

Price indices	2002		2003		
	Dec 2002/ Dec 2001	Φ (Jan-Dec 02)/ Φ (Jan-Dec 01)	Sept 03/ Aug 03	Sept 03/ Sept 02	Φ (Oct 02-Sept 03)/ Φ (Oct 01-Sept 02)
<b>Consumer prices</b>	<b>107.2</b>	<b>107.5</b>	<b>100.3</b>	<b>105.0</b>	<b>106.1</b>
Goods	106.4	106.3	100.5	104.4	105.6
Fuels and energy	106.4	104.2	100.1	101.8	104.3
Other	106.4	106.8	100.6	104.9	105.7
Services	109.4	110.7	99.8	106.4	107.8
<b>Administered prices<sup>1</sup></b>	<b>109.5</b>	<b>110.7</b>	<b>100.1</b>	<b>103.1</b>	<b>105.5</b>
Energy	106.2	106.1	100.0	101.6	104.9
Other	116.0	118.5	100.4	106.2	106.9
<b>Core inflation</b>					
Trimmean	106.9	106.6	100.5	105.8	106.2
Excluding food and energy	106.0	106.1	100.3	104.2	105.3
<b>Producer prices</b>	<b>103.7</b>	<b>105.1</b>	<b>100.2</b>	<b>102.5</b>	<b>103.0</b>
Intermediate goods	102.0	103.7	99.9	102.2	102.0
Investment goods	103.5	102.7	101.0	99.4	100.7
Consumer goods	105.9	107.5	100.4	103.7	104.9
<b>Inflation in the EU-12</b>					
Consumer prices	102.3	102.2	100.3	102.1	102.1
Excluding food, energy, tobacco, alcohol	102.2	102.4	100.3	101.8	101.9
Producer prices	101.5	99.9	100.2 <sup>2</sup>	101.4 <sup>2</sup>	101.5 <sup>2</sup>

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 **September** consumer prices rose by **0.3%** month on month and slowed down to 5.0% year on year, 2.2 percentage points less than in September last year. The average inflation also declined and totalled 6.1% in September, 1.5 percentage points less than a year ago.

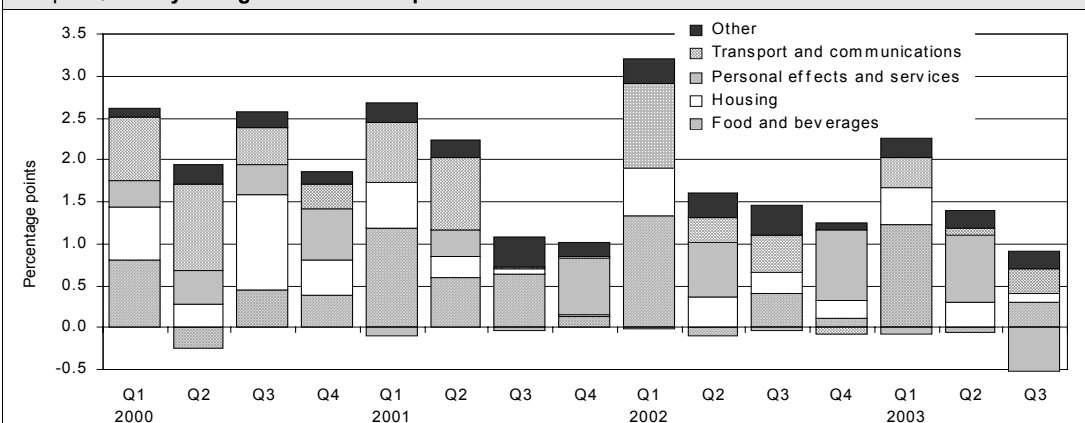
As in the preceding two months, inflation was mostly fuelled by prices under the strong influence of seasonal factors. A 2.5% rise in the prices of footwear and clothing added 0.2 of a percentage point to inflation, prices in the housing group added 0.1 of a percentage point (with the prices of liquid fuels for heating climbing the most, up 2.8%), while prices in the transport group also added 0.1 of a percentage point (with the prices of road passenger transport rising the most, up 7.5%). Inflation was 0.1 of a percentage point lower thanks to falls in the prices of recreation and culture (the prices of holidays dropped by 16.6%).

Prices under **various regimes of regulation** rose by 0.1%, with the prices of basic local utility services climbing the most (up 0.8%). In the first nine months, the prices of local utility services contributed 31% to the 3.6% rise in administered prices, the same contribution came from liquid fuels for transport and heating, 22% was added by higher electricity prices, while the rest came from other administered prices. Given that administered prices rose more slowly than freely-floating prices, the former added just 0.6 of a percentage point to this year's inflation (1.4 percentage points in the same period last year).

**Excise duties** on liquid fuels were raised in September after liquid fuel prices had dropped in Mediterranean commodity markets. The volatility of retail prices of liquid fuels for transport and heating was reduced as a result. September's inflation was 0.2 of a percentage point higher because of this measure, while in the first nine months higher excise duties (on tobacco and liquid fuels) added 0.6 of a percentage point to inflation (1.7 percentage points in the same period last year).

Most of the 2.2 percentage point fall in inflation seen in the first nine months can be explained by the lower contribution of administered prices and excised duties to inflation (0.8 and 1.1 percentage points, respectively). A similar conclusion – that this year's fall in inflation was significantly due to the elimination of one-off impacts on prices – is suggested by a comparison of the core and headline inflation. The **core inflation** fell along with the headline inflation, however, the former fell about 50% less than the latter.

Graph: **Quarterly changes in consumer prices**



Source of data: SORS, calculations by the IMAD.