

December 2011

Euro area annual inflation down to 2.7%

EU down to 3.0%

Euro area¹ annual inflation was 2.7% in December 2011², down from 3.0% in November. A year earlier the rate was 2.2%. Monthly inflation was 0.3% in December 2011.

EU³ annual inflation was 3.0% in December 2011, down from 3.4% in November. A year earlier the rate was 2.7%. Monthly inflation was 0.3% in December 2011.

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

Inflation in the EU Member States

In December 2011, the lowest annual rates were observed in **Sweden** (0.4%), **Malta** (1.3%) and **Bulgaria** (2.0%), and the highest in **Slovakia** (4.6%), **Poland** (4.5%) and **Cyprus** (4.2%). Compared with November 2011, annual inflation fell in twenty-one Member States, remained stable in two and rose in two.

The lowest 12-month averages⁴ up to December 2011 were registered in **Sweden** (1.4%), **Slovenia** and the **Czech Republic** (both 2.1%), and the highest in **Romania** (5.8%), **Estonia** (5.1%) and **Latvia** (4.2%).

Euro area

The main components with the highest annual rates in December 2011 were housing (4.9%), transport (4.3%) and alcohol & tobacco (3.8%), while the lowest annual rates were observed for communications (-1.9%), recreation & culture (0.6%) and education (0.9%). Concerning the detailed sub-indices, fuels for transport (+0.30 percentage points), heating oil (+0.15), gas and electricity (+0.12 each) had the largest upward impacts on the headline rate, while telecommunications (-0.15) and vegetables (-0.12) had the biggest downward impacts.

The main components with the highest monthly rates were recreation & culture (2.0%) and hotels & restaurants (1.0%), while the lowest monthly rate was observed for clothing (-1.3%). In particular, package holidays (+0.18 percentage points) and accommodation services (+0.07) had the largest upward impacts, while garments (-0.10) had the biggest downward impact.

Annual inflation (%) in December 2011 in ascending order

Euro area																	
MT	IE ⁵	SI	EL	DE	ES	NL	FI	FR	Euro area	BE	LU	AT	PT	IT	EE	CY	SK
1.3p	Nov 11 1.7	2.1	2.2	2.3	2.4	2.5p	2.6	2.7	2.7p	3.2	3.4	3.4p	3.5	3.7	4.1	4.2	4.6

EU Member States outside the euro area										
SE	BG	DK	CZ	EU	RO	LT	LV	HU	PL	UK ⁵
0.4	2.0	2.4	2.8	3.0p	3.2	3.5	3.9	4.1	4.5	Nov 11 4.8

