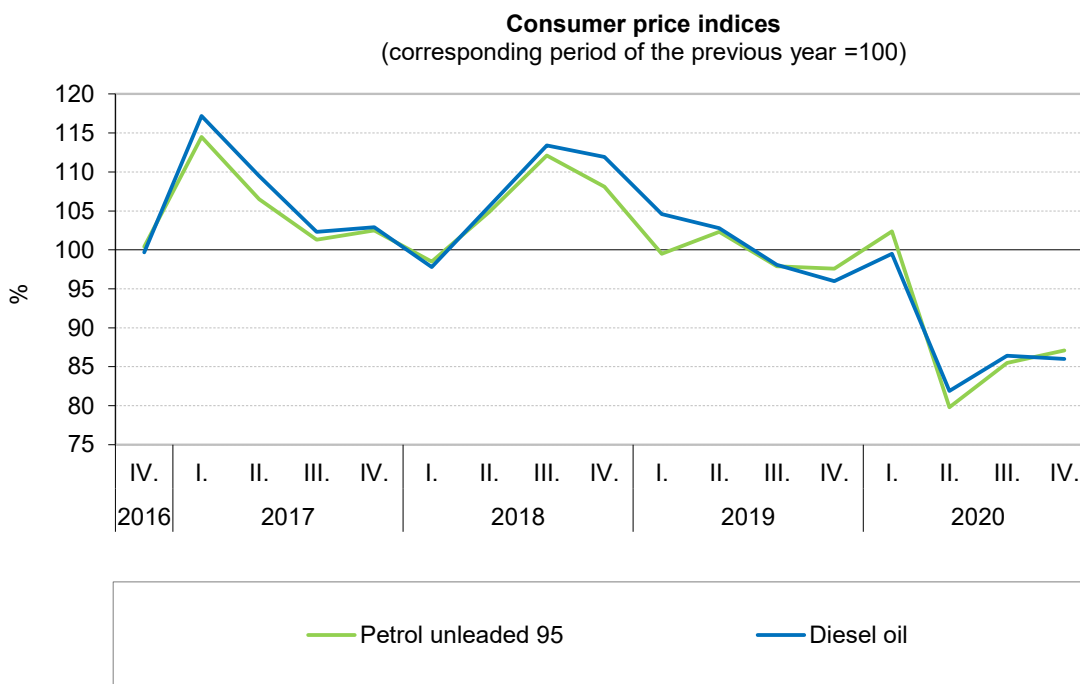
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The acceleration in the growth of the price level was mainly influenced by prices in **'transport'**, where prices of motor cars increased by 8.7% (growth by 7.0% in Q3). Prices of fuels and oils fell by 13.1% (decrease by 14.0% in Q3). The price of Natural 95 petrol was CZK 27.93 in December and the price of diesel CZK 27.53.



In **'clothing and footwear'**, prices of garments increased by 3.8% and prices of shoes and other footwear by 2.4%.

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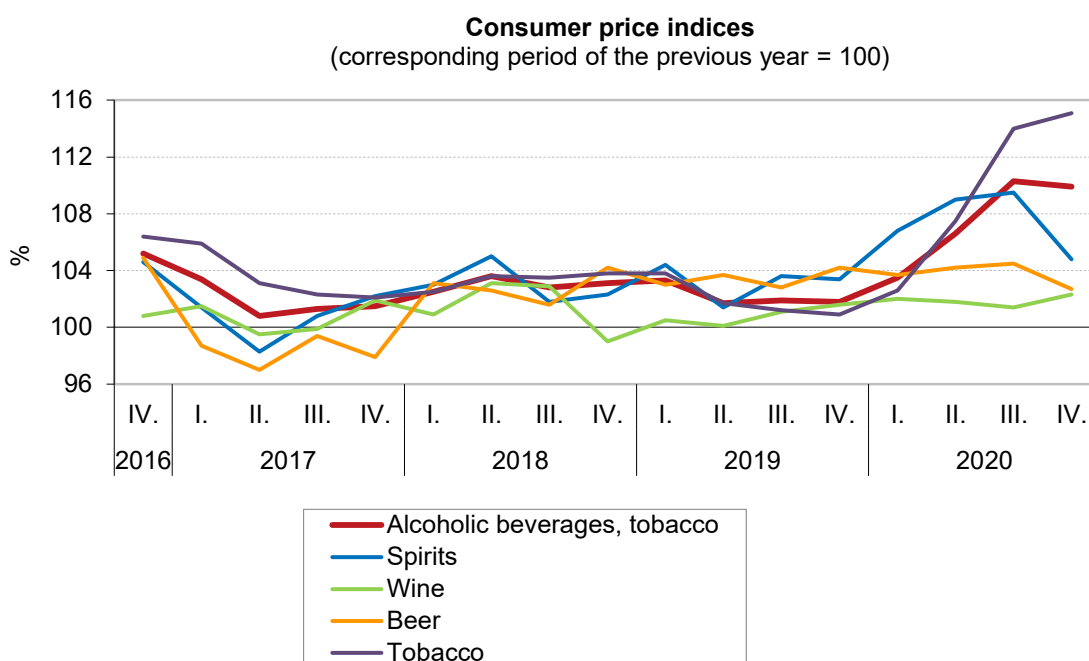
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In **'alcoholic beverages, tobacco'**, prices of tobacco products went up by 15.1%. Prices of spirits increased by 4.8%, wine by 2.3% and beer by 2.7%.



