

YEAR-ON-YEAR DROP IN PRICES OF FOOD AND AUTOMOTIVE FUEL CONTINUED

Consumer price indices – November 2015

Consumer prices in November dropped compared with October by 0.4%, which was the biggest month-on-month decrease since September 2013. The price development in November was due to a reduction in prices in the majority of the consumer basket, of which the most in 'food and non-alcoholic beverages', 'alcoholic beverages and tobacco', 'transport', 'recreation and culture'. The year-on-year rise in consumer prices amounted to 0.1%. It was by 0.1 percentage point less than in October.

The **month-on-month** decrease in consumer prices in 'food and non-alcoholic beverages' came primarily from the decline in prices of fruit and vegetables (both by 1.8%), of which potato prices went down by 8.0%. The price drop occurred also in many other foods. Prices of flour declined by 8.4%, milk by 4.4%, cheese by 0.7%, yogurts by 1.1%, oils and fats by 2.1%, sugar by 6.1%, chocolate and chocolate products by 1.9%, non-alcoholic beverages by 0.8%. In 'alcoholic beverages and tobacco', prices of spirits were lower by 2.6%, beer by 0.6% and tobacco products by 0.4%. In 'transport', the decline in automotive fuel prices continued for the fourth month and amounted to 2.4% in November. The average price of petrol Natural 95 (29.67 CZK per litre) was the lowest in November since December 2009 and the price of diesel oil (29.44 CZK per litre) since February 2010. In 'recreation and culture', prices of package holidays went down by 2.2%. In 'health', prices of stays at spas declined by 4.5%. In 'restaurants and hotels', prices of accommodation services were lower by 0.9%, prices of catering services remained unchanged.

A slight month-on-month growth of consumer prices occurred in 'clothing and footwear', where prices of shoes and other footwear rose by 0.4%. In 'housing, water, electricity, gas and other fuels', the net actual rental prices rose by 0.2%. In 'food and non-alcoholic beverages', prices of rolls and baguettes were particularly higher by 1.1% as well as prices of beef by 2.3%, fish by 1.7%, eggs by 1.5%, butter by 0.9%.

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

In terms of the **year-on-year** comparison, in November, the consumer price level rose by 0.1%, i.e. by 0.1 percentage point less than in October. This development was influenced by a deepening decline in prices in 'food and non-alcoholic beverages', where prices of bread dropped by 4.1% in November (-3.2% in October), flour by 15.1% (-8.8% in October), eggs by 11.6% (-7.4% in October), milk by 16.6% (-15.6% in October), oils and fats by 5.7% (-4.3% in October), sugar by 20.9% (-18.5% in October). Prices of rolls and baguettes turned to a drop by 0.4% in November from a price growth by 1.2% in October. Similarly prices of non-alcoholic beverages dropped by 2.8% (a rise by 0.1% in October). A slowdown in the growth of potato prices to 62.8% from 85.5% in October had the effect as well.

The biggest influence on the growth of the price level in November came from prices in 'alcoholic beverages and tobacco', where prices of tobacco products went up by 7.2% and prices of alcoholic beverages by 1.9%. Next in order of influence were prices in 'housing, water, electricity, gas and other fuels' and 'recreations and culture'. In 'housing, water, electricity, gas and other fuels', prices of water supply rose by 3.4%, sewage collection by 2.8%, the net actual rentals by 1.1%, heat and hot water by 2.3%. Prices of electricity were lower (-0.6%), y-o-y. In 'recreation and culture', prices of package holidays were higher by 7.3%. In 'clothing and footwear', prices of garments were higher by 2.0% and prices of shoes and footwear by 6.3%. In 'restaurants and hotels', prices of catering services were higher by 1.4% and accommodation services by 0.8%. In 'miscellaneous goods and services', prices of insurance and financial services rose (2.6% and 2.0%, respectively).

A reduction in the y-o-y price level came, as before, the most from the price drop in 'transport' due to lower automotive fuel prices by 17.6%. Prices in 'food and non-alcoholic beverages' had a downward effect, which intensified in November. These prices were lower by 1.4% in November. The decline in prices continued in 'health' (due to the abolition of regulatory fees) and in 'communication'.

Prices of goods in total dropped (-0.3%) and prices of services went up by 0.8%. The overall consumer price index excluding imputed rentals was 100.1%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to November 2015 compared with the average CPI in the previous twelve months, amounted to 0.3% in November.

According to preliminary data of Eurostat, the **year-on-year** change in the average **harmonized index of consumer prices (HICP)**¹⁾ in the **EU28 member states** was 0.0% in **October** i.e. 0.1 percentage point more than in September. The decrease occurred in thirteen EU countries, of which the largest in Cyprus (-1.8%) and Romania (-1.4%). On the other hand, prices went up the most in Malta (1.6%) and Belgium (1.2%). In Slovakia, prices dropped by 0.5% in October (the same as in September). In Germany, prices turned to the 0.2% growth in October from a drop by 0.2% in September. According to preliminary calculations, the HICP in the Czech Republic in **November** was -0.5%, **month-on-month**, and the **year-on-year** change amounted to 0.0% (a rise 0.2% in October). The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in November 2015** amounted to 0.1%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#).)

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Starting from January 2016, the consumer price indices will be calculated with updated weights, which are derived from the household expenditures in 2014. The new calculated indices will be chained at all levels of the consumer basket with the original base period average of 2005 = 100. Thereby, a continuation of the existing index time series average of 2005 = 100, from which indices to other bases will be derived (previous month = 100, corresponding period of 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) will be ensured.

¹⁾ So far, imputed rentals have been excluded from the HICP