

January 2010

Euro area annual inflation up to 1.0%

EU up to 1.7%

Euro area¹ annual inflation was 1.0% in January 2010², up from 0.9% in December 2009. A year earlier the rate was 1.1%. Monthly inflation was -0.8% in January 2010.

EU³ annual inflation was 1.7% in January 2010, up from 1.5% in December 2009. A year earlier the rate was 1.8%. Monthly inflation was -0.5% in January 2010.

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

Inflation in the EU Member States

In January 2010, the lowest annual rates were observed in **Latvia** (-3.3%), **Ireland** (-2.4%) and **Estonia** (-1.0%), and the highest in **Hungary** (6.2%), **Romania** (5.2%) and **Poland** (3.9%). Compared with December 2009, annual inflation rose in seventeen Member States, remained stable in one and fell in nine.

The lowest 12-month averages⁴ up to January 2010 were registered in **Ireland** (-2.0%), **Portugal** (-0.9%) and **Estonia** (-0.3%), and the highest in **Romania** (5.4%), **Hungary** (4.3%) and **Poland** (4.0%).

Euro area

The main components with the highest annual rates in January 2010 were transport (4.9%), alcohol & tobacco (4.6%) and miscellaneous goods & services (1.9%), while the lowest annual rates were observed for food (-1.2%), communications (-0.9%), clothing, housing and recreation & culture (all -0.3%). Concerning the detailed sub-indices, fuels for transport (+0.62 percentage points), tobacco (+0.13) and heating oil (+0.08) had the largest upward impacts on the headline rate, while gas (-0.33), cars (-0.10) and milk, cheese & eggs (-0.09) had the biggest downward impacts.

The main components with the highest monthly rates were transport (1.0%), food (0.6%) and housing (0.5%), while the lowest were clothing (-11.3%), recreation & culture (-2.3%), household equipment and hotels & restaurants (both -0.7%). In particular, fuels for transport (+0.18 percentage points) and vegetables (+0.11) had the largest upward impacts, while garments (-0.61), package holidays (-0.20) and footwear (-0.12) had the biggest downward impacts.

Annual inflation (%) in January 2010 in ascending order

Euro area																
IE	SK	PT	NL	BE	DE	Euro area	ES	FR	MT	AT	IT	FI	SI	EL	CY	LU
-2.4	-0.2	0.1	0.4p	0.8	0.8	1.0p	1.1	1.2	1.2	1.2p	1.3	1.6	1.8	2.3	2.5	3.0
EU Member States outside the euro area																
LV	EE	LT	CZ	EU	BG	DK	SE	UK	PL	RO	HU					
-3.3	-1.0	-0.3	0.4	1.7p	1.8p	1.9	2.7	3.5	3.9	5.2	6.2					

Inflation rates in %, measured by HICPs

	Annual rates					12 month average rates ⁴ Jan 10-09 Jan 09-08	Monthly rates Jan 10 Dec 09
	Jan 10	Dec 09	Nov 09	Oct 09	Jan 09		
	Jan 09	Dec 08	Nov 08	Oct 08	Jan 08		
Belgium (BE)	0.8	0.3	0.0	-0.9	2.1	-0.1	-1.4
Germany (DE)	0.8	0.8	0.3	-0.1	0.9	0.2	-0.6
Ireland (IE)	-2.4	-2.6	-2.8	-2.8	1.1	-2.0	-0.7
Greece (EL)	2.3	2.6	2.1	1.2	2.0	1.4	-0.8
Spain (ES)	1.1	0.9	0.4	-0.6	0.8	-0.2	-1.1
France (FR)	1.2	1.0	0.5	-0.2	0.8	0.1	-0.2
Italy (IT)	1.3	1.1	0.8	0.3	1.4	0.8	-1.5
Cyprus (CY)	2.5	1.6	1.0	-1.0	0.9	0.3	-1.4
Luxembourg (LU)	3.0	2.5	1.7	-0.2	0.0	0.3	-0.6
Malta (MT)	1.2	-0.4	-0.1	-0.5	3.1	1.7	-0.5
Netherlands (NL)	0.4p	0.7	0.7	0.4	1.7	0.9p	-0.3p
Austria (AT)	1.2p	1.1	0.6	0.1	1.2	0.4p	-0.4p
Portugal (PT)	0.1	-0.1	-0.8	-1.6	0.1	-0.9	-0.6
Slovenia (SI)	1.8	2.1	1.8	0.2	1.4	0.9	-0.6
Slovakia (SK)	-0.2	0.0	0.0	-0.1	2.7	0.7	0.1
Finland (FI)	1.6	1.8	1.3	0.6	2.5	1.6	0.1
Euro area (MUICP)	1.0p	0.9	0.5	-0.1	1.1	0.3p	-0.8p
Bulgaria (BG)	1.8p	1.6	0.9	0.3	6.0	2.1p	0.6p
Czech Republic (CZ)	0.4	0.5	0.2	-0.6	1.4	0.5	1.2
Denmark (DK)	1.9	1.2	0.9	0.6	1.7	1.1	0.3
Estonia (EE)	-1.0	-1.9	-2.1	-2.1	4.7	-0.3	0.3
Latvia (LV)	-3.3	-1.4	-1.4	-1.2	9.7	2.2	0.2
Lithuania (LT)	-0.3	1.2	1.3	1.0	9.5	3.4	1.2
Hungary (HU)	6.2	5.4	5.2	4.2	2.4	4.3	1.5
Poland (PL)	3.9	3.8	3.8	3.8	3.2	4.0	0.4
Romania (RO)	5.2	4.7	4.6	4.3	6.8	5.4	1.7
Sweden (SE)	2.7	2.8	2.4	1.8	2.0	2.0	-0.2
United Kingdom (UK)	3.5	2.9	1.9	1.5	3.0	2.2	-0.2
EU (EICP)⁵	1.7p	1.5r	1.0	0.5	1.8	1.0p	-0.5p
Iceland (IS)	10.6	11.3	12.4	13.8	21.9	15.3	0.0
Norway (NO)	2.7	2.4	1.9	0.8	2.6	2.3	-0.1
EEA (EEAICP)⁵	1.7p	1.5r	1.1	0.5	1.8	1.0p	-0.4p
Switzerland (CH)	0.9	0.2	-0.1	-1.0	-0.1	-0.6	0.2