Inflation rates in %, measured by HICPs

	Annual rates					12 month average rates ⁴	Monthly rates
	<u>Dec 11</u> <u>Dec 10</u>	<u>Nov 11</u> <u>Nov 10</u>	<u>Oct 11</u> <u>Oct 10</u>	<u>Sep 11</u> <u>Sep 10</u>	<u>Dec 10</u> <u>Dec 09</u>	<u>Dec 11-10</u> <u>Dec 10-09</u>	<u>Dec 11</u> <u>Nov 11</u>
Belgium (BE)	3.2	3.7	3.4	3.4	3.4	3.5	0.1
Germany (DE)	2.3	2.8	2.9	2.9	1.9	2.5	0.7
Estonia (EE)	4.1	4.4	4.7	5.4	5.4	5.1	0.1
Ireland (IE) ⁵	:	1.7	1.5	1.3	-0.2	:	:
Greece (EL)	2.2	2.8	2.9	2.9	5.2	3.1	-0.2
Spain (ES)	2.4	2.9	3.0	3.0	2.9	3.1	0.0
France (FR)	2.7	2.7	2.5	2.4	2.0	2.3	0.4
Italy (IT)	3.7	3.7	3.8	3.6	2.1	2.9	0.3
Cyprus (CY)	4.2	4.0	3.2	2.5	1.9	3.5	-0.1
Luxembourg (LU)	3.4	4.0	3.8	3.8	3.1	3.7	-0.1
Malta (MT)	1.3p	1.5	2.4	2.7	4.0	2.4p	0.3p
Netherlands (NL)	2.5p	2.7	2.8	3.0	1.8	2.5p	-0.5p
Austria (AT)	3.4p	3.9r	3.8	3.9	2.2	3.6p	0.2p
Portugal (PT)	3.5	3.8	4.0	3.5	2.4	3.6	0.1
Slovenia (SI)	2.1	2.8	2.9	2.3	2.2	2.1	-0.5
Slovakia (SK)	4.6	4.8	4.6	4.4	1.3	4.1	0.1
Finland (FI)	2.6	3.2	3.2	3.5	2.8	3.3	0.0
Euro area (MUICP)	2.7p	3.0	3.0	3.0	2.2	2.7p	0.3p
Bulgaria (BG)	2.0	2.6	3.0	2.9	4.4	3.4	0.3
Czech Republic (CZ)	2.8	2.9	2.6	2.1	2.3	2.1	0.4
Denmark (DK)	2.4	2.5	2.7	2.4	2.8	2.7	0.0
Latvia (LV)	3.9	4.0	4.3	4.5	2.4	4.2	0.0
Lithuania (LT)	3.5	4.4	4.2	4.7	3.6	4.1	-0.2
Hungary (HU)	4.1	4.3	3.8	3.7	4.6	3.9	0.2
Poland (PL)	4.5	4.4	3.8	3.5	2.9	3.9	0.5
Romania (RO)	3.2	3.5	3.6	3.5	7.9	5.8	0.2
Sweden (SE)	0.4	1.1	1.1	1.5	2.1	1.4	0.0
United Kingdom (UK) ⁵	:	4.8	5.0	5.2	3.7	:	:
EU (EICP)	3.0p	3.4	3.4	3.3	2.7	3.1p	0.3p
Iceland (IS)	5.3	5.1	5.3	5.6	3.5	4.2	0.6
Norway (NO)	-0.1	1.2	1.3	1.6	2.7	1.2	0.1
EEA (EEAICP)	3.0p	3.3	3.3	3.3	2.7	3.1p	0.3p
Switzerland (CH)	-0.4	-0.8	-0.5	0.2	0.4	0.1	0.3

Source: Eurostat

p = provisional

: data not available

r = revised

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

Euro area (MUICP)	Weight used in 2011	Annual rates					12 month average rates ⁴	Monthly rates
		Dec 11	Nov 11	Oct 11	Sep 11	Dec 10		
		Dec 10	Nov 10	Oct 10	Sep 10	Dec 09	Dec 11-10	Dec 11
		Dec 10-09	Dec 10-09	Nov 11	Nov 10	Nov 10	Nov 11	Nov 11
00 All-items	1000.0	2.7p	3.0	3.0	3.0	2.2	2.7p	0.3p
01 Food	153.5	3.0p	3.1	3.1	2.8	1.8	2.5p	0.3p
02 Alcohol and tobacco	39.5	3.8p	4.3	4.4	3.7	3.6	3.5p	0.0p
03 Clothing	67.1	1.8p	2.2	2.3	2.0	0.6	0.5p	-1.3p
04 Housing	157.9	4.9p	5.3	5.1	5.0	3.8	4.9p	0.1p
05 Household equipment	68.1	1.5p	1.4	1.3	1.3	0.6	1.1p	0.2p
06 Health	41.9	1.9p	1.8	2.1	2.1	0.8	1.6p	0.0p
07 Transport	156.2	4.3p	5.4	5.8	5.9	5.2	5.5p	0.4p
08 Communications	31.8	-1.9p	-1.7	-1.9	-1.9	-0.7	-1.3p	-0.2p
09 Recreation and culture	95.2	0.6p	0.5	0.3	0.5	-0.1	0.3p	2.0p
10 Education	11.5	0.9p	0.9	0.9	1.8	1.5	1.5p	0.0p
11 Hotels and restaurants	92.3	1.9p	1.9	2.0	2.2	1.4	1.9p	1.0p
12 Miscellaneous	85.1	2.5p	2.5	2.2	2.2	2.2	2.5p	0.2p
All-items								
-excl. energy	896.4	1.9p	2.0	2.0	1.9	1.3	1.7p	0.4p
-excl. energy, FoodAlcTob*	703.4	1.6p	1.6	1.6	1.6	1.0	1.4p	0.4p
-excl. energy, unproc. food	822.8	2.0p	2.0	2.0	2.0	1.1	1.7p	0.4p
-excl. energy, seas. food	858.5	2.0p	2.0	2.0	2.0	1.1	1.7p	0.4p
-excl. tobacco	975.2	2.7p	3.0	2.9	2.9	2.1	2.7p	0.3p
Energy	103.6	9.7p	12.3	12.4	12.4	11.0	11.9p	-0.1p
FoodAlcTob*	193.0	3.1p	3.4	3.3	3.0	2.1	2.7p	0.2p

