

ANALYSIS

October 9, 2013

CONSUMER PRICE INDICES IN Q3 2013

The total consumer price level decreased by 0.3% in Q3 2013 compared with Q2 2013. Consumer prices rose by 1.2% in Q3 2013, year-on-year, which was 0.3 percentage points down on Q2 2013.

The **quarter-on-quarter** (q-o-q) price level decrease in Q3 2013 (this previously occurred in Q4 2010) came from the price drop in a half of the consumer basket divisions. The deepest price decline was shown in 'communication' due to mobile operator discounts and in 'clothing and footwear' due to summer sales. The drop in prices in 'food and non-alcoholic beverages' came primarily from seasonal prices of fruit and vegetables. This was particularly the reduction in prices of potatoes after a significant increase in June and a decline in prices of vegetables cultivated for their fruit. A growing tendency was registered for prices of milk, cheese, yoghurts and butter in Q3. The growth of prices occurred in 'recreation and culture' due to higher prices of package holidays in July and August.

Consumer price indices the previous quarter = 100

DIVISION	2012		2013		
	Q3	Q4	Q1	Q2	Q3
TOTAL	100.0	100.0	101.4	100.2	99.7
Food and non-alcoholic beverages	99.0	101.2	103.8	101.4	98.9
Alcoholic beverages and tobacco	101.3	101.3	100.7	100.8	100.5
Clothing and footwear	95.6	103.6	94.8	104.3	98.0
Housing, water, electricity, gas and other fuels	100.2	99.9	102.3	99.5	99.4
Furnishings, household equipment and routine household maintenance	99.3	100.2	100.1	99.7	99.2
Health	101.9	100.1	101.1	100.4	100.1
Transport	99.6	99.1	100.2	99.9	100.5
Communication	99.1	96.9	99.3	94.9	96.9
Recreation and culture	101.6	97.3	101.3	99.6	102.1
Education	100.4	100.8	100.2	100.1	100.3
Restaurants and hotels	100.4	100.2	100.7	100.6	100.5
Miscellaneous goods and services	100.0	100.6	100.9	100.5	99.4

