

Inflation – consumer price indices in July 2023

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At the beginning of the summer, inflation decreased to a single-digit value after more than a year

Prices of food, especially vegetables, milk, cheeses and eggs decreased month-on-month. Prices of clothes and shoes also fell due to sales during July. On the contrary, prices of gasoline and holidays increased. In a year-on-year comparison, the growth rate of food prices continued to slow for the fifth month to the July value of 16.5%.

In July 2023, consumer prices of goods and services declined by 0.3% compared to June, it was the second month-on-month decrease this year. The curve of annual inflation rose continuously from 2021 to February this year, but it has been decreasing for the fifth consecutive month and price growth fell below 10% in July.

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Month-on-month development - July 2023 compared to June 2023

Prices decreased month-on-month in 4 of the 12 main monitored sectors (household expenditure groups). A decrease in prices compared to June was most significantly affected by a decline in **food** prices by 0.7%, which was influenced by price decreases in milk, cheese and eggs by 2.1% and also vegetables by 4.9%. Prices of bread and cereals, as well as fruit, also decreased month-on-month. Overall, prices fell in 4 out of 9 monitored food items. A more significant month-on-month decrease in food prices was prevented by still slightly rising prices of meat, oils and fats under the influence of higher butter prices.

The summer months also brought a decrease in prices of non-alcoholic beverages, but this year, this trend was not due to the traditional decline in prices of mineral waters and juices, but due to a decrease in prices of coffee, tea, and cocoa by 0.6%.

Seasonal sales in the division of **clothing and footwear** also contributed to a drop in prices, footwear prices fell by 1.8% month-on-month. Prices of other personal care products went down by 0.5%, including body and sunscreen lotions, sanitary napkins and diapers.

For the second consecutive month, prices in the division of **housing and energy** also decreased by 0.2% month-on-month. This was most influenced by short-term cheapening of solid fuels, but especially imputed rent, which reflects a decline in prices of building materials.

However, a more significant drop in prices was primarily prevented by an increase in fuel prices by 1.3% and also by a sharp increase in prices of urban passenger transport as one of the components of road transport. At the beginning of summer, prices of package holidays also increased month-on-month by 6.7%.

In July, compared to June, the consumer price index decreased in households of employees by 0.2%, in low-income households by 0.3% and in the households of pensioners by 0.4%.

Year-on-year development - July 2023 compared to July 2022

In July, the overall inflation decreased for the fifth consecutive month, prices were by 9.7% higher year-on-year. A year-on-year

growth was recorded by all 12 divisions (household expenditure groups), with the exception of transport and a double-digit growth was still in six departments.

Prices of **food and non-alcoholic beverages**, which, together with housing and energy, represent the two most important items in household expenditures have still the biggest impact on overall inflation. The growth dynamics of **food** prices has been slowing down for 4 months, in July they rose by 16.5%. Also good news is that the pace of year-on-year growth has slowed down in all 9 food components. More than 20% price growth continued only in prices of vegetables and less important components in terms of weight – snacks, sugar, jam and confectionery. In the month of July, for the first time in 20 months, there was even a drop in prices of any of the 9 food classes at the year-on-year level. Prices of oils and fats declined by 3.3%, which was mainly the result of last year's high increase in prices of butter and oils in July.

Price growth in the division of **housing and energy** decreased to 8.4% in July, which was the lowest value since December 2021. However, price increases of thermal energy remained above the 15% level, and prices of solid fuel were still higher year-on-year by almost a third.

The base effect, i.e. increases in prices in the previous months, which is reflected in the next 12 months, influenced the inflation in many items of the consumer basket. Prices of goods and services for routine maintenance of households, primary and pre-primary education continued to grow in July as well. Prices in restaurants and cafes, accommodation services, holidays, as well as goods and services of personal care maintained growth above 10%.

Most recently, the drop in prices of recreational services and culture influenced by the cancellation of concession fees had a dampening effect. The dampening effect of year-on-year cheaper fuels (by 16.3%) also lasted from previous months.

In July 2023, the consumer price index increased year-on-year in households of employees by 9.7%, in low-income households by 10.3% and in households of pensioners by 10%.

In total, for the first seven months of 2023, consumer prices increased by 13% year-on-year (in households of employees by 12.9%, in low-income households by 13.9% and in households of pensioners by 13.8%).

Development of core and net inflation

In July, the total annual inflation rate was 9.7%, core inflation reached 10.6% and net inflation reached 8.7%. Month-on-month core inflation remained at the level of June and net inflation reached a value of 0.3%.

