

## YEAR-ON-YEAR GROWTH OF CONSUMER PRICES SLOWED DOWN MODERATELY

### Consumer price indices – inflation – June 2019

**Consumer prices in June increased by 0.2% compared with May. This development came primarily from higher prices in 'recreation and culture'. The year-on-year growth of consumer prices decelerated to 2.7% in June, which was 0.2 percentage points down on May.**

The **month-on-month** rise in consumer prices in 'recreation and culture' came primarily from price increase in seasonal prices of package holidays by 6.7%. In 'housing, water, electricity, gas and other fuels' prices of actual rentals for housing went up by 0.7% and prices of electricity by 0.4%. In 'food and non-alcoholic beverages', primarily prices of non-alcoholic beverages were higher by 1.6%, prices of pork meat by 1.8% and yoghurts by 4.6%. Prices of potatoes went up by 3.3% (partly due to market offer, which switched from old to new potatoes) and reached its highest value (CZK 27.00 per kg). The rise in prices in 'restaurants and hotels' was caused by the rise in catering services by 0.5%, in particular.

The decrease in overall consumer price level in June came from prices in 'alcoholic beverages, tobacco', where prices of beer were lower by 3.6% and wine by 1.5%. In 'clothing and footwear', prices of garments went down by 0.7% and prices of shoes and other footwear by 0.3%. In food, especially prices of vegetables decreased by 4.1%.

Prices of goods remained at the level of May in total and prices of services went up by 0.6%.

In terms of the **year-on-year** comparison, in June, the consumer prices rose by 2.7%, i.e. 0.2 percentage points down on May. In 'alcoholic beverages and tobacco', the year-on-year price growth was moderated due to prices of wine, which decreased by 1.9% in June (a growth by 0.8% in May) and prices of beer, which were higher by 5.4% (7.2% in May). In 'housing, water, electricity, gas and other fuels', the price rise of electricity slowed down by 10.4% (12.5% in May), due to their month-on-month increase in June 2018. The year-on-year decrease in prices in 'transport' was due to a drop in prices of automotive fuel and oils by 0.3% (a growth by 3.1% in May). In 'recreation and culture', price rise of package holidays accelerated by 6.2% (3.2% in May).

The biggest influence on the growth of the y-o-y price level in June came, as before, from prices in 'housing, water, electricity, gas and other fuels', where prices of actual rentals for housing went up by 3.9%, water supply and sewage collection identically by 2.6%, natural gas by 3.6%. Next in order of influence were prices in 'food and non-alcoholic beverages', where prices of vegetables went up by 22.7% (of which prices of potatoes by 51.7%), meat by 3.9%, bread and cereals by 3.2%. The impact on the price level increase had also prices in 'miscellaneous goods and services', where prices of insurance rose by 3.9% and prices of financial services by 5.7%. In 'restaurants and hotels', prices of catering services were higher by 4.4% and prices of accommodation services by 2.6%.

A reduction in the price level in June came from prices in 'clothing and footwear' due to prices of garments, which were lower by 3.1%. In 'communication', prices dropped by 1.3%.

Prices of goods in total and services went up (2.3% and 3.6%, respectively). The overall consumer price index excluding imputed rentals for housing was 102.5%, year-on-year.

Inflation rate, i.e. the increase in the average consumer price index in the twelve months to June 2019 compared with the average CPI in the previous twelve months, amounted to 2.5% in June.

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 1.6% in **May**, which were 0.3 percentage points up on April. The rise in prices was the highest in Romania (4.4%) and the lowest price increase was in Cyprus (0.2%). In Slovakia, the price rise accelerated to 2.7% from 2.4% in April. In Germany, prices were higher by 1.3% (2.1% in April). According to preliminary calculations, the **month-on-month** change in the HICP in the Czech Republic in **June** amounted to 0.2% and the **year-on-year** growth was 2.4%. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in June 2019** amounted to 1.2%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#).)

In June, in comparison with May, the overall consumer price level in **households of pensioners** went up by 0.2%. Prices in 'recreation and culture' increased by 1.3%. The growth was mainly due to an increase in seasonal prices of package holidays. In 'food and non-alcoholic beverages', prices grew by 0.4%. Especially prices of meat, non-alcoholic beverages and fruit rose. In 'housing, water, electricity, gas and other fuels', prices increased by 0.3%. Prices of actual rentals for housing and electricity prices went up, in particular. An opposite influence on the price level change had the prices in 'alcoholic beverages, tobacco', where prices dropped by 0.7%. Prices of beer and wine decreased.

**In the capital city of Prague**, the overall consumer price index (cost of living) increased by 0.6%, month-on-month (by 0.2% in the Czech Republic). In 'housing, water, electricity, gas and other fuels', the consumer price index went up by 0.7% (by 0.3% in the Czech Republic). Mainly prices of actual rentals for housing and electricity prices rose in this division. In 'recreation and culture', prices were higher by 1.9% (by 1.3% in the Czech Republic), mainly due to prices of package holidays. In 'food and non-alcoholic beverages', the consumer price index increased by 0.7% (by 0.4% in the Czech Republic). Prices of meat, non-alcoholic beverages and fruit were higher in this division, in particular. On the other hand, the month-on-month decrease in prices in 'clothing and footwear' was 0.3% in Prague (by 0.6% in the Czech Republic), where primarily prices of shoes and other footwear decreased. In 'miscellaneous goods and services', prices dropped by 0.2% (0.1% in the Czech Republic). Prices of personal care and services had the biggest impact on the fall in prices in this division, in particular.

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