In **'restaurants and hotels'**, prices in catering services increased by 5.0% and prices of accommodation services by 0.1%.

In **'miscellaneous goods and services'**, prices of financial services were higher by 1.9%. Prices of personal care increased by 3.8%.

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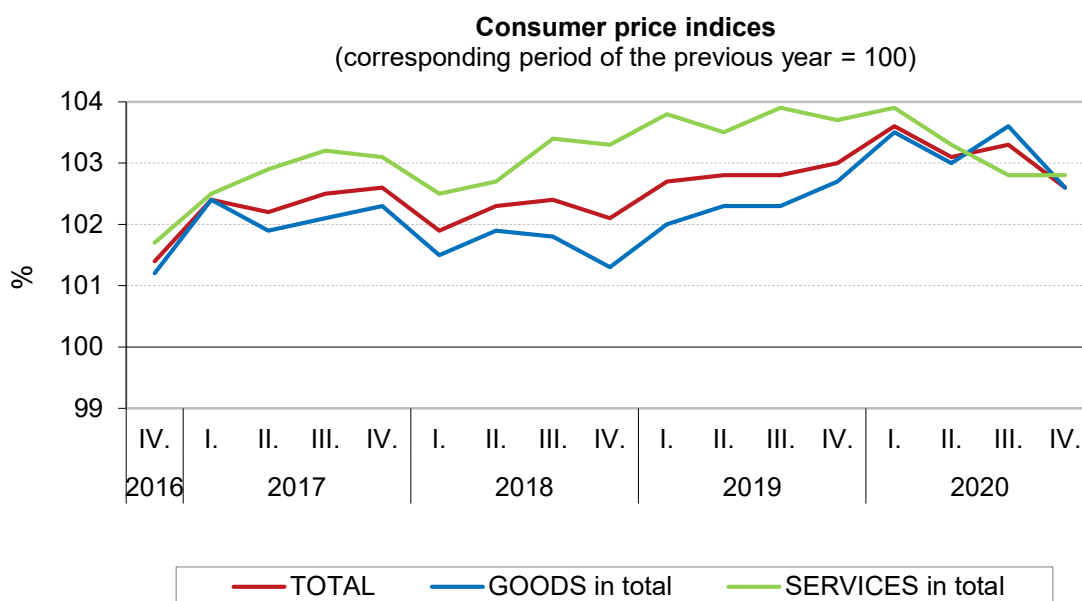
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The aforementioned fluctuations in consumer prices resulted in a rise in prices of **goods in total** by 2.6% and prices of **services** by 2.8%



