

July 2012  
**Euro area annual inflation stable at 2.4%**  
EU stable at 2.5%

**Euro area**<sup>1</sup> annual inflation was 2.4% in July 2012, stable compared to June<sup>2</sup>. A year earlier the rate was 2.6%. Monthly inflation was -0.5% in July 2012.

**EU**<sup>3</sup> annual inflation was 2.5% in July 2012, also stable compared to June. A year earlier the rate was 2.9%. Monthly inflation was -0.4% in July 2012.

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

#### Inflation in the EU Member States

In July 2012, the lowest annual rates were observed in **Sweden** (0.7%), **Greece** (0.9%), **Germany** and **Latvia** (both 1.9%), and the highest in **Hungary** (5.7%), **Malta** (4.2%) and **Estonia** (4.1%). Compared with June 2012, annual inflation fell in twelve Member States, remained stable in one and rose in fourteen.

The lowest 12-month averages<sup>4</sup> up to July 2012 were registered in **Sweden** (1.0%), **Ireland** (1.6%) and **Greece** (1.8%), and the highest in **Hungary** (4.9%), **Estonia** (4.6%) and **Slovakia** (4.1%).

#### Euro area

The main components with the highest annual rates in July 2012 were alcohol & tobacco (4.7%), housing (3.8%) and transport (3.2%), while the lowest annual rates were observed for communications (-3.1%), education (0.7%) and recreation & culture (1.0%). Concerning the detailed sub-indices, fuels for transport (+0.13 percentage points), electricity and gas (+0.10 each) had the largest upward impacts on the headline rate, while telecommunications (-0.18) and cars (-0.06) had the biggest downward impacts.

The main components with the highest monthly rates were recreation & culture (1.6%), hotels & restaurants (1.3%) and health (0.9%), while the lowest monthly rates were observed for clothing (-13.4%), communications (-0.8%) and household equipment (-0.7%). In particular, package holidays (+0.18 percentage points), accommodation services (+0.12) and air transport (+0.08) had the largest upward impacts, while garments (-0.74), footwear (-0.16) and fruit (-0.05) had the biggest downward impacts.

#### Annual inflation (%) in July 2012 in ascending order

Euro area																		
EL	DE	BE	IE	AT	ES	FR	Euro area	NL	SI	LU	PT	FI	IT	CY	SK	EE	MT	
0.9	1.9	2.0	2.0	2.1p	2.2	2.2	<b>2.4p</b>	2.6p	2.6	2.7	2.8	3.1	3.6	3.8	3.8	4.1	4.2	

