



# Press release

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## ***Inflation rate in July stable at 1.6 percent***

Inflation remained stable in July 2005. Just like in June, consumer prices were 1.6 percent higher than twelve months ago, according to Statistics Netherlands' consumer price index. The annual residential rent increase, effective from 1 July 2005, averaged 2.0 percent.

Inflation according to the European harmonised index was 1.5 percent, the same as in June.

### ***Residential rent increase at historic low***

The average rent increase, effective from 1 July, was 2.0 percent, the lowest increase since 1959. Last year, for instance, residential rents still increased by 3.1 percent. Prices of motor fuels continued to rise in July 2005.

On the other hand, substantial price drops were recorded for fresh vegetables, fruit, flowers and plants. Prices of cloths and shoes dropped due to substantial discounts on summer collection items.

On balance, consumer prices in July were 0.1 percent down on June. This equals the price drop between June and July 2004. Consequently, the inflation rate did not change.

### ***Energy costs main cause of inflation***

An ever-increasing part of inflation can be attributed to current price developments on the energy market. Gas, electricity and motor fuels together contribute 1.0 percentage point to inflation, the highest contribution since April 2001. The remainder accounts for 0.6 percent.

The average prices of motor fuels were 10.7 percent up on one year previously. Petrol was 9.6 percent up, LPG 11.2 percent and diesel fuel no less than 20.0 percent. Electricity and gas prices were respectively 8.2 and 16.8 percent higher in July 2005 than in July last year.

The overall inflation rate in July 2005 was tempered by the marginal increase in residential rents. Lower prices for fresh fruit, flowers and plants also pushed down the inflation rate in July.

### ***Dutch inflation rate among the lowest in Europe***

Dutch inflation according to the European harmonised method (HICP) was 1.5 percent in July 2005, the same as in the previous month. Eurostat, the European statistical office, expects the average inflation rate in the Eurozone

in July to be at 2.2 percent, a marginal increase compared to June, when the Eurozone inflation rate was 2.1 percent.

Inflation in the Netherlands is among the lowest in Europe. In the Eurozone only Portugal and Finland had lower inflation rates. Sweden, the Czech Republic and Poland, EU member states which have not adopted the euro as their currency, also had a lower inflation rate.