

AVERAGE INFLATION RATE STOOD AT 2.5% IN 2017

Consumer price indices – inflation – December 2017

Consumer prices in December went up compared with November by 0.1%. This increase was primarily due to the growth of prices in 'food and non-alcoholic beverages'. The year-on-year rise in consumer prices slowed down to 2.4% (from 2.6% in November). The average inflation rate for 2017 as a whole was 2.5%, which is the highest figure in the last 5 years.

The **month-on-month** increase in consumer prices in 'food and non-alcoholic beverages' came primarily from the rise in prices of vegetables by 7.6% due to higher prices of vegetables cultivated for their fruit by 13.0% and potato prices by 8.9%. The growth of food prices was influenced also by higher prices of fruit by 6.9%, bread and cereals by 0.8%, non-chocolate confectionery by 5.8%. The price rise in 'transport' caused primarily the growth of car prices by 0.5%. In 'housing, water, electricity, gas and other fuels', prices of solid fuel rose by 1.3% and net actual rentals by 0.2%. In 'restaurants and hotels', prices in restaurants and cafés were higher by 0.3%.

A drop in the price level in December came mainly from a price decrease in 'clothing and footwear', where prices of garments dropped by 1.2% and prices of shoes and other footwear by 1.1%. In 'alcoholic beverages and tobacco', prices went down due to lower prices of spirits and wine (both -1.5%). In 'miscellaneous goods and services', prices of personal care were lower by 0.8%, of which prices of beauty products went especially down by 1.8%. In the food group, prices of sugar were primarily lower by 6.7%, fresh butter by 3.6%, vegetable and other fats by 4.4%.

Prices of goods in total remained unchanged compared with November and prices of services rose by 0.1%.

In terms of the **year-on-year** comparison, in December, the consumer prices increased by 2.4%, i.e. 0.2 percentage points down on November. A slowdown in the year-on-year price rise in 'transport' was caused by a slowdown in the growth of automotive fuel prices to 1.5% (3.7% in November) due to their month-on-month rise in December 2016. In 'restaurants and hotels', the year-on-year price growth of catering services slowed down to 4.4% (6.7% in November). In 'alcoholic beverages and tobacco', prices of spirits accelerated their growth to 3.3% (1.6% in November).

The biggest influence on the growth of the y-o-y price level in December came, as before, from prices in 'food and non-alcoholic beverages'. Prices of flour went up by 13.5%, eggs by 54.3%, yoghurts by 21.4%, fresh butter by 28.7%, fruit by 10.8%. Next in order of influence were prices in 'housing, water, electricity, gas and other fuels', where prices of net actual rentals rose by 3.2%, water supply by 1.2%, sewage collection by 0.4%, electricity by 0.3%, solid fuels by 6.1%. The rise in the price level came also from prices in 'alcoholic beverages and tobacco' (an increase by 2.0%), 'transport' (an increase by 2.1%) and prices in 'restaurants and hotels' (an increase by 4.1%).

A reduction in the price level in December came from lower prices in 'clothing and footwear', where prices of garments were lower by 2.3% and prices in 'communication' (a drop by 1.3%). In 'housing, water, electricity, gas and other fuels', prices of heat and hot water and prices of natural gas were lower (-2.2% and -0.8%, respectively).

Prices of goods in total and services went up (2.1% and 2.8%, respectively). The overall consumer price index excluding imputed rentals was 102.2%, year-on-year.

The **average inflation rate** as measured by the increase in the average consumer price index in the twelve months 2017 compared with the average CPI in the twelve months 2016 was 2.5%, of which prices of services rose by 2.9% and prices of goods by 2.2%.

(A summary of the development of the consumer price index in 2017 is a part of the Q4 analysis, which is released at the same time).

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 1.8% **in November**, i.e. 0.1 percentage point up on October. The rise in prices was the highest in Estonia (4.5%) and Lithuania (4.2%) and the lowest in Cyprus (0.2%). In Slovakia, the price increase accelerated to 2.1% in November (1.8% in October). In Germany, prices were higher by 1.8% (1.5% in October). According to preliminary calculations, the HICP in the Czech Republic **in December** was 0.0%, **month-on-month**, and rose by 2.2%, **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in December 2017** was 1.4%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#).)

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Starting from January 2018, the consumer price indices will be calculated on the base of new introduced ECOICOP classification (European Classification of Individual Consumption by Purpose), which introduces a more detailed breakdown in the consumer basket. This change occurs according to the Regulation (EU) 2016/792 of the European Parliament and of the Council. The structure of publisher indices remains.

Starting from January 2018, the consumer price indices will be counted on updated weights, which will be determined on the base of household expenditure in 2016. These indices will be chained at all levels of the consumer basket with the base period average of 2015 = 100. Thereby, a continuation of the existing index time series, from which indices to other bases will be derived (previous month = 100, corresponding period of the previous 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) will be ensured.

¹⁾ Imputed rentals are excluded from the HICP.