

YEAR-ON-YEAR GROWTH OF CONSUMER PRICES SLOWED DOWN

Consumer price indices – inflation – September 2019

Consumer prices in September decreased by 0.6% compared with August. It was the biggest month-on-month price drop since September 2006. This development came primarily from a price decrease in 'recreation and culture' and in 'food and non-alcoholic beverages'. The year-on-year growth of consumer prices decelerated to 2.7% in September, which was 0.2 percentage points down on August.

Month-on-month comparison

The decrease in overall consumer price level in September came mainly from price drop in 'recreation and culture', where prices of package holidays went down by 23.6% due to the end of summer season. In 'food and non-alcoholic beverages' especially prices of vegetables were lower by 4.5%, of which prices of potatoes dropped by 8.7%. Prices of non-alcoholic beverages were lower by 1.7%, fruit by 2.0% and butter by 4.6% in particular.

Price rise in 'clothing and footwear' was influenced by higher prices of garments by 1.4% and prices of shoes and other footwear by 1.3%. In 'alcoholic beverages and tobacco', prices of spirits were higher by 1.1% and wine by 1.2%. In 'restaurants and hotels' prices of catering services increased by 0.8%. As the new school year started, prices in 'education' rose by 3.7%. Fees in kindergartens increased by 3.1%, tuition fees at private secondary schools by 4.1%, school-fees at public universities by 10.1%, fees for foreign language learning by 2.1%, fees in schools of art (base level) by 1.9% and fees in after school care centres by 3.2%. In food, especially prices in group milk, cheese and eggs went up by 0.6%, prices of bread and cereals were higher by 0.5% and sausages and smoked meat by 0.6%.

Prices of goods in total remained unchanged compared with August and prices of services went down by 1.3%.

Year-on-year comparison

In terms of the year-on-year comparison, in September, the consumer prices increased by 2.7%, i.e. 0.2 percentage points down on August. Slowdown in the year-on-year price growth occurred mainly in 'food and non-alcoholic beverages', where prices of vegetables rose by 11.7% in September (34.1% in August). The price drop of many kinds of food deepened. Prices of eggs were lower by 13.2% in September (10.4% in August), oils and fats by 10.0% (4.3% in August), fruit by 7.4% (4.9% in August). Slowdown in the year-on-year price growth occurred also in 'recreation and culture', due to prices of package holidays which rose by 6.0% in September (7.8% in August). Price development in 'transport' was influenced mainly by prices of transport services, which turned from a decline by 7.1% in August to the growth by 0.9% in September. The main reason was their strong month-on-month price drop in September 2018 (introduction of nationwide fare discounts in bus and rail transport).

The biggest influence on the growth of the year-on-year price level in September came again from prices in 'housing, water, electricity, gas and other fuels', where prices of actual rentals for housing went up by 3.8%, water supply and sewage collection identically by 2.6%, electricity by 9.9%, natural gas by 3.6%, heat and hot water by 5.1%. Next in order of influence were prices in 'food and non-alcoholic beverages', where prices of sausages and smoked meat were higher by 7.6%, yoghurts by 6.0% and potatoes by 40.3%. The impact on the price level increase had also prices in 'restaurants and hotels', where prices of catering services increased by 5.1% and prices of accommodation services by 3.0%.

A reduction in the price level in September came again from prices in 'clothing and footwear' due to prices of garments, which were lower by 3.3%. In 'communication', prices dropped by 1.6%.

Prices of goods in total and services went up (2.0% and 4.0%, 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 September 2019 compared with the average CPI in the previous twelve months, amounted to 2.6%.

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 1.4% **in August** as well as in July. The rise in prices was the highest in Romania (4.1%). On the other hand, in Portugal, as in the only EU country, prices fell by 0.1%. In Slovakia, prices were higher by 3.0% in August as well as in July. In Germany, prices increased by 1.0% (1.1% in July). According to preliminary calculations, the HICP in the Czech Republic **in September** decreased by 0.5%, **month-on-month**, and rose by 2.6%, **year-on-year**. The MUICP (Monetary Union Index of Consumer Prices) flash estimate for the **Eurozone in September 2019** amounted to 0,9%, y-o-y, as Eurostat announced (more information on the Eurostat's web pages: [HICP](#).)

In September, in comparison with August, the overall consumer price level in **households of pensioners** went down by 0.6%. This development was influenced mainly by prices in 'recreation and culture', which declined by 6.4%. The prices of package holidays dropped here, due to ending summer season. In 'food and non-alcoholic beverages', the prices were lower by 0.6%. Prices of vegetables (including potatoes), non-alcoholic beverages, oils and fats, fruits decreased in this division. On the other hand, prices in 'alcoholic beverages, tobacco' went up by 0.6%. Prices of spirits, beer and wine rose in this division.

In the capital city of Prague, the overall consumer price index (cost of living) went down by 0.7%, month-on-month (-0.6% in the Czech Republic). Price reduction occurred mainly in 'recreation and culture', by 8.4% (-6.5% in the Czech Republic) due to prices of package holidays. . In 'food and non-alcoholic beverages', the prices dropped by 0.5% (-0.6% in the Czech Republic). This was affected mainly by prices of vegetables (including potatoes), non-alcoholic beverages, oils and fats, fruits. On the other hand, consumer prices of 'housing, water, electricity, gas and other fuels' increased by 0.3% (0.1% in the Czech Republic). In 'clothing and footwear', prices went up by 1.5% (1.4% in the Czech Republic). Prices of garments and prices of shoes and other footwear rose in this division. As the new school year started, prices in 'education' rose by 4.9%. Fees in kindergartens increased by 8.1%, tuition fees at private secondary schools by 8.5%, school-fees at public universities by 12.1% and fees in after school care centres by 6.2%.

¹⁾ Imputed rentals are excluded from the HICP.