



Statistics in focus

ECONOMY AND FINANCE

THEME 2 – 41/2003

PRICES AND PURCHASING POWER PARITIES

Contents

Price Indices	2
Rates of Change	4
COICOP/HICP Main categories	6
Methodological Notes	7

Harmonized Indices of Consumer Prices July 2003

The rate of inflation for the euro-zone*, as measured by the Monetary Union Index of Consumer Prices (MUICP), was 1.9% comparing July 2003 with July 2002. The MUICP is the average of the HICPs for the euro-zone Member States. The euro-zone is treated as an entity regardless of its composition.

The annual rate of change for the euro-zone fell from 2.0% to 1.9% between June and July 2003. A year ago, in July 2002, the corresponding rate was 2.0%.

The rate of inflation in the EU, as measured by the European Index of Consumer Prices (EICP=EU-15), remained stable at 1.8% between June and July 2003. A year ago, in July 2002, the corresponding rate was 1.9%.

EU Member States with the lowest inflation rates in July 2003 were Germany (0.8%), Austria and Finland (both 1.0%). The highest inflation rates were reported for Ireland (3.9%), Greece (3.5%), Spain, Italy and Portugal (2.9% each).

The annual rate of inflation for the European Economic Area (EEA) remained stable at 1.8% between June and July 2003. A year ago, in July 2002, the corresponding rate was 1.9%. The annual rate of change fell from 0.5% to 0.3% between June and July 2003 in Switzerland** and remained stable at 2.1% for the USA**. (No July data available for Japan** in time for publication).

The inflation rates for the euro-zone, the EU and the USA** from July 2002 to July 2003 and for Japan** from July 2002 to June 2003 are shown in the graph below:

* The euro-zone comprises: Belgium, Germany, Greece (from January 2001), Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.

