

On Consumer Prices in February 2021

More rapid price increase than characteristic for the month observed in February 2021

According to the Central Statistical Bureau (CSB), in February 2021, compared to January 2021, the consumer price level increased by 0.4%. It increased by 0.6% for goods. However, a decrease by 0.1% for services was observed.

In recent years, February has been characterized by very moderate price changes. However, in 2021, the growth has been more rapid.

In February 2021, the accelerated rise in prices was influenced by the increase in fuel prices, which also had the largest upward effect on the overall consumer price level. The price of fuel rose by 5.1% and the overall consumer price level increased by 0.3 percentage points. The rise in fuel prices has been driven by the sharp increase in world oil prices in recent months. World oil prices continued to rise sharply in February 2021, increasing by an average of 13% over the month, reaching their highest level since January 2020. This was facilitated by the decision of OPEC and its allies to reduce oil production, vaccination against Covid-19, and the winter cold spike in Texas thus reducing oil production in the region.

In February 2021, food had a large upward effect due to seasonal factors, with prices rising by 0.7%. Consequently, the overall consumer price level rose by 0.2 percentage points. The largest impact yielded the rise in prices for fresh vegetables. It should be noted that world food prices continue to rise for the ninth consecutive month. In February 2021, compared to January 2021, world food prices increased by 2.4%. In February 2021, prices also rose in all major food categories. Prices of sugar and vegetable oils rose the most, driven by concerns regarding weaker supplies following declining production in major producer countries, strong demand for imports from Asia, as well as rising crude oil prices, shifting more production to biofuels.

In February 2021, the largest downward effect due to the decline in demand due to Covid-19 restrictions yielded the fall in prices for clothing and footwear. Prices in the category fell by 1.4% (i.e., the sharpest decline in a month over five years). Consequently, the overall consumer price level fell by 0.1 percentage point.

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

In February 2021, compared to February 2020, consumer prices decreased by 0.2%. The average annual inflation was -0.2 percent.

In 2021, the average annual inflation could reach 1-1.5%, exceeding the level of 2020. Consumer prices will not rise sharply in the coming months, as the demand due to measures to contain the virus will remain low. As the pandemic recedes, consumer prices will stabilize. At the same time, it will still be largely determined by fluctuations in world prices.

