

September 2009

Euro area annual inflation down to -0.3%

EU down to 0.3%

Euro area¹ annual inflation was -0.3% in September 2009², down from -0.2% in August. A year earlier the rate was 3.6%. Monthly inflation was 0.0% in September 2009.

EU³ annual inflation was 0.3% in September 2009, down from 0.6% in August. A year earlier the rate was 4.2%. Monthly inflation was 0.0% in September 2009.

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

Inflation in the EU Member States

In September 2009, the lowest annual rates were observed in **Ireland** (-3.0%), **Portugal** (-1.8%) and **Estonia** (-1.7%), and the highest in **Romania** (4.9%), **Hungary** (4.8%) and **Poland** (4.0%). Compared with August 2009, annual inflation fell in twenty-three Member States, remained stable in one and rose in three.

The lowest 12-month averages⁴ up to September 2009 were registered in **Ireland** (-0.5%), **Portugal** (-0.3%) and **Luxembourg** (0.2%), and the highest in **Latvia** (6.5%), **Lithuania** and **Romania** (both 6.2%).

Euro area

The main components with the highest annual rates in September 2009 were alcohol & tobacco (4.4%), miscellaneous goods & services (2.3%) and household equipment (1.5%), while the lowest annual rates were observed for transport (-3.7%), housing (-1.6%) and food (-1.3%). Concerning the detailed sub-indices, restaurants & cafés (+0.15 percentage points), tobacco (+0.14) and rents (+0.13) had the largest upward impacts on the headline rate, while fuels for transport (-0.70), heating oil (-0.34) and gas (-0.19) had the biggest downward impacts.

The main components with the highest monthly rates were clothing (6.5%), education (0.8%), miscellaneous goods & services and household equipment (both 0.3%), while the lowest were transport, recreation & culture and hotels & restaurants (all -1.2%). In particular, garments (+0.33 percentage points) and footwear (+0.08) had the largest upward impacts, while package holidays and accommodation services (-0.13 each) and fuels for transport (-0.10) had the biggest downward impacts.

Annual inflation (%) in September 2009 in ascending order

Euro area																
IE	PT	CY	BE	ES	DE	FR	LU	Euro area	NL	AT	SI	SK	IT	EL	MT	FI
-3.0	-1.8	-1.2	-1.0	-1.0	-0.5	-0.4	-0.4	-0.3p	0.0p	0.0p	0.0	0.0	0.4	0.7	0.8	1.1
EU Member States outside the euro area																
EE		CZ	LV	BG	EU	DK	UK	SE	LT	PL	HU	RO				
-1.7		-0.3	0.1	0.2	0.3p	0.5	1.1	1.4	2.3	4.0	4.8	4.9				

