

January 2011

Euro area annual inflation up to 2.3%

EU stable at 2.7%

Euro area¹ annual inflation was 2.3% in January 2011², up from 2.2% in December 2010. A year earlier the rate was 0.9%. Monthly inflation was -0.7% in January 2011.

EU³ annual inflation was 2.7% in January 2011, unchanged compared to December 2010. A year earlier the rate was 1.7%. Monthly inflation was -0.4% in January 2011.

With this data for January 2011, a new methodology⁴ for the treatment of seasonal products is being used in the calculation of the HICP.

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

Inflation in the EU Member States

In January 2011, the lowest annual rates were observed in **Ireland** (0.2%) and **Sweden** (1.4%), and the highest in **Romania** (7.0%), **Estonia** (5.1%) and **Greece** (4.9%). Compared with December 2010, annual inflation rose in fifteen and fell in twelve Member States.

The lowest 12-month averages⁵ up to January 2011 were registered in **Ireland** (-1.4%), **Latvia** (-0.7%) and **Slovakia** (1.0%) and the highest in **Romania** (6.2%), **Greece** (4.9%) and **Hungary** (4.5%).

Euro area

The main components with the highest annual rates in January 2011 were transport (5.1%), housing (4.5%) and alcohol & tobacco (3.7%), while the lowest annual rates were observed for clothing (-0.6%), communications (-0.2%) and recreation & culture (0.1%). Concerning the detailed sub-indices, fuels for transport (+0.58 percentage points), heating oil (+0.19) and electricity (+0.11) had the largest upward impacts on the headline rate, while garments (-0.14), telecommunications (-0.08) and rents (-0.07) had the biggest downward impacts.

The main components with the highest monthly rates were housing (1.2%), transport (1.0%) and health (0.6%), while the lowest were clothing (-13.3%), recreation & culture (-2.1%), household equipment and hotels & restaurants (-0.5% each). In particular, fuels for transport (+0.18 percentage points), electricity (+0.12) and restaurants & cafés (+0.07) had the largest upward impacts, while garments (-0.71), package holidays and footwear (-0.16 each) had the biggest downward impacts.

Annual inflation (%) in January 2011 in ascending order

Euro area

| IE | FR | IT | DE | NL | SI | Euro area | AT | ES | CY | FI | SK | MT | LU | PT | BE | EL | EE |
|-----|------|-----|-----|------|-----|-------------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| 0.2 | 1.9p | 1.9 | 2.0 | 2.0p | 2.3 | 2.3p | 2.5p | 3.0 | 3.0 | 3.1 | 3.2 | 3.3 | 3.4 | 3.6 | 3.7 | 4.9 | 5.1 |

EU Member States outside the euro area

| SE | CZ | DK | EU | LT | LV | PL | HU | UK | BG | RO |
|-----|-----|-----|-------------|-----|-----|-----|-----|-----|------|-----|
| 1.4 | 1.9 | 2.6 | 2.7p | 2.8 | 3.5 | 3.5 | 4.0 | 4.0 | 4.3p | 7.0 |

