

## Year-on-year inflation rate unchanged

### Consumer price indices – October 2010

The total consumer price level in October decreased compared with September by 0.2 %. This development came primarily from a drop in prices in 'food and non-alcoholic beverages', 'alcoholic beverages, tobacco', 'recreation and culture'. The year-on-year rise in consumer prices amounted to 2.0 % in October (the same as in September).

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The **month-on-month** consumer price drop by 0.2 % owed primarily to a fall in prices of fruit and vegetables (-4.8 % and -4.3 %, respectively). The most marked drop was recorded for prices of lemons and in vegetables for prices of cauliflower (-32.2 % and -31.9 %, respectively). Prices of non-alcoholic beverages were lower by 1.1 %. The same drop (-1.1 %) was registered for prices of alcoholic beverages, of which prices of spirits fell by 1.6 %, wine by 1.0 %, bottled beer by 0.9 %. The seasonal decrease in prices of package holidays continued in October, primarily in prices of domestic recreational stays, which were lower by 8.3 %. In 'transport', prices of second hand cars decreased by 1.9 % and bicycles by 1.4 %.

A contrary effect on the price level came from a price rise in clothing and footwear (1.7 % and 2.1 %, respectively) due primarily to higher prices of new seasonal models. In food, prices of rolls and baguettes increased primarily by 2.9 %, flour by 3.3 %, butter by 3.0 %, milk by 2.7 % and sugar by 2.3 %.

Prices of goods in total and prices of services decreased (both by 0.2 %).

In terms of the **year-on-year** comparison, in October, the increase in consumer prices was 2.0 %, i.e. the same as in September. An accelerated y-o-y price growth was recorded particularly for 'transport', in which prices of automotive fuel went up by 14.5 % (from 11.8 % in September). On the other hand, a lower year-on-year growth in October compared to September was registered for prices of alcoholic beverages, which increased by 3.8 % (5.1 % in September).

The highest upward effect on the consumer price level came from prices in 'food and non-alcoholic beverages', and also 'housing, water, electricity, gas and other fuels'. Prices of milk were higher by 11.0 %, butter by 22.7 %, fruit by 10.9 %, potatoes by 52.0 %, cocoa by 16.3 %. In 'housing, water, electricity, gas and other fuels', the net actual rentals went up by 8.5 %, of which for dwellings with regulated rentals rose by 16.9 % and for dwellings with market rentals dropped by 1.9 %. Prices of natural gas were higher by 6.6 %, heat and hot water by 3.4 %, water supply by 3.8 %, sewerage collection by 4.9 %. In health, prices of medicaments and fees paid by patients on prescription drugs rose by 11.9 %.

Prices of clothing and footwear were lower than in the previous year (-3.0 % and -1.5 %, respectively). In 'communications', prices of mobile phones decreased by 11.4 % and in 'recreation and culture', prices of audio-visual, photographic and information processing equipment were lower by 8.0 %. In 'housing, water, electricity, gas and other fuels', prices of electricity went down by 2.7 %. In 'transport', prices of cars decreased by 13.2 %.

Prices of goods in total increased by 1.7 % and prices of services by 2.2 %. The overall consumer price index excluding imputed rentals was 102.0 %, year-on-year.

**Average inflation rate**, i.e. the increase in the average consumer price index in the twelve months to October 2010 compared with the average CPI in the previous twelve months, stood at 1.2 % in October, which is 0.1 percentage point up compared with September.

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 2.2 % in **September 2010** (0.2 percentage points up on August). The highest annual rates were observed in Romania (7.7 %) and Greece (5.7 %). The year-on-year decrease continued in Ireland (-1.0 %). In Germany, the y-o-y growth accelerated to 1.3 % (from 1.0 % in August). In Slovakia, the price rise was 1.1 % in September (the same as in August). According to preliminary calculations, the HICP in the **Czech Republic in October** decreased by 0.3 %, **month-on-month**, and rose by 1.8 % (the same as in September), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in October 2010** was 1.9 %, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

In October 2010, in comparison to September 2010, consumer prices decreased in **households of pensioners** by 0.3 %. It was recorded a lower consumer price index for 'food and non-alcoholic beverages' by 0.8 %. The drop came mainly from lower prices of fruit, vegetables, tea and rice. Lower index was registered for 'alcoholic beverages, tobacco' by 0.8 % due mainly to a decrease in prices of spirits. In 'recreation and culture', the consumer price level went down by 0.7 %. A downward effect on the price level came primarily from the drop in prices of domestic recreational stays and recreational stays abroad. On the other hand, a higher index was recorded for 'clothing and footwear' (1.6 %) due mainly to higher prices of ready-made clothing and footwear.

**In the capital city of Prague**, the overall consumer price index (cost of living) decreased by 0.1 % month-on-month (-0.2 % in the whole Czech Republic). The consumer price index for 'food and non-alcoholic beverages' decreased by 0.6 % (-0.5 % in the Czech Republic) due primarily to lower prices of vegetables, fruit, tea and rice. Prague registered a lower index for 'alcoholic beverages, tobacco' by 0.6 % (-0.6 % in the Czech Republic as well) due primarily to lower prices of spirits. The consumer price index for 'recreation and culture' went down by 0.5 % (-0.7 % in the Czech Republic), affected mainly by lower prices of domestic recreational stays, recreational stays abroad and also television sets, videocassette players and recorders. On the other hand, an increase occurred in 'clothing and footwear' by 1.7 % (1.6 % in the Czech Republic) as a result of higher prices of children's and women's ready-made clothing and women's footwear.