

July 2009

Euro area annual inflation down to **-0.7%**

EU down to 0.2%

Euro area¹ annual inflation was -0.7% in July 2009², down from -0.1% in June. A year earlier the rate was 4.0%. Monthly inflation was -0.7% in July 2009.

EU³ annual inflation was 0.2% in July 2009, down from 0.6% in June. A year earlier the rate was 4.4%. Monthly inflation was -0.5% in July 2009.

These figures come from **Eurostat, the Statistical Office of the European Communities**.

Inflation in the EU Member States

In July 2009, the lowest annual rates were observed in **Ireland** (-2.6%), **Belgium** (-1.7%) and **Luxembourg** (-1.5%), and the highest in **Romania** (5.0%), **Hungary** (4.9%) and **Poland** (4.5%). Compared with June 2009, annual inflation fell in twenty Member States, remained stable in one and rose in five.

The lowest 12-month averages⁴ up to July 2009 were registered in **Ireland** and **Portugal** (both 0.5%), and in **Germany, France** and **Luxembourg** (all 1.1%), and the highest in **Latvia** (8.8%), **Lithuania** (7.8%) and **Romania** (6.6%).

Euro area

The main components with the highest annual rates in July 2009 were alcohol & tobacco (4.4%), miscellaneous goods & services (2.1%) and household equipment (1.7%), while the lowest annual rates were observed for transport (-5.5%), housing (-1.8%) and food (-1.0%). Concerning the detailed sub-indices, restaurants & cafés (+0.19 percentage points), rents (+0.16) and tobacco (+0.14) had the largest upward impacts on the headline rate, while fuels for transport (-1.08), heating oil (-0.48) and gas (-0.12) had the biggest downward impacts.

The main components with the highest monthly rates were recreation & culture (1.3%), hotels & restaurants (1.0%) and alcohol & tobacco (0.5%), while the lowest were clothing (-9.8%), food (-0.6%) and housing (-0.5%). In particular, package holidays (+0.16 percentage points), accommodation services (+0.11) and rents (+0.06) had the largest upward impacts, while garments (-0.52), footwear (-0.11) and gas (-0.07) had the biggest downward impacts.

Annual inflation (%) in July 2009 in ascending order

Euro area																
IE	BE	LU	ES	PT	FR	CY	DE	Euro area	SI	AT	IT	NL	SK	EL	MT	FI
-2.6	-1.7	-1.5	-1.4	-1.4	-0.8	-0.8	-0.7	-0.7p	-0.6	-0.4p	-0.1	-0.1p	0.6	0.7	0.8	1.2
EU Member States outside the euro area																
EE	CZ	EU	DK	BG	SE	UK ⁵	LV	LT	PL	HU	RO					
-0.4	-0.1	0.2p	0.7	1.0	1.8	June 09 1.8	2.1	2.6	4.5	4.9	5.0					

Inflation rates in %, measured by HICPs

	Annual rates					12 month average rates ⁴ Jul 09-08 Jul 08-07	Monthly rates Jul 09 Jun 09
	<u>Jul 09</u>	<u>Jun 09</u>	<u>May 09</u>	<u>Apr 09</u>	<u>Jul 08</u>		
	Jul 08	Jun 08	May 08	Apr 08	Jul 07		
Belgium (BE)	-1.7	-1.0	-0.2	0.7	5.9	2.0	-1.6
Germany (DE)	-0.7	0.0	0.0	0.8	3.5	1.1	-0.1
Ireland (IE)	-2.6	-2.2	-1.7	-0.7	3.6	0.5	-0.8
Greece (EL)	0.7	0.7	0.7	1.1	4.9	2.3	-0.7
Spain (ES)	-1.4	-1.0	-0.9	-0.2	5.3	1.2	-0.8
France (FR)	-0.8	-0.6	-0.3	0.1	4.0	1.1	-0.5
Italy (IT)	-0.1	0.6	0.8	1.2	4.0	1.9	-1.2
Cyprus (CY)	-0.8	0.1	0.5	0.6	5.3	1.9	-1.4
Luxembourg (LU)	-1.5	-1.0	-0.9	-0.3	5.8	1.1	-0.9
Malta (MT)	0.8	2.8	3.4	4.0	5.6	3.9	-0.1
Netherlands (NL)	-0.1p	1.4	1.5	1.8	3.0	1.8p	-1.6p
Austria (AT)	-0.4p	-0.3	0.1	0.5	3.8	1.4p	-0.4p
Portugal (PT)	-1.4	-1.6	-1.2	-0.6	3.1	0.5	-0.4
Slovenia (SI)	-0.6	0.2	0.5	1.1	6.9	2.2	-0.8
Slovakia (SK)	0.6	0.7	1.1	1.4	4.4	2.6	-0.1
Finland (FI)	1.2	1.6	1.5	2.1	4.3	2.8	-0.7
Euro area (MUICP)	-0.7p	-0.1	0.0	0.6	4.0	1.4p	-0.7p
Bulgaria (BG)	1.0	2.6	3.0	3.8	14.4	6.2	-0.1
Czech Republic (CZ)	-0.1	0.8	0.9	1.3	6.8	2.7	-0.4
Denmark (DK)	0.7	0.9	1.1	1.1	4.4	2.2	-0.6
Estonia (EE)	-0.4	-0.5	0.3	0.9	11.2	4.8	0.8
Latvia (LV)	2.1	3.1	4.4	5.9	16.5	8.8	-0.6
Lithuania (LT)	2.6	3.9	4.9	5.9	12.4	7.8	-0.8
Hungary (HU)	4.9	3.7	3.8	3.2	7.0	4.0	1.4
Poland (PL)	4.5	4.2	4.2	4.3	4.5	4.0	0.3
Romania (RO)	5.0	5.9	5.9	6.5	9.1	6.6	-0.1
Sweden (SE)	1.8	1.6	1.7	1.8	3.8	2.4	-0.2
United Kingdom (UK) ⁵	:	1.8	2.2	2.3	4.4	:	:
EU (EiCP)	0.2p	0.6	0.8	1.3	4.4	2.1p	-0.5p
Iceland (IS)	16.5	16.7	15.7	16.3	13.6	18.1	0.7
Norway (NO)	2.2	3.5	2.9	2.9	3.9	3.3	-0.6
EEA (EEAICP)	0.2p	0.7	0.9	1.3	4.4	2.1p	-0.5p
Switzerland (CH)	-1.4	-1.2	-1.1	-0.6	3.2	0.4	-0.4