Inflation rates in %, measured by HICPs

| | Annual rates | | | | | 12 month average rates ⁵ Jan 11-10 Jan 10-09 | Monthly rates Jan 11 Dec 10 |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|---|-----------------------------------|
| | Jan 11 Jan 10 | Dec 10 Dec 09 | Nov 10 Nov 09 | Oct 10 Oct 09 | Jan 10 Jan 09 | | |
| | Belgium (BE) | 3.7 | 3.4 | 3.0 | 3.1 | | |
| Germany (DE) | 2.0 | 1.9 | 1.6 | 1.3 | 0.8 | 1.3 | -0.5 |
| Estonia (EE) | 5.1 | 5.4 | 5.0 | 4.5 | -1.0 | 3.3 | 0.0 |
| Ireland (IE) | 0.2 | -0.2 | -0.8 | -0.8 | -2.4 | -1.4 | -0.3 |
| Greece (EL) | 4.9 | 5.2 | 4.8 | 5.2 | 2.3 | 4.9 | -1.0 |
| Spain (ES) ⁶ | 3.0 | 2.9 | 2.3r | 2.5r | 0.7r | 2.2 | -1.3 |
| France (FR) | 1.9p | 2.0 | 1.8 | 1.8 | 1.2 | 1.8p | -0.3p |
| Italy (IT) | 1.9 | 2.1 | 1.9 | 2.0 | 1.3 | 1.7 | -1.6 |
| Cyprus (CY) | 3.0 | 1.9 | 1.7 | 3.2 | 2.5 | 2.6 | -0.4 |
| Luxembourg (LU) | 3.4 | 3.1 | 2.5 | 2.9 | 3.0 | 2.8 | -0.3 |
| Malta (MT) | 3.3 | 4.0 | 3.4 | 2.2 | 1.2 | 2.2 | -1.3 |
| Netherlands (NL) | 2.0p | 1.8 | 1.4 | 1.4 | 0.4 | 1.1p | -0.1p |
| Austria (AT) | 2.5p | 2.2 | 1.8 | 2.0 | 1.2 | 1.8p | -0.1p |
| Portugal (PT) | 3.6 | 2.4 | 2.2 | 2.3 | 0.1 | 1.7 | 0.5 |
| Slovenia (SI) | 2.3 | 2.2 | 1.6 | 2.1 | 1.8 | 2.1 | -0.4 |
| Slovakia (SK) | 3.2 | 1.3 | 1.0 | 1.0 | -0.2 | 1.0 | 2.1 |
| Finland (FI) | 3.1 | 2.8 | 2.4 | 2.3 | 1.6 | 1.8 | 0.4 |
| Euro area (MUICP) | 2.3p | 2.2 | 1.9 | 1.9 | 0.9r | 1.7p | -0.7p |
| Bulgaria (BG) | 4.3p | 4.4 | 4.0 | 3.6 | 1.8 | 3.2p | 0.5p |
| Czech Republic (CZ) | 1.9 | 2.3 | 1.9 | 1.8 | 0.4 | 1.4 | 0.8 |
| Denmark (DK) | 2.6 | 2.8 | 2.5 | 2.4 | 1.9 | 2.2 | 0.1 |
| Latvia (LV) | 3.5 | 2.4 | 1.7 | 0.9 | -3.3 | -0.7 | 1.3 |
| Lithuania (LT) | 2.8 | 3.6 | 2.5 | 2.6 | -0.3 | 1.5 | 0.4 |
| Hungary (HU) | 4.0 | 4.6 | 4.0 | 4.3 | 6.2 | 4.5 | 0.9 |
| Poland (PL) | 3.5 | 2.9 | 2.6 | 2.6 | 3.9 | 2.6 | 1.0 |
| Romania (RO) | 7.0 | 7.9 | 7.7 | 7.9 | 5.2 | 6.2 | 0.8 |
| Sweden (SE) | 1.4 | 2.1 | 1.7 | 1.6 | 2.7 | 1.8 | -0.9 |
| United Kingdom (UK) | 4.0 | 3.7 | 3.3 | 3.2 | 3.5 | 3.3 | 0.1 |
| EU (EICP)⁷ | 2.7p | 2.7r | 2.3 | 2.3 | 1.7 | 2.2p | -0.4p |
| Iceland (IS) | 2.2 | 3.5 | 3.8 | 4.6 | 10.6 | 6.8 | -1.2 |
| Norway (NO) | 2.0 | 2.7 | 1.5 | 1.7 | 2.7 | 2.3 | -0.8 |
| EEA (EEAICP)⁷ | 2.7p | 2.7r | 2.3 | 2.3 | 1.7 | 2.2p | -0.4p |
| Switzerland (CH) | 0.2p | 0.4 | 0.2 | 0.2 | 0.9 | 0.6p | 0.0p |