#### EU Member States outside the euro area

SE	LV	DK	BG	EU	UK	LT	RO	CZ	PL	HU
0.7	1.9	2.1	2.4	<b>2.5p</b>	2.6	2.9	3.1	3.3	4.0	5.7

### Inflation rates in %, measured by HICPs

	Annual rates					12 month average rates <sup>4</sup> Jul 12-11 Jul 11-10	Monthly rates Jul 12 Jun 12
	<u>Jul 12</u> Jul 11	<u>Jun 12</u> Jun 11	<u>May 12</u> May 11	<u>Apr 12</u> Apr 11	<u>Jul 11</u> Jul 10		
	Belgium (BE)	2.0	2.2	2.6	2.9		
Germany (DE)	1.9	2.0	2.2	2.2	2.6	2.4	0.4
Estonia (EE)	4.1	4.4	4.1	4.3	5.3	4.6	0.3
Ireland (IE)	2.0	1.9	1.9	1.9	1.0	1.6	-0.1
Greece (EL)	0.9	1.0	0.9	1.5	2.1	1.8	-1.4
Spain (ES)	2.2	1.8	1.9	2.0	3.0	2.3	-0.9
France (FR)	2.2	2.3	2.3	2.4	2.1	2.5	-0.5
Italy (IT)	3.6	3.6	3.5	3.7	2.1	3.5	-1.7
Cyprus (CY)	3.8	2.9	3.7	3.6	3.5	3.4	-1.0
Luxembourg (LU)	2.7	2.6	2.7	3.0	3.2	3.2	-0.8
Malta (MT)	4.2	4.4	3.7	3.8	2.4	2.8	-0.3
Netherlands (NL)	2.6p	2.5	2.5	2.8	3.2	2.8p	0.4p
Austria (AT)	2.1p	2.2	2.2	2.3	3.8	3.0p	-0.5p
Portugal (PT)	2.8	2.7	2.7	2.9	3.0	3.2	0.2
Slovenia (SI)	2.6	2.4	2.4	2.9	1.1	2.4	-0.8
Slovakia (SK)	3.8	3.7	3.4	3.7	3.8	4.1	0.0
Finland (FI)	3.1	2.9	3.1	3.0	3.7	3.1	-0.3
<b>Euro area (MUICP)</b>	<b>2.4p</b>	<b>2.4</b>	<b>2.4</b>	<b>2.6</b>	<b>2.6</b>	<b>2.7p</b>	<b>-0.5p</b>
Bulgaria (BG)	2.4	1.6	1.8	2.0	3.4	2.3	1.1
Czech Republic (CZ)	3.3	3.8	3.5	4.0	1.9	3.3	-0.2
Denmark (DK)	2.1	2.2	2.1	2.3	3.0	2.4	-0.1
Latvia (LV)	1.9	2.1	2.3	2.8	4.2	3.3	-0.4
Lithuania (LT)	2.9	2.6	2.6	3.3	4.6	3.6	0.0
Hungary (HU)	5.7	5.6	5.4	5.6	3.1	4.9	-0.2
Poland (PL)	4.0	4.2	3.6	4.0	3.6	4.0	-0.5
Romania (RO)	3.1	2.2	2.0	1.9	4.9	2.9	0.5
Sweden (SE)	0.7	0.9	0.9	1.0	1.6	1.0	-0.5
United Kingdom (UK)	2.6	2.4	2.8	3.0	4.4	3.7	0.1
<b>EU (EICP)</b>	<b>2.5p</b>	<b>2.5r</b>	<b>2.5</b>	<b>2.7</b>	<b>2.9</b>	<b>2.9p</b>	<b>-0.4p</b>
Iceland (IS)	5.4	6.9	6.0	7.2	5.2	6.0	-1.6
Norway (NO)	-0.2	0.0	0.2	-0.1	1.5	0.6	-0.5
<b>EEA (EEAICP)</b>	<b>2.5p</b>	<b>2.5</b>	<b>2.5</b>	<b>2.7</b>	<b>2.9</b>	<b>2.9p</b>	<b>-0.4p</b>
Switzerland (CH)	-0.8	-1.2	-1.1	-1.1	0.2	-0.8	-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 2012	Annual rates					12 month average rates <sup>4</sup> Jul 12-11 Jul 11-10	Monthly rates Jul 12 Jun 12
		Jul 12	Jun 12	May 12	Apr 12	Jul 11		
		Jul 11	Jun 11	May 11	Apr 11	Jul 10		
00 All-items	1000.0	<b>2.4p</b>	2.4	2.4	2.6	2.6	2.7p	-0.5p
01 Food	152.4	<b>2.5p</b>	2.8	2.3	2.7	2.6	2.8p	-0.5p
02 Alcohol and tobacco	38.3	<b>4.7p</b>	4.9	4.7	4.7	2.9	4.2p	0.3p
03 Clothing	68.0	<b>3.1p</b>	2.2	1.9	2.2	-2.9	1.7p	-13.4p
04 Housing	162.8	<b>3.8p</b>	3.7	4.0	3.9	5.0	4.5p	0.7p
05 Household equipment	66.5	<b>1.3p</b>	1.4	1.4	1.4	1.1	1.4p	-0.7p
06 Health	44.3	<b>2.8p</b>	2.0	2.1	2.2	1.4	2.2p	0.9p
07 Transport	154.3	<b>3.2p</b>	3.1	3.7	4.3	5.5	4.6p	0.8p
08 Communications	31.3	<b>-3.1p</b>	-2.8	-3.3	-3.1	-1.6	-2.5p	-0.8p
09 Recreation and culture	92.6	<b>1.0p</b>	0.8	1.3	0.8	0.6	0.7p	1.6p
10 Education	10.4	<b>0.7p</b>	0.7	0.7	0.7	1.8	1.0p	0.1p
11 Hotels and restaurants	91.8	<b>2.1p</b>	1.9	2.0	2.0	2.1	1.9p	1.3p
12 Miscellaneous	87.4	<b>1.6p</b>	1.8	1.8	2.0	2.6	2.2p	-0.2p
All-items								
-excl. energy	890.1	<b>2.0p</b>	1.9	1.8	1.9	1.5	1.9p	-0.7p
-excl. energy, FoodAlcTob*	699.4	<b>1.7p</b>	1.6	1.6	1.6	1.2	1.6p	-0.8p
-excl. energy, unproc. food	817.9	<b>1.9p</b>	1.8	1.8	1.9	1.5	1.9p	-0.7p
-excl. energy, seas. food	853.7	<b>1.9p</b>	1.9	1.9	1.9	1.6	1.9p	-0.6p
-excl. tobacco	976.6	<b>2.3p</b>	2.3	2.3	2.5	2.5	2.6p	-0.6p
Energy	109.9	<b>6.1p</b>	6.1	7.3	8.1	11.8	9.4p	0.9p
FoodAlcTob*	190.7	<b>2.9p</b>	3.2	2.8	3.1	2.6	3.1p	-0.4p