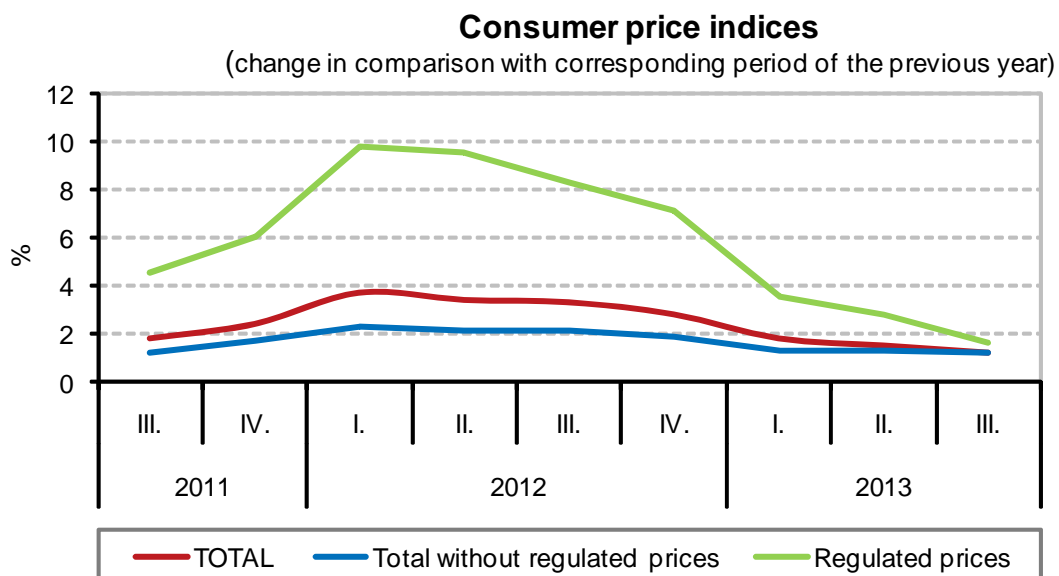
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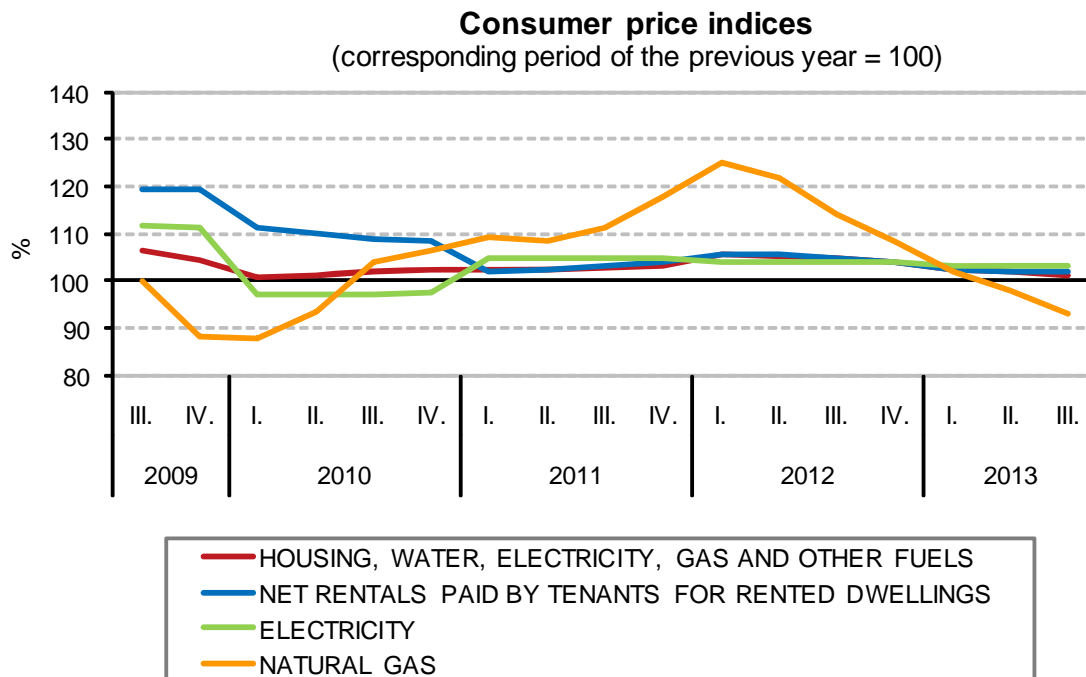
Consumer prices rose by 1.2%, **year-on-year (y-o-y)**, in **Q3 2013 compared with Q3 2012**, i.e. by 0.3 percentage points less than in Q2 2013. A deceleration of the y-o-y price growth occurred primarily in 'alcoholic beverages and tobacco', 'housing, water, electricity, gas and other fuels', 'health', 'miscellaneous goods and services'. In 'food and non-alcoholic beverages', the growth of prices slowed down moderately. In 'communication', the drop in prices deepened and thereby their effect on the decrease in the price level rose. Prices in 'clothing and footwear', 'recreation and culture' had influence in the opposite direction. In 'transport', the y-o-y drop in prices slowed down and thereby it's reducing effect on the overall consumer price index decelerated. The growth of market prices in Q2 slowed down to 1.2% from 1.3% and that of regulated¹⁾ prices decelerated to 1.6% (from 2.8% in Q2).



In **'housing, water, electricity, gas and other fuels'**, the drop in prices of natural gas deepened as a result of their reduction since May 2013, which was fully reflected in all three months of Q3. The y-o-y growth of natural gas prices declined gradually since Q2 2012 and this trend culminated in Q2 and Q3 2013, when gas prices moved into the y-o-y fall. A slowdown of the price growth occurred in heat and hot water. Regarding the other important items in 'housing, water, electricity, gas and other fuels' – the net actual rentals and the electricity – a moderate acceleration of the price increase was recorded for 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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In **'alcoholic beverages and tobacco'**, a slowdown in the price growth was influenced primarily by prices of spirits, which showed a rather marked increase in Q2, which dropped in Q3.

