

May 2010

## Euro area annual inflation up to 1.6%

EU stable at 2.0%

**Euro area**<sup>1</sup> annual inflation was 1.6% in May 2010<sup>2</sup>, up from 1.5% in April. A year earlier the rate was 0.0%. Monthly inflation was 0.1% in May 2010.

**EU**<sup>3</sup> annual inflation was 2.0% in May 2010, unchanged compared with April. A year earlier the rate was 0.8%. Monthly inflation was 0.2% in May 2010.

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

### Inflation in the EU Member States

In May 2010, the lowest annual rates were observed in **Latvia** (-2.4%), **Ireland** (-1.9%) and the **Netherlands** (0.4%), and the highest in **Greece** (5.3%), **Hungary** (4.9%) and **Romania** (4.4%). Compared with April 2010, annual inflation fell in ten Member States, remained stable in five and rose in twelve.

The lowest 12-month averages<sup>4</sup> up to May 2010 were registered in **Ireland** (-2.5%), **Latvia** (-1.2%) and **Portugal** (-0.5%), and the highest in **Hungary** (5.1%), **Romania** (4.7%) and **Poland** (3.6%).

### Euro area

The main components with the highest annual rates in May 2010 were transport (5.5%) and alcohol & tobacco (4.4%), while the lowest annual rates were observed for communications (-1.1%), recreation & culture (-0.3%) and food (-0.2%). Concerning the detailed sub-indices, fuels for transport (+0.71 percentage points), heating oil (+0.23) and tobacco (+0.12) had the largest upward impacts on the headline rate, while gas (-0.12), cars (-0.10) and telecommunications (-0.09) had the biggest downward impacts.

The main components with the highest monthly rates were recreation & culture and alcohol & tobacco (both 0.4%), while the lowest were food and communications (both -0.2%) and education (0.0%). In particular, fuels for transport (+0.04 percentage points), fruit (+0.03), package holidays and heating oil (+0.02 each) had the largest upward impacts, while vegetables (-0.06) and air transport (-0.02) had the biggest downward impacts.

### Annual inflation (%) in May 2010 in ascending order

Euro area																
IE	NL	SK	PT	DE	FI	IT	Euro area	AT	ES	CY	MT	FR	SI	BE	LU	EL
-1.9	0.4p	0.7	1.1	1.2	1.4	1.6	1.6p	1.7p	1.8	1.8	1.8	1.9	2.4	2.5	3.1	5.3
EU Member States outside the euro area																
LV	LT	CZ	DK	SE	EU	PL	EE	BG	UK	RO	HU					
-2.4	0.5	1.0	1.9	1.9	2.0p	2.3	2.8	3.0	3.4	4.4	4.9					

