

ANALYSIS

July 9, 2013

CONSUMER PRICE INDICES IN Q2 2013

The total consumer price level increased by 0.2% in Q2 2013 compared with Q1 2013. Consumer prices rose by 1.5% in Q2 2013, year-on-year, which was 0.3 percentage points down on Q1 2013.

The **quarter-on-quarter** (q-o-q) price level increase was only 0.2%, nevertheless price changes of the individual divisions of the consumer basket were different and ranged from -5.1% to +4.3%. The biggest price rise was shown in 'clothing and footwear' due to higher prices of new summer models. The growth of prices in 'food and non-alcoholic beverages' came primarily from higher prices of potatoes in June because market offer switched from old to new potatoes. A growing tendency was registered for prices of butter and some kinds of fruit in Q2. On the other hand, a drop was shown in 'communication' in Q2 compared with Q1 due to discounts provided by mobile operators. Prices in 'housing, water, electricity, gas and other fuels' went down q-o-q as well due to a decrease in prices of natural gas since May.

The average month-on-month (m-o-m) growth rate in Q2 2013 was only 0.1% (the same as in Q2 2012).

**Consumer price indices
the previous quarter = 100**

DIVISION	2012			2013	
	Q2	Q3	Q4	Q1	Q2
TOTAL	100.3	100.0	100.0	101.4	100.2
Food and non-alcoholic beverages	100.8	99.0	101.2	103.8	101.4
Alcoholic beverages and tobacco	100.3	101.3	101.3	100.7	100.8
Clothing and footwear	103.5	95.6	103.6	94.8	104.3
Housing, water, electricity, gas and other fuels	100.1	100.2	99.9	102.3	99.5
Furnishings, household equipment and routine household maintenance	99.7	99.3	100.2	100.1	99.7
Health	100.3	101.9	100.1	101.1	100.4
Transport	100.4	99.6	99.1	100.2	99.9
Communication	99.7	99.1	96.9	99.3	94.9
Recreation and culture	99.7	101.6	97.3	101.3	99.6
Education	100.1	100.4	100.8	100.2	100.1
Restaurants and hotels	101.1	100.4	100.2	100.7	100.6
Miscellaneous goods and services	100.2	100.0	100.6	100.9	100.5

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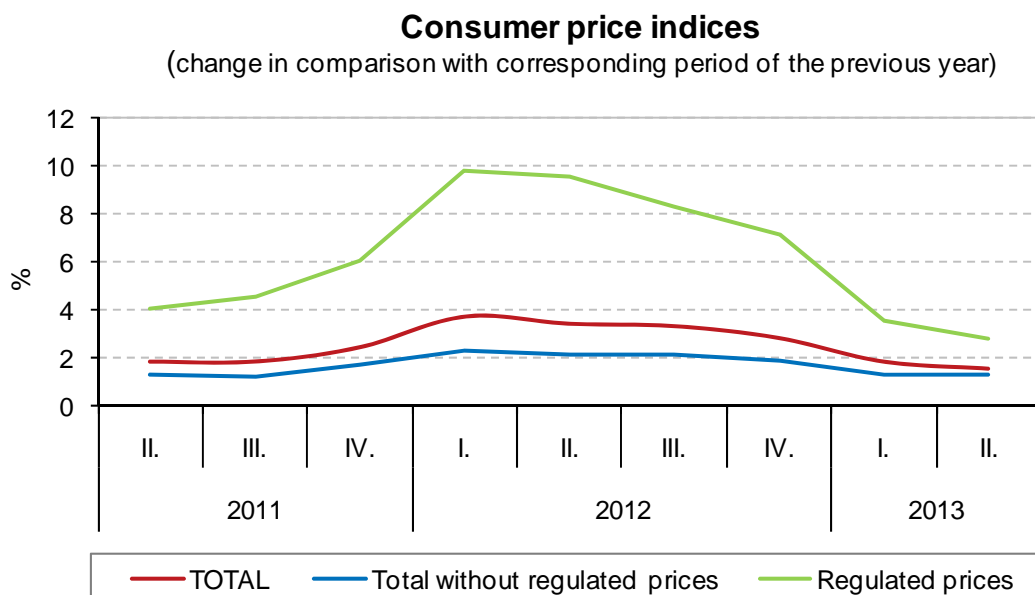
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Consumer prices rose by 1.5%, **year-on-year (y-o-y)**, in **Q2 2013 compared with Q2 2012**, i.e. by 0.3 percentage points less than in Q1 2013. A deceleration of the y-o-y price growth occurred primarily in 'housing, water, electricity, gas and other fuels'. In 'communication' and 'transport', the drop in prices deepened and thereby their effect on the decrease in the price level rose. In the opposite direction, i.e. to further accelerate the price growth, the growing prices in 'food and non-alcoholic beverages' and 'alcoholic beverages and tobacco' had some influence.

