

AUTOMOTIVE FUEL PRICES DROPPED SIGNIFICANTLY

Consumer price indices – September 2015

Consumer prices in September decreased compared with August by 0.2%. This development came primarily from a reduction in prices in 'recreation and culture' and 'transport'. The year-on-year rise in consumer prices amounted to 0.4%. It was by 0.1 percentage point more than in August.

The **month-on-month** decrease in consumer prices in 'recreation and culture' came similarly to previous years mainly from the drop in prices of package holidays by 13.8% due to the end of summer season. In 'transport', the decrease in prices of automotive fuel continued for the second month and amounted to 3.4% in September. The average price of petrol Natural 95 (31.65 CZK per litre) was the lowest in September since March 2015, the price of diesel oil (30.28 CZK per litre) even since March 2010. In food, prices of milk went particularly down by 1.2%, cheese by 2.4%, oils and fats by 1.6%, sugar by 2.8%, non-chocolate confectionery by 2.1% and non-alcoholic beverages by 1.8%.

A contrary effect on the overall consumer price level in September owed particularly to a price increase in 'food and non-alcoholic beverages' due mainly to the rise in prices of vegetables by 12.0%, of which potato prices increased by 21.8%. Fruit prices rose by 1.1%. In other kinds of food, prices of bread and cereals went up by 0.6%, chocolate and chocolate-based products by 1.0%, honey by 1.7%, soups and sauces by 3.4%, salt and spices by 7.9%. In 'clothing and footwear', the growth of prices was due to the increase in prices of garments by 2.2% and shoes and other footwear by 4.7%. In 'alcoholic beverages and tobacco', prices of alcoholic beverages rose by 1.0%. As the new school year started, fees in kindergartens increased by 1.5%, tuition fees at private secondary schools by 1.4%, school-fees at public universities by 1.8%, fees for foreign language learning by 1.8% and fees in schools of art (base level) by 1.3%. Similarly, in 'restaurants and hotels', prices of accommodation services of boarding schools and halls of residence rose (1.1% and 0.6%, respectively).

Prices of goods in total increased by 0.3% and prices of services went down (-0.9%).

In terms of the **year-on-year** comparison, in September, the consumer price level rose by 0.4%, i.e. by 0.1 percentage point more than in August. This moderate increase in the y-o-y growth was influenced especially by prices in 'recreation and culture', where prices of package holidays went up by 6.8% (6.4% in August) and prices of recreational and cultural services by 1.5% (0.5% in August). In 'food and non-alcoholic beverages', the decline in prices slowed down due primarily to an acceleration in the rise in vegetable prices to 18.4% in September from 11.0% in August, which was caused by the increase in potato prices by 51.6% from 19.8% in August. A slowdown in the drop in some kinds of food had also an influence. Prices of bread as well as rolls and baguettes were lower both by 1.5% (-3.2% and -2.8%, respectively in August), eggs by 3.5% (-5.5% in August), yoghurts by 0.8% (-8.1% in August).

The biggest influence on the growth of the price level in September came, as before, from prices in 'alcoholic beverages and tobacco', where prices of tobacco products rose by 8.5%. Next in order of influence were prices in 'housing, water, electricity, gas and other fuels', where prices of water supply rose by 3.4%, sewage collection by 2.8%, the net actual rentals by 0.9%, heat and hot water by 2.2%. Prices of electricity were lower (-0.6%), y-o-y. In 'clothing and footwear', prices of shoes and footwear were higher by 9.5% and prices of garments by 0.6%. In 'restaurants and hotels', prices of catering services were higher by 1.5% and accommodation services by 0.1%. In 'miscellaneous goods and services', prices of insurance and financial services rose (2.4% and 2.2%, respectively).

A reduction in the y-o-y price level came mainly from the price drop in 'transport', which deepened even due to automotive fuel prices in September. These prices were lower, y-o-y, by 15.1% in September (-12.0% in August). On the other hand, the decreasing influence of prices in 'food and non-alcoholic beverages' slowed down in September. The decline in prices continued in 'health' (due to the abolition of regulatory fees) and in 'communication'.

Prices of goods in total and prices of services rose (0.2% and 0.7%, respectively). The overall consumer price index excluding imputed rentals was 100.4%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to September 2015 compared with the average CPI in the previous twelve months, amounted to 0.4% in September.

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 August i.e. 0.2 percentage points less than in July. Prices went up the most in Malta and Austria (1.4% and 0.9%, respectively). On the other hand, the decrease occurred in eleven EU countries, of which the largest in Cyprus (-1.9%) and Romania (-1.7%). In Slovakia, prices dropped by 0.2% in August i.e. the same as in July. In Germany, the growth of prices was 0.1% in August (the same as in July and June). According to preliminary calculations, the HICP in the Czech Republic in **September** decreased by 0.2%, **month-on-month**, and the **year-on-year** growth remained 0.2% (the same as in August). The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in September 2015** amounted to -0.1%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#).)

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