

## On Consumer Prices in April 2021

## Consumer price increase in April 2021 has been higher than typical for the month

According to the Central Statistical Bureau (CSB), in April 2021, compared to March 2021, the consumer price level increased by 0.9%. It increased by 1% and 0.4% for goods and services, respectively.

In April 2021, the rise in prices was more rapid than typical for the month. The increase was mainly influenced by a more rapid rise in prices for clothing and footwear and food, which exceeded the level of seasonal changes.

In April 2021, as in March 2021, the dynamics of consumer prices were primarily determined by the seasonal

increase in prices for clothing and footwear. In April 2021, the most rapid price increase for clothing and footwear since 1998 were observed (the same sharp rise in prices was observed also in April 2019). Prices for clothing and footwear increased by 8.5% over the month, thus elevating the overall consumer price level by 0.5 percentage points.

In April 2021, the rise in food prices by 1.2% also had a large upward effect, increasing the overall consumer price level by 0.3 percentage points. Food prices typically rise in April due to seasonal price rises. However, in April 2021, the largest monthly price increase since 2008 was observed. The largest contribution due to seasonal factors yielded the rise in prices for fresh vegetables. It should be noted that world food prices have been rising for the eleventh consecutive month. In April 2021, compared to March 2021, world food prices increased by 1.7%, thus reaching the highest level since May 2014. In April 2021, world food prices rose in all major food groups. Prices for sugar and vegetable oils rose the most, driven by concerns about weaker supplies from major producer countries and strong import demand, especially from the biofuels industry.

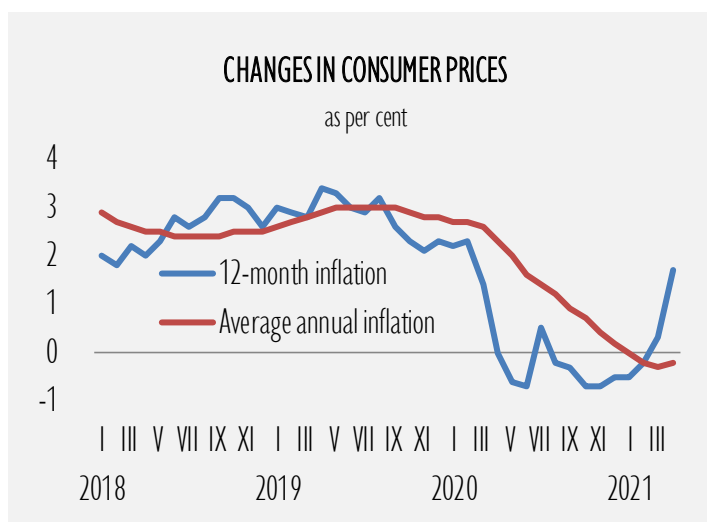
The rise in prices for services by 0.4% also had an upward effect in April 2021, increasing the overall consumer price level by 0.1 percentage point. The largest impact yielded the rise in prices for air and sea passenger transport, housing rent, water supply, and telecommunications services.

In April 2021, fuel prices continued to rise – by 0.9%, elevating the overall consumer price level by 0.05 percentage points. The rise in fuel prices continued to be driven by the sharp rise in world oil prices in recent months. However, world oil prices have stabilized. In April 2021, compared to March 2021, the average monthly price remained essentially unchanged. At the beginning of the month, oil prices fell due to concerns about the decisions of the forthcoming OPEC meeting. Thereafter, oil prices gradually rose to USD 68 per barrel during the month following OPEC and its allies' decision to progressively reduce production for three months from May 2021. Also, the optimism regarding higher demand for oil and improved economic growth forecasts contributed to the rise in world oil prices.

In April 2021, the largest downward effect due to discounts yielded the fall in prices for personal care and beauty products by 4.4%, reducing the overall consumer price level by 0.1 percentage point.

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

In April 2021, compared to April 2020, consumer prices increased by 1.7%. The average annual inflation was -0.2 percent.



10.5.2021.

In 2021, the average annual inflation could be around 1.7-2%, which will be higher than in 2020. As the pandemic recedes, consumer prices will stabilize. At the same time, the price level will still be determined by fluctuations in world prices.