



Press release

PB04-053
8 April 2004
9:30 AM

Inflation down to 1.1 percent in March

Inflation fell further in March 2004, to 1.1 percent. This is the lowest value since August 1989. The decrease was mainly caused by lower prices for food, non-alcoholic drinks and clothes and shoes. Petrol and tobacco had an upward effect on inflation, according to figures from Statistics Netherlands.

Inflation measured according to the European harmonised index fell by 0.1 of a percent point to 1.2 percent.

Prices 0.7 percent higher in March than in February

Prices rose by an average 0.7 percent from February to March. This is a normal increase for March. Clothes and shoes in particular cost more than in February, as the new summer collection continued to enter the shops.

Cigarettes and rolling tobacco also cost more in March. Although the excise duty on these products was raised on 1 February, tobacco products sold in February were still priced at the old excise rate. In March consumers paid both old and new prices were measured. Prices of motor fuels also rose in February, diesel oil by most.

Food and non-alcoholic drinks fell further in price in March. Meat, dairy products, fresh vegetables, coffee and soft-drinks were cheaper. Articles in the recreation and cultural category, such as cameras, video cameras, computers, flowers and plants also cost less.

Food and clothes curb inflation

The month-on-month price increases in March compared with February were slightly smaller than twelve months previously. This led to a slight drop in inflation. In March 2004 consumer prices were only 1.1 percent higher than one year previously.

The fall in inflation from February to March was partly caused by food and non-alcoholic drinks. These cost on average 2.6 percent less than one year previously. In February they cost 1.2 percent less than in the same month last year. Clothes and shoes, too, contributed to lower inflation. These products were 2.3 percent cheaper in March than in March last year, while in February there was hardly any difference with the prices twelve months previously.

The fall in inflation was curbed by higher prices for tobacco and motor fuels, though. Tobacco prices were 11.9 percent higher than one year ago, compared with an increase of 3.3 percent in February. Motor fuels cost 1.3 percent more in March this year than March last year, while in February they were 1.9 percent cheaper than last year.

Housing costs contribute significantly to inflation

Inflation in March was to a large extent affected by housing costs. In addition to rent, energy and maintenance and water, these include local taxes such as property tax, sewerage charges, refuse collection rates and water treatment rates. These housing-related costs accounted for 0.8 of a percent point of inflation. All other categories together accounted for 0.3 of a percent point.

Inflation also down according to European norm

Dutch inflation according to the harmonised index of the European Union fell from 1.3 percent in February to 1.2 percent in March. Eurostat, the statistical office of the EU estimates inflation in the euro area at 1.6 percent in March. This is the same as in February.

Within the euro area inflation was lowest in Finland, at 0.4 percent. In the Netherlands, Austria, Germany and Belgium, too, inflation was lower than average in the euro area. In Greece it was highest, at 2.6 percent.