

8/2013 - 16 January 2013

December 2012

Euro area annual inflation stable at 2.2%

EU down to 2.3%

Euro area¹ annual inflation was 2.2% in December 2012², the same as in November. A year earlier the rate was 2.7%. Monthly inflation was 0.4% in December 2012.

EU³ annual inflation was 2.3% in December 2012, down from 2.4% in November. A year earlier the rate was 3.0%. Monthly inflation was 0.3% in December 2012.

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

Inflation in the EU Member States

In December 2012, the lowest annual rates were observed in **Greece** (0.3%), **Sweden** (1.1%), **France** and **Cyprus** (both 1.5%), and the highest in **Hungary** (5.1%), **Romania** (4.6%) and **Estonia** (3.6%). Compared with November 2012, annual inflation rose in eleven Member States, remained stable in four and fell in eleven.

The lowest 12-month averages⁴ up to December 2012 were registered in **Sweden** (0.9%), **Greece** (1.0%) and **Germany** (2.1%), and the highest in **Hungary** (5.7%), **Estonia** (4.2%), **Poland** and **Slovakia** (both 3.7%).

Euro area

The main components with the highest annual rates in December 2012 were alcohol & tobacco (3.6%), housing (3.4%), food and education (both 3.0%), while the lowest annual rates were observed for communications (-3.8%), household equipment (1.0%) and recreation & culture (1.2%). Concerning the detailed sub-indices, fuels for transport and electricity (+0.10 percentage points each) and vegetables (+0.08) had the largest upward impacts on the headline rate, while telecommunications (-0.19), cars (-0.07) and financial services (-0.06) had the biggest downward impacts.

The main components with the highest monthly rates were recreation & culture (2.2%) and hotels & restaurants (1.2%), while the lowest monthly rates were recorded for clothing (-1.3%), alcohol & tobacco, housing, health and education (all 0.0%). In particular, package holidays (+0.20 percentage points), accommodation services (+0.09) and air transport (+0.08) had the largest upward impacts, while garments (-0.10), fuels for transport (-0.06) and heating oil (-0.03) had the biggest downward impacts.

Annual inflation (%) in December 2012 in ascending order

Euro area

EL	FR	CY	IE ⁵	DE	BE	PT	euro area	LU	IT	MT	AT	ES	SI	NL	SK	FI	EE
0.3	1.5	1.5	Nov 12 1.6	2.0	2.1	2.1	2.2p	2.5	2.6	2.8	2.9p	3.0	3.1	3.4	3.4	3.5	3.6

EU Member States outside the euro area

SE	LV	DK	PL	EU	CZ	UK	BG	LT	RO	HU
1.1	1.6	1.9	2.2	2.3p	2.4	2.7	2.8	2.9	4.6	5.1

Inflation rates in %, measured by HICPs

	Annual rates					12 month average rates ⁴ Dec 12-11 Dec 11-10	Monthly rates Dec 12 Nov 12
	Dec 12 Dec 11	Nov 12 Nov 11	Oct 12 Oct 11	Sep 12 Sep 11	Dec 11 Dec 10		
Belgium (BE)	2.1	2.2	2.6	2.6	3.2	2.6	0.0
Germany (DE)	2.0	1.9	2.1	2.1	2.3	2.1	0.9
Estonia (EE)	3.6	3.8	4.2	4.1	4.1	4.2	0.0
Ireland (IE) ⁵	:	1.6	2.1	2.4	1.4	:	:
Greece (EL)	0.3	0.4	0.9	0.3	2.2	1.0	-0.3
Spain (ES)	3.0	3.0	3.5	3.5	2.4	2.4	0.0
France (FR)	1.5	1.6	2.1	2.2	2.7	2.2	0.4
Italy (IT)	2.6	2.6	2.8	3.4	3.7	3.3	0.3
Cyprus (CY)	1.5	1.4	2.6	3.6	4.2	3.1	-0.1
Luxembourg (LU)	2.5	2.7	3.2	3.2	3.4	2.9	-0.3
Malta (MT)	2.8	3.6	3.2	2.9	1.5	3.2	-0.6
Netherlands (NL)	3.4	3.2	3.3	2.5	2.5	2.8	-0.1
Austria (AT)	2.9p	2.9	2.9	2.8	3.4	2.6p	0.2p
Portugal (PT)	2.1	1.9	2.1	2.9	3.5	2.8	0.2
Slovenia (SI)	3.1	2.8	3.2	3.7	2.1	2.8	-0.2
Slovakia (SK)	3.4	3.5	3.9	3.8	4.6	3.7	-0.1
Finland (FI)	3.5	3.2	3.5	3.4	2.6	3.2	0.2
Euro area (MUICP)	2.2p	2.2	2.5	2.6	2.7	2.5p	0.4p
Bulgaria (BG)	2.8	2.7	3.0	3.4	2.0	2.4	0.3
Czech Republic (CZ)	2.4	2.8	3.6	3.5	2.8	3.5	0.0
Denmark (DK)	1.9	2.2	2.3	2.5	2.4	2.4	-0.3
Latvia (LV)	1.6	1.5	1.6	1.9	3.9	2.3	0.1
Lithuania (LT)	2.9	2.8	3.2	3.3	3.5	3.2	-0.1
Hungary (HU)	5.1	5.3	6.0	6.4	4.1	5.7	0.0
Poland (PL)	2.2	2.7	3.4	3.8	4.5	3.7	0.0
Romania (RO)	4.6	4.4	5.0	5.4	3.2	3.4	0.3
Sweden (SE)	1.1	0.8	1.2	1.0	0.4	0.9	0.3
United Kingdom (UK)	2.7	2.7	2.7	2.2	4.2	2.8	0.5
EU (EICP)	2.3p	2.4	2.6	2.7	3.0	2.6p	0.3p
Iceland (IS)	5.1	6.0	5.1	5.3	5.3	6.0	-0.2
Norway (NO)	1.1	0.9	0.8	0.1	-0.1	0.4	0.4
EEA (EEAICP)	2.3p	2.3	2.6	2.7	3.0	2.6p	0.3p
Switzerland (CH)	-0.3	-0.1	-0.1	-0.3	-0.4	-0.7	0.1

