

On Consumer Prices in June 2021

In June 2021, month-specific price changes can be observed

According to the Central Statistical Bureau (CSB), in June 2021, compared to May 2021, the consumer price level increased by 0.3%. It increased by 0.2% and 0.6% for goods and services, respectively.

June is characterized by rising prices, traditionally driven by rising consumer prices for food. Although overall month specific price changes were observed in June 2021, food prices had the largest downward effect on the consumer price level this year. Inflation was affected by an increase in demand due to the easing of measures restricting the spread of Covid-19, the resumption of catering, accommodation, and retail businesses, and the start of the summer season.

In June 2021, the largest upward effect yielded the increase in prices for services by 0.6%, which elevated the overall consumer price level by 0.2 percentage points. The largest effect yielded the increase in prices for passenger air transport, package leisure services, catering and accommodation services, and leisure and cultural services.

In June 2021, prices for fuel continued to rise by 1.1%, thus elevating the overall consumer price level by 0.1 percentage point. The rise in fuel prices continues to be driven by the sharp rise in world oil prices in recent months. In June 2021, world oil prices continued to increase - by 7.6% on average per month, with the price of Brent crude oil reaching the highest level since October 2018, and the WTI brand price the highest level since November 2014. The rise in oil prices continued to be driven by optimism regarding rising demand as the economy recovered from the Covid-19 crisis.

The rise in prices for personal care and beauty products by 0.6%, which can primarily be attributed to the expiration of discounts, had an upward effect in June, thus elevating the overall consumer price level by 0.1 percentage point. The rise in electricity prices by 1.9% also had a large impact, increasing the overall consumer price level by 0.1 percentage point.

In June 2021, the largest downward effect was observed in the fall in food prices by 0.3%, which reduced the overall consumer price level by 0.1 percentage point. The largest impact yielded the fall in prices for fresh vegetables and fresh fruit and the rise in prices for potatoes and poultry. It should be noted that world food prices fell for the first time in June after a steady rise in the last twelve months. In June 2021, compared to May 2021, they decreased by 2.5%. Prices declined for vegetable oils, cereals, and dairy products, which more than offset the rise in prices for meat and sugar. There was a very sharp decline in vegetable oils due to the increase in production in the main producing countries and the lack of new import demand. There was also a sharp fall in cereal prices, mainly due to the fall in maize prices due to higher crop deliveries from Argentina and Brazil. The sharpest rise in prices was observed for meat, driven by strong global demand.

In other groups of goods and services, price fluctuations last month did not significantly affect the overall price level.

In June 2021, compared to June 2020, consumer prices increased by 2.7%. The average annual inflation was 0.4 percent.

In 2021, the average annual inflation could be around 2%, which will be higher than in 2020. As the pandemic recedes, consumer prices will stabilize. At the same time, it will still be determined by world price fluctuations.