In **'health'**, the price rise in amounts paid by patients for drugs slowed down due to their higher increase in Q3 2012 (the average m-o-m rate of growth 0.9%) in comparison with Q3 (the average m-o-m rate of growth -0.2%).

Similarly, in **'miscellaneous goods and services'**, the price rise decelerated due to higher prices in Q3 2012, primarily social protection and insurance.

In **'food and non-alcoholic beverages'**, a slight reduction of the y-o-y price growth was due to the different development of individual kinds of food. A slowdown of the price rise occurred particularly in flour, meat, vegetables, non-alcoholic beverages. On the other hand, the rise in prices of milk, cheese, butter, fruit accelerated. Potato prices, in spite of their m-o-m drop in all three months of Q3, were higher by 86.2%, y-o-y, due to their significant increase in June 2013.

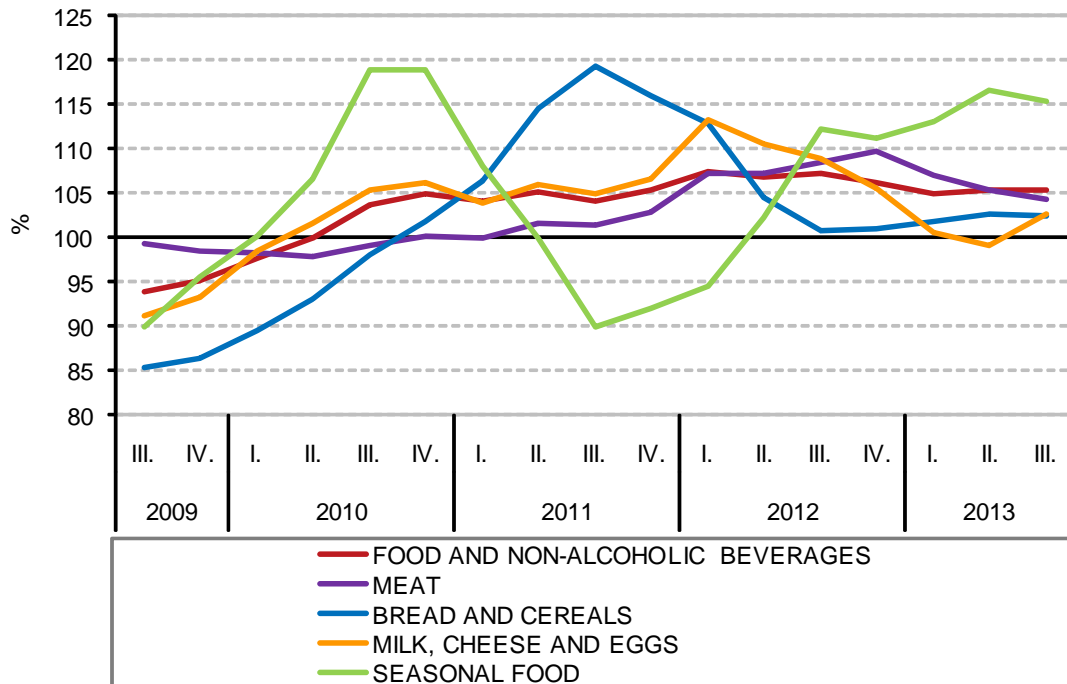
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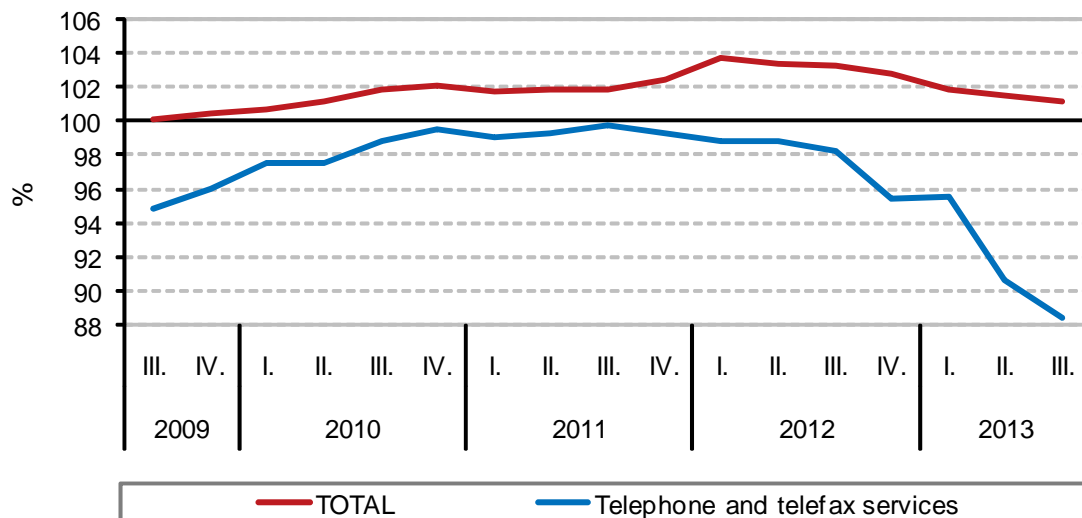
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Consumer price indices
(corresponding period of the previous year = 100)



