

Inflation – consumer price indices in May 2023

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Consumer prices dampened growth for the third consecutive month, inflation dropped to 11.9% in May

The slowdown in inflation growth in May was mainly influenced by the re-introduction of lunch subsidies in schools and kindergartens, as a result of which the prices of catering were significantly lower. The decline in fuel prices accelerated, their prices were lower by almost 15%, year-on-year. Price increase of food dropped to 22% and housing with energy and services to 11%, which was the lowest value since January 2022.

Inflation in May dropped to 11.9%, which were the values from April last year. However, these are still high values since the beginning of the millennium. Month-on-month consumer prices of goods and services even decreased by 0.1%, which was the first time since December 2020.

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Monthly development – May 2023 compared to April 2023

Prices decreased month-on-month in 2 of the 12 monitored divisions (household expenditure groups), but their impact on the overall result was significant. Prices of fuel dropped by 2.6% and transport services by 3.1%, which reduced prices for the entire transport sector by 1.5%.

As a result of the re-introduction of catering subsidies in kindergartens and primary schools from May 2023, prices in canteens were significantly lower by 15.1% (in the first grade of primary schools), which resulted in a month-on-month drop in prices in the entire restaurant and hotel sector by 4.5%.

A more significant decrease was prevented by the ever-rising food prices, which rose by 0.4% month-on-month in May. More dynamic growth compared to April was recorded by meat by 0.8%, fruit by 3.1%, oils and fats by 0.8% (by increasing the prices of butter and margarine). On the contrary, the prices of milk, cheese, and eggs dropped for the second month, in May by 0.3% (due to a decrease in the prices of milk and cheese), as well as the prices of vegetables by 1.2%. Among non-alcoholic beverages, the prices of mineral waters were lower.

Housing and energy prices have the second biggest influence on inflation, but they remained at the April level month-on-month. The prices of thermal energy dropped by 0.2%, of solid fuels by 0.4%, and vice versa, the prices of household maintenance and repairs, and services related to the home maintenance, rose.

Of the other less significant items, the prices of alcoholic beverages, household maintenance goods and services, dental services, recreational and cultural services, accommodation services, personal care services, and apparel and footwear increased.

In May compared to April, the consumer price index decreased in households of employees and in low-income households equally by 0.1%, and in households of pensioners it increased by 0.1%.

Year-on-year development – May 2023 compared to May 2022

Year-on-year inflation decreased to 11.9%, a slowdown in price growth continued for the third month. Prices were higher in 11 of the 12 monitored expenditure groups (divisions) of households, seven divisions still recorded a year-on-year increase above the level of 10%, only prices of the transport division decreased.

Increases in housing and energy prices, as well as food prices, usually have the greatest impact on the overall inflation. It relates to the two most important items in household expenditures, they account together for almost a half of the expenditures.

An increase in prices in the **housing and energy** division was currently at the level of 10.9% in May. Prices of gas increased by 11.6%, heat energy by 19.3%, and solid fuels by 38.9% year-on-year. The long-term impact of price increases in construction materials is reflected in the imputed rent, which recorded a year-on-year growth of 8% in May, it was the lowest value since August 2021.

Food prices have been rising continuously for the third year, in May they were higher than in the same month a year ago by 21.9%, i.e. the values from the summer months of last year. The growth rate slowed down for the second month, but prices were still higher by more than 20% in 6 out of 9 food groups monitored. The most significant increases were recorded mostly in prices of meat by 20.2%, bread and cereals by 21.4%, milk, cheese and eggs by 27.3%, also vegetables by 23.4%, and sugar and confectionery by 28.2%. Prices of soft drinks increased by 19.3%.

Continued rising prices of **personal care goods** by more than 15%, as well as the prices of alcoholic beverages, dental services and education contributed to the overall result of the inflation.

