

Year-on-year inflation rate continued to grow moderately

Consumer price indices – May 2010

The total consumer price level in May increased compared with April by 0.1 %. This development came primarily from a price rise in 'alcoholic beverages, tobacco'. In May the growth of consumer prices accelerated to 1.2 %, y-o-y, (from 1.1 % in April).

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The **month-on-month** consumer price growth by 0.1 % owed primarily to prices of tobacco products by 2.1 %, which was influenced particularly by a rise in their excise tax since January 2010. In 'transport', the growth of prices of automotive fuel continued for the fifth month, which reached 1.5 % in May. In May, prices of petrol Natural 95 were the highest since July 2008, prices of diesel oil since September 2008. In 'health', prices and fees paid by patients on prescription drugs rose by 4.4 % and seasonal prices of therapeutic stays at spa by 6.5 %.

A downward effect on the price level came from a price drop in food, primarily a decrease in prices of vegetables incl. potatoes by 5.7 %. Prices of bread dropped by 2.7 %, flour by 3.5 %, yoghurts by 1.3 % and chocolate and chocolate-based products by 3.2 %.

Prices of goods in total increased by 0.2 % and prices of services by 0.1 %.

In terms of the **year-on-year** comparison, in May 2010, the increase in consumer prices was 1.2 %, which is by 0.1 percentage point up on April. The acceleration in the price growth was shown primarily in 'alcoholic beverages, tobacco', in which the growth of prices of tobacco products accelerated to 4.1 % (from 2.3 % in April). In 'health', prices and fees paid by patients on prescription drugs increased by 13.8 %.

A marked upward effect on the price level came, as before, from prices in 'housing, water, electricity, gas and other fuels' and 'transport'. In 'housing, water, electricity, gas and other fuels' the net actual rentals went up by 9.9 %, of which for dwellings with regulated rentals rose by 18.1 % and for dwellings with market rentals dropped by 0.2 %. In 'transport', prices of automotive fuel went up by 20.5 %.

The reduction of price level came from prices in 'food and non-alcoholic beverages'. Prices of rolls and baguettes were lower by 19.2 %, flour by 19.7 %, pork by 6.1 %, edible oils by 7.2 %, sugar by 6.0 %. Prices of clothing were also lower (-2.5 %). In 'housing, water, electricity, gas and other fuels', prices of natural gas went down by 6.5 % and electricity by 2.7 %. In 'recreation and culture', prices of audio-visual, photographic and information processing equipment were lower by 9.6 %. In 'communications', prices of mobile phones decreased and so did prices of telephone and telefax services (-14.1 % and -2.5 %, respectively).

Prices of goods in total increased by 0.5 % and prices of services by 2.1 %. The overall consumer price index excluding imputed rentals was 101.2 %, year-on-year.

Average inflation rate, i.e. the increase in the average consumer price index in the twelve months to May 2010 compared with the average CPI in the previous twelve months, stood at 0.6 % in May, which is the same compared with April 2010.

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 2.0 % in **April 2010** (0.1 percentage point up on March). The highest annual rates were observed in Hungary (5.7 %) and Romania (4.2 %). The year-on-year decrease continued in Latvia (-2.8 %) and Ireland (-2.5 %). In Germany, the y-o-y growth slowed down to 1.0 % (from 1.2 % in March). On the contrary, in Slovakia, the price rise

accelerated to 0.7 % (from 0.3 % in March). According to preliminary calculations, the HICP in the **Czech Republic in May** increased by 0.2 %, **month-on-month**, and by 1.0 % (from 0.9 % in April), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in May 2010** was 1.6 %, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

In May 2010, in comparison to April 2010, consumer prices rose in **households of pensioners** by 0.2 %. It was recorded a higher consumer price index for 'health' by 3.9 %. The increase came mainly from higher prices and fees paid by patients on prescription drugs. Higher index was registered for 'alcoholic beverages, tobacco' by 0.7 % due mainly to an increase in prices of tobacco and spirits. In 'transport', the consumer price level went up by 0.5 %. An upward effect on the consumer price level came primarily from the rise in prices of automotive fuel and passenger transport by road - urban transport. On the other hand, a lower index was recorded for 'food and non-alcoholic beverages' (-0.7 %) due mainly to lower prices of vegetables, wheat flour, chocolate and chocolate-based products.

In the capital city of Prague, the overall consumer price index (cost of living) increased by 0.1 % month-on-month (0.1 % also in the whole Czech Republic). The consumer price index for 'health' rose by 2.3 % (2.3 % in the Czech Republic as well) due primarily to higher prices and fees paid by patients on prescription drugs. Prague registered a higher index for 'alcoholic beverages, tobacco' by 0.7 % (1.1 % in the Czech Republic) particularly due to higher prices of tobacco and spirits. The consumer price index for 'transport' went up by 0.4 % (0.4 % in the Czech Republic too), affected mainly by higher prices of automotive fuel and bicycles. On the other hand, a decrease occurred in 'food and non-alcoholic beverages' by 0.6 % (-0.7 % in the Czech Republic) as a result of lower prices of vegetables, rolls and baguettes and rice, in particular. In 'communications', the drop in prices by 0.2 % (-0.2 % in the Czech Republic as well) came from lower prices of telephone and telefax services and mobile phones.