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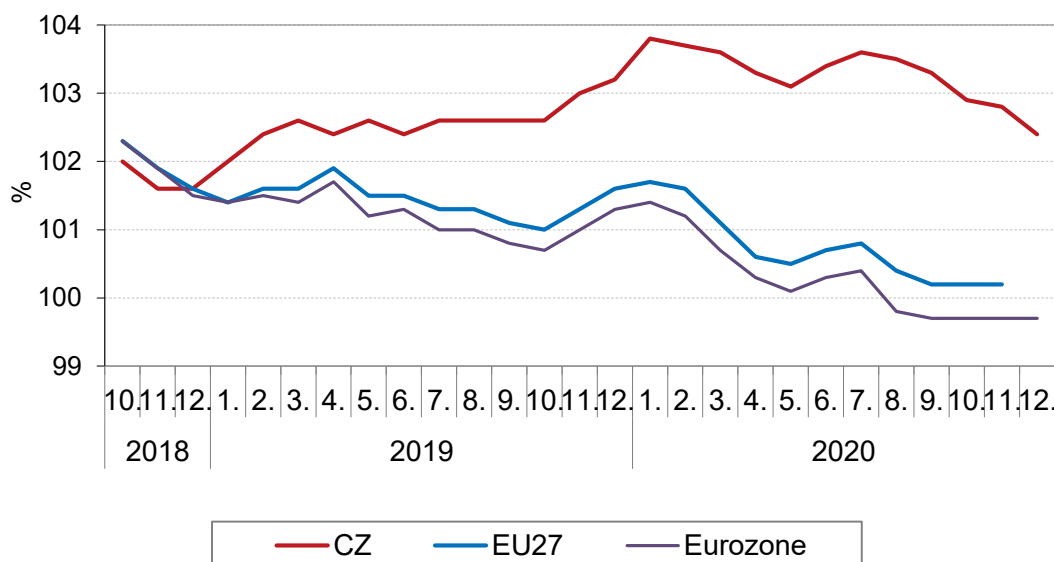
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Harmonized index of consumer prices in the EU27

According to preliminary calculations, the HICP in the Czech Republic fell by 0.2% **month on month** in December and rose by 2.4% **year on year**. **According to Eurostat flash estimates**, the year-on-year change in the HICP for the euro area in **December 2020**, as in November, was -0.3%. In Slovakia, prices were 1.6% higher year-on-year in December and 0.7% lower in Germany. According to preliminary Eurostat data, the year-on-year change in the HICP of the **27 EU Member States** was 0.2% in November, the same as in October. In November, the largest year-on-year increase was in Poland (by 3.7%) and the largest decrease was in Greece (by 2.1%). In Slovakia prices were higher by 1.6% and in Germany prices fell by 0.7%.

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



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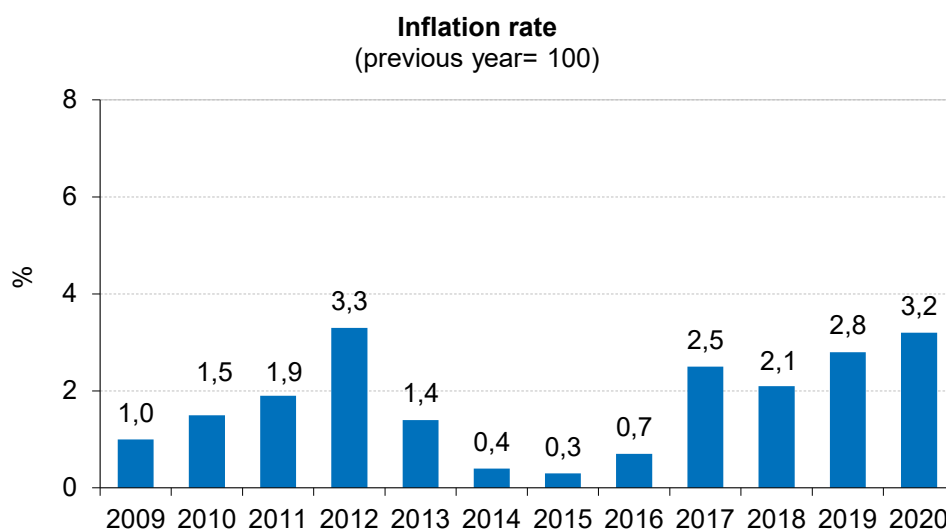
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Development of the consumer price index in year 2020

The average inflation rate in 2020 reached 3.2%, which was 0.4 percentage points more than in 2019. The highest year-on-year growth was observed in consumer prices in the 1st quarter of 2020 (by 3.6%), in other quarters the growth of prices was slightly slower (3.1% in Q2, 3.3% in Q3, then fell to 2.6% in Q4). The development of inflation in 2020 was mainly influenced by rising prices in the 'food and non-alcoholic beverages' and higher prices in the 'housing, water, electricity, gas and other fuels'. Next in the order of influence was the increase in prices of 'alcoholic beverages, tobacco'. To a lesser extent, rising inflation was also driven by rising prices in 'hotels and restaurants', 'miscellaneous goods and services'.

