

Prices of fruit and vegetables continued to drop

Consumer price indices – August 2011

Consumer prices decreased in August by 0.3 %, month-on-month. This drop came primarily from a price decrease in 'food and non-alcoholic beverages'. Consumer prices rose in August by 1.7 %, year-on-year (the same as in July).

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The **month-on-month** consumer price decrease by 0.3 % owed particularly to prices of vegetables by 14.6 %, in which prices of potatoes fell by 22.4 %, vegetables cultivated for their fruit by 14.5 %, other vegetables (root vegetable and cabbages) by 18.5 %. Prices of fruit went down by 5.2 % due primarily to a marked reduction in prices of peaches by 25.9 %, grapes by 35.9 % and red melons by 18.9 %. In 'furnishings, household equipment and routine maintenance of the house', prices of tools and equipment for house and garden were lower by 3.2 %. In 'miscellaneous goods and services', prices of beauty products dropped by 1.9 %.

The rise in the price level was influenced primarily by a growth of clothing by 0.7 %. In food, prices of bread were mainly higher by 1.7 %, cheese by 1.6 %, soups and sauces by 1.9 % and coffee by 3.8 %. The net actual rentals increased by 0.5 %, of which for dwellings with regulated rentals rose by 0.9 % and for dwellings with market rentals by 0.4 %. In 'recreation and culture', seasonal prices of package holidays were higher by 1.3 %.

Prices of goods in total dropped by 0.4 % and prices of services rose by 0.2 %.

In terms of the **year-on-year** comparison, in August, the increase in consumer prices was 1.7 %, i.e. the same as in July. This development was primarily the result of a slowdown in the price increase in 'food and non-alcoholic beverages' and on the other hand, an acceleration of this rise primarily in 'transport'. In 'food and non-alcoholic beverages', the drop in prices of vegetables and fruit deepened. Prices of vegetables decreased by 18.2 % (-12.7 % in July) and prices of fruit by 7.3 % (-4.2 % in July). The increase in prices of oils and fats slowed down to 13.5 % (from 14.7 % in July). In 'transport', the rise in prices accelerated due particularly to automotive fuel prices, which were higher by 9.9 % (7.8 % in July). Prices of transport services went up by 1.7 % (1.2 % in July).

The highest upward effect on the consumer price level came from prices in 'housing, water, electricity, gas and other fuels', while the price influence on 'food and non-alcoholic beverages' weakened slightly. In 'housing, water, electricity, gas and other fuels', prices of natural gas increased by 11.5 %, electricity by 4.8 %, water supply by 6.2 %, sewerage collection by 5.8 %, heat and hot water by 1.6 %. The net actual rentals increased by 3.3 %, of which for dwellings with regulated rentals rose by 9.0 % and for dwellings with market rentals by 0.8 %. In food, the rise in some items continued to be marked. Prices of rolls and baguettes increased by 33.7 %, bread by 25.9 %, flour by 42.4 %, cooking oils by 20.6 %, sugar by 27.3 %, cocoa by 15.7 % and coffee by 26.2 %.

Prices in 'clothing and footwear' were lower than in the previous year due to a drop in prices of clothing and footwear (-2.2 % and -0.7 %, respectively). The year-on-year drop in prices of household appliances continued (-5.0 %). In 'communications', prices of mobile phones dropped (-12.5 %). In 'recreation and culture', prices of audio-visual, photographic and information processing equipment were lower (-12.0 %). Prices of package holidays continued to be lower than last year (-2.7 %).

Prices of goods in total increased by 2.1 % and prices of services rose by 1.0 %. The overall consumer price index excluding imputed rentals was 101.9 %, year-on-year.

Average inflation rate, i.e. the increase in the average consumer price index in the twelve months to August 2011 compared with the average CPI in the previous twelve months, stood at 1.9 % in August.

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices** (HICP) in the **EU 27 member states** was 2.9 % in **July 2011** (0.2 percentage point down on June). The highest annual rates were observed in Estonia (5.3 %) and Romania (4.9 %). In Germany, the y-o-y growth accelerated to 2.6 % (2.4 % in June). In Slovakia, the increase in the HICP decelerated to 3.8 % (4.1 % in June). According to preliminary calculations, the HICP in the **Czech Republic in August 2011** decreased by 0.1 %, **month-on-month**, and went up by 2.1 % (1.9 % in July), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone**

in August 2011 was 2.5 %, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

In August 2011, in comparison to July 2011, consumer prices dropped in **households of pensioners** by 0.3 %. It was recorded a lower consumer price index for 'food and non-alcoholic beverages' by 1.5 %. The decrease was affected particularly by lower prices of vegetables and fruit. Lower index was registered for 'miscellaneous goods and services' by 0.1 % due mainly to a decrease in prices of beauty products. In 'furnishings, household equipment and routine maintenance of the house', the consumer prices went down also by 0.1 %. A downward effect on the consumer price level came primarily from the decrease in prices of small tools and miscellaneous accessories. On the other hand, a higher index was recorded for 'restaurants and hotels' by 0.3 % mainly due to higher prices of canteens and meals provided by restaurants. A rise was recorded for 'health' by 0.3 % as well, primarily due to the increase in prices of over-the-counter medicines and other pharmaceuticals.

In the capital city of Prague, the overall consumer price index (cost of living) decreased by 0.3 % month-on-month (-0.3 % in the whole Czech Republic as well). The consumer price index for 'food and non-alcoholic beverages' decreased by 1.6 % (-1.4 % in the Czech Republic) due primarily to lower prices of vegetables and fruits. Prague registered a lower index for 'alcoholic beverages, tobacco' by 0.8 % (-0.1 % in the Czech Republic) due to lower prices of beer. The consumer price index for 'furnishings, household equipment and routine maintenance of the house' went down by 0.5 % (-0.3 % in the Czech Republic), affected mainly by lower prices of small tools and miscellaneous accessories. On the other hand, an increase occurred in 'clothing and footwear' by 0.5 % (0.4 % in the Czech Republic) as a result of higher prices of men's underwear and knitwear in particular.