

On Consumer Prices in September 2024

October Price Changes Lower Than Typical for the Month

According to the Central Statistical Bureau, in October 2024, compared to September, the consumer price level increased by 0.2%. Prices for goods rose by 0.3%, while prices for services increased by 0.1%.

October is typically characterized by rising prices, mainly due to seasonal factors. However, this year's increase was more moderate compared to the pre-COVID-19 and energy price crisis years (when October increases ranged between 0.4% and 0.8%). This was largely influenced by an unusual decline in clothing and footwear prices.

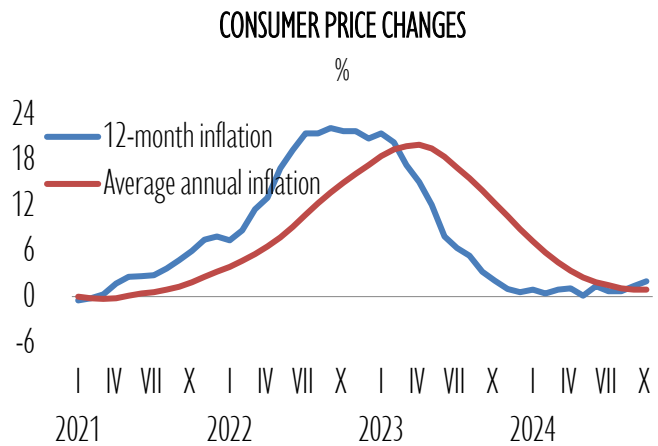
The largest upward impact in October was driven by food prices, which experienced the fastest increase since 2007, excluding 2022, when food prices rose sharply throughout the year. This October, food prices rose by 1.6%, contributing 0.4 percentage points to the overall price level increase. Seasonal factors significantly impacted prices for fresh vegetables and fruit, which saw the most substantial increases. Additionally, notable price increases were observed for bread, poultry, fresh fish, milk, and butter. In contrast, the largest price decreases were recorded for potatoes and sugar.

Globally, food prices also continued to rise in October, increasing by 2% compared to the previous month and 5.5% year-on-year. The price indices for all major food groups increased except for meat. The sharp increase in the overall price index in October was primarily driven by a spike in the vegetable oil price index, which rose for the fifth consecutive month to reach a two-year high. This increase was attributed to concerns over lower-than-expected production volumes, coupled with the seasonal decline in output from major producing countries.

In October, price indices for sugar, dairy products, and cereals rose more moderately compared to the sharp increase seen the previous month. The sugar price index continued to climb due to concerns about the 2024/2025 production outlook in Brazil following prolonged dry weather. The dairy price index rose due to higher cheese and butter prices, driven by strong demand, tight stocks, and seasonally low milk production in Western Europe. However, weak global import demand and rising seasonal milk production in Oceania resulted in lower milk powder prices. Wheat prices increased for the second consecutive month, reflecting concerns about adverse weather conditions affecting winter crop plantings in major exporting countries. The reintroduction of an unofficial price floor in Russia and rising tensions in the Black Sea region also exerted upward pressure on wheat prices.

The meat price index fell slightly in October, primarily due to a sharper decline in pork prices as slaughtering increased in Western Europe amid weak domestic and external demand. Poultry prices decreased slightly due to higher export supplies from the world's largest producers. Sheep prices remained relatively unchanged, with rising global demand balancing out the new season's increased supply from Oceania. Meanwhile, beef prices rose moderately due to stronger international purchases.

After two months of decline, fuel prices increased by 2.2% in October, contributing 0.1 percentage points to the overall consumer price level. Diesel prices rose more significantly. The average monthly price of Brent crude oil also increased by 4% in October compared to September. By the end of October, Brent crude oil prices had risen by 2% compared to the end of September.



Oil prices experienced sharp fluctuations in October, with Brent crude reaching \$81 per barrel at the start of the month before falling to \$71–73 per barrel by the end. This fluctuation was influenced by rising geopolitical risks in the Middle East, although Israel's response was more restrained and proportionate than markets had feared, raising hopes for de-escalation of the regional conflict. Oil prices were also weighed down by signs of weak economic activity in major consumer markets like China, where data indicated a decline in industrial profits despite recent government stimulus measures. Market participants also monitored potential impacts from OPEC+ oil output adjustments and the U.S. election.

Service prices rose slightly again in October, following a slight decline in the previous month. The increase was 0.1%, which had little impact on the overall consumer price level. Within the service sector, the largest upward impact came from higher passenger air transport prices. Conversely, the largest downward effect, driven by the end of the warm season, was the decline in accommodation service prices.

Promotional discounts in October also contributed to a significant reduction in prices for personal hygiene and beauty products, which fell by 9.3%, lowering the overall price level by 0.2 percentage points.

Another major downward impact came from falling energy resource prices related to housing, which collectively reduced the overall consumer price level by 0.1 percentage points. This was primarily driven by a 2.1% reduction.