

*Study 10/2023*

---

# Who Is Most Affected by Price Increases? Differences in Inflation for Different Types of Households 2020–2023<sup>2</sup>

JULY 2023

PETR JANSKÝ, DANIEL KOLÁŘ, MAREK ŠEDIVÝ

---

## Summary

- Between January 2020 and March 2023, prices in the Czech Republic rose cumulatively by an unprecedented 33%. In this study, we demonstrate the differences in price inflation experienced by different types of households.
- Different groups of people are exposed to different price rises as a result of the interaction of two phenomena: **(i)** different expenditure price increases: the costs of certain types of goods and services increased by more than 40% (food, accommodation, clothing and footwear; housing, water, energy, fuel), while for others it hardly rose at all (postage, telecommunications) or by only 12% (education); **(ii)** differences in expenditure structure: households with lower incomes (in the lowest two income quintiles, i.e., the lowest 40% of households by income) spend a larger share of their expenditures on groceries and a smaller share on home furnishings and other goods and services. Pensioners' households spend a larger share of their expenditures on groceries, healthcare, housing, and energy, and a lower share on clothing, food, and accommodation.
- The differences in the impact of inflation on different groups are relatively small. When we categorise households by income (into five income quintiles), those with the second-lowest incomes were the most affected (33.6%), while those with the highest incomes were least affected (32.3%). Pensioners were also significantly affected – both the 50% of pensioner households with lower expenditures (34.5%) and the 50% with higher expenditures (33.4%), while families with children were least affected (32.4%); single-parent households (33.0%) and other households (32.9%) experienced a mid-range impact.

---

<sup>2</sup> This study presents the authors' own views and not the official position of the Czech Academy of Sciences' Economics Institute nor that of the Charles University Center for Economic Research and Graduate Education (CERGE). Any remaining ambiguities or errors are the authors' own. The authors are grateful for Daniel Münich's close collaboration during the preparation of this study. They also thank Petr Mazouch (Prague University of Economics and Business) and Michal Hlaváček (The Czech Fiscal Council) for their comments. The study was produced with support from the Czech Academy of Sciences within its AV21 Strategy research programme, Society in Motion.

- In terms of cumulative inflation, pensioners with low expenditures were the least affected group for most of the observed period, until December 2022. However, from January 2023, they became the most affected group. This change was primarily driven by the sudden hike in housing costs, including energy, seen in the statistical data, which is due to the manner in which the Czech Statistical Office reflected the “saving tariff” – a government policy that led to a substantial reduction in energy prices between October and December 2022, followed by a step increase in 2023. The most substantial consequences of this are observed in pensioner households where energy costs often constitute a majority of their expenditures.