

October 2011

## Euro area annual inflation stable at 3.0%

EU up to 3.4%

**Euro area**<sup>1</sup> annual inflation was 3.0% in October 2011<sup>2</sup>, unchanged compared with September. A year earlier the rate was 1.9%. Monthly inflation was 0.3% in October 2011.

**EU**<sup>3</sup> annual inflation was 3.4% in October 2011, up from 3.3% in September. A year earlier the rate was 2.3%. Monthly inflation was 0.3% in October 2011.

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

### Inflation in the EU Member States

In October 2011, the lowest annual rates were observed in **Sweden** (1.1%), **Ireland** (1.5%) and **Malta** (2.4%), and the highest in the **United Kingdom** (5.0%), **Estonia** (4.7%) and **Slovakia** (4.6%). Compared with September 2011, annual inflation fell in nine Member States, remained stable in five and rose in thirteen.

The lowest 12-month averages<sup>4</sup> up to October 2011 were registered in **Ireland** (0.8%), **Sweden** (1.6%), the **Czech Republic** and **Slovenia** (both 2.0%), and the highest in **Romania** (6.6%), **Estonia** (5.2%) and the **United Kingdom** (4.3%).

### Euro area

The main components with the highest annual rates in October 2011 were transport (5.8%), housing (5.1%) and alcohol & tobacco (4.4%), while the lowest annual rates were observed for communications (-1.9%), recreation & culture (0.3%) and education (0.9%). Concerning the detailed sub-indices, fuels for transport (+0.52 percentage points), heating oil (+0.19), gas (+0.12) and electricity (+0.11) had the largest upward impacts on the headline rate, while telecommunications (-0.16), rents (-0.11) and vegetables (-0.10) had the biggest downward impacts.

The main components with the highest monthly rates were clothing (2.6%), alcohol & tobacco (0.9%) and housing (0.5%), while the lowest were education (-0.3%) and communications (-0.2%). In particular, garments (+0.12 percentage points), footwear, gas and tobacco (+0.03 each) had the largest upward impacts, while fuels for transport, rents and accommodation services (-0.03 each) had the biggest downward impacts.

### Annual inflation (%) in October 2011 in ascending order

Euro area																	
IE	MT	FR	NL	DE	EL	SI	ES	Euro area	CY	FI	BE	IT	LU	AT	PT	SK	EE
1.5	2.4p	2.5	2.8p	2.9	2.9	2.9	3.0	3.0p	3.2	3.2	3.4	3.8	3.8	3.8p	4.0	4.6	4.7

EU Member States outside the euro area										
SE	CZ	DK	BG	EU	RO	HU	PL	LT	LV	UK
1.1	2.6	2.7	3.0	3.4p	3.6	3.8	3.8	4.2	4.3	5.0