Source: Eurostat

p = provisional

: = data not available

Euro area inflation rates in % for main components, measured by HICPs

Euro area (MUICP)	Weight used in 2009	Annual rates					12 month average rates ⁴ Jul 09-08 Jul 08-07	Monthly rates Jul 09 Jun 09
		Jul 09	Jun 09 ⁶	May 09	Apr 09	Jul 08		
		Jul 08	Jun 08	May 08	Apr 08	Jul 07		
00 All-items	1000.0	-0.7p	-0.1	0.0	0.6	4.0	1.4p	-0.7p
01 Food	156.2	-1.0p	-0.2	0.3	0.9	6.7	2.4p	-0.6p
02 Alcohol and tobacco	37.1	4.4p	4.3r	3.3	3.3	3.7	3.5p	0.5p
03 Clothing	67.8	-0.3p	0.3	0.7	0.7	-0.5	0.4p	-9.8p
04 Housing	156.3	-1.8p	-0.5	-0.1	0.8	6.7	2.7p	-0.5p
05 Household equipment	71.1	1.7p	1.7r	1.8	1.8	2.0	1.9p	-0.4p
06 Health	41.7	1.4p	1.3r	1.5	1.7	1.6	1.8p	0.2p
07 Transport	151.4	-5.5p	-4.8	-4.8	-3.6	7.2	-1.4p	-0.1p
08 Communications	32.2	-0.8p	-0.9r	-1.0	-1.6	-2.2	-1.7p	-0.2p
09 Recreation and culture	96.6	0.6p	0.6	0.6	1.7	0.2	0.5p	1.3p
10 Education	10.4	0.5p	0.6	0.5	0.7	3.7	1.3p	0.0p
11 Hotels and restaurants	94.4	1.6p	1.9	2.2	2.6	3.5	2.8p	1.0p
12 Miscellaneous	84.7	2.1p	2.1	2.2	2.3	2.5	2.3p	-0.1p
All-items								
-excl. energy	904.3	1.0p	1.2	1.4	1.7	2.7	1.9p	-0.5p
-excl. energy, FoodAlcTob*	711.0	1.3p	1.4	1.5	1.8	1.7	1.7p	-0.6p
-excl. energy, unproc. food	829.7	1.2p	1.3	1.5	1.7	2.5	1.9p	-0.5p
-excl. energy, seas. food	866.2	1.2p	1.4r	1.5	1.7	2.6	1.9p	-0.5p
-excl. tobacco	977.4	-0.8p	-0.3	0.0	0.5	4.1	1.4p	-0.7p
Energy	95.7	-14.4p	-11.7r	-11.6	-8.8	17.1	-3.0p	-1.8p
FoodAlcTob*	193.3	0.0p	0.7r	0.9	1.4	6.1	2.6p	-0.4p

