YEAR-ON-YEAR RISE IN CONSUMER PRICES SLOWED DOWN MODERATELY

Consumer price indices – inflation – September 2016

**Consumer prices in September decreased compared with August by 0.2%. This development was primarily due to a drop in prices in 'recreation and culture'. The year-on-year growth of consumer prices amounted to 0.5% in September, i.e. 0.1 percentage point down on August.**

The **month-on-month** decrease in consumer prices in 'recreation and culture' came primarily from the decline in package holidays by 13.0% due to the end of summer season. In 'furnishings, household equipment and routine household maintenance', prices of cleaning and maintenance products were lower by 1.8%. In 'food and non-alcoholic beverages', prices of fruit went primarily down by 4.8%, non-alcoholic beverages by 0.8%, yoghurts by 1.8%, vegetables by 0.6%. In 'miscellaneous goods and services', prices of personal care dropped by 0.6%.

A growth of the price level came primarily from a price increase in 'clothing and footwear', due to the rise in prices of garments by 1.0% and shoes and other footwear by 3.3%. In 'transport', prices of automotive fuel went up by 0.3%. As the new school year started, prices in 'education' rose by 1.9%. Fees in kindergartens increased by 0.6%, tuition fees at private secondary schools by 0.3%, school-fees at public universities by 3.5%, fees for foreign language learning by 5.7% and fees in schools of art (base level) by 1.2%. In food, prices of eggs were especially higher by 4.5%, milk by 2.1%, cheese by 2.1%, other milk products by 2.3%, potatoes by 7.6%.

Prices of goods in total went up by 0.1%, while prices of services dropped by 0.7%.

In terms of the **year-on-year** comparison, in September, the consumer prices increased by 0.5%, i.e. 0.1 percentage point down on August. This slowdown in the y-o-y price growth occurred particularly due to lower price rise in 'alcoholic beverages and tobacco', where prices of wine declined by 1.7% (a growth by 1.5% in August). In 'food and non-alcoholic beverages', many kinds of food recorded either their deeper price drop in September or moved to the decline from the August growth. Prices of bread and cereals were lower by 0.4% in September (a rise by 0.4% in August), vegetables by 9.2% of which potatoes by 7.9% (a growth by 2.3% and 4.2%, respectively in August). Prices of fruit were lower by 8.5% in September (-2.9% in August).

The biggest influence on the growth of the y-o-y price level in September came, as before, from prices in 'alcoholic beverages and tobacco', where prices of spirits increased by 5.2% and tobacco products by 5.9%. The rise came also from prices in 'housing, water, electricity, gas and other fuels', where prices of the net actual rentals rose by 2.0%, water supply by 1.6%, sewage collection by 5.3%, electricity by 1.2%, heat and hot water by 1.1%. In 'health', prices of therapeutic stays at a spa were higher by 4.5%. In 'recreation and culture', prices of recreational and cultural services went especially up by 2.4%. In 'restaurants and hotels', prices of catering services went up by 1.3%. In 'miscellaneous goods and services', prices of financial services rose by 3.0%.

A reduction in the price level came, as before, from the price decrease in 'food and non-alcoholic beverages', which even deepened in September. In 'transport', the year-on-year decline in automotive fuel prices continued, albeit at a slower pace (-7.3% in September). In 'housing, water, electricity, gas and other fuels', prices of natural gas went down by 6.9%.

Prices of goods in total went down by 0.1% and prices of services rose by 1.5%. 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 2016 compared with the average CPI in the previous twelve months, amounted to 0.3% in September.

According to preliminary data of Eurostat, the **year-on-year** change in the average **harmonized index of consumer prices** (HICP)[[1]](#footnote-1)) in the **EU28 member states** amounted to 0.3% **in August,** i.e**.** 0.1percentage point more than in July. Prices went up the most in Belgium (2.0%) and Sweden (1.2%). On the other hand, the decrease occurred in twelve EU countries, of which the largest in Croatia (-1.5%). In Slovakia, prices went down by 0.8% (-0.9% in July). In Germany, the year-on-year price increase was 0.3% in August (0.4% in July). According to preliminary calculations, the HICP in the Czech Republic **in September** decreased by0.2%, **month-on-month,** and rose by 0.5% (0.6% in August), **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone** **in September 2016** amounted to 0.4%, y-o-y, as Eurostat announced (more information on the Eurostat’s web pages: [**HICP**](http://ec.europa.eu/eurostat/web/hicp/data/main-tables).)

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The new index time series with the base year 2015 = 100 will be introduced since January 2017. The indices to other bases will be calculated from these time series (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). Indices calculated from existing index time series with the base year 2005 = 100 remain valid. The already published data will not be revised. The original time series with base year 2005 = 100 will be calculated and published, but other indices using these time series will no longer be derived.

1. ) So far, imputed rentals have been excluded from the HICP [↑](#footnote-ref-1)