



# Press release

Statistics Netherlands

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## *Inflation down in August*

Inflation fell slightly in August to 2.5%, down from 2.8% in July. Lower prices for clothes and footwear caused the decrease, according to figures from Statistics Netherlands.

Prices were 0.3 % higher than in July

### *Inflation down slightly*

Inflation in the Netherlands is measured as the increase in the consumer price index compared with the same month in the previous year. In August the inflation rate was 2.5%, 0.3 of a percent point higher than in July.

The main reason for the lower rate was the lower prices for clothing and footwear. Although prices for these items did go up, the increase was smaller than in August last year.

### *Clothes prices cause kink in inflation*

Prices of clothes and shoes have manifested a strong seasonal pattern in the course of the years. Twice a year, with the introduction of the new summer and winter collections, the prices usually jump up. Then within six months the sales start, leading to hefty price cuts. As long as this pattern is repeated each year, it will not affect inflation, as the prices are compared with those of exactly twelve months before. In August 1999, however, relatively many shops already had the winter collections on sale, instead of items at reduced prices. This resulted in a 6.5% increase in prices for these products compared with August 1998, and a blip of 0.4 of a percent point in inflation for August 1999.

In August 2000 there were fewer new articles and more cut-price items in the shops, so that prices of clothes and footwear were 4.4% lower in August this year than last year. This pushed down inflation by between 0.2 and 0.3 of a per cent point, but again Statistics Netherlands expects this to be a one-off.

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### ***Derived consumer price index***

In the derived consumer price index of Statistics Netherlands the effect of changes in the rates of indirect and consumption-related taxes are eliminated from the price developments. The derived index for August 2000 is 2.1 % higher than in August 1999.

### ***Prices 0.3% higher in August***

On average, consumer prices rose by an average 0.3% between July and August. The prices of clothing and shoes rose by 4.2%. Consumers had to pay more for fruit and dairy products, while fresh vegetables and potatoes were cheaper.

Fuel prices hardly changed this month. Petrol and LPG were slightly cheaper, but diesel cost over 2% more.

### ***Definite results of rent increase***

The annual rent increase on 1 July was on average 2.6% according to Statistics Netherlands' rent survey, confirming the provisional result published last month.

### ***Harmonised consumer price index***

In addition to the national consumer price index, since March 1987 Statistics Netherlands also compiles a so-called harmonised consumer price index for the European Union (EU). The harmonised index is used to compare inflation between countries of the EU, but is less accurate for national developments.

In July average inflation for the 15 countries of the EU was 2.2%. In the 11 countries of the Eurozone it was 2.4% on average. In July inflation in the Netherlands according to the harmonised index was 2.8%. Dutch inflation has now been above the average of both the Eurozone and the EU for the last three months.

In August the Dutch rate according to the harmonised index had fallen to 2.5%. No figures for August are available for the other EU countries.

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