A dampening effect on price growth was recorded only in the transport division, where prices decreased by 3.3%, it was mainly influenced by the drop in fuel prices, which were lower by 15.3% year-on-year. Renewed catering subsidies in kindergartens and primary schools reduced a growth of prices in the component of **cateringservices of canteens** to a value of 9.9%, in the past months the growth in this component of the consumer basket exceeded 30%.

In May 2023, the consumer price index increased in households of employees by 11.8%, in low-income households and also in households of pensioners by 12.8% year-on-year.

In total, in the five months of 2023, consumer prices increased by 14.2% year-on-year (by 14.1% in households of employees, by 15.1% in low-income households, and by 15.1% in households of pensioners).

Development of core and net inflation

In May, the total annual inflation rate was 11.9%, **coreinflation** reached a value of 12.9% and **netinflation** a value of 10.1%. On a month-on-month basis, core inflation and also net inflation reached a value of 0.3%.

Core inflation is affected by price level growth after excluding the impact of changes in regulated prices (e.g. energy prices) and other administrative measures (e.g. tax adjustments, etc.). Net inflation is core inflation without changes in food prices.

Note: The development of consumer price indices is monitored on the base of the universal consumer basket composed of 740 representatives - selected types of goods and services with assigned certain weights paid by the population. The scales are revised annually, are currently valid for 2022 and are available in the database of the Statistical Office of the SR. Prices are ascertained in a selected network of stores and service operations during the first 20 days of the reference month throughout the whole territory of the SR.

Data source: DATAcube. database:

- [Indices of consumer prices in comparison with corresponding period of previous year - monthly \[sp0005ms\]](#)
- [Indices of consumer prices in comparison with the previous month - monthly \[sp0004ms\]](#)
- [Indices of consumer prices - detailed data - monthly \[sp0029ms\]](#)
- [Indices of consumer prices \(December 2000=100\) - monthly \[sp0006ms\]](#)
- [Development of core and net inflation change in comparison with corresponding period of previous year in % - monthly \[sp0008ms\]](#)
- [Development of core and net inflation change in comparison with previous period in % - monthly \[sp0007ms\]](#)
- [Development of core and net inflation change in comparison with December of previous year in % - monthly \[sp0009ms\]](#)
- [The Universal Consumer Basket 2023 \[sp0033rs\]](#)

Outputs for inflation:

National inflation (CPI):

Data on consumer price indices (national inflation/CPI) are published monthly on the 13th to 15th day of the month following the end of the reference period. Prices are collected from the consumer basket based on 740 representatives – selected types of goods and services, which are classified into 12 divisions, 44 groups and 102 classes according to the COICOP classification.

Data are available:

- in the tables in the [relevant chapter of the DATAcube. database](#)
- in the form of an Informative Report in the [Catalogue of Informative Reports](#), available on 14 June 2023
- in an extended form, including a breakdown of inflation by social groups of the population (households of employees, pensioners, low-income households) available on 26 June 2023 in the [relevant chapter of the DATAcube. database](#)

Internationally harmonized inflation in the EU (HICP):

EU Harmonized Indices of Consumer Prices (HICP) data are published monthly, several days after the national CPI inflation.

These are data collected according to the uniform EU methodology for absolute **comparability of inflation between countries**. **The list of prices of goods and services** (consumer baskets) differs in part, the HICP, unlike the national inflation (CPI), does not include "Imputed rents" and selected items of major repairs and household maintenance, resulting in differences in the weights of components in household expenditure (in the consumer basket).