### Inflation rates in %, measured by HICPs

	Annual rates					12 month average rates <sup>4</sup> May 10-09 May 09-08	Monthly rates May 10 Apr 10
	<u>May 10</u>	<u>Apr 10</u>	<u>Mar 10</u>	<u>Feb 10</u>	<u>May 09</u>		
	May 09	Apr 09	Mar 09	Feb 09	May 08		
Belgium (BE)	2.5	2.1	1.9	0.8	-0.2	0.2	0.4
Germany (DE)	1.2	1.0	1.2	0.5	0.0	0.4	0.1
Ireland (IE)	-1.9	-2.5	-2.4	-2.4	-1.7	-2.5	0.3
Greece (EL)	5.3	4.7	3.9	2.9	0.7	2.3	0.8
Spain (ES)	1.8	1.6	1.5	0.9	-0.9	0.3	0.2
France (FR)	1.9	1.9	1.7	1.4	-0.3	0.6	0.1
Italy (IT)	1.6	1.6	1.4	1.1	0.8	0.8	0.1
Cyprus (CY)	1.8	2.5	2.3	2.8	0.5	0.9	0.1
Luxembourg (LU)	3.1	3.1	3.2	2.3	-0.9	1.3	0.3
Malta (MT)	1.8	0.8	0.6	0.7	3.4	0.8	1.2
Netherlands (NL)	0.4p	0.6	0.7	0.3	1.5	0.4p	-0.1p
Austria (AT)	1.7p	1.8	1.8	0.9	0.1	0.7p	-0.1p
Portugal (PT)	1.1	0.7	0.6	0.2	-1.2	-0.5	0.2
Slovenia (SI)	2.4	2.7	1.8	1.6	0.5	1.2	0.4
Slovakia (SK)	0.7	0.7	0.3	-0.2	1.1	0.3	0.1
Finland (FI)	1.4	1.6	1.5	1.3	1.5	1.4	-0.2
<b>Euro area (MUICP)</b>	<b>1.6p</b>	<b>1.5</b>	<b>1.4</b>	<b>0.9</b>	<b>0.0</b>	<b>0.5p</b>	<b>0.1p</b>
Bulgaria (BG)	3.0	3.0	2.4	1.7	3.0	1.7	0.0
Czech Republic (CZ)	1.0	0.9	0.4	0.4	0.9	0.3	0.2
Denmark (DK)	1.9	2.4	2.1	1.8	1.1	1.3	-0.1
Estonia (EE)	2.8	2.5	1.4	-0.3	0.3	-0.4	0.3
Latvia (LV)	-2.4	-2.8	-4.0	-4.3	4.4	-1.2	0.0
Lithuania (LT)	0.5	0.2	-0.4	-0.6	4.9	1.1	0.2
Hungary (HU)	4.9	5.7	5.7	5.6	3.8	5.1	0.7
Poland (PL)	2.3	2.7	2.9	3.4	4.2	3.6	0.3
Romania (RO)	4.4	4.2	4.2	4.5	5.9	4.7	0.1
Sweden (SE)	1.9	2.1	2.5	2.8	1.7	2.1	0.1
United Kingdom (UK)	3.4	3.7	3.4	3.0	2.2	2.5	0.2
<b>EU (EICP)</b>	<b>2.0p</b>	<b>2.0</b>	<b>1.9</b>	<b>1.5</b>	<b>0.8</b>	<b>1.2p</b>	<b>0.2p</b>
Iceland (IS)	10.0	11.1	11.6	10.7	15.7	12.9	0.4
Norway (NO)	2.6	3.4	3.6	3.1	2.9	2.4	-0.5
<b>EEA (EEAICP)<sup>5</sup></b>	<b>2.0p</b>	<b>2.1r</b>	<b>1.9</b>	<b>1.5</b>	<b>0.9</b>	<b>1.2p</b>	<b>0.2p</b>
Switzerland (CH)	1.0	1.3	1.4	0.9	-1.1	0.0	-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 2010	Annual rates					12 month average rates <sup>4</sup> May 10-09 May 09-08	Monthly rates May 10 Apr 10
		May 10	Apr 10	Mar 10	Feb 10	May 09		
		May 09	Apr 09	Mar 09	Feb 09	May 08		
00 All-items	1000.0	<b>1.6p</b>	1.5	1.4	0.9	0.0	0.5p	0.1p
01 Food	153.4	<b>-0.2p</b>	-0.2	-0.6	-1.2	0.3	-0.9p	-0.2p
02 Alcohol and tobacco	38.3	<b>4.4p</b>	4.2	4.0	4.3	3.3	4.4p	0.4p
03 Clothing	67.4	<b>0.4p</b>	0.3	-0.1	-0.1	0.7	0.2p	0.2p
04 Housing	154.2	<b>2.0p</b>	1.7	0.5	-0.2	-0.1	-0.4p	0.2p
05 Household equipment	71.0	<b>0.7p</b>	0.7	0.7	0.8	1.8	1.2p	0.1p
06 Health	42.6	<b>0.8p</b>	0.5	0.8	0.9	1.5	1.0p	0.1p
07 Transport	153.0	<b>5.5p</b>	5.9	6.1	4.2	-4.8	0.9p	0.2p
08 Communications	32.6	<b>-1.1p</b>	-0.6	-0.3	-0.4	-1.0	-0.7p	-0.2p
09 Recreation and culture	96.7	<b>-0.3p</b>	-1.0	0.2	-0.3	0.6	0.0p	0.4p
10 Education	10.8	<b>1.7p</b>	1.7	1.8	1.5	0.5	1.3p	0.0p
11 Hotels and restaurants	93.2	<b>1.1p</b>	1.0	1.2	1.0	2.2	1.3p	0.2p
12 Miscellaneous	86.7	<b>2.0p</b>	1.9r	1.8	1.9	2.2	2.1p	0.3p
All-items								
-excl. energy	904.4	<b>0.8p</b>	0.8r	0.8	0.7	1.4	0.9p	0.1p
-excl. energy, FoodAlcTob*	712.7	<b>0.8p</b>	0.8	1.0	0.9	1.5	1.1p	0.1p
-excl. energy, unproc. food	831.4	<b>0.9p</b>	0.8r	0.9	0.8	1.5	1.0p	0.1p
-excl. energy, seas. food	867.5	<b>0.8p</b>	0.7	0.9	0.8	1.5	1.0p	0.1p
-excl. tobacco	976.2	<b>1.5p</b>	1.4	1.3	0.8	0.0	0.4p	0.1p
Energy	95.6	<b>9.2p</b>	9.1	7.2	3.3	-11.6	-2.5p	0.6p
FoodAlcTob*	191.7	<b>0.7p</b>	0.7	0.3	-0.1	0.9	0.1p	-0.1p