** For the USA, Japan and Switzerland the national CPIs are given, which are not strictly comparable with the HICPs.

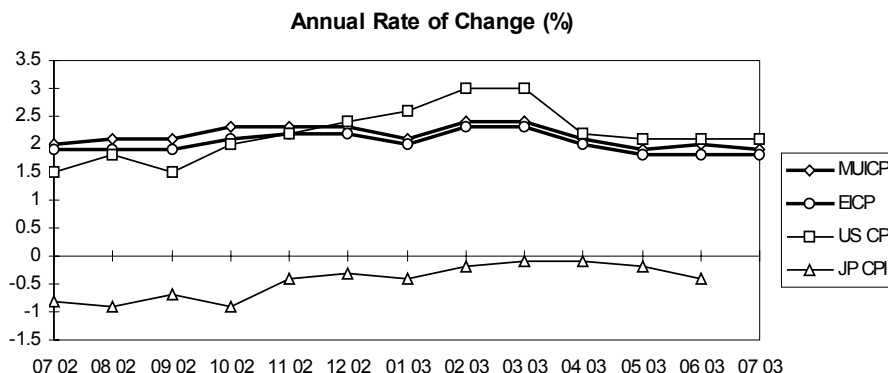


TABLE I HARMONIZED INDICES OF CONSUMER PRICES INDEX NUMBERS												
	Euro-zone (MUICP)	EU-15 (EICP)	B	DK	D	EL	E	F	IRL	I	L	NL
	Annual Average Index											1996 = 100
1999	103.8	104.3	103.6	105.4	102.8	112.6	106.0	102.5	106.0	105.7	103.4	105.8
2000	106.0	106.2	106.4	108.3	104.2	115.8	109.7	104.4	111.5	108.4	107.3	108.2
2001	108.5	108.6	109.0	110.7	106.2	120.1	112.8	106.3	116.0	110.9	109.9	113.8
2002	110.9\$	110.8\$	110.7	113.4	107.6	124.8	116.8	108.3	121.5	113.8	112.1	:
2001	Monthly Index											
January	106.8	106.9	105.9	108.9	104.9	116.8	110.8	104.7	112.4	109.5	107.3	110.7
February	107.1	107.2	107.8	109.5	105.6	116.6	110.8	105.0	113.4	108.9	108.5	111.7
March	107.7	107.8	108.0	110.2	105.6	119.3	111.7	105.5	114.3	110.0	109.1	113.0
April	108.4	108.5	109.0	110.8	106.0	120.6	112.7	106.1	115.2	110.8	109.5	113.9
May	108.9	109.0	109.5	111.4	106.5	121.2	113.1	106.8	115.9	111.2	110.7	114.2
June	109.0	109.1	109.8	111.2	106.7	121.1	113.4	106.8	116.7	111.5	111.0	113.8
July	108.8	108.8	108.4	110.8	106.9	118.7	112.6	106.6	116.4	111.2	109.6	113.7
August	108.7	108.8	109.8	110.7	106.6	118.7	112.7	106.6	116.7	110.8	110.4	114.0
September	109.0	109.1	110.0	111.3	106.5	121.2	113.3	106.8	117.1	111.2	110.6	115.2
October	109.1	109.2	109.8	111.4	106.1	121.6	113.8	106.9	117.7	111.8	110.7	115.3
November	109.0	109.0	109.8	111.2	105.9	121.7	114.1	106.6	117.5	112.0	110.7	115.0
December	109.5	109.5	109.7	111.4	107.1	123.1	114.4	106.7	118.5	112.1	110.4	114.8
2002	Monthly Index											
January	109.6	109.5	108.7	111.6	107.2	122.4	114.2	107.3	118.3	112.0	109.6	116.1
February	109.8	109.7	110.5	112.1	107.5	121.0	114.3	107.4	119.0	111.8	110.9	116.7
March	110.4	110.3	110.7	113.0	107.7	124.5	115.3	107.8	120.1	112.8	111.0	117.9
April	110.9	110.8	110.8	113.4	107.6	125.5	116.9	108.3	121.0	113.6	111.6	118.7
May	111.1	111.0	111.0	113.5	107.7	125.8	117.3	108.4	121.7	113.9	112.1	118.5
June	111.1\$	111.0\$	110.7	113.6	107.6	125.5	117.3	108.4	121.9	114.0	112.4	:
July	111.0\$	110.8\$	109.6	113.2	108.0	123.0	116.5	108.3	121.3	113.9	111.7	:
August	111.0\$	110.9\$	111.2	113.4	107.8	123.2	116.9	108.5	122.0	113.7	112.6	:
September	111.3\$	111.2\$	111.3	114.1	107.6	125.8	117.3	108.7	122.4	114.3	113.0	:
October	111.6\$	111.5\$	111.2	114.4	107.5	126.4	118.4	108.9	122.9	114.9	113.5	:
November	111.5\$	111.4\$	111.0	114.3	107.1	126.5	118.6	108.8	123.0	115.2	113.7	:
December	112.0\$	111.9\$	111.1	114.3	108.3	127.4	119.0	109.0	123.9	115.5	113.5	:
2003	Monthly Index											
January	111.9\$	111.7\$	110.0	114.5	108.2	126.4	118.5	109.3	123.9	115.2	113.2	:
February	112.4\$	112.2\$	112.3	115.3	108.8	126.1	118.7	110.1	125.1	114.7	114.5	:
March	113.1\$	112.8\$	112.6	116.2	109.0	129.3	119.6	110.6	126.0	116.1	115.1	:
April	113.2\$	113.0\$	112.4	116.2	108.7	129.6	120.6	110.4	126.6	117.0	114.9	:
May	113.2\$	113.0\$	112.0	115.9	108.4	130.2	120.5	110.3	126.4	117.2	114.7	:
June	113.3\$	113.0\$	112.4	115.9	108.6	130.0	120.6	110.5#	126.5	117.3	114.7	:
July	113.1\$*	112.8\$*	111.1	115.2	108.9	127.3	119.9	110.5\$	126.0	117.2\$	113.8	:
August	<p>The HICP data for the Netherlands for the period June 2002 to June 2003 are in the process of being revised by Statistics Netherlands due to errors in the processing of scanner data for supermarket products. Since no Dutch HICPs are available for July 2003, euro-zone (MUICP), EU15 (EICP) and EEA (EEACIP) were calculated using Eurostat estimates.</p>											
September												
October												
November												
December												
* estimated \$ provisional # revised ! definition differs : Not available												