The growth of market prices in Q2 2013 was the same as in Q1, i.e. 1.3% and that of regulated¹⁾ prices slowed down to 2.8% (from 3.5% in Q1 2013).

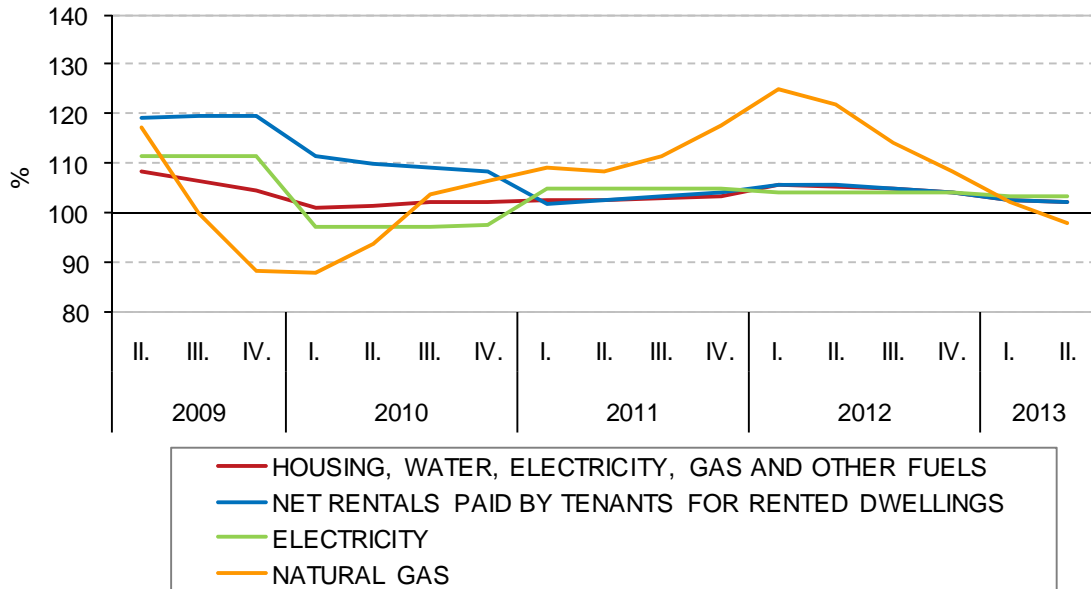


The slowdown in the price growth of regulated prices came primarily from the drop in prices of natural gas in '**housing, water, electricity, gas and other fuels**'. The y-o-y growth of natural gas prices declined gradually since Q2 2012 and this trend culminated in May 2013 when gas prices moved into the y-o-y fall by 4.2%. Regarding the other two important items in 'housing, water, electricity, gas and other fuels' – the net actual rentals and the electricity – a deceleration of the price increase was slower in the first case and the y-o-y rise in prices of the electricity remained unchanged since January 2013.

