

April 2008

Euro area annual inflation down to 3.3%

EU down to 3.6%

Euro area¹ annual inflation was 3.3% in April 2008², down from 3.6% in March. A year earlier the rate was 1.9%. Monthly inflation was 0.3% in April 2008.

EU³ annual inflation was 3.6% in April 2008, down from 3.8% in March. A year earlier the rate was 2.2%. Monthly inflation was 0.4% in April 2008.

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

Inflation in the EU Member States

In April 2008, the lowest annual rates were observed in the **Netherlands** (1.7%), **Portugal** (2.5%) and **Germany** (2.6%), and the highest in **Latvia** (17.4%), **Bulgaria** (13.4%) and **Lithuania** (11.9%). Compared with March 2008, annual inflation rose in eight Member States, remained stable in four and fell in fifteen.

The lowest 12-month averages⁴ up to April 2008 were registered in the **Netherlands** (1.7%), **Malta** (1.9%), **Denmark, Sweden** and the **United Kingdom** (2.2% each), and the highest in **Latvia** (13.0%), **Bulgaria** (10.1%) and **Estonia** (8.8%).

Euro area

The main components with the highest annual rates in April 2008 were food (6.0%), housing and transport (4.8% each), while the lowest annual rates were observed for communications (-1.6%), recreation & culture (-0.4%) and clothing (0.8%). Concerning the detailed sub-indices, fuels for transport (+0.41 percentage points), heating oil (+0.25), milk, cheese & eggs (+0.24) and bread & cereals (+0.16) had the largest upward impacts on the headline rate, while cars (-0.16), telecommunications (-0.15) and garments (-0.14) had the biggest downward impacts.

The main components with the highest monthly rates were clothing (2.5%), housing (0.6%) and food (0.5%), and the lowest were recreation & culture (-1.6%), communications (-0.1%) and education (0.1%). In particular, garments (+0.11 percentage points), footwear (+0.04), heating oil, gas, vegetables and fuels for transport (+0.02 each) had the largest upward impacts, while package holidays (-0.13), gardens, plants & flowers, accommodation services and telecommunications (-0.02 each) had the biggest downward impacts.

Annual inflation (%) in April 2008 in ascending order

Euro area															
NL	PT	DE ⁵	IE	FI	Euro area	FR	AT	IT	BE	MT	ES	CY	LU	EL	SI
1.7p	2.5	2.6	3.3	3.3	3.3p	3.4	3.4p	3.6	4.1	4.1	4.2	4.3	4.3	4.4	6.2