### Inflation rates in %, measured by HICPs

	Annual rates					12 month average rates <sup>4</sup> Oct 11-10 Oct 10-09	Monthly rates Oct 11 Sep 11
	Oct 11 Oct 10	Sep 11 Sep 10	Aug 11 Aug 10	Jul 11 Jul 10	Oct 10 Oct 09		
Belgium (BE)	3.4	3.4	3.4	4.0	3.1	3.4	0.2
Germany (DE)	2.9	2.9	2.5	2.6	1.3	2.4	0.1
Estonia (EE)	4.7	5.4	5.6	5.3	4.5	5.2	-0.1
Ireland (IE)	1.5	1.3	1.0	1.0	-0.8	0.8	0.3
Greece (EL)	2.9	2.9	1.4	2.1	5.2	3.5	0.1
Spain (ES)	3.0	3.0	2.7	3.0	2.5	3.0	0.4
France (FR)	2.5	2.4	2.4	2.1	1.8	2.2	0.3
Italy (IT)	3.8	3.6	2.3	2.1	2.0	2.6	0.9
Cyprus (CY)	3.2	2.5	2.7	3.5	3.2	3.1	1.2
Luxembourg (LU)	3.8	3.8	3.7	3.2	2.9	3.6	0.1
Malta (MT)	2.4p	2.7	2.3	2.2	2.2	2.8p	-0.9p
Netherlands (NL)	2.8p	3.0	2.8	2.9	1.4	2.3p	0.0p
Austria (AT)	3.8p	3.9r	3.7	3.8	2.0	3.3p	0.2p
Portugal (PT)	4.0	3.5	2.8	3.0	2.3	3.3	0.9
Slovenia (SI)	2.9	2.3	1.2	1.1	2.1	2.0	0.8
Slovakia (SK)	4.6	4.4	4.1	3.8	1.0	3.5	0.2
Finland (FI)	3.2	3.5	3.5	3.7	2.3	3.3	0.2
<b>Euro area (MUICP)</b>	<b>3.0p</b>	<b>3.0</b>	<b>2.5</b>	<b>2.5</b>	<b>1.9</b>	<b>2.6p</b>	<b>0.3p</b>
Bulgaria (BG)	3.0	2.9	3.1	3.4	3.6	3.7	0.3
Czech Republic (CZ)	2.6	2.1	2.1	1.9	1.8	2.0	0.3
Denmark (DK)	2.7	2.4	2.4	3.0	2.4	2.7	0.2
Latvia (LV)	4.3	4.5	4.6	4.2	0.9	3.9	0.2
Lithuania (LT)	4.2	4.7	4.4	4.6	2.6	4.0	-0.1
Hungary (HU)	3.8	3.7	3.5	3.1	4.3	3.9	0.5
Poland (PL)	3.8	3.5	4.0	3.6	2.6	3.6	0.7
Romania (RO)	3.6	3.5	4.3	4.9	7.9	6.6	0.6
Sweden (SE)	1.1	1.5	1.6	1.6	1.6	1.6	-0.1
United Kingdom (UK)	5.0	5.2	4.5	4.4	3.2	4.3	0.1
<b>EU (EICP)</b>	<b>3.4p</b>	<b>3.3</b>	<b>2.9</b>	<b>2.9</b>	<b>2.3</b>	<b>3.0p</b>	<b>0.3p</b>
Iceland (IS)	5.3	5.6	5.0	5.2	4.6	4.0	0.3
Norway (NO)	1.3	1.6	1.3	1.5	1.7	1.5	-0.2
<b>EEA (EEAICP)</b>	<b>3.3p</b>	<b>3.3</b>	<b>2.9</b>	<b>2.9</b>	<b>2.3</b>	<b>3.0p</b>	<b>0.3p</b>
Switzerland (CH)	-0.5	0.2	-0.3	0.3	0.2	0.2	-0.1

Source: Eurostat

p = provisional

r = revised

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

Euro area (MUICP)	Weight used in 2011	Annual rates					12 month average rates <sup>4</sup> Oct 11-10 Oct 10-09	Monthly rates Oct 11 Sep 11
		Oct 11	Sep 11	Aug 11	Jul 11	Oct 10		
		Oct 10	Sep 10	Aug 10	Jul 10	Oct 09		
00 All-items	1000.0	<b>3.0p</b>	3.0	2.5	2.5	1.9	2.6p	0.3p
01 Food	153.5	<b>3.1p</b>	2.8	2.6	2.6	1.2	2.3p	0.4p
02 Alcohol and tobacco	39.5	<b>4.4p</b>	3.7	3.1	2.9	3.4	3.4p	0.9p
03 Clothing	67.1	<b>2.3p</b>	2.0	-2.8	-2.9	1.0	0.3p	2.6p
04 Housing	157.9	<b>5.1p</b>	5.0	4.9	5.0	3.2	4.7p	0.5p
05 Household equipment	68.1	<b>1.3p</b>	1.3	1.2	1.1	0.6	1.0p	0.2p
06 Health	41.9	<b>2.1p</b>	2.1	1.9	1.4	1.0	1.5p	0.3p
07 Transport	156.2	<b>5.8p</b>	5.9	5.6	5.5	4.3	5.4p	-0.1p
08 Communications	31.8	<b>-1.9p</b>	-1.9	-1.8	-1.6	-1.0	-1.1p	-0.2p
09 Recreation and culture	95.2	<b>0.3p</b>	0.5	0.4	0.4	0.1	0.2p	-0.1p
10 Education	11.5	<b>0.9p</b>	1.8	1.5	1.8	1.7	1.6p	-0.3p
11 Hotels and restaurants	92.3	<b>2.0p</b>	2.2	2.0	2.1	1.5	1.8p	-0.1p
12 Miscellaneous	85.1	<b>2.2p</b>	2.2	2.2	2.6	2.3	2.5p	0.3p
All-items								
-excl. energy	896.4	<b>2.0p</b>	1.9	1.5	1.5	1.2	1.6p	0.3p
-excl. energy, FoodAlcTob*	703.4	<b>1.6p</b>	1.6	1.2	1.2	1.1	1.3p	0.3p
-excl. energy, unproc. food	822.8	<b>2.0p</b>	2.0	1.5	1.5	1.1	1.5p	0.3p
-excl. energy, seas. food	858.5	<b>2.0p</b>	2.0	1.6	1.6	1.1	1.6p	0.3p
-excl. tobacco	975.2	<b>2.9p</b>	2.9	2.5	2.5	1.9	2.5p	0.3p
Energy	103.6	<b>12.4p</b>	12.4	11.8	11.8	8.5	11.7p	0.6p
FoodAlcTob*	193.0	<b>3.3p</b>	3.0	2.7	2.6	1.6	2.5p	0.5p