¹⁾ Prices, which are fully or partly regulated

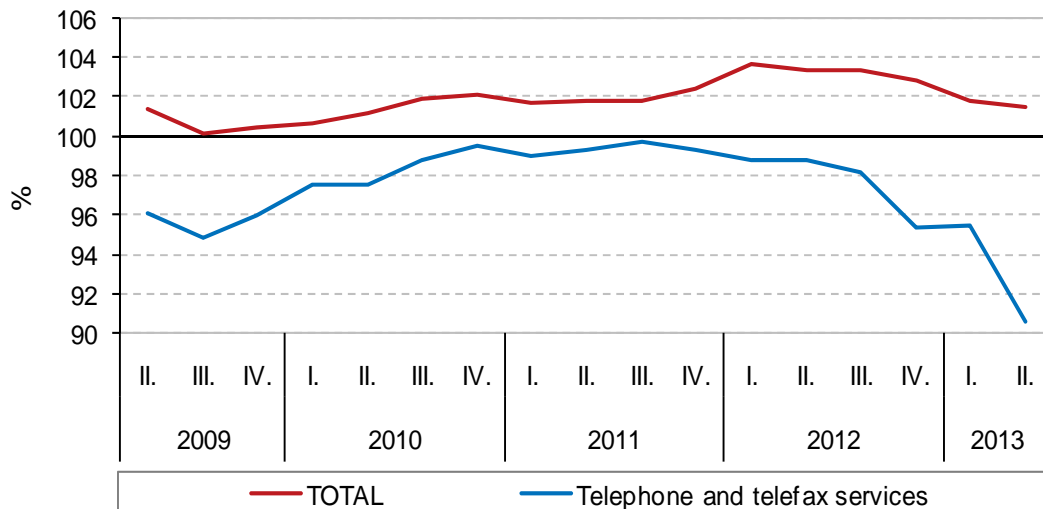
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Consumer price indices
(corresponding period of the previous year = 100)



In 'communication', prices of telephone and telefax services showed a long-term tendency, which was highlighted by mobile operator discounts in May this year.

Consumer price indices
(corresponding period of the previous year = 100)



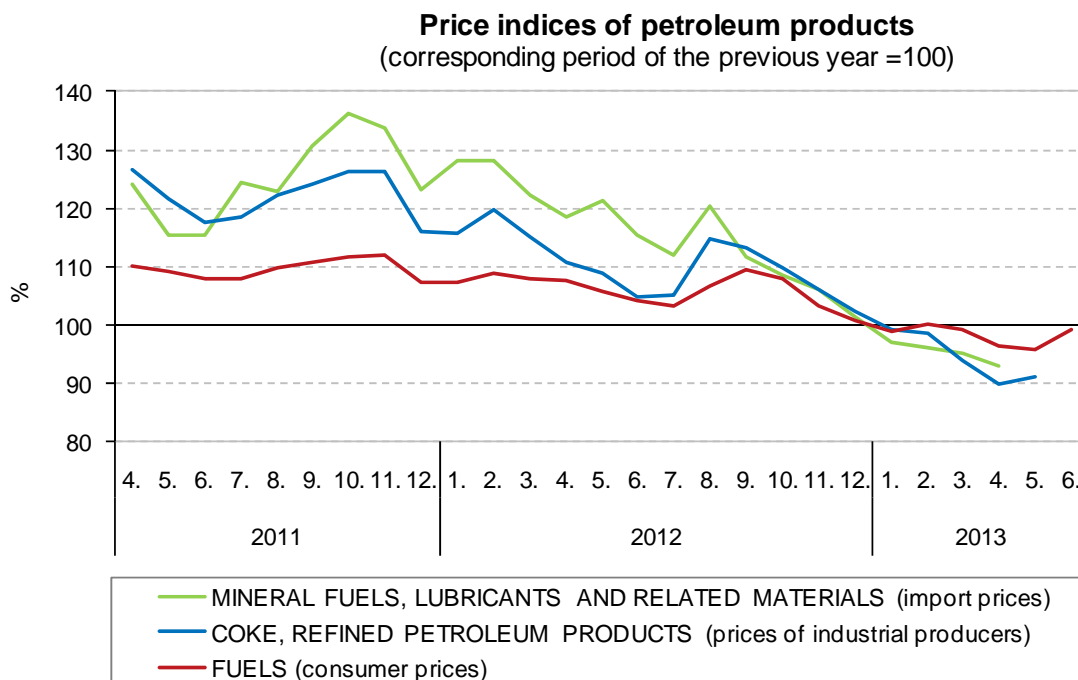
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In **'transport'**, a decrease in prices of fuel deepened in Q2 due to the development of fuel prices in April and May. The drop in these prices slowed down again in June. The development of consumer prices for fuel in relation to the prices of industrial producers and the import prices of oil products is shown in the following chart.