The development of prices in the 'communication' had the opposite effect, i.e. on the reduction of the price level.

The development of prices in individual divisions of the consumer basket was reflected in an increase in the prices of goods in total and services by 3.2%.



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The share of individual divisions of the consumer basket in the total level of the price level in 2020 illustrates the breakdown of the total increase in the consumer price index.

Breakdown of the year - on - year change in the consumer price index in 2020 in percentage points

DIVISION	
TOTAL	3,2
Food and non-alcoholic beverages	0,8
Alcoholic beverages and tobacco	0,6
Clothing and footwear	0,2
Housing, water, electricity, gas and other fuels	0,7
Furnishings, household equipment and routine household	0,2
Health	0,1
Transport	0,0
Communication	-0,1
Recreation and culture	0,2
Education	0,0
Restaurants and hotels	0,3
Miscellaneous goods and services	0,2

The increase in year-on-year price growth was mainly due to prices in **'food and non-alcoholic beverages'**. Prices of bread and cereals increased by 2.3%, of which prices of bread by 1.4%. Prices of meat were higher by 7.7%, of which prices of pork by 8.6% and sausages by 9.8%. Prices of eggs increased by 0.4%, cheese and curd by 3.2%. Prices of UHT semi-skimmed milk were lower by 1.5%, yoghurts by 3.3%, butter by 5.5%. Prices of fruit increased by 18.2% and vegetables by 2.6%. Prices of potatoes fell by 7.0%.

In **'housing, water, electricity, gas and other fuels'** actual rentals for housing increased by 3.1%, electricity by 7.1%, water supply by 2.9%, sewerage collection by 2.5%. Imputed rentals for housing (owner-occupied housing costs) increased by 2.4%. Prices of natural gas decreased by 0.5% and heat energy by 1.2%.

The price rise in **'alcoholic beverages and tobacco'** was due to an increase in prices of tobacco products by 9.8%, spirits by 7.5%, wine by 1.9%, beer by 3.8%.

The increase in prices in **'restaurants and hotels'** was mainly due to catering services, whose prices were higher by 5.4%. Prices of accommodation services increased by 2.2%.

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'**Other goods and services**' includes various items, of which the prices of personal care goods and services increased by 3.8% and insurance prices by 3.6%. Prices of financial services went up by 2.3%.

