

On Consumer Prices in March 2021

In March 2021, month-specific price changes have been observed

According to the Central Statistical Bureau (CSB), in March 2021, compared to February 2021, the consumer price level increased by 0.8%. In particular, the price level for goods and services rose by 1% and 0.3%, respectively.

In recent years, the consumer price level has on average increased by 0.7-1.2 percent in March, except for the previous year, when the rise in consumer prices was lower due to Covid-19 pandemic. In March 2021, the rise in prices can primarily be attributed to the seasonal increase in prices for clothing and footwear and the rise in excise duty rates.

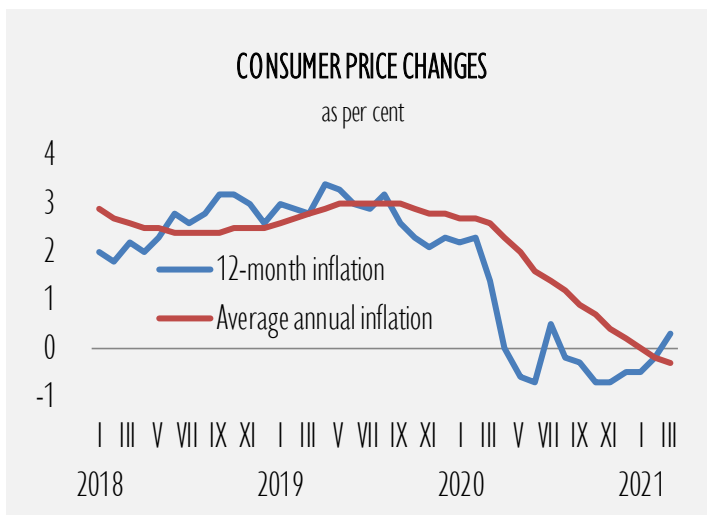
Also, in March 2021, along with the end of the season sales, the price increase was mainly determined by the rise in prices for clothing and footwear. Prices for clothing and footwear increased by 7.2% over the month, thus elevating the overall consumer price level by 0.4 percentage points. It should be noted that in March 2021, the lowest price increase was observed for clothing and footwear during March since 2012, which was determined by the decline in demand due to Covid-19 restrictions.

In March 2021, fuel prices rose by 3.4%, increasing the overall consumer price level by 0.2 percentage points. The rise in fuel prices continued to be driven by the sharp rise in world oil prices in recent months. In March 2021, they grew by an average of 5% during the month. At the beginning of the month, oil prices rose sharply to a two-year high of \$ 70 a barrel, driven by OPEC and its allies' decision to maintain most of the pre-existing oil restrictions until April 2021, as well as attacks on Saudi oil companies. However, in the second half of the month, oil prices fell and remained at around 62-64 USD per barrel at the end of the month. It was primarily driven by data on rising crude oil reserves in the United States and concerns about falling demand due to announcements of the resumption or maintenance of strict Covid-19 restrictions in several European countries, failing to provide rapid population vaccination.

From March 1, 2021, due to the increased excise tax, the prices of alcoholic beverages rose by 2.4%, thus elevating the overall consumer price level by 0.1 percentage point.

In March 2021, the prices for services rose by 0.3%, increasing the overall consumer price level by 0.1 percentage point. The largest impact yielded the increase in prices for hairdressing and beauty salon services (due to the lifting of restrictions on the provision of these services), passenger air transport services, and package leisure services.

Food prices remained essentially unchanged in March 2021. The largest impact yielded the rise in prices for confectionery and sweets, flour and other cereals, fresh or chilled fish, as well as the fall in prices for fresh fruit and vegetables. It should be noted that world food prices have been rising for the tenth consecutive month. In March 2021, compared to February 2021, food prices increased by 2.1%, reaching the highest level since June 2014. In March 2021, world food prices rose in all major food groups except cereals and sugar. Vegetable oil prices rose the most, reaching their highest level since June 2011. The increase continued to be driven by concerns about weaker supplies from major producing countries and strong import demand, especially from the biofuels industry. Dairy prices also rose significantly due to concerns regarding poor supplies due to seasonally reduced milk production in Oceania.



In other groups of goods and services, price fluctuations in March 2021 did not significantly alter the overall consumer price level.

In March 2021, compared to the corresponding period last year, consumer prices increased by 0.3%. The average annual inflation was -0.3 percent.

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