Source: Eurostat

p = provisional

r = revised

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 Jan 10-09 Jan 09-08	Monthly rates Jan 10 Dec 09
		Jan 10	Dec 09	Nov 09	Oct 09	Jan 09		
		Jan 09	Dec 08	Nov 08	Oct 08	Jan 08		
00 All-items	1000.0	1.0p	0.9	0.5	-0.1	1.1	0.3p	-0.8p
01 Food	153.3	-1.2p	-1.3	-1.2	-1.5	2.6	-0.3p	0.6p
02 Alcohol and tobacco	38.3	4.6p	4.8	4.5	4.4	3.2	4.1p	0.4p
03 Clothing	67.4	-0.3p	0.5	0.2	0.3	-0.6	0.3p	-11.3p
04 Housing	154.2	-0.3p	-0.3	-1.0	-1.6	3.1	-0.3p	0.5p
05 Household equipment	71.0	1.0p	1.2	1.2	1.4	1.8	1.6p	-0.7p
06 Health	42.6	1.0p	1.1	1.1	1.1	1.4	1.3p	0.1p
07 Transport	153.4	4.9p	3.5	1.4	-2.0	-3.2	-2.1p	1.0p
08 Communications	32.6	-0.9p	-0.8	-0.7	-0.3	-1.9	-0.9p	-0.3p
09 Recreation and culture	96.7	-0.3p	0.0	0.0	0.3	0.5	0.4p	-2.3p
10 Education	10.8	1.6p	1.6	1.6	1.5	1.2	1.0p	0.1p
11 Hotels and restaurants	93.2	1.0p	1.2	1.2	1.3	3.0	1.7p	-0.7p
12 Miscellaneous	86.6	1.9p	2.4	2.2	2.2	2.4	2.2p	-0.1p
All-items								
-excl. energy	903.9	0.7p	0.8	0.8	0.8	1.8	1.1p	-1.1p
-excl. energy, FoodAlcTob*	712.3	0.9p	1.1	1.0	1.2	1.6	1.3p	-1.5p
-excl. energy, unproc. food	831.0	0.9p	1.0	1.0	1.0	1.8	1.3p	-1.3p
-excl. energy, seas. food	867.0	0.8p	1.0	0.9	1.0	1.8	1.2p	-1.2p
-excl. tobacco	976.2	0.9p	0.8	0.4	-0.3	1.1	0.2p	-0.8p
Energy	96.1	4.0p	1.8	-2.4	-8.5	-5.3	-7.4p	2.1p
FoodAlcTob*	191.6	-0.1p	-0.2	-0.1	-0.4	2.7	0.5p	0.6p

Source: Eurostat

* FoodAlcTob = Food, alcohol and tobacco

p = provisional

Euro area sub-indices with most important impacts

COICOP	January 10 / January 09	Weight (‰) 2010	Rate (%)	Impact (percentage points)
07.22	Fuels for transport	42.8	16.2p	0.62
02.20	Tobacco	23.8	6.5p	0.13
04.53	Heating oil	7.7	11.5p	0.08
07.23	Maintenance of vehicles	24.8	3.0p	0.05
04.11/2	Rents	59.9	1.7p	0.04
12.54	Transport related insurance	9.2	4.8p	0.03
01.12	Meat	36.1	-0.7p	-0.06
08.2/3	Telecommunications	30.9	-1.1p	-0.07
03.12	Garments	49.7	-0.6p	-0.07
01.14	Milk, cheese and eggs	22.0	-2.8p	-0.09
07.11	Cars	38.9	-1.2p	-0.10
04.52	Gas	15.5	-16.3p	-0.33
January 10 / December 09				
07.22	Fuels for transport	42.8	3.4p	0.18
01.17	Vegetables	14.6	6.3p	0.11
11.11	Restaurants and cafés	68.6	0.1p	0.06
04.53	Heating oil	7.7	6.2p	0.05
04.11/2	Rents	59.9	0.1p	0.05
07.11	Cars	38.9	0.0p	0.03
03.13	Clothing accessories	2.1	-8.2p	-0.02
12.32	Other personal effects	4.6	-4.6p	-0.02
11.20	Accommodation services	16.7	-4.7p	-0.07
03.21/2	Footwear	13.8	-9.1p	-0.12
09.60	Package holidays	15.7	-13.4p	-0.20
03.12	Garments	49.7	-12.5p	-0.61

