Consumer prices in the OECD area rose by 0.3 per cent in July, marginally less than the 0.4 per cent increase recorded in June. In North America, prices edged up by 0.1 per cent compared with 0.3 per cent in June, while they fell for the second successive month in Japan. Consumer price inflation within the EC rose slightly in July (to 0.5 per cent from 0.4 per cent in June); this reflected a substantial acceleration in the Netherlands, Spain and, to a lesser extent, Germany. Taken over twelve months, the rate of price increase in July in the OECD area as a whole remained unchanged for the fourth successive month at 6.2 per cent.

OECD-area food prices fell by 0.1 per cent in July, their first decline in over 1 year. Prices remained stable in Japan, while a 0.5 per cent fall in North America more than compensated for a 0.4 per cent rise in Europe. A sharp (3.1 per cent) rise in Spain reflected a seasonal pattern of price adjustment. Measured over twelve months, the rate of increase in food prices in the OECD area as a whole eased from 5.9 per cent in June to 5.5 per cent in July.

The growth in OECD energy prices in July remained unchanged at 0.5 per cent from June (1). Prices fell in both the United States and Japan (by 0.5 and 0.1 per cent, respectively), but rose by 2 per cent in Europe. Sharp increases in Germany (6.8 per cent) and the Netherlands (7.5 per cent) reflected increased taxation as well as a semi-annual adjustment of natural gas prices in the latter country. Taken over twelve months, the rate of increase in energy prices in the OECD area rose to 6.5 per cent in July from 5.7 per cent in June.

Consumer prices excluding food and energy, an indicator of "underlying" inflation, rose by 0.2 per cent in July - unchanged from June (1). Prices eased by 0.1 per cent in Japan, but rose by 0.3 per cent in both North America and Europe. The annual adjustment to legal rents helped push up prices in the Netherlands by 1.1 per cent. The twelve-month rate of increase in OECD "underlying" inflation eased from 4.6 per cent in June to 4.4 per cent in July.

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(1) Excluding Greece, Iceland, Portugal, Sweden and Turkey, for which data are not available.