EU Member States outside the euro area

UK	SE	DK	EU	SK	PL	CZ	HU	RO	EE	LT	BG	LV
3.0	3.2	3.4	3.6p	3.7	4.3	6.7	6.8	8.7	11.6	11.9	13.4	17.4

Inflation rates in %, measured by HICPs

	Annual rates					12 month average rates ⁴ <u>Apr 08-07</u> Apr 07-06	Monthly rates <u>Apr 08</u> Mar 08
	<u>Apr 08</u> Apr 07	<u>Mar 08</u> Mar 07	<u>Feb 08</u> Feb 07	<u>Jan 08</u> Jan 07	<u>Apr 07</u> Apr 06		
	Belgium (BE)	4.1	4.4	3.6	3.5		
Germany (DE) ⁵	2.6	3.3	3.0	2.9	2.0	2.6	-0.3
Ireland (IE)	3.3	3.7	3.5	3.1	2.9	3.1	0.1
Greece (EL)	4.4	4.4	4.5	3.9	2.6	3.5	0.8
Spain (ES)	4.2	4.6	4.4	4.4	2.5	3.5	1.1
France (FR)	3.4	3.5	3.2	3.2	1.3	2.3	0.4
Italy (IT)	3.6	3.6	3.1	3.1	1.8	2.5	0.6
Cyprus (CY)	4.3	4.4	4.7	4.1	1.6	3.2	1.2
Luxembourg (LU)	4.3	4.4	4.2	4.2	2.5	3.3	0.5
Malta (MT)	4.1	4.3	4.0	3.8	-1.1	1.9	2.3
Netherlands (NL)	1.7p	1.9	2.0	1.8	1.9	1.7p	0.4p
Austria (AT)	3.4p	3.5	3.1	3.1	1.8	2.7p	0.3p
Portugal (PT)	2.5	3.1	2.9	2.9	2.8	2.5	0.3
Slovenia (SI)	6.2	6.6	6.4	6.4	2.9	5.0	0.7
Finland (FI)	3.3	3.6	3.3	3.5	1.5	2.3	0.2
Euro area (MUICP)	3.3p	3.6	3.3	3.2	1.9	2.6p	0.3p
Bulgaria (BG)	13.4	13.2	12.2	11.7	4.4	10.1	0.7
Czech Republic (CZ)	6.7	7.1	7.6	7.9	2.7	4.8	0.4
Denmark (DK)	3.4	3.3	3.3	3.0	1.7	2.2	0.4
Estonia (EE)	11.6	11.2	11.5	11.3	5.6	8.8	1.0
Latvia (LV)	17.4	16.6	16.5	15.6	8.8	13.0	1.6
Lithuania (LT)	11.9	11.4	10.9	10.0	4.9	8.0	1.3
Hungary (HU)	6.8	6.7	6.7	7.4	8.7	7.3	0.6
Poland (PL)	4.3	4.4	4.6	4.4	2.2	3.4	0.4
Romania (RO)	8.7	8.7	8.0	7.3	3.8	6.4	0.5
Slovakia (SK)	3.7	3.6	3.4	3.2	2.0	2.4	0.3
Sweden (SE)	3.2	3.2	2.9	3.0	1.6	2.2	0.5
United Kingdom (UK)	3.0	2.5	2.5	2.2	2.8	2.2	0.8
EU (EICP)	3.6p	3.8	3.5	3.4	2.2	2.8p	0.4p
Iceland (IS)	10.7	6.8	4.5	3.1	4.2	3.9	3.9
Norway (NO)	2.7	2.8	3.1	2.9	0.5	1.4	0.0
EEA (EEAICP)	3.6p	3.7	3.5	3.4	2.2	2.8p	0.4p
Switzerland (CH) ⁶	2.3	2.5	2.3	2.5	0.5	1.5	0.9

Source: Eurostat

p = provisional

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

Euro area (MUICP)	Weight used in 2008	Annual rates					12 month average rates ⁴ Apr 08-07 Apr 07-06	Monthly rates Apr 08 Mar 08
		Apr 08	Mar 08	Feb 08	Jan 08	Apr 07		
		Apr 07	Mar 07	Feb 07	Jan 07	Apr 06		
00 All-items	1000.0	3.3p	3.6	3.3	3.2	1.9	2.6p	0.3p
01 Food	157.8	6.0p	6.2	5.8	5.4	2.5	3.9p	0.5p
02 Alcohol and tobacco	37.2	3.2p	3.1	3.0	2.9	3.7	3.2p	0.3p
03 Clothing	68.3	0.8p	1.0	1.0	0.5	1.4	0.9p	2.5p
04 Housing	153.0	4.8p	4.4	4.0	4.0	2.5	3.2p	0.6p
05 Household equipment	70.1	2.2p	2.2	2.1	2.0	1.4	1.9p	0.2p
06 Health	40.5	1.6p	1.6	1.5	2.0	2.2	1.6p	0.3p
07 Transport	156.6	4.8p	5.6	5.4	5.6	1.4	3.8p	0.3p
08 Communications	32.9	-1.6p	-1.5	-3.1	-2.9	-2.2	-1.9p	-0.1p
09 Recreation and culture	96.8	-0.4p	0.6	0.0	0.1	0.0	0.1p	-1.6p
10 Education	10.4	3.6p	9.6	9.6	9.4	9.2	8.8p	0.1p
11 Hotels and restaurants	92.8	3.2p	3.6	3.3	3.2	3.1	3.3p	0.2p
12 Miscellaneous	83.6	2.4p	2.4	2.3	2.2	2.3	2.3p	0.2p
All-items								
-excl. energy	901.9	2.5p	2.8	2.5	2.4	2.1	2.3p	0.2p
-excl. energy, FoodAlcTob*	706.8	1.6p	2.0	1.8	1.7	1.9	1.9p	0.2p
-excl. energy, unproc. food	825.8	2.4p	2.7	2.4	2.3	1.9	2.2p	0.2p
-excl. energy, seas. food	862.6	2.4p	2.7	2.5	2.4	2.0	2.2p	0.2p
-excl. tobacco	977.4	3.3p	3.6	3.3	3.2	1.8	2.6p	0.3p
Energy	98.1	10.8p	11.2	10.4	10.6	0.4	5.8p	1.0p
FoodAlcTob*	195.0	5.4p	5.6	5.2	4.9	2.7	3.8p	0.5p

