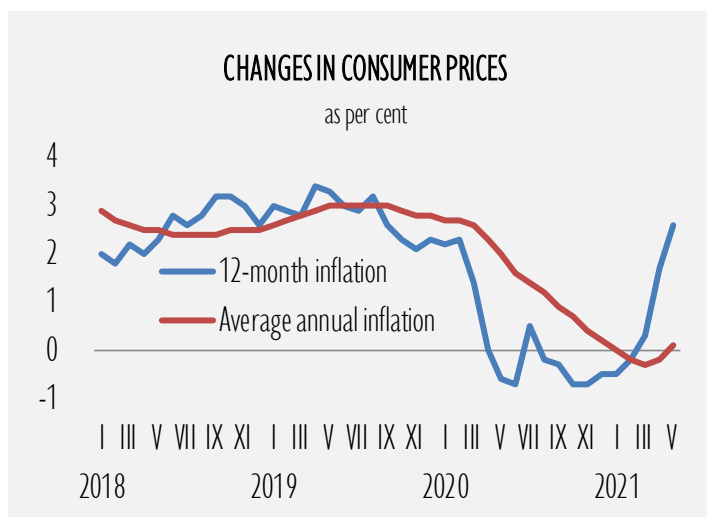


## On Consumer Prices in May 2021

**In May 2021, consumer prices continued to rise**

According to the Central Statistical Bureau (CSB), in May 2021, compared to April 2020, the consumer price level increased by 0.5%. It increased by 0.7% and 0.1% for goods and services, respectively.

Commonly, in May only minor price fluctuations can be observed. However, in May 2021, prices rose at a higher rate than in recent years, mainly due to the rise in prices for food and fuel. Also, a decline in prices for clothing and footwear (that can typically be observed in May) was not recorded.



In May 2021, food prices increased by 1.3%, elevating the overall price level by 0.3 percentage points. The largest impact due to seasonal factors yielded the rise in fruit prices. World food prices have been rising for the twelfth consecutive month. In May 2021, compared to April 2021, world food prices increased by 4.8%. Moreover, the largest monthly growth since October 2010 was observed. Prices rose in all major food groups, affected by rising oil, sugar, and cereal prices, as well as higher meat and dairy prices. The sharpest price increases were still for vegetable oils and sugar due to weaker supplies from major producer countries and strong import demand. In May 2021, cereal prices also rose sharply, mainly due to higher maize prices as a result of lower production prospects in Brazil and strong global demand. Following the rise in wheat prices in early May, improved harvest conditions, especially in the EU and the US, led to a sharp fall in prices by the end of the month. Nevertheless, overall average monthly wheat prices increased significantly.

In May 2021, fuel prices continued to rise - by 1.1%, increasing 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 observed in recent months. Following more stable prices in April, in May 2021, oil prices rose anew by an average of 4.5% per month. After rising in late April 2021, oil prices remained at \$ 68-69 a barrel in May. It was primarily driven by OPEC and its allies' decision to make progressive production cuts by July 2021, as well as optimism about higher oil demand. During the second half of the month, a slight drop in prices was observed due to rising US crude oil reserves and weaker demand in India and Thailand, where the number of Covid-19 cases rose sharply. At the end of the month, however, oil prices rose again following concerns regarding the prospects for a renewed Iranian nuclear deal.

In May 2021, the rise in prices for alcoholic beverages and tobacco by 0.6% also had an upward effect, elevating the overall consumer price level by 0.05 percentage points. The largest impact yielded the rise in prices for tobacco products, spirits, and beer.

In May 2021, prices for services remained essentially unchanged. The largest upward effect yielded the rise in prices for accommodation and food service activities. On the other hand, the largest downward effect generated the fall in prices for package leisure services and air and sea passenger transport.

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

In May 2021, compared to May 2020, consumer prices increased by 2.6%. The average annual inflation was 0.1 percent.

In 2020, the average annual inflation could reach 2%, exceeding the level of 2020. As the pandemic recedes, consumer prices will stabilize. Meanwhile, it will still be determined by world price fluctuations.