Inflation rates in %, measured by HICPs

	Annual rates					12 month average rates ⁴	Monthly rates
	<u>Sep 09</u> <u>Sep 08</u>	<u>Aug 09</u> <u>Aug 08</u>	<u>Jul 09</u> <u>Jul 08</u>	<u>Jun 09</u> <u>Jun 08</u>	<u>Sep 08</u> <u>Sep 07</u>	<u>Sep 09-08</u> <u>Sep 08-07</u>	<u>Sep 09</u> <u>Aug 09</u>
Belgium (BE)	-1.0	-0.7	-1.7	-1.0	5.5	0.9	-0.4
Germany (DE)	-0.5	-0.1	-0.7	0.0	3.0	0.6	-0.5
Ireland (IE)	-3.0	-2.4	-2.6	-2.2	3.2	-0.5	-0.4
Greece (EL)	0.7	1.0	0.7	0.7	4.7	1.6	1.9
Spain (ES)	-1.0	-0.8	-1.4	-1.0	4.6	0.3	-0.2
France (FR)	-0.4	-0.2	-0.8	-0.6	3.4	0.5	-0.2
Italy (IT)	0.4	0.1	-0.1	0.6	3.9	1.3	0.7
Cyprus (CY)	-1.2	-0.9	-0.8	0.1	5.0	0.9	0.8
Luxembourg (LU)	-0.4	-0.2	-1.5	-1.0	4.8	0.2	-0.1
Malta (MT)	0.8	1.0	0.8	2.8	4.9	3.2	-0.2
Netherlands (NL)	0.0p	-0.1	-0.1	1.4	2.8	1.3p	0.5p
Austria (AT)	0.0p	0.2r	-0.4	-0.3	3.7	0.8p	0.2p
Portugal (PT)	-1.8	-1.2	-1.4	-1.6	3.2	-0.3	-0.1
Slovenia (SI)	0.0	0.1	-0.6	0.2	5.6	1.3	-0.1
Slovakia (SK)	0.0	0.5	0.6	0.7	4.5	1.9	-0.1
Finland (FI)	1.1	1.3	1.2	1.6	4.7	2.3	0.3
Euro area (MUICP)	-0.3p	-0.2	-0.7	-0.1	3.6	0.7p	0.0p
Bulgaria (BG)	0.2	1.3	1.0	2.6	11.4	4.4	-0.2
Czech Republic (CZ)	-0.3	0.0	-0.1	0.8	6.4	1.6	-0.4
Denmark (DK)	0.5	0.7	0.7	0.9	4.5	1.6	0.2
Estonia (EE)	-1.7	-0.7	-0.4	-0.5	10.8	2.8	-0.2
Latvia (LV)	0.1	1.5	2.1	3.1	14.7	6.5	-0.3
Lithuania (LT)	2.3	2.2	2.6	3.9	11.3	6.2	0.6
Hungary (HU)	4.8	5.0	4.9	3.7	5.6	3.8	-0.2
Poland (PL)	4.0	4.3	4.5	4.2	4.1	3.9	0.0
Romania (RO)	4.9	4.9	5.0	5.9	7.3	6.2	0.4
Sweden (SE)	1.4	1.9	1.8	1.6	4.2	2.0	0.4
United Kingdom (UK)	1.1	1.6	1.8	1.8	5.2	2.6	0.0
EU (EICP)	0.3p	0.6	0.2	0.6	4.2	1.4p	0.0p
Iceland (IS)	15.3	16.0	16.5	16.7	15.4	18.1	0.5
Norway (NO)	1.4	1.8	2.2	3.5	4.8	2.8	1.0
EEA (EEAICP)	0.3p	0.6	0.3	0.7	4.2	1.5p	0.0p
Switzerland (CH)	-1.1	-1.0	-1.4	-1.2	2.8	-0.3	-0.3