In **'restaurants and hotels'**, a deceleration in the y-o-y price growth was recorded due to a slowdown in the rise in prices of catering services in restaurants and canteens.

The acceleration in the y-o-y price growth was registered for 'food and non-alcoholic beverages', 'alcoholic beverages and tobacco', 'miscellaneous goods and services' in Q2 2013.

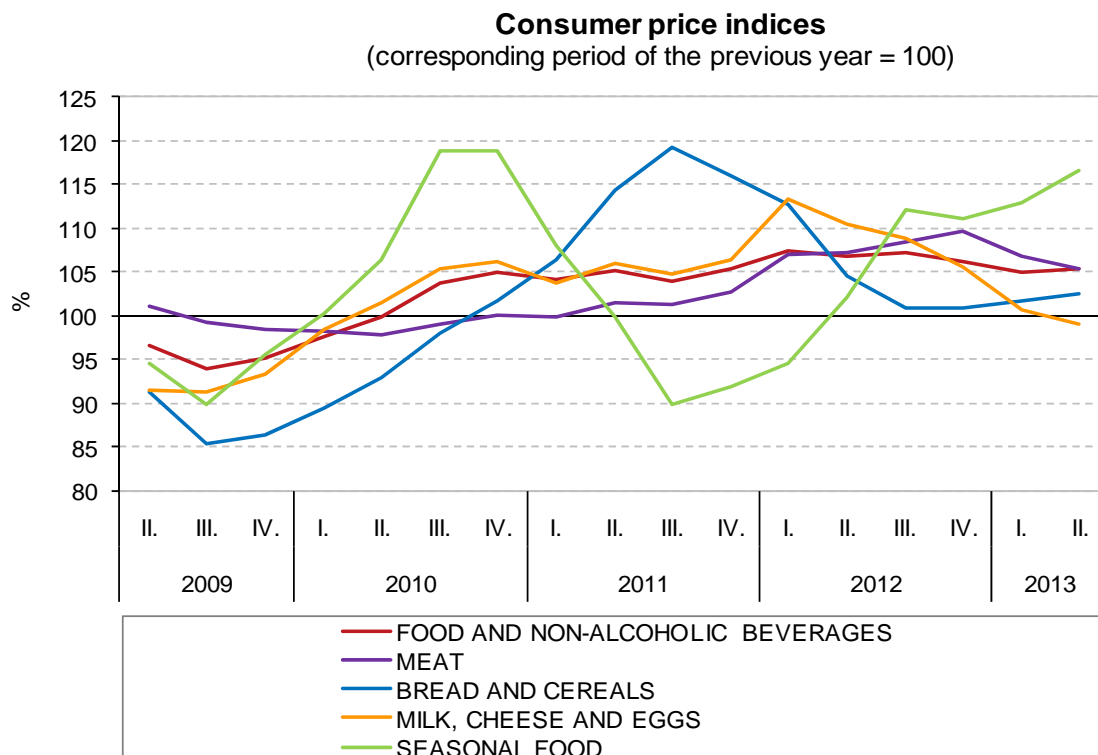
In **'food and non-alcoholic beverages'**, an acceleration in the y-o-y price growth was influenced particularly by the development of potato prices, which were higher by 75.0% compared with Q2 2012. The rise in prices of bread, flour, milk, cheese accelerated moderately. Prices of butter turned from the drop by 1.7% in Q1 to a growth by 8.2% in Q2. In contrast, a decreasing tendency showed prices of meat, eggs, fruit, yoghurts, sugar, coffee.

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In 'alcoholic beverages and tobacco', the y-o-y rise in prices of spirits and wine accelerated.

The **y-o-y drop in prices** continued at clothing and footwear, household appliances, mobile phones, equipment for the reception, recording and reproduction of sound and pictures in Q2 2013.

