
Session 1: Users' needs at EU Level – both established and emerging

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The ECB's requirements for consumer and housing price statistics

(Extended Abstract)

The primary objective of the ECB is to maintain price stability in the euro area and the ECB has defined price stability in terms of a particular index - the euro area HICP. The HICP therefore plays a crucial role both as an input to monetary policy decisions and also the yardstick against which its success in achieving this objective is measured. The ECB's statistical requirements for the HICP can be summarised in terms of its monthly frequency, good timeliness, consistency in methods used across countries and accuracy. Whereas substantial progress has been made towards meeting these requirements since the first HICPs were published in 1997 much work still lies ahead. At the end of each month a flash estimate provides a reliable advance figure for the overall index but the Governing Council must wait until its next monthly meeting to have information on the key drivers behind this figure. Regarding harmonisation and accuracy, the long running questions of how and when to select new products, treat quality changes in products and treat the expenditure of households on owner occupied housing remain unsolved. Conceptually, the issue of whether or not house price statistics should fall under the umbrella of consumer price statistics may be debated. Nevertheless, the current pilot project on owner occupied housing has led the burden of developing these data to fall on consumer price departments in the national statistical institutes. The lack of sufficiently frequent, timely, comparable and reliable house price data in Europe has never been of more concern to policy makers than at the current time. The ECB would therefore urge that – given existing resources in the European Statistical System – the provision of house price statistics, of breakdowns for the HICP flash estimate and the further harmonisation of HICPs precedes any ambitious new projects.

The publication of more detailed HICP sub-indices has been a medium priority request from the ECB for many years. A targeted provision of more sub-indices (for example for certain food and energy prices) could yield rich additional data for inflation analysis without an excessive additional burden on statistical offices. Access to the micro data used to construct the HICP would allow a much better understanding of price setting practices (frequency of price changes, the size of price changes etc.) which may aid our understanding of the monetary policy transmission mechanism. It may be noted however, that this is purely a question of access to existing data – there is no need to draw up lists of comparable products across countries or provide nationally representative average prices for specific products. In fact, such analysis of the transmission mechanism would not be possible from the average prices recently published by Eurostat.

A limited set of such average prices may have a useful role to play in communicating on policy outcomes to the general public.