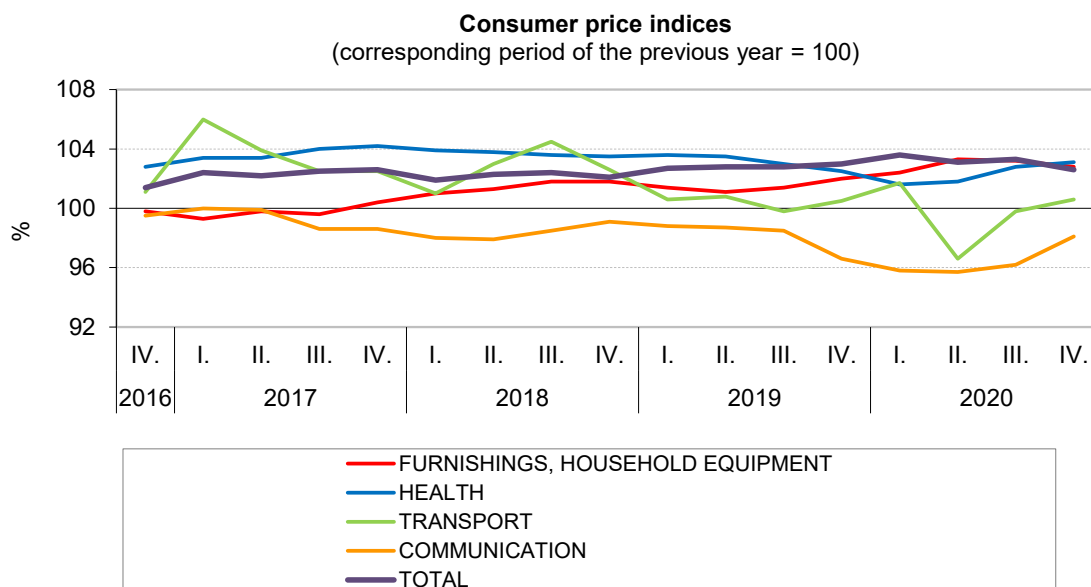
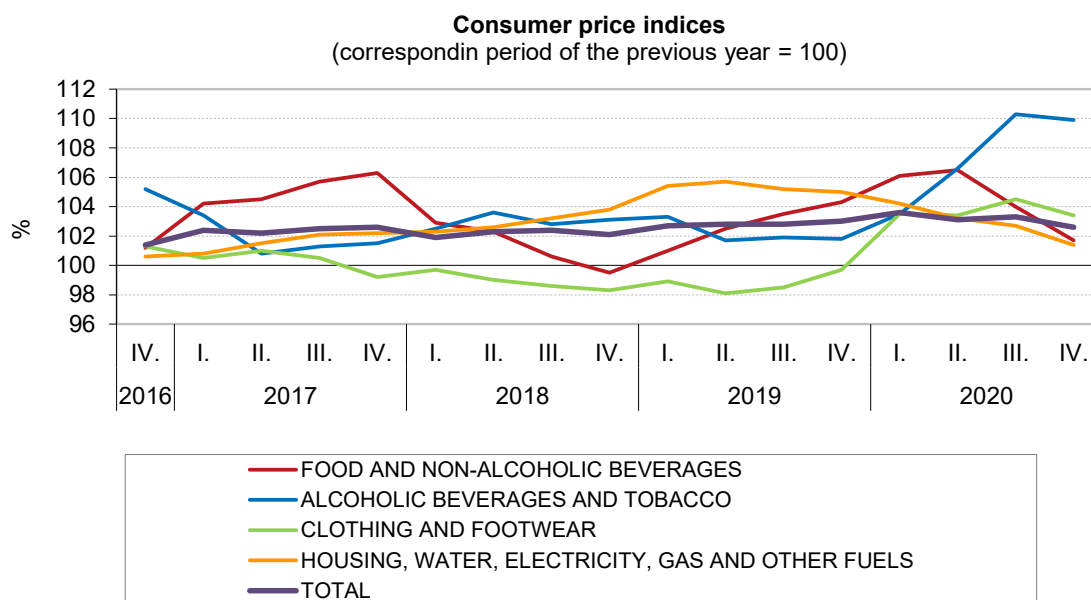
In '**transport**', prices of fuels and oils decreased by 11.4%. Prices of motor cars increased by 4.8% and transport services by 1.9%.

In '**clothing and footwear**', prices of 'garments' went up by 4.4% and 'prices of footwear' by 2.2%.

In '**communication**', prices of telephone and fax services decreased by 3.5% and of telephone and fax equipment by 6.9%. Prices of postal services rose by 3.3%.

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Development of the consumer price index broken down by ECOICOP sections



