

FOOD PRICES INCREASED AGAIN

Consumer price indices – March 2012

Consumer prices rose in March by 0.2%, month-on-month. This growth came primarily from a price increase in 'food and non-alcoholic beverages', which continued for the seventh consecutive month. The increase in consumer prices accelerated to 3.8%, year-on-year (3.7% in February).

The **month-on-month** growth of consumer prices was influenced by further food price rises, which came primarily from the increase in prices of eggs by 65.3% in March. Prices of bread were higher by 2.3%, milk by 1.4%, yoghurts by 2.1%, vegetables by 4.1%, chocolate and chocolate products by 2.6%, non-alcoholic beverages by 2.9%. In 'transport', the rise in prices of automotive fuel continued for the sixth month and amounted to 1.6% in March. The average price of diesel oil (37.08 CZK per litre) and petrol Natural 95 (36.82 CZK per litre) exceeded its historic high from the previous month again. In 'clothing and footwear', prices of clothing went up by 0.6% and footwear by 1.5%.

A contrary effect on the price level came primarily from a decrease in prices of package holidays (-4.0%). In alcoholic beverages, prices of beer dropped (-1.4%). In 'furnishings, household equipment and routine maintenance of the house', prices of household appliances fell (-0.7%). Prices of pharmaceutical products and telephone and telefax services were lower (-1.1% both) than in the previous month. In food, prices of fruit went primarily down (-4.2%), fish (-1.4%), butter (-2.4%), cooking oils (-2.7%), soup and sauce (-2.3%).

Prices of goods in total rose (0.5%), while prices of services decreased (-0.2%).

In terms of the **year-on-year** comparison, in March, the increase in consumer prices was 3.8%, i.e. 0.1 percentage point up on February. An acceleration of the price growth took place particularly in 'food and non-alcoholic beverages', where the prices of eggs rose by 124.0% (39.2% in February), bread by 19.8% (16.6% in February), non-alcoholic beverages by 14.0% (12.7% in February). The marked y-o-y growth of prices continued in rolls and baguettes by 19.4%, sugar by 26.3%, cocoa by 17.4%, coffee by 23.9%.

A dominant upward effect on the y-o-y price level came, as before, from prices of 'housing, water, electricity, gas and other fuels' and 'food and non-alcoholic beverages'. 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 10.6%, heat and hot water by 7.6%. The net actual rentals went up by 5.5%, of which for dwellings with regulated rentals rose by 14.1% and for dwellings with market rentals by 1.7%. In 'health', prices of medicaments and fees paid by patients on prescription drugs rose primarily by 7.8% and prices for hospital services by 42.0% (the effect on the increase in regulatory fees since December 2011). In 'transport', prices of automotive fuel rose by 7.8% and prices of transport services by 7.3%. In 'restaurants and hotels', prices of catering services were higher by 4.1%, of which in school canteens by 7.4%.

The reduction of the y-o-y growth came mainly from prices in 'clothing and footwear', where prices of clothing (-5.0%) and footwear (-1.0%) went down. The decrease in prices in 'furnishings, household equipment and routine maintenance of the house' was influenced by lower prices of household appliances (-4.8%), furnishings and household equipment (-1.3%), household textiles (-1.8%), tools and equipment for house and garden (-2.5%). In 'recreation and culture', a decrease in prices of audio-visual, photographic and information processing equipment (-8.9%) continued. In 'communications', prices of mobile phones decreased (-5.7%). In food, especially prices of fruit and vegetables were lower than in the previous year (-3.1% and -8.9%, respectively); prices of potatoes dropped (-38.4%).

Prices of goods in total and services rose (4.3% and 3.0%, respectively). The overall consumer price index excluding imputed rentals was 104.1% year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to March 2012 compared with the average CPI in the previous twelve months, stood at 2.4% in March.

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 2.9% in **February**, i.e. the same as in January. The highest annual rate was observed in Hungary (5.8%), and the lowest in Sweden (1.0%). In Germany, the price rise accelerated to 2.5% in February (2.3% in January). In Slovakia, the price increase slowed down to 4.0% (4.1% in January). According to preliminary calculations, the HICP in the Czech Republic in **March** rose by 0.3%, **month-on-month**, and amounted to 4.2% (4.0% in February), **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the Eurozone in March 2012 was 2.6%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

The consumer price indices are calculated with new weights, which are derived from the household expenditures in 2010, from January 2012 on the base of a standard revision of the calculations of the price indices. Up to now, indices have been calculated from the technical base December 2009 = 100; now it was replaced by a new technical base December 2011 = 100. Indices calculated that way are chained at all levels of CZ-COICOP classification to the existing price indices with the base 2005 = 100. Thereby, a continuation of the existing index time series 2005 = 100, from which indices to other bases are derived (previous month = 100, corresponding period of the last year = 100 and annual rolling average, i.e. the average of index numbers over the last 12 months to the average for the previous 12 months) are ensured. A detailed information can be found on the [CZSO](#) web pages.