Core inflation is affected by a 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 for July are available on 14 August 2023:

- in the tables in the [relevant chapter of the DATAcube. database](#) and in the form of an Informative Report in the [Catalogue of Informative Reports](#)
- in an extended form, including a breakdown of inflation by social groups of the population (households of employees, pensioners, low-income households) available on 25 August 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).

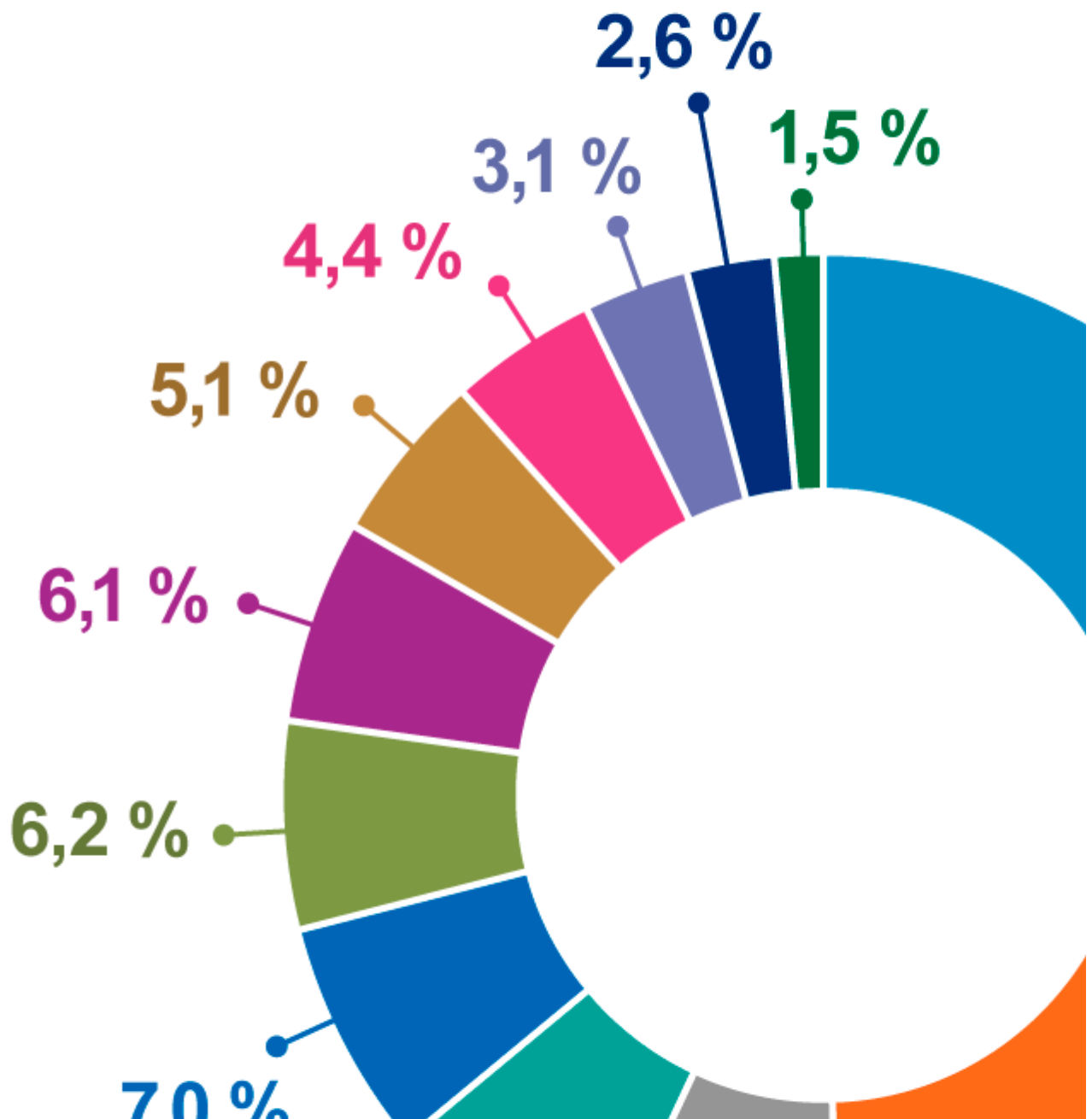
Data for July will be available on 18 August 2023:

- on the portal: www.statistics.sk in the tables in the relevant chapter of the [DATAcube. database](#) and in the form of an Information Report in the [Catalogue of Information Reports](#)
- on the portal: www.eurostat.eu

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.



The structure of cons of households for the (in %, 12 divisions from the I





1,0 70

7,0 %

7,4 %