TABLE II
NATIONAL CPIs
INDEX NUMBERS

A	P	FIN	S	UK	EEA (EEAICP)	IS	N	CH	US	JP	
								1996 = 100			
102.5	106.4	103.9	103.4	104.8	104.3	105.4	106.8	101.4	106.2	102.1	1999
104.5	109.4	107.0	104.8	105.6	106.3	110.0	110.0	102.9	109.8	101.4	2000
106.9	114.2	109.8	107.6	106.9	108.6	117.3	113.0	103.8	112.9	100.6	2001
108.8	118.4	112.0	109.7	108.3	110.9\$	123.5	113.9	104.5	114.7	99.7	2002
											2001
105.8	112.0	107.8	105.2	105.4	106.9	111.9	111.9	103.5	111.6	101.2	January
106.2	112.2	108.5	105.6	105.7	107.3	112.0	112.8	103.4	112.1	100.9	February
106.4	112.7	109.0	106.4	106.1	107.8	112.8	113.1	103.6	112.3	100.7	March
106.9	113.4	109.5	107.5	106.7	108.5	114.2	113.7	103.8	112.8	100.9	April
107.1	114.4	110.5	108.3	107.5	109.1	116.0	114.2	104.4	113.2	101.0	May
107.2	114.7	110.6	108.1	107.7	109.2	118.1	114.2	104.6	113.4	100.7	June
107.1	114.9	109.7	107.4	106.9	108.8	119.1	112.4	104.4	113.2	100.4	July
106.8	114.7	109.9	107.6	107.3	108.8	119.1	112.1	103.9	113.2	100.8	August
107.2	114.7	110.9	108.9	107.6	109.2	120.1	112.8	104.0	113.6	100.6	September
107.4	115.1	110.8	108.7	107.4	109.2	120.8	112.8	103.8	113.2	100.6	October
107.4	115.8	110.4	108.8	107.2	109.1	121.3	112.7	104.0	113.1	100.1	November
107.7	116.0	110.4	108.9	107.5	109.5	121.8	112.8	103.9	112.7	100.0	December
											2002
107.9	116.1	110.9	108.2	107.1	109.5	122.9	112.9	104.1	112.8	99.8	January
108.0	115.9	111.2	108.5	107.3	109.8	122.6	113.3	104.1	113.3	99.2	February
108.2	116.4	111.8	109.6	107.7	110.3	123.1	113.6	104.1	113.9	99.5	March
108.7	117.4	112.3	109.9	108.1	110.8	123.0	113.6	105.0	114.6	99.8	April
108.9	118.3	112.5	110.1	108.4	111.0	123.0	113.8	105.1	114.6	100.1	May
108.8	118.7	112.3	109.9	108.4	111.0\$	123.7	113.8	104.9	114.7	100.0	June
108.7	119.0	111.9	109.3	108.1	110.9\$	123.9	113.7	104.2	114.9	99.6	July
109.0	119.2	111.9	109.4	108.4	110.9\$	123.3	113.3	104.4	115.2	99.9	August
108.9	119.1	112.4	110.2	108.7	111.2\$	123.9	114.1	104.5	115.3	99.9	September
109.2	119.8	112.7	110.6	108.9	111.5\$	124.4	114.3	105.1	115.5	99.7	October
109.2	120.5	112.3	110.3	108.9	111.4\$	124.1	114.7	104.9	115.6	99.7	November
109.5	120.6	112.3	110.7	109.3	111.9\$	124.1	115.7	104.9	115.4	99.7	December
											2003
109.7	120.7	112.5	111.0	108.6	111.8\$	124.3	117.6	104.9	115.8	99.3	January
109.9	120.7	113.5	112.1	109.0	112.3\$	124.0	117.9	105.1	116.7	99.0	February
110.2	120.8	113.9	112.8	109.4	112.9\$	125.4	117.2	105.5	117.4	99.3	March
110.1	121.8	113.8	112.4	109.7	113.0\$	125.3	116.4	105.7	117.1	99.7	April
109.9	122.7	113.7	112.3	109.7	113.0\$	125.2	115.8	105.5	117.0	99.9	May
109.9	122.7	113.6	112.1	109.6	113.1\$	125.3	115.5	105.5	117.1	98.2	June
109.8\$	122.5	113.0	111.9	109.5	112.9\$*	125.0	115.1	104.7	117.1	:	July
											August
											September
											October
											November
											December

* estimated \$ provisional # revised ! definition differs : Not available

TABLE III
HARMONIZED INDICES OF CONSUMER PRICES
RATES OF CHANGE (%)

