

MONTH-ON-MONTH PRICE LEVEL REMAINED UNCHANGED

Consumer price indices – inflation – February 2018

The overall consumer price level in February remained unchanged compared with January (monthly change 0.0%). The growth of prices especially in 'recreation and culture' and in 'miscellaneous goods and services' was offset by a decrease in 'food and non-alcoholic beverages' and in 'alcoholic beverages and tobacco'. The year-on-year growth of consumer prices slowed down to 1.8%, which was 0.4 percentage points down on January and the lowest since November 2016.

The **month-on-month** increase in consumer prices in 'recreation and culture' came primarily from the rise in prices of package holidays by 4.3%. In 'miscellaneous goods and services', prices of personal care went up by 0.9% and prices of insurance by 1.6%. The growth of prices in 'transport' was caused by higher prices of cars by 0.5%. In food, prices of fruit were mainly higher by 1.7%, poultry by 2.3% and other bakery products by 2.0%.

The month-on-month drop in consumer prices in 'food and non-alcoholic beverages' came particularly from the decline in prices in the group milk, cheese, eggs, where prices of eggs decreased by 10.4%, prices of UHT semi skimmed milk by 6.9% and prices of yoghurts by 3.4%. The fall in prices also occurred in other food. Prices of non-alcoholic beverages were lower by 1.8%, vegetables by 2.0%, pork by 2.6%, and butter by 6.4%. In 'alcoholic beverages and tobacco', prices of spirits went down by 3.5%, wine by 3.0% and beer by 1.3%. In 'clothing and footwear', prices of garments went down by 0.6% and prices of shoes and other footwear by 1.6%.

Prices of goods in total went down by 0.4%, while prices of services rose by 0.5%.

In terms of the **year-on-year** comparison, in February, the consumer prices increased by 1.8%, i.e. 0.4 percentage points down on January. A slowdown in the year-on-year price rise occurred especially in 'food and non-alcoholic beverages', where prices of eggs were higher by 24.1% in February (36.0% in January), butter by 11.2% (19.0% in January), non-alcoholic beverages by 0.7% (1.9% in January). Prices of vegetables deepened their drop to -18.2% in February (-3.9% in January), of which potato prices were lower by 25.2% (-9.3% in January). Prices of UHT semi skimmed milk turned from a price rise by 4.2% in January into a decline by 3.3% in February. A slowdown in the y-o-y rise happened also in 'alcoholic beverages and tobacco', where prices of spirits went up by 1.4% in February (6.2% in January) and prices of wine by 1.1% (2.6% in January). A deepening in the price drop occurred in 'communication' due to a more significant price decline in telephone and telefax services by 2.1% (-0.8% in January). In 'furnishings, household equipment and routine household maintenance', the year-on-year price growth accelerated to 1.3% (0.6% in January).

The biggest influence on the growth of the y-o-y price level in February came from prices in 'housing, water, electricity, gas and other fuels', where prices of actual rentals for housing rose by 2.3%, water supply by 1.9%, sewage collection by 1.2%, electricity by 2.8%, solid fuels by 5.3%. Next in order of influence were prices in 'food and non-alcoholic beverages', where prices of meat went up by 3.8%, y-o-y, yoghurts by 15.9%, fruit by 9.9%. The rise in the price level came also from prices in 'alcoholic beverages and tobacco' (an increase by 2.3%). In 'restaurants and hotels', prices of catering services were higher by 3.7% and prices of accommodation services by 1.5%.

A reduction in the price level in February came from prices in 'clothing and footwear' (where prices of garments were lower by 1.2%) and prices in 'communication' (a drop by 2.3%). In 'housing, water, electricity, gas and other fuels', prices of heat and hot water and prices of natural gas were lower (-0.3% and -0.8%, respectively).

Prices of goods in total and services went up (1.4% and 2.4%, respectively). The overall consumer price index excluding imputed rentals was 101.6%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to February 2018 compared with the average CPI in the previous twelve months, amounted to 2.4% in February.

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 1.6% **in January**, i.e. 0.1 percentage point down on December. The rise in prices was the highest in Estonia and Lithuania (both 3.6%). On the other hand, the year-on-year drop occurred in Cyprus (-1.5%) in January. In Slovakia, the price increase accelerated to 2.6% (2.0% in December). In Germany, prices were higher by 1.4% (1.6% in December). According to preliminary calculations, the HICP in the Czech Republic **in February** decreased by 0.1%, **month-on-month**, and rose by 1.6%, **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in February 2018** was 1.2%, 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 are 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 unchanged.

Starting from January 2018, the consumer price indices are counted on updated weights, which are determined on the base of household expenditure in 2016. These indices are 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 are 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) is ensured.

You can find the new consumer basket on CZSO web pages: [consumer basket](#).

¹⁾ Imputed rentals are excluded from the HICP.