

## AVERAGE INFLATION RATE STOOD AT 2.1% IN 2018

### Consumer price indices – inflation – December 2018

Consumer prices in December increased by 0.1% compared with November. This development came from a price increase in 'food and non-alcoholic beverages' in particular. The year-on-year growth of consumer prices amounted to 2.0% in December (the same as in November). The average inflation rate for 2018 as a whole was 2.1%.

The **month-on-month** rise in consumer prices in 'food and non-alcoholic beverages' came primarily from higher prices of vegetables by 11.9%, of which prices of potatoes went up by 29.7%. Prices of bread and cereals were higher by 3.1% and fruit by 6.0%. In 'housing, water, electricity, gas and other fuels', prices of natural gas and actual rentals for housing rose in particular (0.3% and 0.2%, respectively). In 'recreation and culture', prices of package holidays went up by 0.5%. The growth of prices in 'restaurants and hotels' was due to higher prices of catering services (0.4%).

The decrease in the overall consumer price level in December came mainly from lower prices in 'transport' due to prices of fuels and lubricants for personal transport equipment, which went down by 3.6%, month-on-month. In 'alcoholic beverages and tobacco', prices of spirits were lower by 2.9% and prices of wine by 2.0%. In 'clothing and footwear', prices of garments went down by 1.4%. In food, prices of poultry dropped by 4.4%, UHT semi skimmed milk by 7.2%, cheese and curd by 1.7%, butter by 5.0%.

Prices of goods in total remained unchanged compared with November and prices of services rose by 0.2%.

In terms of the **year-on-year** comparison, in December, the consumer prices rose by 2.0%, i.e. the same as in November. A slowdown in the price drop in 'food and non-alcoholic beverages' came especially from prices of vegetables, which were higher by 14.8%, year-on-year (10.5% in November), of which potato prices went up by 41.7% (19.0% in November). In 'alcoholic beverages and tobacco', the increase in prices of alcoholic beverages slowed down to 1.4% (2.1% in November). In 'transport', the year-on-year rise in prices decelerated due to prices of fuels and lubricants for personal transport equipment, which were higher by 6.1% (10.1% in November). On the other hand, in 'recreation and culture', the growth of prices accelerated to 0.8% (0.4% in November).

The biggest influence on the growth of the y-o-y price level came, as before, from prices in 'housing, water, electricity, gas and other fuels', where prices of actual rentals for housing increased by 3.3%, water supply by 1.8%, sewage collection by 1.3%, electricity by 5.6%, heat and hot water by 1.0%. Next in order of influence were prices in 'miscellaneous goods and services', where prices of personal care rose by 4.3%, insurance by 6.4%, and financial services by 4.3%. The impact on the price level increase had also prices in 'alcoholic beverages and tobacco' (a rise by 2.8%). The growth of prices continued, although at a slower pace, in 'transport' (a growth by 1.6%). In 'restaurants and hotels', prices of catering services were higher by 3.9% and prices of accommodation services by 3.5%.

A reduction in the price level in December came from prices in 'food and non-alcoholic beverages', where prices of eggs fell by 27.8%, sugar by 31.0%, UHT semi skimmed milk by 6.9%. In 'clothing and footwear', prices of garments were lower by 2.7%. In 'housing, water, electricity, gas and other fuels', prices of natural gas decreased by 0.2%.

Prices of goods in total and services went up (1.2% and 3.4%, respectively). The overall consumer price index excluding imputed rentals for housing was 101.5%, year-on-year.

The **average inflation rate** as measured by the increase in the average consumer price index in the twelve months 2018 compared with the average CPI in the twelve months 2017 was 2.1%, i.e. 0.4 percentage points down on 2017. It was the third highest average inflation rate in the previous 10 years (higher inflation

rate was only 3.3% in 2012 and in 2017). Prices of goods in total rose by 1.6% and prices of services by 3.0%.

(A summary of the development of the consumer price index in 2018 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)**<sup>1)</sup> in the **EU28 member states** amounted to 2.0% **in November** (0.2 percentage point down on October). The rise in prices was the highest in Estonia, Hungary and Romania (all 3.2%) and the lowest price increase was in Denmark (0.7%). In Slovakia, the price rise decelerated to 2.0% in November from 2.5% in October. In Germany, prices were higher by 2.2% (2.4% in October). According to preliminary calculations, the **month-on-month** change in the HICP in the Czech Republic **in December** amounted to 0.0% and the **year-on-year** growth was the same as in November, i.e. 1.6%. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in December 2018** was 1.6%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#).)

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<sup>1)</sup> Imputed rentals are excluded from the HICP.