Source: Eurostat

p = provisional

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 ⁵ Jan 11-10 Jan 10-09 | Monthly rates Jan 11 Dec 10 |
|-----------------------------|---------------------|--------------|--------|--------|--------|--------|---|-----------------------------------|
| | | Jan 11 | Dec 10 | Nov 10 | Oct 10 | Jan 10 | | |
| | | Jan 10 | Dec 09 | Nov 09 | Oct 09 | Jan 09 | | |
| 00 All-items | 1000.0 | 2.3p | 2.2 | 1.9 | 1.9 | 0.9r | 1.7p | -0.7p |
| 01 Food | 153.5 | 1.5p | 1.8 | 1.4 | 1.2 | -1.2 | 0.6p | 0.4p |
| 02 Alcohol and tobacco | 39.5 | 3.7p | 3.6 | 3.4 | 3.4 | 4.6 | 3.7p | 0.5p |
| 03 Clothing | 67.1 | -0.6p | 0.6r | 1.0 | 1.0r | -1.4r | 0.7p | -13.3p |
| 04 Housing | 157.9 | 4.5p | 3.8 | 3.2r | 3.2 | -0.3 | 2.4p | 1.2p |
| 05 Household equipment | 68.1 | 0.8p | 0.6 | 0.7 | 0.6 | 1.0 | 0.7p | -0.5p |
| 06 Health | 41.9 | 1.3p | 0.8 | 0.9 | 1.0 | 1.0 | 0.9p | 0.6p |
| 07 Transport | 156.2 | 5.1p | 5.2 | 3.8 | 4.3 | 4.9 | 4.7p | 1.0p |
| 08 Communications | 31.8 | -0.2p | -0.7 | -0.8 | -1.0 | -0.9 | -0.7p | 0.2p |
| 09 Recreation and culture | 95.2 | 0.1p | -0.1 | 0.0 | 0.1 | -0.3 | -0.2p | -2.1p |
| 10 Education | 11.5 | 1.5p | 1.5 | 1.6 | 1.7 | 1.6 | 1.7p | 0.1p |
| 11 Hotels and restaurants | 92.3 | 1.6p | 1.4 | 1.4 | 1.5 | 1.0 | 1.2p | -0.5p |
| 12 Miscellaneous | 85.1 | 2.4p | 2.2 | 2.3 | 2.3 | 1.9 | 2.1p | 0.1p |
| All-items | | | | | | | | |
| -excl. energy | 896.4 | 1.3p | 1.3 | 1.3 | 1.2 | 0.6r | 1.1p | -1.1p |
| -excl. energy, FoodAlcTob* | 703.4 | 1.1p | 1.0r | 1.1 | 1.1 | 0.8r | 1.0p | -1.6p |
| -excl. energy, unproc. food | 822.8 | 1.2p | 1.1 | 1.2r | 1.1 | 0.8r | 1.0p | -1.3p |
| -excl. energy, seas. food | 858.5 | 1.2p | 1.1 | 1.1 | 1.1 | 0.7r | 1.0p | -1.2p |
| -excl. tobacco | 974.0 | 2.2p | 2.1 | 1.8 | 1.9r | 0.8r | 1.6p | -0.7p |
| Energy | 103.3 | 12.0p | 11.0 | 7.9 | 8.5 | 4.0 | 8.0p | 3.0p |
| FoodAlcTob* | 193.0 | 1.9p | 2.1 | 1.8 | 1.6r | -0.1 | 1.2p | 0.4p |

Source: Eurostat

* FoodAlcTob = Food, alcohol and tobacco

p = provisional

r = revised

Euro area sub-indices with most important impacts

| COICOP | January 11 / January 10 | Weight (‰) 2011 | Rate (%) | Impact (percentage points) |
|---------------------------------|-------------------------|--------------------|----------|-------------------------------|
| 07.22 | Fuels for transport | 46.9 | 14.9p | 0.58 |
| 04.53 | Heating oil | 9.6 | 24.7p | 0.19 |
| 04.51 | Electricity | 24.5 | 6.7p | 0.11 |
| 04.52 | Gas | 16.7 | 8.8p | 0.10 |
| 02.20 | Tobacco | 24.8 | 5.5p | 0.08 |
| 12.31 | Jewellery and watches | 5.3 | 13.0p | 0.06 |
| 09.11 | Audio-visual equipment | 4.9 | -8.4p | -0.05 |
| 01.12 | Meat | 35.7 | 0.9p | -0.05 |
| 07.11 | Cars | 39.3 | 0.8p | -0.06 |
| 04.11/2 | Rents | 59.8 | 1.3p | -0.07 |
| 08.2/3 | Telecommunications | 30.1 | -0.2p | -0.08 |
| 03.12 | Garments | 49.5 | -0.6p | -0.14 |
| January 11 / December 10 | | | | |
| 07.22 | Fuels for transport | 46.9 | 3.0p | 0.18 |
| 04.51 | Electricity | 24.5 | 4.1p | 0.12 |
| 11.11 | Restaurants and cafés | 70.1 | 0.3p | 0.07 |
| 04.53 | Heating oil | 9.6 | 4.3p | 0.05 |
| 04.11/2 | Rents | 59.8 | -0.0p | 0.04 |
| 01.17 | Vegetables | 15.8 | 1.7p | 0.04 |
| 05.20 | Household textiles | 4.9 | -3.9p | -0.02 |
| 07.33 | Air transport | 5.8 | -5.6p | -0.03 |
| 11.20 | Accommodation services | 15.7 | -4.4p | -0.06 |
| 03.21/2 | Footwear | 13.8 | -11.9p | -0.16 |
| 09.60 | Package holidays | 15.1 | -11.4p | -0.16 |
| 03.12 | Garments | 49.5 | -14.4p | -0.71 |

