

Price Trends

Slovenian Economic Mirror

IMAD

No. 6/2003

p. 5

Price indices	2002		2003		
	Dec 2002/ Dec 2001	Φ (Jan-Dec 02)/ Φ (Jan-Dec 01)	May 03/ Apr 03	May 03/ May 02	Φ (June 02-May 03)/ Φ (June 01-May 02)
Consumer prices	107.2	107.5	100.5	105.5	106.6
Goods	106.4	106.3	100.3	105.0	105.8
Fuels and energy	106.4	104.2	99.1	101.7	104.2
Other	106.4	106.8	100.5	105.7	105.9
Services	109.4	110.7	101.0	107.0	109.2
Administered prices¹	109.5	110.7	99.7	102.5	106.0
Energy	106.2	106.1	99.3	101.9	104.8
Other	116.0	118.5	100.5	103.7	108.8
Core inflation					
Trimmean	106.9	106.6	100.8	106.0	106.2
Excluding food and energy	106.0	106.1	100.7	105.2	105.8
Producer prices	103.7	105.1	100.5	102.8	103.9
Intermediate goods	102.0	103.7	100.9	102.1	102.9
Investment goods	103.5	102.7	100.1	99.2	102.0
Consumer goods	105.9	107.5	100.0	104.7	105.7
Inflation in the EU-12					
Consumer prices	102.3	102.2	100.0	101.9	102.2
Excluding food, energy, tobacco, alcohol	102.2	102.4	100.1	101.8	102.1
Producer prices	101.5	99.9	99.6 ²	101.7 ²	100.8 ²

Sources of data: HICP, IPI: SORS, administered prices: calculated by the IMAD, core inflation: calculated by the IMAD, HICP in the EU: Eurostat (preliminary data) and calculated by the IMAD. Notes: numbers do not always round off: (1) figures between years are not fully comparable because of changes introduced to the consumer price index in 2003, (2) a figure for the previous month.

In **May**, consumer prices rose by a monthly rate of **0.5%** and by an annual rate of 5.5%. The latter was 2.0 percentage points less than in May last year. The year-on-year rises in consumer prices are expected to range at the current level in the upcoming months mainly owing to different seasonal dynamics, even though prices are expected to decelerate compared to the first five months of the year.

A **breakdown by groups of products and services** reveals the strongest rises in health (up 2.4%), mainly due to the higher prices of medicines, and clothing and footwear (up 2.2%). The latter contributed 0.2 of a percentage point to monthly inflation for the third month running, while their contribution to annual inflation was 0.7 of a percentage point (0.3 of a percentage point in May last year). The prices of clothing and footwear were the only ones to invariably record stronger rises in the last twelve months than in the previous twelve months (see graph). This can be partly explained by changes in the methodology of covering these prices; namely, the SORS began to cover seasonal price changes, resulting in the greater volatility of published prices. Food and non-alcoholic beverages and recreation and culture services added 0.1 of a percentage point to May's inflation.

Prices under **various regimes of regulation** fell by 0.3% mainly thanks to lower prices of liquid fuels for heating. While administered prices rose by 9.2% and added 1.3 percentage points to inflation in the first five months of 2002, they climbed by 1.6% and added 0.2 of a percentage point to inflation in the same period this year. Hence, the rise in administered prices was lower than the rise in freely floating prices for the first time in the last eleven years.

The **core inflation** fell less than the actual inflation because the latter was mainly held back by curbing rises in administered prices and reducing the impact of tax changes on inflation (they added 0.6 of a percentage point to inflation this year and 1.4 percentage points in the same period last year) and less by measures of other macroeconomic policies. The annual core inflation was 5.2% or 6.0% (see table) in May, whereas in 2000 the core inflation was an average of 3.0 percentage points below the actual inflation.

The downward trend in **industrial producer prices** typical of the last twelve months came to a halt in May mainly because of the seasonal rise in electricity prices. Given the relatively high responsiveness of domestic prices to changes in external prices, producer prices are expected to rise moderately in the upcoming months.

Graph: **Comparison of price rises in individual sub-groups of the consumer price index**