In 'communication', the price reduction of the telephone and telefax services continued.

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



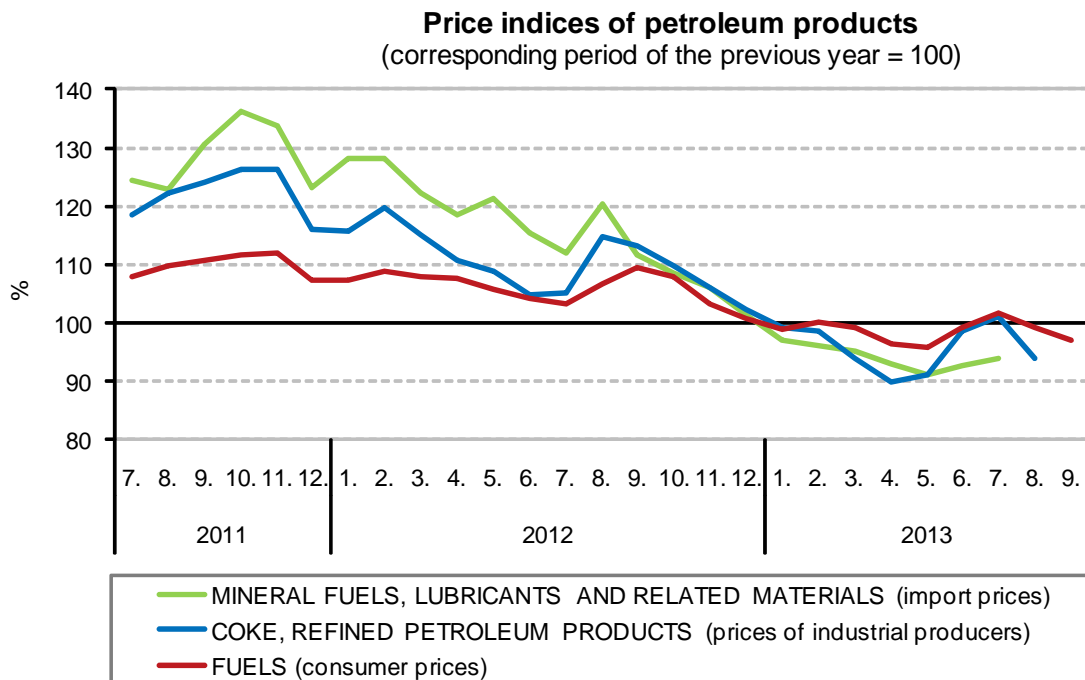
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In **'transport'**, the y-o-y price drop in Q3 decelerated due to the increase in fuel prices, particularly in July. The development of consumer prices for fuel in relation to the prices of industrial producers and the import prices of oil products is shown in the following chart.



