

February 2010

Euro area annual inflation down to 0.9%

EU down to 1.4%

Euro area¹ annual inflation was 0.9% in February 2010², down from 1.0% in January. A year earlier the rate was 1.2%. Monthly inflation was 0.3% in February 2010.

EU³ annual inflation was 1.4% in February 2010, down from 1.7% in January. A year earlier the rate was 1.8%. Monthly inflation was 0.3% in February 2010.

These figures come from **Eurostat, the statistical office of the European Union**.

Inflation in the EU Member States

In February 2010, the lowest annual rates were observed in **Latvia** (-4.3%), **Ireland** (-2.4%) and **Lithuania** (-0.6%), and the highest in **Hungary** (5.6%), **Romania** (4.5%) and **Poland** (3.4%). Compared with January 2010, annual inflation fell in fifteen Member States, remained stable in five and rose in five.

The lowest 12-month averages⁴ up to February 2010 were registered in **Ireland** (-2.2%), **Portugal** (-0.9%) and **Estonia** (-0.6%), and the highest in **Romania** (5.3%), **Hungary** (4.6%) and **Poland** (4.0%).

Euro area

The main components with the highest annual rates in February 2010 were alcohol & tobacco and transport (both 4.3%) and miscellaneous goods & services (1.8%), while the lowest annual rates were observed for food (-1.1%), communications (-0.6%) and recreation & culture (-0.3%). Concerning the detailed sub-indices, fuels for transport (+0.52 percentage points), tobacco (+0.13) and heating oil (+0.10) had the largest upward impacts on the headline rate, while gas (-0.31), milk, cheese & eggs and garments (-0.08 each) had the biggest downward impacts.

The main components with the highest monthly rates were clothing (1.7%), recreation & culture (1.1%), communications and hotels & restaurants (both 0.4%), while the lowest were health and transport (both 0.0%). In particular, package holidays (+0.08 percentage points) and garments (+0.06) had the largest upward impacts, while fuels for transport (-0.04) and heating oil (-0.02) had the biggest downward impacts.

Annual inflation (%) in February 2010 in ascending order

Euro area																
IE	SK	PT	NL	DE	MT	BE	ES	AT	Euro area	IT	FR ⁵	FI	SI	LU	CY	EL
-2.4	-0.2	0.2	0.4p	0.5	0.7	0.8	0.9	0.9p	0.9p	1.1	Jan 10 1.2	1.3	1.6	2.3	2.8	2.9
EU Member States outside the euro area																
LV	LT	EE	CZ	EU	BG	DK	SE	PL	UK ⁵	RO	HU					
-4.3	-0.6	-0.3	0.4	1.4p	1.7	1.8	2.8	3.4	Jan 10 3.5	4.5	5.6					