Source: Eurostat

\* FoodAlcTob = Food, alcohol and tobacco

p = provisional

## Euro area sub-indices with most important impacts

COICOP	July 12 / July 11	Weight (‰) 2012	Rate (%)	Impact (percentage points)
07.22	Fuels for transport	48.5	5.0p	0.13
04.51	Electricity	26.4	6.1p	0.10
04.52	Gas	18.3	7.9p	0.10
02.20	Tobacco	23.4	6.1p	0.09
04.53	Heating oil	8.9	6.7p	0.04
12.31	Jewellery and watches	5.9	10.4p	0.04
09.13	IT equipment	5.1	-5.9p	-0.04
04.11/2	Rents	60.5	1.6p	-0.05
12.62	Financial services	6.8	-5.1p	-0.05
09.11	Audio-visual equipment	5.0	-7.9p	-0.05
07.11	Cars	36.2	1.0p	-0.06
08.2/3	Telecommunications	29.8	-3.3p	-0.18
	<b>July 12 / June 12</b>			
09.60	Package holidays	14.2	13.5p	0.18
11.20	Accommodation services	16.5	6.6p	0.12
07.33	Air transport	6.3	11.3p	0.08
04.11/2	Rents	60.5	0.6p	0.07
07.22	Fuels for transport	48.5	0.5p	0.05
11.11	Restaurants and cafés	68.8	0.1p	0.05
05.20	Household textiles	5.0	-3.5p	-0.01
12.32	Other personal effects	4.3	-4.3p	-0.02
01.17	Vegetables	14.0	-2.4p	-0.03
01.16	Fruit	11.8	-4.5p	-0.05
03.21/2	Footwear	13.6	-11.9p	-0.16
03.12	Garments	50.7	-14.5p	-0.74

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 from 2012 a new regulation defining harmonised rules for deriving the weights for the HICP has been applied in the Member States. For further information on the change please see:

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

## Future release dates

Scheduled publication dates for the coming months are:

Index for	MUICP flash estimates	HICP News Releases
August 2012	31 August 2012	14 September 2012
September 2012	28 September 2012	16 October 2012
October 2012	31 October 2012	15 November 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 July 2012, published on 31 July 2012, was 2.4%.
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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