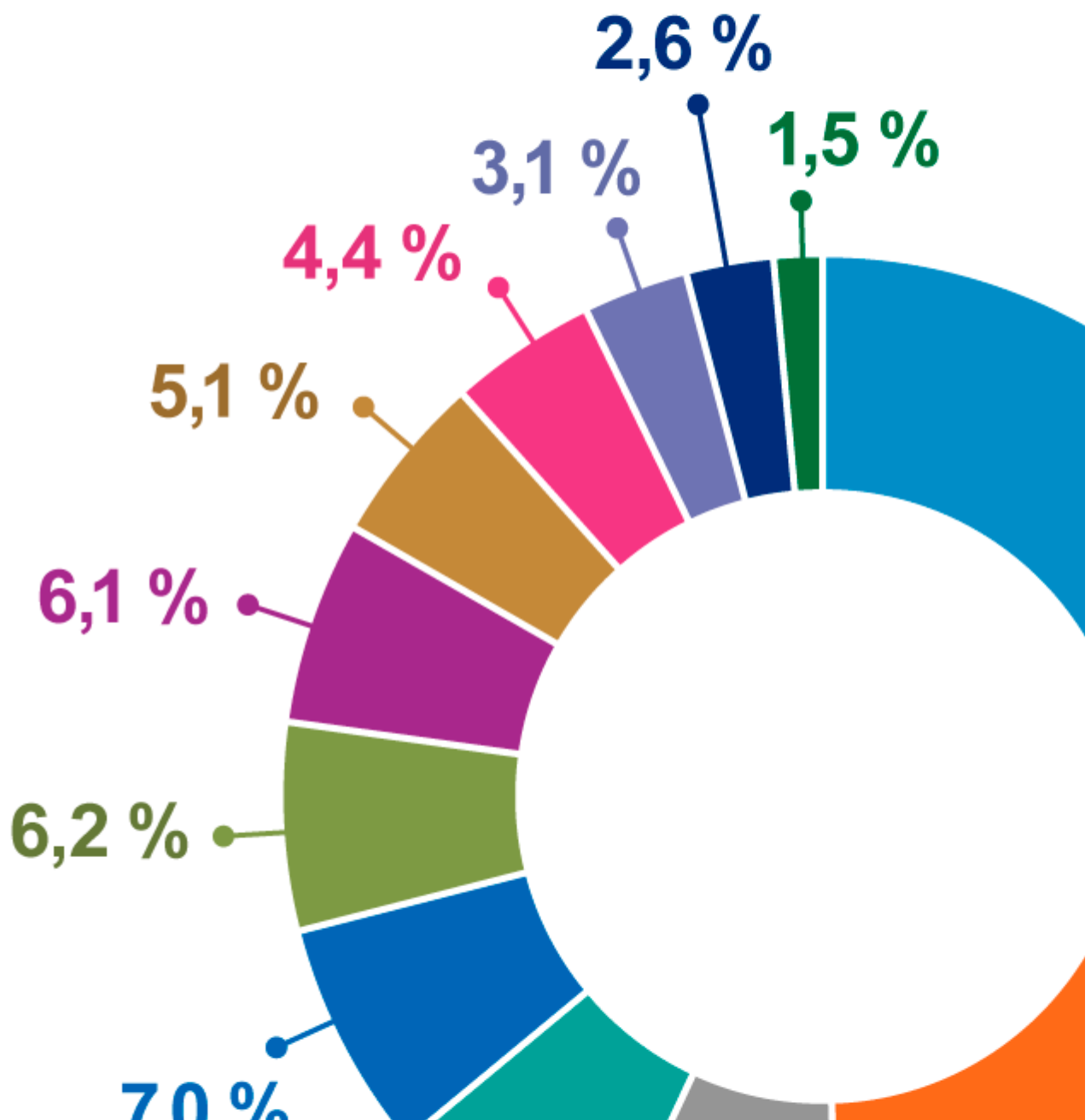
Data are available:

- in the tables in the relevant chapter of the [DATAcube. database](#)
- in the form of an Information Report, which will be released 16 June 2023 in the [Catalogue of Information Reports](#)
- on the portal [Eurostat](#) on 16 June 2023

The Statistical Office of the SR publishes the chart of **Structure of household expenditures**, which presents the consumer basket valid for 2023. It states how much money the household spends on specific expenditure groups of products and services in everyday life. Understanding the structure of household expenditure is an essential part of determining the level of inflation (price growth), because it determines the weights of expenditure items for its calculation.



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