Source: Eurostat

p = provisional

: = not available

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

Euro area (MUICP)	Weight used in 2012	Annual rates					12 month average rates ⁴	Monthly rates
		<u>Dec 12</u>	<u>Nov 12</u>	<u>Oct 12</u>	<u>Sep 12</u>	<u>Dec 11</u>	<u>Dec 12-11</u>	<u>Dec 12</u>
		Dec 11	Nov 11	Oct 11	Sep 11	Dec 10	Dec 11-10	Nov 12
00 All-items	1000.0	2.2p	2.2	2.5	2.6	2.7	2.5p	0.4p
01 Food	152.4	3.0p	2.9	2.9	2.7	3.0	2.8p	0.4p
02 Alcohol and tobacco	38.3	3.6p	3.7	4.0	4.0	3.8	4.3p	0.0p
03 Clothing	68.0	1.3p	1.2	1.2	1.6	1.8	1.8p	-1.3p
04 Housing	162.8	3.4p	3.6	4.0	4.1	4.9	4.0p	0.0p
05 Household equipment	66.5	1.0p	1.1	1.2	1.1	1.5	1.3p	0.1p
06 Health	44.3	2.6p	2.6	2.4	2.4	1.9	2.4p	0.0p
07 Transport	154.3	2.9p	3.0	4.1	4.8	4.4	4.0p	0.4p
08 Communications	31.3	-3.8p	-4.1	-3.5	-3.3	-1.9	-3.2p	0.1p
09 Recreation and culture	92.6	1.2p	1.1	1.0	1.1	0.6	1.0p	2.2p
10 Education	10.4	3.0p	2.9	3.0	0.5	0.9	1.3p	0.0p
11 Hotels and restaurants	91.8	1.9p	1.7	1.7	1.9	1.9	1.9p	1.2p
12 Miscellaneous	87.4	1.6p	1.6	2.0	1.9	2.5	1.9p	0.1p
All-items								
-excl. energy	890.1	1.8p	1.8	1.8	1.8	1.9	1.9p	0.5p
-excl. energy, FoodAlcTob*	699.4	1.5p	1.4	1.5	1.5	1.6	1.5p	0.5p
-excl. energy, unproc. food	817.9	1.6p	1.6	1.6	1.6	2.0	1.8p	0.5p
-excl. energy, seas. food	853.7	1.7p	1.6	1.7	1.7	2.1	1.8p	0.4p
-excl. tobacco	976.6	2.2p	2.1	2.4	2.6	2.7	2.4p	0.4p
Energy	109.9	5.2p	5.7	8.0	9.1	9.7	7.6p	-0.5p
FoodAlcTob*	190.7	3.2p	3.0	3.1	2.9	3.1	3.1p	0.3p

Source: Eurostat

* FoodAlcTob = Food, alcohol and tobacco

p = provisional

Euro area sub-indices with most important impacts

COICOP	December 12 / December 11	Weight (‰) 2012	Rate (%)	Impact (percentage points)
07.22	Fuels for transport	48.5	4.3p	0.10
04.51	Electricity	26.4	6.0p	0.10
01.17	Vegetables	14.0	7.8p	0.08
04.52	Gas	18.3	6.2p	0.07
01.12	Meat	35.8	3.5p	0.05
02.20	Tobacco	23.4	4.2p	0.05
09.13	IT equipment	5.1	-7.4p	-0.05
03.12	Garments	50.7	1.2p	-0.05
04.11/2	Rents	60.5	1.4p	-0.05
12.62	Financial services	6.8	-7.0p	-0.06
07.11	Cars	36.2	0.3p	-0.07
08.2/3	Telecommunications	29.8	-4.1p	-0.19
	December 12 / November 12			
09.60	Package holidays	14.2	16.2p	0.20
11.20	Accommodation services	16.5	6.3p	0.09
07.33	Air transport	6.3	13.0p	0.08
01.17	Vegetables	14.0	3.2p	0.04
07.31	Rail transport	5.0	1.3p	0.00
09.33	Gardens, plants and flowers	6.1	1.0p	0.00
03.21/2	Footwear	13.6	-0.7p	-0.02
04.11/2	Rents	60.5	0.1p	-0.02
11.11	Restaurants and cafés	68.8	0.1p	-0.02
04.53	Heating oil	8.9	-2.7p	-0.03
07.22	Fuels for transport	48.5	-0.8p	-0.06
03.12	Garments	50.7	-1.5p	-0.10

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 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.

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

Harmonized 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 "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>.

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

Future release dates

Scheduled publication dates for the coming months are:

Index for	MUICP flash estimates	HICP News Releases
January 2013	1 February 2013	28 February 2013
February 2013	1 March 2013	15 March 2013
March 2013	3 April 2013	16 April 2013

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 December 2012, published on 4 January 2013, was 2.2%.
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. Data for Ireland for December 2012 were not available in time for publication. Due to this fact EU and EEA totals have been calculated using Eurostat estimates.

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For further information on methodology:

Tim ALLEN
Tel: +352-4301-33 444
eurostat-pressoffice@ec.europa.eu

Svetoslava PAVLOVA
Tel: +352-4301-34 406
estat-hicp-methods@ec.europa.eu

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