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>.

Future release dates

Scheduled publication dates for the coming months are:

| Index for | MUICP flash estimates | HICP News Releases |
|---------------|-----------------------|--------------------|
| February 2011 | 1 March 2011 | 16 March 2011 |
| March 2011 | 31 March 2011 | 15 April 2011 |
| April 2011 | 29 April 2011 | 16 May 2011 |

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 January 2011, published on 31 January 2011, 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. 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. Eurostat estimates that the introduction of the regulation has reduced by 0.1 percentage points the all-items HICP rate for both the euro area and the EU for January 2011. 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/Tab/Tab/HICP_Seasonal_products_information_note_2011_02_16_web.pdf, and http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/documents/Tab/Tab/HICP_SP_impacts_2011_02_28_web.pdf
5. Measure used to determine price stability in Convergence reports by the Commission to the Council.
6. Spain has revised its data for 2010 as a result of the implementation of the seasonal product regulation and in order to align the HICP fully with the COICOP/HICP classification. These changes have an impact for the euro area aggregates in certain months in 2010. For further information see: http://www.ine.es/en/daco/daco42/daco421/ipc0111_en.pdf
7. The EU and EEA totals for December 2010 have been revised as Eurostat estimates for the United Kingdom and Ireland have been replaced by actual data.

Issued by:
Eurostat Press Office

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

For further information on methodology:

Tatiana MRLIANOVA
Jarko PASANEN
Tel: +352-4301-32 636
estat-hicp-methods@ec.europa.eu

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Annex A - HICP country weights for 2011

HICP country weights are derived from national accounts data for household final monetary consumption expenditure. For the euro area, country weights reflect the amount of household final monetary consumption expenditure expressed in euro, while for the other EU and EEA countries the amounts are expressed in PPS.

| | MUICP | EICP | EEAICP |
|--------------------------|----------------|-----------------|-----------------|
| Belgium | 32.99 | | |
| Germany | 258.57 | | |
| Estonia | 1.49 | | |
| Ireland | 12.81 | | |
| Greece | 38.41 | | |
| Spain | 126.63 | | |
| France | 207.49 | | |
| Italy | 184.74 | | |
| Cyprus | 2.97 | | |
| Luxembourg | 3.12 | | |
| Malta | 0.91 | | |
| Netherlands | 48.29 | | |
| Austria | 31.77 | | |
| Portugal | 21.76 | | |
| Slovenia | 4.11 | | |
| Slovakia | 7.38 | | |
| Finland | 16.56 | | |
| Euro area (MUICP) | 1000.00 | 711.71 | 703.47 |
| Bulgaria | | 7.72 | 7.63 |
| Czech Republic | | 15.02 | 14.85 |
| Denmark | | 10.61 | 10.49 |
| Latvia | | 2.10 | 2.08 |
| Lithuania | | 4.16 | 4.11 |
| Hungary | | 11.88 | 11.74 |
| Poland | | 51.75 | 51.15 |
| Romania | | 16.41 | 16.22 |
| Sweden | | 19.15 | 18.93 |
| United Kingdom | | 149.50 | 147.77 |
| EU (EICP) | | 1000.00* | |
| Iceland | | | 0.62 |
| Norway | | | 10.96 |
| EEA (EEAICP) | | | 1000.00* |

* Due to rounding effects, the weights do not add up exactly to 1000.