Source: Eurostat

* FoodAlcTob = Food, alcohol and tobacco

p = provisional

r = revised

Euro area sub-indices with most important impacts

COICOP	July 09 / July 08	Weight (‰) 2009	Rate (%)	Impact (percentage points)
11.11	Restaurants and cafés	69.5	1.9p	0.19
04.11/2	Rents	59.6	1.8p	0.16
02.20	Tobacco	22.6	5.6p	0.14
07.23	Maintenance of vehicles	24.2	4.0p	0.11
04.51	Electricity	23.1	3.3p	0.09
01.12	Meat	36.5	1.2p	0.07
09.11	Audio-visual equipment	4.8	-13.5p	-0.06
01.16	Fruit	11.6	-5.5p	-0.07
01.14	Milk, cheese and eggs	22.7	-3.5p	-0.07
04.52	Gas	18.5	-7.5p	-0.12
04.53	Heating oil	7.5	-41.5p	-0.48
07.22	Fuels for transport	39.9	-20.7p	-1.08
	July 09 / June 09			
09.60	Package holidays	16.3	10.1p	0.16
11.20	Accommodation services	17.2	5.6p	0.11
04.11/2	Rents	59.6	0.4p	0.06
07.33	Air transport	6.0	7.6p	0.05
11.11	Restaurants and cafés	69.5	-0.1p	0.04
02.20	Tobacco	22.6	0.7p	0.03
01.17	Vegetables	15.4	-3.2p	-0.04
07.22	Fuels for transport	39.9	-1.5p	-0.04
01.16	Fruit	11.6	-4.0p	-0.04
04.52	Gas	18.5	-4.9p	-0.07
03.21/2	Footwear	13.7	-8.8p	-0.11
03.12	Garments	50.2	-10.6p	-0.52

Source: Eurostat

p = provisional

Measures of inflation

The *annual rate* measures the price change between the current month and the same month of the previous year. This measure is responsive to recent changes in price levels but can be influenced by one-off effects in either month.

The *12-month average rate*⁴ overcomes this volatility by comparing average Harmonized Indices of Consumer Prices (HICPs) in the latest 12 months to the average of the previous 12 months. This measure is less sensitive to transient changes in prices.

The *monthly rate* compares price levels between the two latest months. Although up-to-date, it can be affected by seasonal and other effects.

The *impact* of a particular component measures the change in the headline inflation due to the inclusion of that component in the HICP. The impact takes account of both the weight and whether the inflation for that component is higher or lower than the all-items inflation rate. For example, the impact of 'tobacco' is equal to the difference between the all-items inflation rate and the rate for 'all-items excluding tobacco'. Impacts are not strictly additive.

HICPs designed for international comparison

Harmonized Indices of Consumer Prices (HICPs) are harmonized inflation figures required under Article 121 of the Treaty of Amsterdam (109j of the Treaty on European Union). They are designed for international comparison of consumer price inflation. The focus is on quality and comparability among the indices of different countries as well as on their relative movements.

Price changes as measured by the HICPs, the Monetary Union Index of Consumer Prices (MUICP), the European Index of Consumer Prices (EICP) and the European Economic Area Index of Consumer Prices (EEAICP) are used as measures of inflation in the Member States, in the euro area, in the European Union, and in the European Economic Area.

The MUICP is used by, among others, the European Central Bank (ECB) as a main indicator for monetary policy management for the euro area (see [ECB press release](#), 8 May 2003).

The Member States' HICPs are supplied by the National Statistical Institutes; the MUICP, EICP and EEAICP are compiled by Eurostat. The HICP is computed as an annual chain index allowing weights to be changed each year. HICP aggregates are calculated as weighted averages of the HICPs using the weights of the countries and sub-indices concerned. The weight of a country is its share of the household final monetary consumption expenditure in the total of the country group. For the MUICP this is expressed in euro, for the EICP and the EEAICP it is expressed in purchasing power standards. The MUICP is treated as a single entity within the EICP and EEAICP starting from 1999.

Additional information

More information on HICPs can be obtained from the monthly publication *Data in focus, Economy and Finance on "Harmonized indices of consumer prices"*. About 100 MUICP, EICP, EEAICP and HICP sub-indices with corresponding weights are available in Eurostat's database. Further details can be found on the HICP section of the Eurostat website:

<http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/introduction>.

Future release dates

Scheduled publication dates for the coming months are:

Index for	MUICP flash estimates	HICP News Releases
August 2009	31 August 2009	16 September 2009
September 2009	30 September 2009	15 October 2009
October 2009	30 October 2009	16 November 2009

1. Euro area inflation is measured by the MUICP ('Monetary Union Index of Consumer Prices' as defined in Council Regulation (EC) No 2494/95 of 23 October 1995) which is the official euro area aggregate. The euro area initially included Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Greece was included from January 2001, Slovenia from January 2007, Cyprus and Malta from January 2008 and Slovakia from January 2009. New Member States are integrated into the MUICP using a chain index formula.
2. The MUICP flash estimate for July 2009, published on 31 July 2009, was -0.6%.
3. EU inflation is measured by the EICP ('European Index of Consumer Prices' as defined in Council Regulation (EC) No 2494/95 of 23 October 1995) which is the official EU aggregate. The EU included 15 Member States until April 2004, 25 Member States from May 2004 until December 2006 and 27 Member States from January 2007. New Member States are integrated into the EICP using a chain index formula.
4. Measure used to determine price stability in Convergence reports by the Commission to the Council.
5. Data for the United Kingdom for July 2009 were not available in time for publication. Due to this fact, EU and EEA totals were calculated using Eurostat estimates.
6. Euro area totals for June 2009 have been revised, as Eurostat estimates have been replaced by actual data for France.

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