Source: Eurostat

\* FoodAlcTob = Food, alcohol and tobacco

p = provisional

r = revised

## Euro area sub-indices with most important impacts

COICOP	May 10 / May 09	Weight (‰) 2010	Rate (%)	Impact (percentage points)
07.22	Fuels for transport	42.4	18.4p	0.71
04.53	Heating oil	7.7	34.1p	0.23
02.20	Tobacco	23.8	6.6p	0.12
12.31	Jewellery and watches	5.3	8.1p	0.03
12.54	Transport related insurance	9.2	5.2p	0.03
09.52	Newspapers and periodicals	8.9	3.0p	0.01
04.55	District heating	5.2	-10.2p	-0.07
01.14	Milk, cheese and eggs	22.0	-1.5p	-0.07
03.12	Garments	49.7	0.2p	-0.08
08.2/3	Telecommunications	30.9	-1.3p	-0.09
07.11	Cars	38.9	-0.7p	-0.10
04.52	Gas	15.4	-5.2p	-0.12
	<b>May 10 / April 10</b>			
07.22	Fuels for transport	42.4	0.9p	0.04
01.16	Fruit	11.4	3.1p	0.03
09.60	Package holidays	15.7	1.8p	0.02
04.53	Heating oil	7.7	2.2p	0.02
09.33	Gardens, plants and flowers	6.5	2.1p	0.01
02.20	Tobacco	23.8	0.6p	0.01
09.31	Games, toys and hobbies	5.4	-1.4p	-0.01
07.11	Cars	38.9	-0.1p	-0.01
08.2/3	Telecommunications	30.9	-0.2p	-0.01
04.55	District heating	5.2	-2.2p	-0.01
07.33	Air transport	5.7	-3.3p	-0.02
01.17	Vegetables	14.7	-3.6p	-0.06

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*<sup>4</sup> 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 the Treaty on the Functioning of the 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 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
June 2010	30 June 2010	14 July 2010
July 2010	30 July 2010	16 August 2010
August 2010	31 August 2010	15 September 2010

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 January 2001, Slovenia from January 2007, Cyprus and Malta from January 2008 and Slovakia from January 2009. New Member States are integrated into the MUICP using a chain index formula.
2. The MUICP flash estimate for May 2010, published on 31 May 2010, was 1.6%.
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. EEA total has been revised as April 2010 data for the United Kingdom were not available in time for the previous release.

Issued by:  
**Eurostat Press Office**

**Tim ALLEN**  
Tel: +352-4301-33 444  
[eurostat-pressoffice@ec.europa.eu](mailto:eurostat-pressoffice@ec.europa.eu)

For further information on methodology:

**Angelica ARELLANO-VAILLANT**  
**Jarko PASANEN**  
Tel: +352-4301-32 004  
[estat-hicp-methods@ec.europa.eu](mailto:estat-hicp-methods@ec.europa.eu)

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