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
February 2010	2 March 2010	16 March 2010
March 2010	31 March 2010	16 April 2010
April 2010	30 April 2010	18 May 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 January 2010, published on 29 January 2010, was 1.0%.
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.
5. EU and EEA totals have been revised as December 2009 data for the United Kingdom were not available in time for the previous release.

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Annex A

HICP country weights for 2010

HICP country weights are derived from national accounts data for household final monetary consumption expenditure. For the euro area, country weights reflect the amount of household final monetary consumption expenditure expressed in euro, while for the other EU and EEA countries the amounts are expressed in PPS.

	MUICP	EICP	EEAICP
Belgium	32.47		
Germany	262.06		
Ireland	14.71		
Greece	36.33		
Spain	126.43		
France	207.61		
Italy	182.32		
Cyprus	2.79		
Luxembourg	2.76		
Malta	0.81		
Netherlands	50.76		
Austria	30.40		
Portugal	22.18		
Slovenia	3.90		
Slovakia	7.22		
Finland	17.25		
Euro area (MUICP)	1000.00*	699.25	690.85
Bulgaria		7.74	7.65
Czech Republic		14.39	14.22
Denmark		10.03	9.91
Estonia		1.77	1.75
Latvia		2.70	2.67
Lithuania		5.07	5.00
Hungary		12.81	12.66
Poland		49.94	49.34
Romania		22.46	22.19
Sweden		18.60	18.38
United Kingdom		155.25	153.38
EU (EICP)		1000.00*	
Iceland			0.75
Norway			11.27
EEA (EEAICP)			1000.00*

* Due to rounding effects, the weights may not add up exactly to 1000.

Annex B

HICP - administered prices (HICP-AP)

Today, Eurostat releases for the first time a new series of inflation indices: the HICP-AP. These new indices provide a summary of the development of administered prices (those prices directly set or influenced to a significant extent by the government), and their complement, prices which are not administered.

The HICP-AP is an important tool for analysing the causes of inflation and for forecasting inflation. It should be emphasised that these indices do not provide an exact measure of the development of administered and non-administered prices. In effect, the basic information from which these aggregate measures are derived does not fully distinguish administered and non-administered prices. HICP items which cover more than 50% administered prices are classified as administered.

For most EU Member States, the classification of individual HICP items as administered prices is supplied by the National Statistical Institutes; for some other EU Member States, this classification was provided by the National Central Bank. For all countries, Eurostat together with the Directorate General for Economic and Financial Affairs and the European Central Bank verified the final classification. The HICP-AP series will be labelled as 'experimental' for at least one year after their first release and until the successful completion of a further verification round in early 2011.

The following six aggregates for all EU Member States, the euro area and the EU are published by Eurostat:

- HICP-AP, HICP-fully administered prices and HICP-mainly administered prices.
- HICP all-items excluding administered prices, excluding fully administered prices and excluding mainly administered prices.

These data, both indices and rates of change, will from now on be regularly made available in Eurostat's online database.

Definition of administered prices

Administered prices cover the prices of all goods and services which are *fully* ("directly") set or *mainly* ("to a significant extent") influenced by the government (central, regional, local government including national regulators). At EU level, the weight of these goods and services in the all-items HICP is 11.32% in 2010.

Fully administered prices cover the prices of goods and services directly set by the government. For example, the government may choose to increase local public transportation charges at regular intervals. Other examples may include education fees, theatre tickets, waste collection, childcare, and fees for administrative documents.

Mainly administered prices cover the prices of goods and services on which the government including any national regulator has a significant influence. For example, these may include prices which require approval/permission by national regulatory authorities for their change. The influence of the national regulator's decisions could be direct on retail prices or indirect via wholesale prices. However, the regulator must have a significant influence on the consumer price.

A number of conventions have been agreed to guide the implementation of the definition of administered prices: see [supplementary explanations and conventions](#) on Eurostat website. It should be noted that consumer prices subject to indirect taxation and excise duties (e.g. tobacco, petrol) are not classified as administered as their effects are reflected in the HICP at Constant Tax Rates (HICP-CT).

For some Member States, HICP-AP figures may significantly differ from existing similar national measures, e.g. CPI-APs. The main reason is differences in coverage.

Comparison of historic series

European Union: Annual inflation rates (%)