Inflation rates in %, measured by HICPs

	Annual rates					12 month average rates ⁴ Feb 10-09 Feb 09-08	Monthly rates Feb 10 Jan 10
	<u>Feb 10</u>	<u>Jan 10</u>	<u>Dec 09</u>	<u>Nov 09</u>	<u>Feb 09</u>		
	Feb 09	Jan 09	Dec 08	Nov 08	Feb 08		
Belgium (BE)	0.8	0.8	0.3	0.0	1.9	-0.2	2.3
Germany (DE)	0.5	0.8	0.8	0.3	1.0	0.2	0.4
Ireland (IE)	-2.4	-2.4	-2.6	-2.8	0.1	-2.2	0.2
Greece (EL)	2.9	2.3	2.6	2.1	1.8	1.5	-0.6
Spain (ES)	0.9	1.1	0.9	0.4	0.7	-0.2	-0.2
France (FR) ⁵	:	1.2	1.0	0.5	1.0	:	:
Italy (IT)	1.1	1.3	1.1	0.8	1.5	0.7	0.0
Cyprus (CY)	2.8	2.5	1.6	1.0	0.6	0.5	0.3
Luxembourg (LU)	2.3	3.0	2.5	1.7	0.7	0.4	1.1
Malta (MT)	0.7	1.2	-0.4	-0.1	3.5	1.5	0.3
Netherlands (NL)	0.4p	0.4	0.7	0.7	1.9	0.7p	0.9p
Austria (AT)	0.9p	1.2	1.1	0.6	1.4	0.4p	0.2p
Portugal (PT)	0.2	0.1	-0.1	-0.8	0.1	-0.9	0.0
Slovenia (SI)	1.6	1.8	2.1	1.8	2.1	0.9	0.3
Slovakia (SK)	-0.2	-0.2	0.0	0.0	2.4	0.5	0.0
Finland (FI)	1.3	1.6	1.8	1.3	2.7	1.4	0.4
Euro area (MUICP)	0.9p	1.0	0.9	0.5	1.2	0.3p	0.3p
Bulgaria (BG)	1.7	1.8	1.6	0.9	5.4	1.8	0.3
Czech Republic (CZ)	0.4	0.4	0.5	0.2	1.3	0.4	0.1
Denmark (DK)	1.8	1.9	1.2	0.9	1.7	1.1	0.9
Estonia (EE)	-0.3	-1.0	-1.9	-2.1	3.9	-0.6	0.3
Latvia (LV)	-4.3	-3.3	-1.4	-1.4	9.4	1.1	0.0
Lithuania (LT)	-0.6	-0.3	1.2	1.3	8.5	2.6	-0.1
Hungary (HU)	5.6	6.2	5.4	5.2	2.9	4.6	0.2
Poland (PL)	3.4	3.9	3.8	3.8	3.6	4.0	0.4
Romania (RO)	4.5	5.2	4.7	4.6	6.9	5.3	0.2
Sweden (SE)	2.8	2.7	2.8	2.4	2.2	2.0	0.6
United Kingdom (UK) ⁵	:	3.5	2.9	1.9	3.2	:	:
EU (EICP)	1.4p	1.7	1.5	1.0	1.8	0.9p	0.3p
Iceland (IS)	10.7	10.6	11.3	12.4	21.6	14.5	1.3
Norway (NO)	3.1	2.7	2.4	1.9	2.8	2.3	1.5
EEA (EEAICP)	1.5p	1.7	1.5	1.1	1.9	1.0p	0.3p
Switzerland (CH)	0.9	0.9	0.2	-0.1	-0.1	-0.5	0.0

Source: Eurostat

p = provisional

: = Data not available

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

Euro area (MUICP)	Weight used in 2010	Annual rates					12 month average rates ⁴	Monthly rates
		Feb 10	Jan 10	Dec 09	Nov 09	Feb 09	Feb 10-09	Feb 10
		Feb 09	Jan 09	Dec 08	Nov 08	Feb 08	Feb 09-08	Jan 10
00 All-items	1000.0	0.9p	1.0	0.9	0.5	1.2	0.3p	0.3p
01 Food	153.3	-1.1p	-1.2	-1.3	-1.2	2.3	-0.6p	0.1p
02 Alcohol and tobacco	38.3	4.3p	4.6	4.8	4.5	3.2	4.2p	0.2p
03 Clothing	67.4	-0.1p	-0.3	0.5	0.2	0.1	0.3p	1.7p
04 Housing	154.2	-0.2p	-0.3	-0.3	-1.0	2.8	-0.5p	0.1p
05 Household equipment	71.0	0.8p	1.0	1.2	1.2	1.9	1.5p	0.2p
06 Health	42.6	0.8p	1.0	1.1	1.1	1.5	1.3p	0.0p
07 Transport	153.4	4.3p	4.9	3.5	1.4	-2.7	-1.6p	0.0p
08 Communications	32.6	-0.6p	-0.9	-0.8	-0.7	-1.4	-0.9p	0.4p
09 Recreation and culture	96.7	-0.3p	-0.3	0.0	0.0	0.5	0.3p	1.1p
10 Education	10.8	1.5p	1.6	1.6	1.6	1.2	1.0p	0.1p
11 Hotels and restaurants	93.2	1.0p	1.0	1.2	1.2	2.9	1.6p	0.4p
12 Miscellaneous	86.6	1.8p	1.9	2.4	2.2	2.3	2.2p	0.1p
All-items								
-excl. energy	903.9	0.6p	0.7	0.8	0.8	1.8	1.0p	0.3p
-excl. energy, FoodAlcTob*	712.3	0.8p	0.9	1.1	1.0	1.7	1.2p	0.4p
-excl. energy, unproc. food	831.0	0.8p	0.9	1.0	1.0	1.7	1.2p	0.3p
-excl. energy, seas. food	867.0	0.7p	0.8	1.0	0.9	1.8	1.2p	0.3p
-excl. tobacco	976.2	0.7p	0.9	0.8	0.4	1.1	0.1p	0.3p
Energy	96.1	3.1p	4.0	1.8	-2.4	-4.9	-6.8p	-0.3p
FoodAlcTob*	191.6	-0.1p	-0.1	-0.2	-0.1	2.5	0.3p	0.0p

