

# YEAR-ON-YEAR INFLATION SLOWED DOWN IN JANUARY

## Consumer price indices – January 2013

**Consumer prices in January increased by 1.3% compared with December. This development came partly from the VAT increase since January 2013 and partly from price increases in 'housing, water, electricity, gas and other fuels' and 'food and non-alcoholic beverages', in particular. The year-on-year rise in consumer prices decelerated to 1.9% in January (2.4% in December 2012).**

The **month-on-month** increase in consumer prices came primarily from the rise in basic and reduced VAT rate by 1 percentage point, which was reflected in the price rise in the most divisions of the consumer basket. The impact of the higher VAT on an overall increase of the m-o-m consumer price index in January amounted to a 0.8 percentage point growth, according to the CZSO approximate calculation. In 'housing, water, electricity, gas and other fuels', the net actual rentals, water supply and sewerage collection went up (0.9%, 6.6% and 6.9%, respectively). Prices of electricity were higher by 3.3%, natural gas by 2.0%, heat and hot water by 3.6%. In 'food and non-alcoholic beverages', prices of most kinds of food rose; the biggest increase was in prices of vegetables (8.3%), fruit (6.2%), rolls and baguettes (2.8%), eggs (6.8%), milk (3.9%) and yoghurts (3.6%). In 'alcoholic beverages, tobacco', prices of spirits, wine and beer increased (5.4%, 0.9% and 1.7%, respectively). In 'transport', prices of automotive fuel went up (0.5%). In 'communication', prices of telephone and telefax services were 1.2% up.

A contrary effect on the price level owed mainly to a decrease in prices of clothing and footwear (-3.9% and -4.9%, respectively). Due to special discounts, prices of tools and equipment for house and garden dropped (-11.1%).

Prices of goods in total and prices of services rose (1.3% and 1.5%, respectively).

In terms of the **year-on-year** comparison, in January, the increase in consumer prices was 1.9% (0.5 percentage point down on December). The reason for this development was a more significant price increase in January 2012 than in January 2013. A slowdown in the price growth was shown in the most divisions of the consumer basket. This was the case especially in prices in 'housing, water, electricity, gas and other fuels', where the y-o-y price increase in the net actual rentals slowed down to 2.4% (4.3% in December), water supply to 6.9% (12.0% in December), sewerage collection to 7.6% (10.7% in December), natural gas to 2.1% (4.3% in December), electricity to 3.3% (4.2% in December), heat and hot water to 5.3% (8.4% in December). In 'health', amounts paid by patients for pharmaceutical products slowed down to 4.8% (10.5% in December). In 'restaurants and hotels', the rise in prices of canteens decelerated to 3.1% (5.2% in December), in particular. In 'transport', a y-o-y drop in prices was shown due particularly to prices of automotive fuel in January, which was lower by 1.0%. Prices of transport services went up by 2.1% (5.8% in December).

A decisive upward effect on the y-o-y consumer price level, which was even strengthened in January, came from prices in 'food and non-alcoholic beverages' and also in 'housing, water, electricity, gas and other fuels', despite a slowdown in their growth. In 'food and non-alcoholic beverages', prices of flour went up by 16.5%, meat by 6.8%, fish by 12.6%, eggs by 29.2%, fruit by 7.0%, vegetables by 21.3%, of which prices of potatoes by 45.5%.

The reduction of the y-o-y growth came from prices in 'clothing and footwear', where prices of both clothing and footwear dropped (-2.6%). In 'communication', prices of telephone and telefax services and prices of mobile phones decreased (-4.4% and -13.9%, respectively). The fall in prices in 'furnishings, household equipment and routine maintenance of the house' was influenced primarily by lower prices of household appliances (-4.9%).

Prices of goods in total and prices of services rose (2.0% and 1.7%, respectively). The overall consumer price index excluding imputed rentals was 102.0%, year-on-year.

**Inflation rate**, i.e. the increase in the average consumer price index in the twelve months to January 2013 compared with the average CPI in the previous twelve months, stood at 3.2% in January.

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 2.3% in **December**, i.e. 0.1 percentage points down on November. The highest annual rate was observed in Hungary (5.1%) and the lowest in Greece (0.3%). In Germany, the price rise accelerated to 2.0% (1.9% in November). In Slovakia, the price increase slowed down and was 3.4% (3.5% in November). According to preliminary calculations, the HICP in the Czech Republic in **January 2013** amounted to 1.2%, **month-on-month**, and rose by 1.8% (2.4% in December), **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in January 2013** was 2.0%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

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