	Euro-zone (MUICP)	EU-15 (EICP)	B	DK	D	EL	E	F	IRL	I	L	NL
Annual Average Rate of Change												
2000	2.1	1.9	2.7	2.7	1.4	2.9	3.5	1.8	5.3	2.6	3.8	2.3
2001	2.3	2.2	2.4	2.3	1.9	3.7	2.8	1.8	4.0	2.3	2.4	5.1
2002	2.3\$	2.1\$	1.6	2.4	1.3	3.9	3.6	1.9	4.7	2.6	2.1	:
2003 (Jul)	2.2\$*	2.0\$*	1.3	2.5	1.0	3.7	3.5	2.0\$	4.5	2.8\$	2.6	:
Annual Rate of Change											(t/t-12)	
2001												
January	2.0	1.9	2.7	2.3	1.3	3.2	2.9	1.4	3.9	2.4	2.9	4.6
February	1.9	1.8	2.5	2.3	1.7	3.5	2.7	1.4	3.9	1.5	2.9	5.0
March	2.2	2.0	2.2	2.2	1.7	3.2	3.0	1.4	4.1	2.1	3.0	5.0
April	2.7	2.5	2.9	2.6	2.2	3.7	3.6	2.0	4.3	2.9	2.7	5.5
May	3.1	2.9	3.1	2.8	2.8	3.9	3.8	2.5	4.1	2.9	3.8	5.4
June	2.8	2.7	3.0	2.2	2.5	4.5	3.8	2.2	4.3	2.9	2.7	5.1
July	2.5	2.4	2.7	2.3	2.2	4.2	2.4	2.2	4.0	2.4	2.4	5.3
August	2.4	2.3	2.5	2.5	2.2	4.0	2.1	2.0	3.7	2.0	2.5	5.2
September	2.2	2.1	1.9	2.1	1.8	4.0	2.3	1.6	3.8	2.1	1.9	5.3
October	2.2	2.1	1.9	2.0	1.6	3.2	2.5	1.8	3.8	2.4	1.7	5.0
November	2.0	1.8	1.8	1.7	1.3	2.9	2.5	1.3	3.4	2.2	1.4	4.8
December	2.1	1.9	2.0	2.1	1.4	3.5	2.5	1.4	4.4	2.2	0.9	5.1
Annual Rate of Change											(t/t-12)	
2002												
January	2.6	2.5	2.6	2.5	2.2	4.8	3.1	2.5	5.2	2.3	2.1	4.9
February	2.5	2.4	2.5	2.4	1.8	3.8	3.2	2.3	4.9	2.7	2.2	4.5
March	2.5	2.3	2.5	2.5	2.0	4.4	3.2	2.2	5.1	2.5	1.7	4.3
April	2.3	2.1	1.7	2.3	1.5	4.1	3.7	2.1	5.0	2.5	1.9	4.2
May	2.0	1.8	1.4	1.9	1.1	3.8	3.7	1.5	5.0	2.4	1.3	3.8
June	1.9\$	1.7\$	0.8	2.2	0.8	3.6	3.4	1.5	4.5	2.2	1.3	:
July	2.0\$	1.9\$	1.1	2.2	1.0	3.6	3.5	1.6	4.2	2.4	1.9	:
August	2.1\$	1.9\$	1.3	2.4	1.1	3.8	3.7	1.8	4.5	2.6	2.0	:
September	2.1\$	1.9\$	1.2	2.5	1.0	3.8	3.5	1.8	4.5	2.8	2.2	:
October	2.3\$	2.1\$	1.3	2.7	1.3	3.9	4.0	1.9	4.4	2.8	2.5	:
November	2.3\$	2.2\$	1.1	2.8	1.1	3.9	3.9	2.1	4.7	2.9	2.7	:
December	2.3\$	2.2\$	1.3	2.6	1.1	3.5	4.0	2.2	4.6	3.0	2.8	:
Annual Rate of Change											(t/t-12)	
2003												
January	2.1\$	2.0\$	1.2	2.6	0.9	3.3	3.8	1.9	4.7	2.9	3.3	:
February	2.4\$	2.3\$	1.6	2.9	1.2	4.2	3.8	2.5	5.1	2.6	3.2	:
March	2.4\$	2.3\$	1.7	2.8	1.2	3.9	3.7	2.6	4.9	2.9	3.7	:
April	2.1\$	2.0\$	1.4	2.5	1.0	3.3	3.2	1.9	4.6	3.0	3.0	:
May	1.9\$	1.8\$	0.9	2.1	0.6	3.5	2.7	1.8	3.9	2.9	2.3	:
June	2.0\$	1.8\$	1.5	2.0	0.9	3.6	2.8	1.9#	3.8	2.9	2.0	:
July	1.9\$*	1.8\$*	1.4	1.8	0.8	3.5	2.9	2.0\$	3.9	2.9\$	1.9	:
August												
September												
October												
November												
December												
* estimated \$ provisional # revised ! definition differs : Not available												