The **y-o-y drop in prices** continued at household appliances, mobile phones, equipment for the reception, recording and reproduction of sound and pictures in Q3 2013.

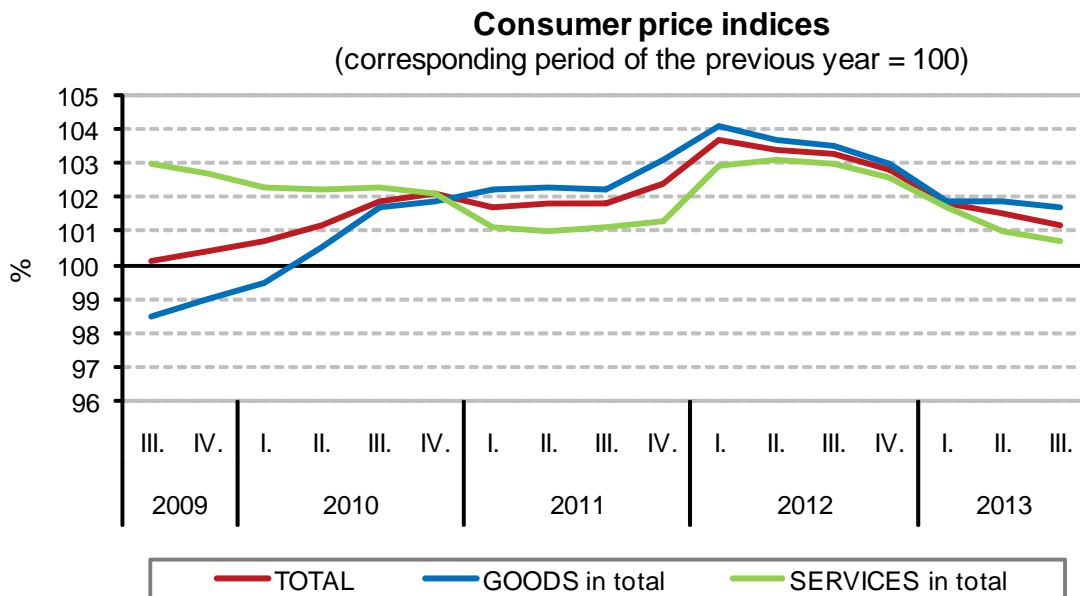
The rise in prices of **goods in total** slowed down to 1.7% (1.9% in Q2) and prices of **services** to 0.8% (1.1% in Q2).

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Harmonized index of consumer prices in the EU28

According to Eurostat preliminary data, the y-o-y increase in the average harmonized index of consumer prices (HICP) in the EU28 was 1.7% **in July** and 1.5% **in August**. In the Czech Republic (CR), the y-o-y change of the HICP was 1.4% and 1.2% in the same months. According to preliminary data, the HICP growth in the CR amounted to 1.0% **in September**. 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 EU28 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.