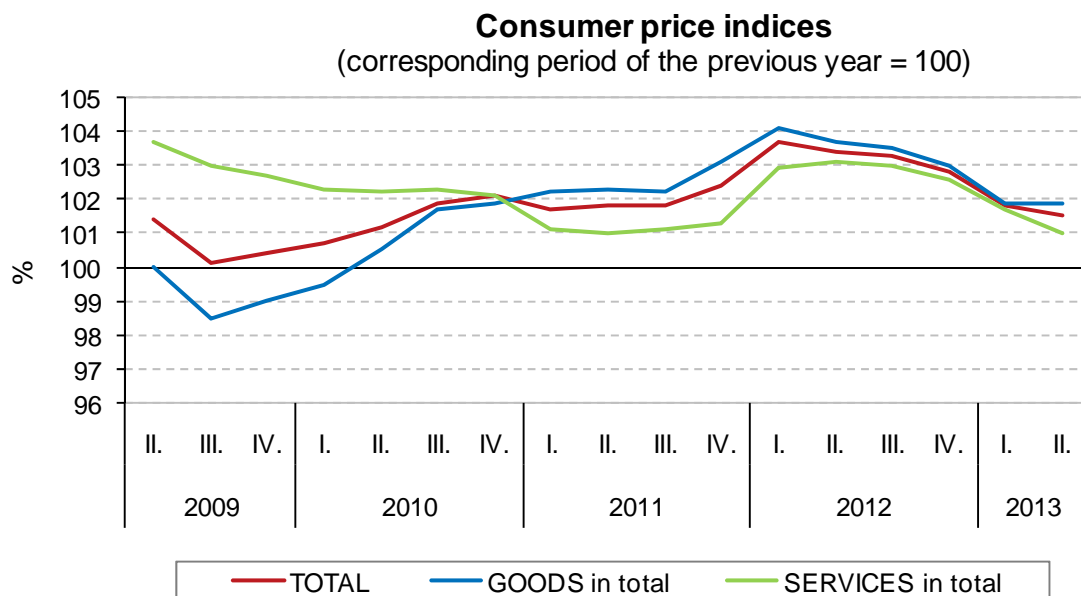
Prices of **goods in total** rose by 1.9% (the same as in Q1) and the growth of prices of **services** slowed down to 1.1% (1.7% in Q1).

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Harmonized index of consumer prices in the EU27

According to Eurostat preliminary data, the y-o-y increase in the average harmonized index of consumer prices (HICP) in the EU27 was 1.4% **in April** and 1.6% **in May**. In the Czech Republic (CR), the y-o-y change of the HICP was 1.7% and 1.2% in the same months. According to preliminary data, the HICP growth in the CR amounted to 1.6% **in June**. It can be seen in the chart below that the y-o-y HICP in the CR was lower than the average HICP in the EU27 member states in 2011. After the jump in consumer prices in January 2012, the HICP in the CR was above the EU average level. The difference started to reduce in the last months of the year 2012 and these values came close in 2013.