Source: Eurostat

\* FoodAlcTob = Food, alcohol and tobacco

p = provisional

## Euro area sub-indices with most important impacts

COICOP	October 11 / October 10	Weight (‰) 2011	Rate (%)	Impact (percentage points)
07.22	Fuels for transport	46.9	14.1p	0.52
04.53	Heating oil	9.5	24.1p	0.19
04.52	Gas	16.7	10.1p	0.12
04.51	Electricity	24.5	7.5p	0.11
02.20	Tobacco	24.8	6.4p	0.09
12.31	Jewellery and watches	5.3	12.0p	0.05
07.11	Cars	39.3	1.2p	-0.07
11.11	Restaurants and cafés	70.1	2.0p	-0.08
09.13	IT equipment	5.0	-12.3p	-0.08
01.17	Vegetables	15.8	-3.7p	-0.10
04.11/2	Rents	59.8	1.4p	-0.11
08.2/3	Telecommunications	30.1	-2.0p	-0.16
	<b>October 11 / September 11</b>			
03.12	Garments	49.5	2.7p	0.12
03.21/2	Footwear	13.8	2.6p	0.03
04.52	Gas	16.7	2.0p	0.03
02.20	Tobacco	24.8	1.4p	0.03
01.16	Fruit	11.7	2.1p	0.02
04.55	District heating	5.1	3.0p	0.01
11.11	Restaurants and cafés	70.1	0.1p	-0.02
07.33	Air transport	5.8	-2.7p	-0.02
09.60	Package holidays	15.1	-1.2p	-0.02
11.20	Accommodation services	15.7	-1.4p	-0.03
04.11/2	Rents	59.8	-0.1p	-0.03
07.22	Fuels for transport	46.9	-0.3p	-0.03

Source: Eurostat

p = provisional

## Measures of inflation

An *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.

A *12-month average rate* overcomes this volatility by comparing average Harmonised 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.

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

An *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

Harmonised Indices of Consumer Prices (HICPs) are harmonised inflation figures required under the Treaty on the Functioning of the European Union. They are designed for international comparison of consumer price inflation.

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 European Union, in the euro area, 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. HICPs are computed as annual chain indices 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 "Harmonised 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>.

Starting with the index of January 2011 a new regulation that defines how seasonal products are to be treated in the HICP has come into force, and may have an effect on the continuity of the affected HICP series. At the level of the all-items index for the euro area, the EU and most Member States, the impact of the implementation of this new regulation is not significant. For further information on the change in the method and its impact please see:

[http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/documents\\_pub/HICP\\_SP\\_info\\_note\\_annex\\_2011.pdf](http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/documents_pub/HICP_SP_info_note_annex_2011.pdf)

## Future release dates

Scheduled publication dates for the coming months are:

Index for	MUICP flash estimates	HICP News Releases
November 2011	30 November 2011	15 December 2011
December 2011	4 January 2012	17 January 2012
January 2012	1 February 2012	29 February 2012

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 1 January 2001, Slovenia from 1 January 2007, Cyprus and Malta from 1 January 2008, Slovakia from 1 January 2009 and Estonia from 1 January 2011. New Member States are integrated into the MUICP using a chain index formula.
2. The MUICP flash estimate for October 2011, published on 31 October 2011, was 3.0%.
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.

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