Source: Eurostat

p = provisional

r = revised

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	Monthly rates
		Sep 09	Aug 09	Jul 09	Jun 09	Sep 08	Sep 09-08	Sep 09
		Sep 08	Aug 08	Jul 08	Jun 08	Sep 07	Sep 08-07	Aug 09
00 All-items	1000.0	-0.3p	-0.2	-0.7	-0.1	3.6	0.7p	0.0p
01 Food	156.2	-1.3p	-1.2	-1.0	-0.2	5.7	1.3p	0.0p
02 Alcohol and tobacco	37.1	4.4p	4.5	4.4	4.3	3.3	3.7p	0.0p
03 Clothing	67.8	0.5p	0.4	-0.3	0.3	0.7	0.4p	6.5p
04 Housing	156.3	-1.6p	-1.3	-1.8	-0.5	6.2	1.4p	-0.1p
05 Household equipment	71.1	1.5p	1.7	1.7	1.7	2.1	1.9p	0.3p
06 Health	41.7	1.2p	1.2	1.4	1.3	2.0	1.6p	0.0p
07 Transport	151.4	-3.7p	-3.2	-5.5	-4.8	5.8	-3.0p	-1.2p
08 Communications	32.2	-0.3p	-0.7	-0.8	-0.9	-2.6	-1.4p	0.1p
09 Recreation and culture	96.6	0.3p	0.5	0.6	0.6	0.1	0.5p	-1.2p
10 Education	10.4	0.6p	0.6	0.5	0.6	2.9	0.9p	0.8p
11 Hotels and restaurants	94.4	1.4p	1.5	1.6	1.9	3.6	2.5p	-1.2p
12 Miscellaneous	84.7	2.3p	2.2	2.1	2.1	2.5	2.3p	0.3p
All-items								
-excl. energy	904.3	0.9p	1.0	1.0	1.2	2.6	1.6p	0.2p
-excl. energy, FoodAlcTob*	711.0	1.2p	1.3	1.3	1.4	1.9	1.6p	0.2p
-excl. energy, unproc. food	829.7	1.1p	1.2	1.2	1.3	2.5	1.6p	0.2p
-excl. energy, seas. food	866.2	1.1p	1.2	1.2	1.4	2.6	1.7p	0.2p
-excl. tobacco	977.4	-0.5p	-0.3	-0.8	-0.3	3.7	0.7p	0.0p
Energy	95.7	-11.0p	-10.2	-14.4	-11.7	13.5	-6.9p	-1.2p
FoodAlcTob*	193.3	-0.2p	-0.1	0.0	0.7	5.2	1.7p	0.0p

Source: Eurostat

* FoodAlcTob = Food, alcohol and tobacco

p = provisional

Euro area sub-indices with most important impacts

COICOP	September 09 / September 08	Weight (‰) 2009	Rate (%)	Impact (percentage points)
11.11	Restaurants and cafés	69.5	1.6p	0.15
02.20	Tobacco	22.6	5.7p	0.14
04.11/2	Rents	59.6	1.8p	0.13
07.23	Maintenance of vehicles	24.2	3.7p	0.10
04.51	Electricity	23.1	2.9p	0.07
09.42	Cultural services	14.1	2.6p	0.04
07.11	Cars	42.7	-1.7p	-0.06
09.11	Audio-visual equipment	4.8	-12.2p	-0.06
01.14	Milk, cheese and eggs	22.7	-4.1p	-0.09
04.52	Gas	18.5	-10.9p	-0.19
04.53	Heating oil	7.5	-32.8p	-0.34
07.22	Fuels for transport	39.9	-14.4p	-0.70
September 09 / August 09				
03.12	Garments	50.2	6.9p	0.33
03.21/2	Footwear	13.7	6.4p	0.08
09.33	Gardens, plants and flowers	6.5	1.7p	0.01
12.32	Other personal effects	4.5	2.3p	0.01
05.20	Household textiles	5.1	1.8p	0.01
03.13	Clothing accessories	2.1	4.0p	0.01
07.11	Cars	42.7	-0.5p	-0.02
04.53	Heating oil	7.5	-2.9p	-0.02
07.33	Air transport	6.0	-10.9p	-0.07
07.22	Fuels for transport	39.9	-2.1p	-0.10
09.60	Package holidays	16.3	-7.9p	-0.13
11.20	Accommodation services	17.2	-7.1p	-0.13

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
October 2009	30 October 2009	16 November 2009
November 2009	30 November 2009	16 December 2009
December 2009	5 January 2010	15 January 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 September 2009, published on 30 September 2009, was -0.3%.
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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Eurostat News Releases on the internet: <http://ec.europa.eu/eurostat>
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ANNEX

Harmonized index of consumer prices at constant tax rates

Today, Eurostat releases for the first time a new series of inflation indices: the Harmonized Index of Consumer Prices at constant tax rates (HICP-CT). The HICP-CT follows the same computation principles as the HICP, but is based on prices at constant tax rates. These new series show the theoretical impact of changes in indirect taxes (e.g. VAT and excise duties) on the overall inflation.

