

# Price Trends

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Price indices	2002		2003		
	Dec 2002/ Dec 2001	Φ (Jan-Dec 02)/ Φ (Jan-Dec 01)	Nov 03/ Oct 03	Nov 03/ Nov 02	Φ (Dec 02-Nov 03)/ Φ (Dec 01-Nov 02)
<b>Consumer prices</b>	<b>107.2</b>	<b>107.5</b>	<b>100.3</b>	<b>105.1</b>	<b>105.8</b>
Goods	106.4	106.3	100.3	104.7	105.4
Fuels and energy	106.4	104.2	100.6	102.6	103.7
Other	106.4	106.8	100.2	105.1	105.5
Services	109.4	110.7	100.0	106.1	107.2
<b>Administered prices<sup>1</sup></b>	<b>109.5</b>	<b>110.7</b>	<b>100.4</b>	<b>103.5</b>	<b>104.7</b>
Energy	106.2	106.1	100.7	102.8	104.1
Other	116.0	118.5	99.8	104.8	106.0
<b>Core inflation</b>					
Trimmean	106.9	106.6	100.1	105.1	106.1
Excluding food and energy	106.0	106.1	100.2	104.1	105.1
<b>Producer prices</b>	<b>103.7</b>	<b>105.1</b>	<b>100.2</b>	<b>102.1</b>	<b>102.7</b>
Intermediate goods	102.0	103.7	100.4	102.5	101.9
Investment goods	103.5	102.7	100.1	99.0	100.0
Consumer goods	105.9	107.5	100.0	102.6	104.4
<b>Inflation in the EU-12</b>					
Consumer prices	102.3	102.2	100.1	102.2	102.1
Excluding food, energy, tobacco, alcohol	102.2	102.4	100.0	101.7	101.8
Producer prices	101.5	99.9	100.1 <sup>2</sup>	100.9 <sup>2</sup>	101.6 <sup>2</sup>

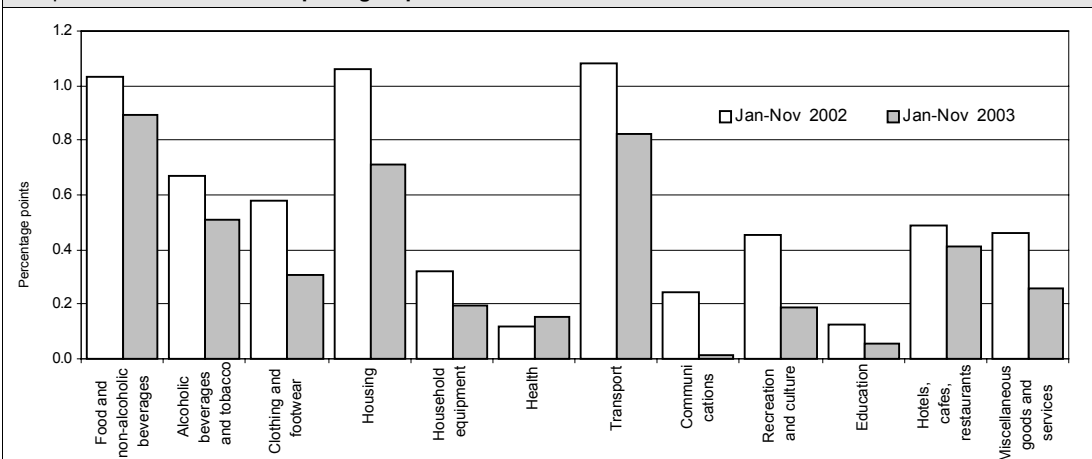
Sources of data: HICP, IPI: SORS, administered prices: calculated by the IMAD, core inflation: calculated by the IMAD, HICP in the EU: Eurostat (preliminary data) and calculated by the IMAD. Notes: numbers do not always round off; <sup>1</sup>figures between years are not fully comparable because of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

In the three months to November 2003, consumer prices **rose by 0.3%** each month. So in November, the annual inflation was 5.1% (6.7% in November 2002), while the average inflation was 5.8%, 0.1 of a percentage point lower than in October. Broken down by **price groups**, the biggest rise was seen in food and non-alcoholic beverages (2.3%), contributing 0.2 of a percentage point to inflation, the prices of transport and housing climbed by 0.4% each as a result of the higher prices of liquid fuels for transport and heating, contributing 0.1 of a percentage point to inflation. Inflation was 0.1 of a percentage point lower thanks to the 1.4% price fall in the health group and 0.6% fall in the alcoholic beverages group. The rest came from higher prices of other goods.

In the first eleven months of 2003, price falls in all groups of the consumer price index, except health, were due to co-ordinated measures taken in the field of administered prices and tax and monetary policies. However, the significant differences in price rises between individual groups of the index suggest that **each policy made a different contribution to the easing-off of price rises**. Most of the year-on-year fall was due to the reduced contribution of administered prices (down 0.8 of a percentage point) and reduced contribution of fiscal burdens (down 1.2 percentage points). The higher contribution of individual price groups in 2002 was partly due to higher value-added tax rates given that its total contribution to inflation (0.6 of a percentage point) was evenly distributed among all price groups. In addition to this factor, the biggest falls in the contribution to inflation seen in the housing group (0.4 of a percentage point), transport (0.3 of a percentage point), and communications (0.2 of a percentage point) were due to the slower rise in administered prices and other fiscal burdens. The above-average falls in the contribution of clothing and footwear, and recreation and culture (down 0.3 of a percentage point each) were primarily the result of one-off factors.

After falling by 1.2 percentage points to 2.5% at the end of the first quarter of 2003, **industrial producer prices** fluctuated around this level in the following months. The prices of investment goods fell year on year after the first quarter, rises in the prices of consumer goods slowed down, while the prices of intermediate goods were the only ones to rise faster in November than at the end of the first quarter of 2003.

Graph: Contribution of each price group to inflation in the first eleven months of 2002 and 2003



Source of data: SORS.