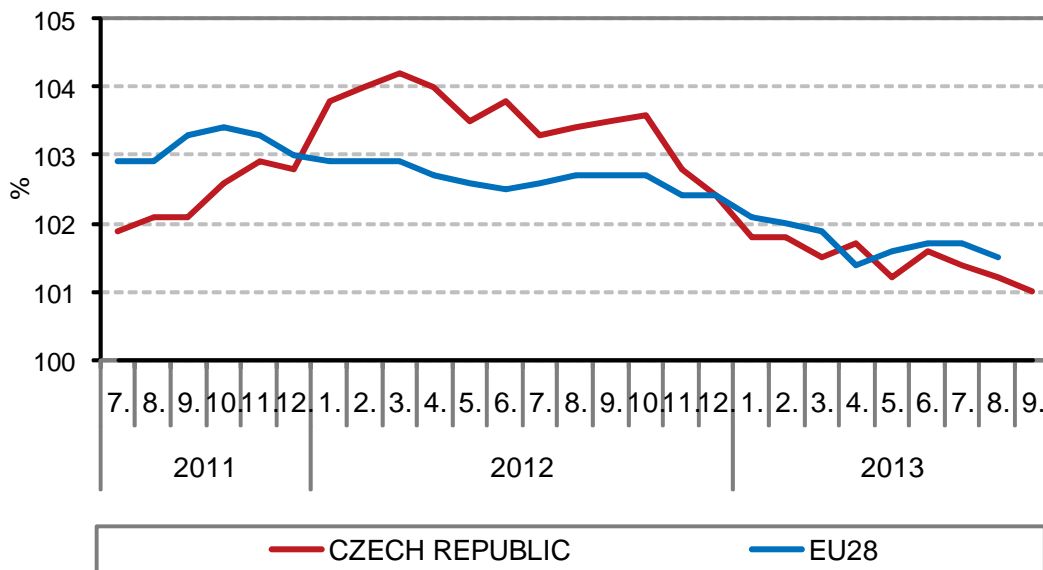
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Harmonized indices of consumer prices
(corresponding period of the previous year = 100)



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Consumer price indices in Q3 2013

COICOP	Division	Constant weights 2010 (per mille)	2012		2013						
			Corresponding period of last year = 100								
			Q3	Q4	Q1	Q2	July	August	September	Q3	
0	Total	1000.0	103.3	102.8	101.8	101.5	101.4	101.3	101.0	101.2	
01	Food and non-alcoholic beverages	149.8	107.2	106.1	104.9	105.4	105.7	105.6	104.6	105.3	
01.11	<i>Bread and cereals</i>	23.6	100.8	100.9	101.8	102.5	102.4	102.5	102.3	102.4	
01.12	<i>Meat</i>	35.1	108.5	109.7	106.9	105.4	104.4	104.7	104.0	104.3	
02	Alcoholic beverages, tobacco and narcotics	96.0	102.3	103.8	103.6	104.2	103.2	103.5	103.5	103.4	
03	Clothing and footwear	35.9	96.4	96.8	97.2	97.9	100.0	100.0	100.9	100.3	
04	Housing, water, electricity, gas and other fuels	280.3	104.8	104.1	102.6	102.0	101.2	101.3	101.2	101.2	
04.111	<i>Net rentals paid in rented dwellings</i>	37.8	104.7	104.2	102.6	102.1	102.1	102.2	102.2	102.2	
04.511	<i>Electricity</i>	44.0	104.2	104.2	103.3	103.3	103.3	103.3	103.3	103.3	
04.521	<i>Natural gas</i>	28.6	114.0	108.3	102.1	97.9	93.1	93.1	93.1	93.1	
05	Furnishings, household equipment and routine maintenance of the house	58.0	98.6	99.2	99.2	99.2	99.4	99.4	98.8	99.2	
06	Health	23.1	109.9	108.7	103.5	103.6	102.1	101.8	101.4	101.8	
07	Transport	105.0	102.8	101.3	99.2	98.8	100.6	99.5	98.8	99.6	
07.221	<i>Automotive fuels</i>	33.9	106.4	103.8	99.4	97.1	101.8	99.3	96.9	99.3	
08	Communications	36.1	97.9	95.3	95.1	90.5	88.1	89.1	88.4	88.6	
09	Recreation and culture	90.4	99.6	100.0	99.9	99.9	100.2	100.4	100.5	100.4	
09.60	<i>Package holidays</i>	18.8	101.1	101.0	102.5	102.5	103.7	104.3	104.0	104.0	
10	Education	7.8	102.0	101.6	101.6	101.5	101.4	101.4	101.4	101.4	
11	Restaurants and hotels	48.6	103.9	103.7	102.4	101.9	102.1	102.1	101.9	102.0	
12	Miscellaneous goods and services	69.0	101.8	102.3	101.7	102.1	101.7	101.6	101.2	101.5	

Elaborated by Consumer Prices Statistics Unit of the CZSO

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Not edited for language.

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