The HICP-CT is an important tool for analysing the causes of inflation and for forecasting the impact of future tax changes on inflation. It has to be emphasised that they do not provide an exact measure of the impact of changes in tax rates, rather an indication for the upper limit of the impact. In effect, the difference between HICP and HICP-CT growth rates points to the theoretical impact of tax changes on overall HICP inflation, assuming an instantaneous pass-through of tax rate changes on the price paid by the consumer.

Data for the Member States are supplied by the National Statistical Institutes; the European aggregates are compiled by Eurostat. To date, all EU Member States, except Ireland, compile experimental HICP-CT series for the all-items category of the COICOP and these data, indices as well as monthly and annual rates of change, will from now on be regularly made available in Eurostat's online database. HICP-CTs will be released one month later than the HICP.

HICP at constant tax rates (HICP-CT)

The HICP-CT is an index that measures the change of prices 'at constant tax rates'. Prices at constant tax rates for each individual month are computed by subtracting the taxes applicable in that month and by adding the taxes according to the rates in force in the previous December. The HICP-CT is computed as an annual chain index allowing weights to be changed each year.

The HICP-CT covers the same goods and services as those covered by the HICP. The same weighting is applied as for the HICP.

When data are not available for a Member State (such as, at present, for Ireland), Euro area and EU totals are estimated using the national HICP and thus will not take into account any tax rate changes in that Member State.

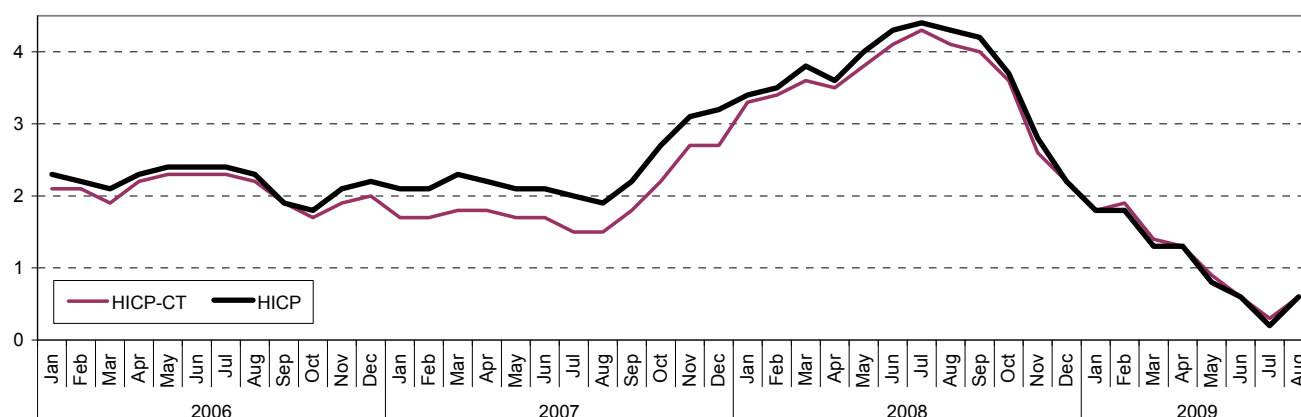
Tax coverage

The taxes considered in the HICP-CT are those directly linked to final consumption. These are mainly VAT and excise duties, particularly on alcoholic beverages, tobacco and energy items (fuel, heating oil, etc.), as well as taxes on some specific items such as cars, insurance and entertainment. Not taken into account in the HICP-CT are subsidies and taxes paid on intermediate stages such as production and transportation.

In principle, all taxes taken into account in the HICP-CT are kept constant. However, due to practical considerations, taxes which generate very small tax revenues may not be taken into account in the computations.

Comparison of historic series

European Union: Annual inflation rates (%) for HICP and HICP-CT



Additional information

The [framework for HICP-CT](#) is set out in the HICP-CT manual, which contains definitions and a presentation of the relevant taxes. It also includes the methodological guidelines on how to treat different taxes in the HICP-CT context.

More information on methods and data can be found in the HICP section of the Eurostat website.