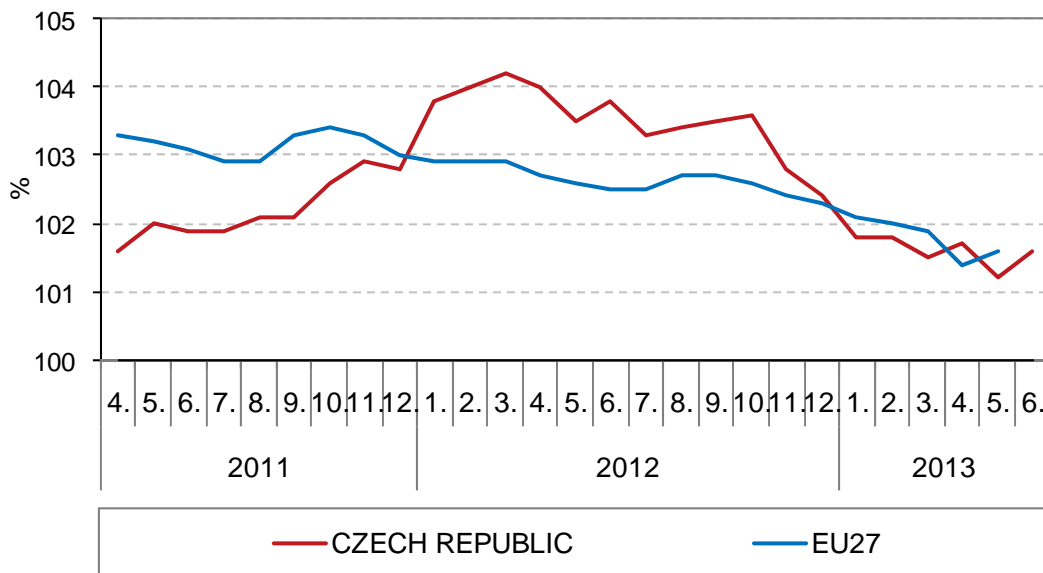
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Harmonized indices of consumer prices
(corresponding period of the previous year = 100)



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Consumer price indices in Q2 2013

COICOP	Division	Constant weights of 2010 (per mille)	2012			2013				
			Corresponding period of the previous year = 100							
			Q 2	Q 3	Q 4	Q 1	April	May	June	Q 2
0	Total	1000.0	103.4	103.3	102.8	101.8	101.7	101.3	101.6	101.5
01	Food and non-alcoholic beverages	149.8	106.8	107.2	106.1	104.9	105.0	104.9	106.3	105.4
01.11	<i>Bread and cereals</i>	23.6	104.5	100.8	100.9	101.8	103.0	102.7	102.0	102.5
01.12	<i>Meat</i>	35.1	107.2	108.5	109.7	106.9	105.6	105.4	105.4	105.4
02	Alcoholic beverages and tobacco	96.0	102.0	102.3	103.8	103.6	105.0	104.3	103.3	104.2
03	Clothing and footwear	35.9	97.5	96.4	96.8	97.2	97.5	97.5	98.6	97.9
04	Housing, water, electricity, gas and other fuels	280.3	105.4	104.8	104.1	102.6	102.6	101.8	101.6	102.0
04.111	<i>Net rentals paid in rented dwellings</i>	37.8	105.6	104.7	104.2	102.6	102.7	101.9	101.8	102.1
04.511	<i>Electricity</i>	44.0	104.2	104.2	104.2	103.3	103.3	103.3	103.3	103.3
04.521	<i>Natural gas</i>	28.6	122.0	114.0	108.3	102.1	102.1	95.8	95.8	97.9
05	Furnishings, household equipment and routine household maintenance	58.0	98.9	98.6	99.2	99.2	99.1	99.3	99.4	99.2
06	Health	23.1	109.0	109.9	108.7	103.5	103.8	103.6	103.3	103.6
07	Transport	105.0	103.2	102.8	101.3	99.2	98.3	98.4	99.6	98.8
07.221	<i>Automotive fuels</i>	33.9	105.8	106.4	103.8	99.4	96.3	95.7	99.2	97.1
08	Communications	36.1	98.5	97.9	95.3	95.1	93.3	90.2	88.0	90.5
09	Recreation and culture	90.4	100.0	99.6	100.0	99.9	99.8	99.8	100.0	99.9
09.60	<i>Package holidays</i>	18.8	101.7	101.1	101.0	102.5	102.1	101.7	103.7	102.5
10	Education	7.8	102.1	102.0	101.6	101.6	101.6	101.5	101.4	101.5
11	Restaurants and hotels	48.6	104.1	103.9	103.7	102.4	102.0	101.9	101.8	101.9
12	Miscellaneous goods and services	69.0	101.9	101.8	102.3	101.7	102.4	101.7	102.2	102.1

Elaborated by Consumer Prices Statistics Unit of the CZSO

Contact:
 Jiri Trexler
 Consumer Prices Statistics Unit
 E-mail: jiri.trexler@czso.cz
 Phone: (+420) 274 054 137

Not edited for language.

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