Source: Eurostat

* FoodAlcTob = Food, alcohol and tobacco

p = provisional

Euro area sub-indices with most important impacts

COICOP	April 08 / April 07	Weight (‰) 2008	Rate (%)	Impact (percentage points)
07.22	Fuels for transport	45.7	12.0p	0.41
04.53	Heating oil	9.1	34.2p	0.25
01.14	Milk, cheese and eggs	23.0	14.4p	0.24
01.11	Bread and cereals	25.9	9.2p	0.16
04.52	Gas	15.4	7.5p	0.07
01.16	Fruit	12.1	8.2p	0.06
09.13	IT equipment	5.1	-13.8p	-0.08
01.17	Vegetables	15.7	-2.0p	-0.09
04.11/2	Rents	60.0	1.8p	-0.09
03.12	Garments	50.4	0.6p	-0.14
08.2/3	Telecommunications	31.2	-1.7p	-0.15
07.11	Cars	44.2	-0.1p	-0.16
	April 08 / March 08			
03.12	Garments	50.4	2.5p	0.11
03.21/2	Footwear	14.0	2.9p	0.04
04.53	Heating oil	9.1	2.7p	0.02
04.52	Gas	15.4	1.7p	0.02
01.17	Vegetables	15.7	1.5p	0.02
07.22	Fuels for transport	45.7	0.7p	0.02
04.11/2	Rents	60.0	0.2p	-0.01
07.11	Cars	44.2	0.0p	-0.01
08.2/3	Telecommunications	31.2	-0.2p	-0.02
11.20	Accommodation services	17.2	-0.6p	-0.02
09.33	Gardens, plants and flowers	6.5	-2.6p	-0.02
09.60	Package holidays	15.9	-8.2p	-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 euro area total. 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 *Statistics in focus, Economy and Finance, Harmonized indices of consumer prices*. About 100 MUICP, EICP, EEAICP and HICP sub-indices with corresponding weights are available in Eurostat's database. For technical notes on HICPs see: Eurostat [News Release 21/97](#), 5 March 1997, *Harmonizing the way EU measures inflation*, [Eurostat Memo 8/98](#), 4 May 1998, *New monetary union index of consumer prices (MUICP)*, [Eurostat Memo 02/00](#), 18 February 2000, *Improved EU Harmonized Index of Consumer Prices: Extended coverage and earlier release dates for the HICP*, and the [HICP short guide for users](#). Further details can be found on the HICP section of the Eurostat website: http://epp.eurostat.ec.europa.eu/pls/portal/url/page/PGP_DS_HICP.

Future release dates

Provisional publication dates for the coming months are:

Index for	MUICP flash estimates	HICP News Releases
May 2008	30 May 2008	16 June 2008
June 2008	30 June 2008	16 July 2008
July 2008	31 July 2008	14 August 2008

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, and Cyprus and Malta from 1 January 2008. New Member States are integrated into the MUICP using a chain index formula.
2. The MUICP flash estimate for April 2008, published on 30 April 2008, was 3.3%.
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 30 April 2004, 25 Member States from 1 May 2004 until 31 December 2006 and 27 Member States from 1 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 of 1998, 2000, 2002, 2004, 2006 and 2007 by the Commission to the Council.
5. Price collection periods for the German HICP have been adjusted from January 2008 onwards to be in line with the temporal coverage regulation. Further information on the impact can be found on the German statistical office website at: <http://www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/EN/Navigation/Statistics/Preise/Verbraucherpreise/Verbraucherpreise.psm> under 'Methodological note'.
6. Switzerland started producing HICPs from January 2008. HICP estimates for 2005-2007 are not fully compliant with HICP methodology.

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