

# YEAR-ON-YEAR PRICE GROWTH SLOWED DOWN

## Consumer price indices – May 2012

The total consumer price level in May increased by 0.2% compared with April. This growth came primarily from a price rise in 'food and non-alcoholic beverages', which continued since September 2011 after a price drop in April. The rise in consumer prices slowed down to 3.2%, year-on-year (3.5% in April) and was the lowest since the beginning of the year 2012.

The **month-on-month** increase in consumer prices in 'food and non-alcoholic beverages' was influenced by the rise in prices of vegetables and fruit (6.4% and 5.2%, respectively). Prices of flour rose by 1.4%, pork by 1.1%, fish by 2.4%, milk by 1.3%, yoghurts by 4.7%, sugar by 1.5%, cocoa by 3.9%. In 'housing, water, electricity, gas and other fuels', the net actual rentals went up by 0.7%, of which for dwellings with regulated rentals rose by 1.7% and for dwellings with market rentals by 0.2%. In 'alcoholic beverages, tobacco', prices of tobacco products increased by 1.0%. The growth of prices in 'health' was influenced by a seasonal increase in prices of stays at spas by 6.5% and prices of medicaments by 0.6%.

A contrary effect on the price level came mainly from a decrease in prices in 'transport', where prices of fuel in May fell (-1.1%), month-on-month, after seven consecutive months of uninterrupted growth. In 'furnishings, household equipment and routine maintenance of the house', prices of cleaning and maintenance products dropped (-0.9%). In food, prices of eggs and egg products decreased (-8.3%) as well as prices of bread (-1.8%), poultry (-1.2%), cheese (-2.3%), butter (-1.2%).

Prices of goods in total rose by 0.2% and prices of services by 0.1%.

In terms of the **year-on-year** comparison, in May, the increase in consumer prices was 3.2%, i.e. 0.3 percentage points down on April. A deceleration in the price growth came from prices in 'food and non-alcoholic beverages', where the y-o-y growth of prices of bread and cereals slowed down to 2.1% (10.0% in April), of which prices of bread were higher by 2.7% (17.5% in April) and prices of rolls and baguettes turned from a growth by 12.2% in April to a drop (-4.9%) in May. This was due to a significant m-o-m rise in prices of these products in May 2011. A deceleration in the y-o-y growth was shown in prices of eggs, which were higher by 57.0% (62.9% in April) and cheese by 1.5% (5.4% in April). Butter prices went down (-3.9%; a growth 0.2% in April). In 'alcoholic beverages, tobacco', the rise in prices of alcoholic beverages slowed down to 0.2% from 2.0% in April. A deceleration in the price growth was registered in 'transport', where the fuel prices were higher by 5.7% (7.6% in April).

A dominant upward effect on the y-o-y consumer price level came, as before, from prices of 'housing, water, electricity, gas and other fuels', while the price influence in 'food and non-alcoholic beverages' dropped. In 'housing, water, electricity, gas and other fuels', prices of natural gas rose by 25.1%, electricity by 4.2%, water supply by 12.0%, sewerage collection by 10.5%, heat and hot water by 8.5%. The net actual rentals went up by 5.6%, of which for dwellings with regulated rentals rose by 13.9% and for dwellings with market rentals by 1.8%.

The reduction of the y-o-y growth came mainly from prices in 'clothing and footwear', where prices of clothing went down (-3.7%). The decrease in prices in 'furnishings, household equipment and routine maintenance of the house' was influenced primarily by lower prices of household appliances (-4.8%), household textiles (-2.5%), tools and equipment for house and garden (-7.2%). In 'recreation and culture', a decrease in prices of audio-visual, photographic and information processing equipment continued (-8.0%). In 'communications', prices of mobile phones dropped (-9.3%).

Prices of goods in total and services rose (3.3% and 3.1%, respectively). The overall consumer price index excluding imputed rentals was 103.5%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to May 2012 compared with the average CPI in the previous twelve months, stood at 2.7% in May.

According to preliminary data of Eurostat, the year-on-year increase in the average **harmonized index of consumer prices (HICP)**<sup>1)</sup> in the **EU27 member states** was 2.7% in **April**, i.e. 0.2 percentage points down on March. The highest annual rate was observed in Hungary (5.6%), and the lowest in Sweden (1.0%). In Germany, the price rise decelerated to 2.2% (2.3% in March). In Slovakia, the price increase slowed down to 3.7% (3.9% in March). According to preliminary calculations, the HICP in the Czech Republic in **May 2012** increased by 0.2%, **month-on-month**, and by 3.5% (4.0% in April), **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone** in **May 2012** was 2.4%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

<sup>1)</sup> So far, imputed rentals have been excluded from the HICP