TABLE IV
NATIONAL CPIs
RATES OF CHANGE (%)

A	P	FIN	S	UK	EEA (EEAICP)	IS	N	CH	US	JP	
2.0	2.8	3.0	1.3	0.8	1.9	4.4	3.0	1.6	3.4	-0.7	2000
2.3	4.4	2.7	2.7	1.2	2.2	6.6	2.7	0.9	2.8	-0.7	2001
1.7	3.7	2.0	2.0	1.3	2.1\$	5.3	0.8	0.6	1.6	-0.9	2002
1.5\$	3.8	1.5	2.1	1.4	2.0\$*	2.0	2.2	0.8	2.2	:	2003 (Jul)
											2001
2.2	4.4	2.9	1.6	0.9	1.9	3.4	3.1	1.3	3.7	-0.3	January
1.8	4.9	2.7	1.5	0.8	1.8	3.9	3.5	0.8	3.5	-0.3	February
1.9	5.1	2.5	1.7	1.0	2.0	4.1	3.5	1.0	2.9	-0.7	March
2.6	4.6	2.8	3.0	1.1	2.5	4.4	3.7	1.2	3.3	-0.7	April
2.9	4.9	3.3	3.1	1.7	2.9	5.6	4.0	1.8	3.6	-0.7	May
2.6	4.6	3.0	3.0	1.7	2.7	7.2	3.3	1.6	3.2	-0.8	June
2.8	4.3	2.6	2.9	1.4	2.4	7.4	2.2	1.4	2.7	-0.8	July
2.4	4.0	2.7	3.0	1.8	2.3	8.1	2.2	1.1	2.7	-0.7	August
2.4	4.1	2.6	3.3	1.3	2.1	8.8	1.9	0.7	2.6	-0.8	September
2.3	4.2	2.4	2.9	1.2	2.1	8.3	1.8	0.6	2.1	-0.8	October
1.9	4.1	2.1	2.9	0.8	1.8	8.6	1.3	0.3	1.9	-1.0	November
1.8	3.9	2.3	3.2	1.0	1.9	9.1	1.6	0.3	1.6	-1.2	December
											2002
2.0	3.7	2.9	2.9	1.6	2.4	9.8	0.9	0.5	1.1	-1.4	January
1.7	3.3	2.5	2.7	1.5	2.3	9.5	0.4	0.7	1.1	-1.6	February
1.7	3.3	2.6	3.0	1.5	2.3	9.1	0.4	0.5	1.5	-1.2	March
1.7	3.5	2.6	2.2	1.3	2.1	7.7	-0.1	1.1	1.6	-1.1	April
1.7	3.4	1.8	1.7	0.8	1.8	6.0	-0.4	0.6	1.2	-0.9	May
1.5	3.5	1.5	1.7	0.6	1.7\$	4.7	-0.4	0.3	1.1	-0.7	June
1.5	3.6	2.0	1.8	1.1	1.9\$	4.0	1.2	-0.1	1.5	-0.8	July
2.1	3.9	1.8	1.7	1.0	1.9\$	3.5	1.1	0.5	1.8	-0.9	August
1.6	3.8	1.4	1.2	1.0	1.9\$	3.2	1.2	0.5	1.5	-0.7	September
1.7	4.1	1.7	1.7	1.4	2.1\$	3.0	1.3	1.2	2.0	-0.9	October
1.7	4.1	1.7	1.4	1.6	2.2\$	2.3	1.8	0.9	2.2	-0.4	November
1.7	4.0	1.7	1.7	1.7	2.2\$	1.9	2.6	0.9	2.4	-0.3	December
											2003
1.7	4.0	1.4	2.6	1.4	2.0\$	1.1	4.2	0.8	2.6	-0.4	January
1.8	4.1	2.1	3.3	1.6	2.3\$	1.1	4.1	0.9	3.0	-0.2	February
1.8	3.8	1.9	2.9	1.6	2.3\$	1.9	3.2	1.3	3.0	-0.1	March
1.3	3.7	1.3	2.3	1.5	2.0\$	1.9	2.5	0.7	2.2	-0.1	April
0.9	3.7	1.1	2.0	1.2	1.8\$	1.8	1.8	0.4	2.1	-0.2	May
1.0	3.4	1.2	2.0	1.1	1.8\$	1.3	1.5	0.5	2.1	-0.4	June
1.0\$	2.9	1.0	2.4	1.3	1.8\$*	0.9	1.2	0.3	2.1	:	July
											August
											September
											October
											November
											December