Source: Eurostat

* FoodAlcTob = Food, alcohol and tobacco

p = provisional

Euro area sub-indices with most important impacts

COICOP	February 10 / February 09	Weight (‰) 2010	Rate (%)	Impact (percentage points)
07.22	Fuels for transport	42.8	13.2p	0.52
02.20	Tobacco	23.8	6.3p	0.13
04.53	Heating oil	7.7	14.3p	0.10
04.11/2	Rents	59.9	1.6p	0.05
07.23	Maintenance of vehicles	24.8	2.4p	0.04
12.54	Transport related insurance	9.2	4.1p	0.03
01.12	Meat	36.1	-0.6p	-0.06
04.55	District heating	5.2	-10.7p	-0.07
07.11	Cars	38.9	-0.8p	-0.07
03.12	Garments	49.7	-0.9p	-0.08
01.14	Milk, cheese and eggs	22.0	-2.7p	-0.08
04.52	Gas	15.5	-15.6p	-0.31
	February 10 / January 10			
09.60	Package holidays	15.7	5.9p	0.08
03.12	Garments	49.7	1.5p	0.06
01.17	Vegetables	14.6	2.2p	0.03
11.20	Accommodation services	16.7	1.9p	0.03
09.33	Gardens, plants and flowers	6.5	3.0p	0.02
08.2/3	Telecommunications	30.9	0.4p	0.00
11.11	Restaurants and cafés	68.6	0.1p	-0.01
01.12	Meat	36.1	-0.1p	-0.01
01.13	Fish	10.8	-1.0p	-0.01
01.16	Fruit	11.4	-1.0p	-0.01
04.53	Heating oil	7.7	-1.6p	-0.02
07.22	Fuels for transport	42.8	-0.5p	-0.04

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
March 2010	31 March 2010	16 April 2010
April 2010	30 April 2010	18 May 2010
May 2010	31 May 2010	16 June 2010

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 February 2010, published on 2 March 2010, was 0.9%.
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 France and for the United Kingdom for February 2010 were not available in time for publication. Due to this fact, euro area, EU and EEA totals were calculated using Eurostat estimates.

Issued by:
Eurostat Press Office

Tim ALLEN
Tel: +352-4301-33 444
eurostat-pressoffice@ec.europa.eu

For further information on methodology:

Tatiana MRLIANOVA
Jarko PASANEN
Tel: +352-4301-32 004
estat-hicp-methods@ec.europa.eu

Eurostat News Releases on the internet: <http://ec.europa.eu/eurostat>
Selected Principal European Economic Indicators: <http://ec.europa.eu/eurostat/euroindicators>