Source: Eurostat

* FoodAlcTob = Food, alcohol and tobacco

p = provisional

Euro area sub-indices with most important impacts

COICOP	December 11 / December 10	Weight (‰) 2011	Rate (%)	Impact (percentage points)
07.22	Fuels for transport	46.9	8.9p	0.30
04.53	Heating oil	9.5	18.9p	0.15
04.52	Gas	16.7	10.0p	0.12
04.51	Electricity	24.5	7.4p	0.12
02.20	Tobacco	24.8	5.1p	0.06
12.31	Jewellery and watches	5.3	12.0p	0.05
09.11	Audio-visual equipment	4.9	-8.9p	-0.06
09.13	IT equipment	5.0	-10.0p	-0.06
07.11	Cars	39.3	1.0p	-0.07
04.11/2	Rents	59.8	1.4p	-0.08
01.17	Vegetables	15.8	-4.6p	-0.12
08.2/3	Telecommunications	30.1	-2.1p	-0.15
December 11 / November 11				
09.60	Package holidays	15.1	13.6p	0.18
11.20	Accommodation services	15.7	4.9p	0.07
07.33	Air transport	5.8	6.2p	0.03
07.31	Rail transport	4.9	1.6p	0.01
09.33	Gardens, plants and flowers	6.6	1.3p	0.01
01.13	Fish	10.4	0.9p	0.01
04.51	Electricity	24.5	-0.0p	-0.01
04.53	Heating oil	9.5	-0.8p	-0.01
08.2/3	Telecommunications	30.1	-0.2p	-0.02
03.21/2	Footwear	13.8	-0.9p	-0.02
07.22	Fuels for transport	46.9	-0.1p	-0.02
03.12	Garments	49.5	-1.6p	-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 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 with the index of January 2011 a new regulation that defines how seasonal products are to be treated in the HICP has come into force, and may have an effect on the continuity of the affected HICP series. At the level of the all-items index for the euro area, the EU and most Member States, the impact of the implementation of this new regulation is not significant. For further information on the change in the method and its impact please see:

http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/documents/pub/HICP_SP_info_note_annex_2011.pdf

Future release dates

Scheduled publication dates for the coming months are:

Index for	MUICP flash estimates	HICP News Releases
January 2012	1 February 2012	29 February 2012
February 2012	1 March 2012	14 March 2012
March 2012	30 March 2012	17 April 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 December 2011, published on 4 January 2012, was 2.8%.
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 and the United Kingdom for December 2011 were not available in time for publication. Due to this fact, euro area, EU and EEA totals were calculated using Eurostat estimates.

Issued by: **Eurostat Press Office**

For further information on methodology:

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

Jarko PASANEN
Tel: +352-4301-36 425
estat-hicp-methods@ec.europa.eu

Eurostat News Releases on the internet: <http://ec.europa.eu/eurostat>
Selected Principal European Economic Indicators: <http://ec.europa.eu/eurostat/euroindicators>