* estimated \$ provisional # revised ! definition differs : Not available

TABLE V
MAIN CATEGORIES OF HARMONIZED INDICES OF CONSUMER PRICES
 ANNUAL RATES OF CHANGE (%)

COICOP /HICP Code	COICOP/HICP Divisions	Euro-zone (MUICP)	EU-15 (EICP)	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EEA (EEAICP)	IS	N
		Annual Rate of Change																			
		July 2003 / July 2002																			
00.	HICP (all-items index)	1.9\$*	1.8\$*	1.4	1.8	0.8	3.5	2.9	2.0\$	3.9	2.9\$	1.9	:	1.0\$	2.9	1.0	2.4	1.3	1.8\$*	0.9	1.2
01.	FOOD AND NON-ALCOHOLIC BEVERAGES	2.4\$*	2.2\$*	2.4	1.3	0.4	7.2	3.6	2.7\$	1.6	3.2\$	1.7	:	2.0\$	1.8	-0.3	0.7	1.4	2.3\$*	-3.5	3.6
02.	ALCOHOLIC BEVERAGES AND TOBACCO	5.5\$*	4.6\$*	4.8	1.1	5.4	0.7	2.7	6.9\$	9.9	8.2\$	5.4	:	3.7\$	4.7	1.2	1.6	1.5	4.5\$*	9.6	1.5
03.	CLOTHING AND FOOTWEAR	0.3\$*	-0.1\$*	0.9	-0.2	-1.3	1.6	3.8	-2.1\$	-4.6	2.4\$	0.5	:	-0.3\$	0.5	-0.4	-0.3	-2.2	-0.2\$*	-7.8	-11.4
04.	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	2.4\$*	2.4\$*	0.9	1.5	1.7	3.3	2.6	2.9\$	4.1	3.5\$	2.1	:	1.9\$	4.4	4.1	8.3	1.8	2.5\$*	6.0	7.4
05.	FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE MAINTENANCE OF THE HOUSE	1.4\$*	1.2\$*	1.2	0.6	0.5	2.0	2.0	1.4\$	-1.0	1.9\$	0.5	:	1.2\$	2.4	0.5	1.6	-0.1	1.1\$*	-2.6	-1.2
06.	HEALTH	2.1\$*	2.3\$*	2.3	-3.6	0.4	3.7	2.2	3.0\$	8.0	2.8\$	-3.4	:	1.1\$	2.1	2.7	3.5	3.9	2.3\$*	5.5	3.4
07.	TRANSPORT	1.9\$*	1.9\$*	0.8	2.9	1.8	3.2	1.6	2.1\$	1.6	1.9\$	0.4	:	-0.8\$	3.4	-0.7	1.7	2.2	1.9\$*	1.1	1.3
08.	COMMUNICATIONS	-0.6\$*	-0.4\$*	0.3	-3.4	-0.3	-4.0	-2.6	0.5\$	2.1	-1.2\$	-2.8	:	-1.8\$	-1.6	-4.9	-2.0	1.0	-0.5\$*	3.7	-5.4
09.	RECREATION AND CULTURE	-0.4\$*	-0.5\$*	-0.6	1.8	-1.5	1.9	0.2	-0.7\$	3.9	1.4\$	2.1	:	-0.5\$	0.6	0.7	-0.3	-1.0	-0.5\$*	1.4	-1.1
10.	EDUCATION	3.8\$*	5.2\$*	1.6	23.6	2.7	4.5	5.0	2.9\$	9.9	3.2\$	9.8	:	3.9\$	4.9	5.5	-1.4	8.5	5.2\$*	5.2	5.2
11.	RESTAURANTS AND HOTELS	2.9\$*	3.0\$*	2.3	2.3	0.5	4.6	4.2	2.1\$	6.6	4.3\$	3.0	:	2.6\$	5.5	2.6	2.6	3.1	3.0\$*	3.1	3.3
12.	MISCELLANEOUS GOODS AND SERVICES	2.5\$*	2.5\$*	2.6	3.1	1.3	2.5	3.1	2.4\$	5.5	3.4\$	1.7	:	1.5\$	3.7	2.1	2.8	2.4	2.5\$*	3.2	2.0

