

YEAR-ON-YEAR RISE IN CONSUMER PRICES ACCELERATED SLIGHTLY

Consumer price indices – inflation – August 2016

Consumer prices in August decreased compared with July by 0.2%. This development was primarily due to a drop in prices in 'food and non-alcoholic beverages' and 'transport'. The year-on-year growth of consumer prices accelerated to 0.6% in August from 0.5% in July.

The **month-on-month** decrease in consumer prices in 'food and non-alcoholic beverages' came from the decline in vegetable prices by 8.4% due primarily to a reduction in prices of potatoes by 25.8% and vegetables cultivated for their fruit by 9.1%. Prices of fruit decreased by 2.7%, eggs by 7.9%, fish by 2.1%, flour by 4.3%. In 'transport', prices of automotive fuel dropped by 1.8%. In 'clothing and footwear', prices of garments went down by 0.6% and shoes and other footwear by 1.8%. In 'miscellaneous goods and services', the price decline was due to lower prices of personal care by 1.0%. In 'alcoholic beverages and tobacco', prices of wine were lower by 3.4%.

A growth of the price level came primarily from a price increase in 'recreation and culture', due to the rise in prices of package holidays by 1.3%. In 'housing, water, electricity, gas and other fuels', prices of the net actual rentals went up by 0.5%. In food, prices of bread were mainly higher by 1.1%, pasta by 6.6%, pork by 1.7%, milk by 1.6%, cheese by 1.6%, oils and fats by 2.4%, citrus fruit by 6.6%, sugar by 1.3%, non-alcoholic beverages by 0.9%.

Prices of goods in total went down by 0.5%, while prices of services rose by 0.2%.

In terms of the **year-on-year** comparison, in August, the consumer prices increased by 0.6%, i.e. 0.1 percentage point up on July. An acceleration in the y-o-y price growth occurred particularly in 'alcoholic beverages and tobacco', where prices of tobacco products rose by 5.7% (5.4% in July) and alcoholic beverages by 3.8% (3.0% in July). In 'food and non-alcoholic beverages', a slowdown in the price drop for many kinds of food was recorded in August. Prices of cheese were lower by 2.8% in August (-5.5% in July), yoghurts by 6.4% (-10.4% in July), butter by 3.3% (-7.9% in July), fruit by 2.9% (-3.1% in July). A significant deceleration in the price growth was recorded for potato prices, which were higher, y-o-y, by 4.2% (27.6% in July).

The biggest influence on the growth of the y-o-y price level in August came, as before, from prices in 'alcoholic beverages and tobacco'. The rise came also from prices in 'housing, water, electricity, gas and other fuels', where prices of the net actual rentals increased 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 'clothing and footwear', prices of garments went up by 1.0% and prices of shoes and other footwear by 5.2%. In 'recreation and culture', prices of recreational and cultural services went primarily up by 2.5%. In 'restaurants and hotels', prices of catering services were higher by 1.3% and prices of accommodation services by 0.5%. In 'miscellaneous goods and services', prices of personal care rose by 1.1% and prices of financial services by 2.5%.

A reduction in the price level came, as before, from the price decrease in 'transport' due to a decline in automotive fuel prices by 10.7% (-10.6% in July). The drop in prices continued, albeit at a slower pace, in 'food and non-alcoholic beverages'. In 'housing, water, electricity, gas and other fuels', prices of natural gas went down by 6.9%.

Prices of goods in total rose by 0.1% and prices of services by 1.3%. The overall consumer price index excluding imputed rentals was 100.5%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to August 2016 compared with the average CPI in the previous twelve months, amounted to 0.3% in August.

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** amounted to 0.2% **in July** i.e. 0.1 percentage point more than in June. Prices went up the most in Belgium (2.0%) and Sweden (1.1%). On the other hand, the decrease occurred in twelve EU countries, of which the largest in Bulgaria and Croatia (both -1.1%). In Slovakia, prices went down by 0.9% (-0.7% in June). In Germany, the year-on-year price increase was 0.4% in July (0.2% in June). According to preliminary calculations, the HICP in the Czech Republic **in August** decreased by 0.2%, **month-on-month**, and rose by 0.6% (0.5% in July), **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in August 2016** amounted to 0.2%, 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