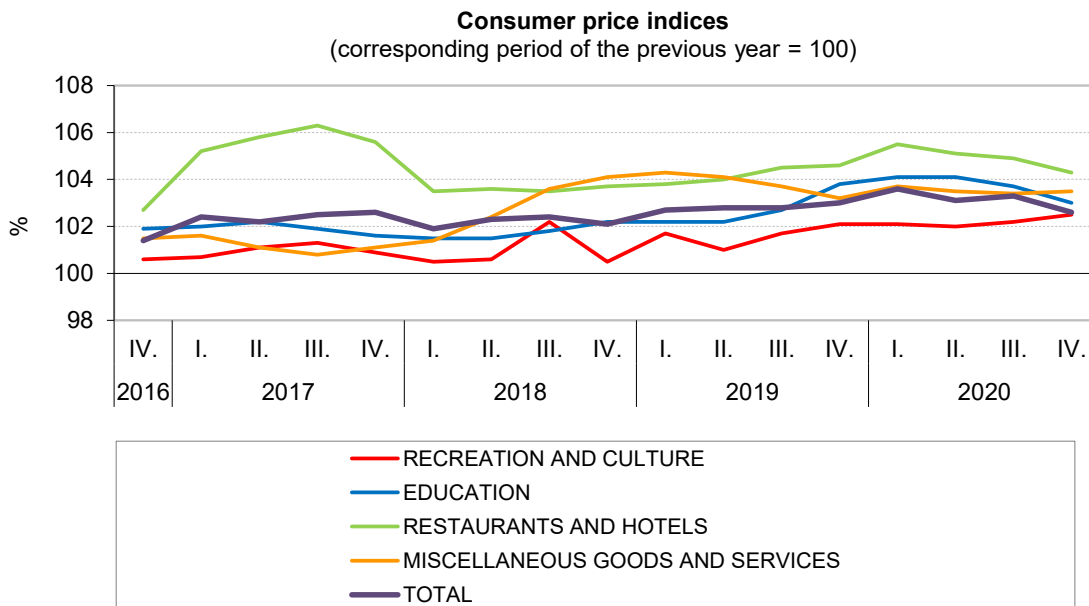
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Consumer price indices in the Q4 2020 and in 2020

ECOICOP	Division	Constant weights of 2018 per mille	2019	2020								
			Corresponding period of the previous year = 100									
			Q4	Q1	Q2	Q3	October	November	December	Q4	year	
E00	Total	1000,0	103,0	103,6	103,1	103,3	102,9	102,7	102,3	102,6	103,2	
E01	Food and non-alcoholic beverages	177,2	104,3	106,1	106,5	104,0	103,2	101,9	99,9	101,7	104,5	
E01.11	Breads and cereals	28,3	104,5	102,7	103,2	102,2	101,5	100,9	100,6	101,0	102,3	
E01.12	Meat	42,3	107,6	112,1	110,8	106,2	104,7	101,1	100,3	102,0	107,7	
E02	Alcoholic beverages and tobacco	87,0	101,8	103,5	106,6	110,3	109,4	109,7	110,7	109,9	107,6	
E03	Clothing and footwear	41,6	99,7	103,5	103,4	104,5	104,2	103,7	102,2	103,4	103,7	
E04	Housing, water, electricity, gas and other fuels	251,4	105,0	104,2	103,2	102,7	101,6	101,4	101,2	101,4	102,9	
E04.1	Actual rentals for housing	36,3	103,8	104,3	103,7	102,5	102,0	102,0	102,0	102,0	103,1	
E04.2	Imputed rentals for housing	106,1	104,0	103,7	102,6	101,9	101,5	101,5	101,5	101,5	102,4	
E04.510	Electricity	38,5	111,2	109,4	108,0	107,6	104,8	103,3	102,5	103,5	107,1	
E04.521	Natural gas and town gas	21,8	103,3	101,2	100,4	100,4	96,1	96,1	96,1	96,1	99,5	
E05	Furnishing, household equipment and routine household maintenance	56,6	102,0	102,4	103,3	103,2	103,2	102,3	102,8	102,8	102,9	
E06	Health	24,5	102,5	101,6	101,8	102,8	102,8	103,3	103,2	103,1	102,3	
E07	Transport	115,1	100,5	101,7	96,6	99,8	100,5	100,7	100,6	100,6	99,6	
E07.22	Fuels and lubricants for personal transport equipment	34,3	96,8	101,2	80,8	86,0	86,4	86,6	87,8	86,9	88,6	
E08	Communication	28,8	96,6	95,8	95,7	96,2	96,8	98,6	98,8	98,1	96,4	
E09	Recreation and culture	85,3	102,1	102,1	102,0	102,2	102,4	102,5	102,5	102,5	102,2	
E09.60	Package holidays	19,2	106,2	105,1	105,1	103,5	105,1	105,0	105,0	105,0	104,7	
E10	Education	5,6	103,8	104,1	104,1	103,7	102,9	103,0	103,0	103,0	103,7	
E11	Restaurants and hotels	63,5	104,6	105,5	105,1	104,9	104,5	104,3	104,1	104,3	104,9	
E12	Miscellaneous goods and services	63,4	103,2	103,7	103,5	103,4	103,4	103,4	103,9	103,5	103,5	

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

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