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➤ METHODOLOGICAL NOTES

Harmonized Indices of Consumer Prices (HICPs) are produced and published monthly. They are central indicators for ESCBs/ECBs single monetary policy for the euro-zone as they form the basis of the Monetary Union Index of Consumer Prices (MUICP). HICPs provide the best statistical basis for international comparisons of consumer price inflation in the European perspective. HICPs cover virtually all areas of household final monetary consumption expenditure (HFMCE).

The relative distribution of consumers' expenditure on individual products varies from country to country. Hence, there is no *uniform basket* applying to all Member States. Owner occupiers' shelter costs, where expressed as imputed rents or mortgage interest payments, are not regarded as part of the inflationary process and hence excluded.

The weights used in the compilation of HICPs may relate to a reference period up to seven years prior to the current year. However, adjustments must be made each year for especially large changes in the expenditure pattern. This minimises disparities arising from different up-date frequencies.

In order to keep HICPs broadly in step with each other and up-to-date in terms of market developments, new products must be included when they achieve a significant relative importance. HICPs must be shown to be based on appropriate sampling procedures, taking into account the national diversity of products and prices. The samples must be kept well up-to-date, in particular by banning the practice whereby *missing* prices are simply assumed to be equal to the last observed prices. In order to measure *pure* price changes, the prices included in HICPs need to be adjusted for changes in the quality of products. Certain inappropriate practices, such as *automatic linking*, have been ruled out in this context. Furthermore, HICPs have to be compiled using specified formulae.

The analysis of sources of inflationary pressure requires a sub-division of HICPs into component parts relating to different product groups. About 100 sub-indices and weights published by Eurostat are based on COICOP/HICP, a version of the international *Classification Of Individual Consumption by Purpose* adapted for HICPs.

The MUICP is calculated as a weighted average of the euro-zone regardless of its composition. The index is computed as an annual chain index allowing for country weights to change each year as well as allowing for inclusion of additional countries into the euro-zone. The country weight of a Member State is its share of HFMCE in the euro-zone total. Expenditure expressed in the former national currencies is converted into euro using the irrevocably locked conversion rates. The country weights used are based on national accounts data referring to the year ending two calendar years prior to the current year. They are updated to December prices of the latest calendar year prior to the current one.

The European Index of Consumer Prices (EICP) is calculated as an annual chain index for the 15 EU Member States up to 1998. Starting in 1999, the MUICP is treated as a single entity within the EICP. The European Economic Area Index of Consumer Prices (EEAICP) further includes Iceland and Norway. Country weights for the EICP and EEAICP are derived from the value of HFMCE in national currencies (including the euro for the euro-zone) converted into purchasing power standards (PPS). The euro-zone "country weight" reflects its share in the EU and EEA totals.

Greece is included in the MUICP starting with the January 2001 index. The annual rate of change for the MUICP of each current month in 2001 is the change from the corresponding month in 2000 to December 2000 for the eleven euro-zone countries combined with the change from December 2000 to the current month of 2001 for the twelve euro-zone countries. In other words, the euro-zone is treated as an entity regardless of its composition. For analytical purposes Eurostat has made available in NewCronos historic series covering the current twelve Member States of the euro-zone.

Although MUICP weights are updated every year, the inflation rate can be decomposed in an additive way into the sum of the effects of the expenditure groups covered by the index. Hence, it is possible to say how much the various item-groups contribute to the total inflation rate. Eurostat has made these time series available in the NewCronos database.

Technical notes on the HICP and MUICP were given in Eurostat News Release 21/97 of 5.3.1997, Memo 8/98 of 4.5.1998, and Memo 2/00 of 18.2.2000. Further details can be obtained from the 'Compendium of HICP reference documents', Catalogue number 2/2001/B/5.

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➤ Databases

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