

Year-on-year inflation accelerated to 1.9 %

Consumer price indices – July 2010

The total consumer price level in July increased compared with June by 0.3 %. This development came primarily from a seasonal rise in prices of package holidays in 'recreation and culture'. The year-on-year rise in consumer prices accelerated to 1.9 % in July (from 1.2 % in June), which is the highest figure since March 2009.

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The **month-on-month** consumer price growth by 0.3 % owed primarily to a price increase in seasonal prices of package holidays like in the preceding years and reached 12.9 %. In 'housing, water, electricity, gas and other fuels', prices of natural gas increased by 4.2 %. In 'alcoholic beverages, tobacco', the growth of prices came from the rise in prices of beer and tobacco products (3.5 % and 0.5 %, respectively). In 'food and non-alcoholic beverages', prices of fruit increased by 2.7 %, cheese by 2.0 %, milk by 3.2 %, butter by 4.9 %, yoghurts by 3.7 %. In 'health', prices rose due to finalization of the payment of the regulation fees paid by regional authorities.

A downward effect on the price level came from a price drop in clothing and footwear (-3.6 % and -2.9 %, respectively). In food, prices of potatoes dropped primarily by 24.8 %, eggs and egg products by 8.7 %, bread by 3.1 %.

Prices of goods in total increased by 0.1 % and prices of services by 0.7 %.

In terms of the **year-on-year** comparison, in July 2010, the increase in consumer prices was 1.9 %, i.e. by 0.7 percentage points up on June and this is the highest figure since March 2009. An acceleration in y-o-y price growth was recorded particularly for 'food and non-alcoholic beverages', in which prices of vegetables including potatoes rose by 30.9 % (from 18.6 % in June), fruit by 8.6 % (0.0 % in June), oils and fats by 4.6 % (from 2.2 % in June) and milk, cheese and eggs by 4.6 % (from 1.4 % in June). In 'alcoholic beverages, tobacco', prices of alcoholic beverages rose by 6.0 %, which was influenced primarily by prices of beer by 7.5 % (from 4.0 % in June). Prices of tobacco products were higher by 5.1 %.

In 'housing, water, electricity, gas and other fuels', the drop in prices of natural gas by 6.5 % in June turned to a rise by 3.9 % in July, year-on-year. The net actual rentals went up by 8.9 %, of which for dwellings with regulated rentals rose by 16.8 % and for dwellings with market rentals dropped by 0.3 %.

The reduction of price level came from prices in clothing by 3.6 % and footwear by 0.9 %. In 'communications', prices of mobile phones decreased and so did prices of telephone and telefax services (-12.4 % and -1.3 %, respectively). In 'recreation and culture', prices of audio-visual, photographic and information processing equipment were lower by 8.9 %. In 'housing, water, electricity, gas and other fuels', prices of electricity went down by 2.7 %.

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 102.1 %, year-on-year.

Average inflation rate, i.e. the increase in the average consumer price index in the twelve months to July 2010 compared with the average CPI in the previous twelve months, stood at 0.8 % in July.

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 1.9 % in **June 2010** (0.1 percentage point down on May). The highest annual rates were observed in Greece (5.2 %) and Hungary (5.0 %). The year-on-year decrease continued in Ireland (-2.0 %) and Latvia (-1.6 %). In Germany, the y-o-y growth slowed down to 0.8 % (from 1.2 % in May). In Slovakia, the price rise was the same as in May and April (0.7 %). According to preliminary calculations, the HICP in the **Czech Republic in July** increased by

0.3 %, **month-on-month**, and by 1.6 % (1.0 % in June), **year-on-year**. The **MUICP** (Monetary Union Index of Consumer Prices) flash estimate for **the Eurozone in July 2010** was 1.7 %, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#)).

In July 2010, in comparison to June 2010, consumer prices rose in **households of pensioners** by 0.4 %. It was recorded a higher consumer price index for 'recreation and culture' by 2.2 %. The increase came mainly from higher prices of recreational stays abroad and domestic recreational stays. Higher index was registered for 'alcoholic beverages, tobacco' by 1.6 % due mainly to an increase in prices of beer, tobacco and spirits. In 'housing, water, electricity, gas and other fuels', the consumer price level went up by 0.9 %. An upward effect on the consumer price level came primarily from the rise in prices of natural gas. On the other hand, a lower index was recorded for 'clothing and footwear' (-2.9 %) due mainly to lower prices of ready-made clothing and underwear and knitwear. The consumer price index for 'communications' was down for pensioners (-0.4 %) as a result of lower prices of telephone and telefax services and mobile phones.

In the capital city of Prague, the overall consumer price index (cost of living) increased by 0.2 % month-on-month (0.3 % in the whole Czech Republic). The consumer price index for 'recreation and culture' rose by 3.2 % (3.0 % in the Czech Republic) due primarily to higher prices of recreational stays abroad and domestic recreational stays. Prague registered a higher index for 'alcoholic beverages, tobacco' by 1.1 % (1.2 % in the Czech Republic) due to higher prices of beer and tobacco. The consumer price index for 'miscellaneous goods and services' went up by 0.3 % (0.4 % in the Czech Republic), affected mainly by higher prices of beauty products. On the other hand, a decrease occurred in 'clothing and footwear' by 3.2 % (-3.3 % in the Czech Republic) as a result of lower prices of children's and women's ready-made clothing, in particular. In 'communications', the drop in prices by 0.8 % (-0.6 % in the Czech Republic) came from lower prices of telephone and telefax services and mobile phones.