



Statistics in focus

ECONOMY AND FINANCE

PRICES AND PURCHASING POWER PARITIES

THEME 2 – 4/1999

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Manuscript completed on: 10.02.1999
 ISSN 1024-4298
 Catalogue number: CA-NJ-99-004-EN-C
 Price in Luxembourg (excl. VAT):
 Single copy: EUR 6

CARDIFF CONFERENCE 1999 THE MEASUREMENT OF INFLATION

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Harmonized Indices of Consumer Prices December 1998

The rate of inflation for the Economic and Monetary Union (EMU), as measured by the Monetary Union Index of Consumer Prices (MUICP=EUR-11), was 0.8% comparing December 1998 with December 1997. The MUICP is the average of the Harmonized Indices of Consumer Prices (HICPs) for the Member States participating in Stage III of the EMU.

The annual rate of change for the EMU fell from 0.9% to 0.8% between November and December 1998. A year ago, in December 1997, the corresponding rate was 1.5%.

The rate of inflation in the EU, as measured by the European Index of Consumer Prices (EICP=EU-15), was 1.0% comparing December 1998 with December 1997. The EICP is the average of the HICPs of all EU Member States. A year ago, in December 1997, the corresponding rate was 1.6%.

EU Member States with the lowest inflation rates in December 1998 were Sweden (0.0%), France (0.3%), Germany and Luxembourg (both 0.4%). Highest inflation rates were reported for Greece (3.7%), Portugal (2.8%) and Ireland (2.2%).

The annual rate of inflation for the European Economic Area (EEA) as a whole was 1.0% in December 1998. A year ago, in December 1997, the corresponding rate was 1.7%. The December annual rate of change fell to -0.2% in Switzerland* and to 0.6% in Japan*, and increased to 1.6% in the USA*.

The inflation rates for the EU-15, EUR-11, the USA* and Japan* from December 1997 to December 1998 are shown in the graph below:

*For the USA, Japan, and Switzerland the national CPIs are given, which are not strictly comparable with the HICPs.

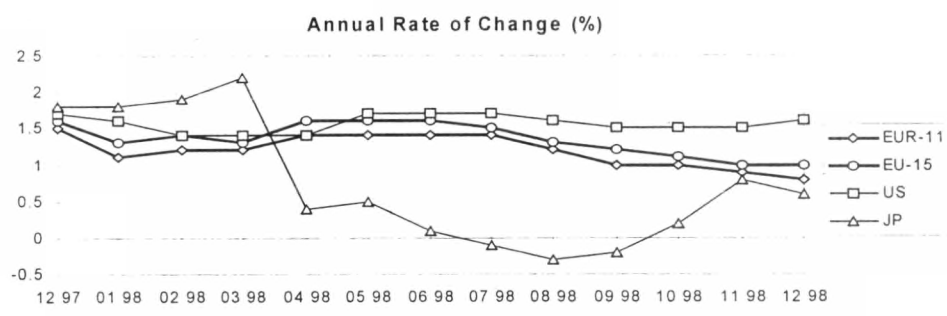


TABLE I
HARMONIZED INDICES OF CONSUMER PRICES
INDEX NUMBERS

	EUR-11 (MUICP)	EU-15 (EICP)	B	DK	D	EL	E	F	IRL	I	L	NL
	Annual Average Index											
	1996 = 100											
1995	97.9*	97.7*	98.3	98.0	98.8	92.7	96.6	98.0	97.9	96.2	98.8	98.6
1996	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1997	101.6	101.7	101.5	101.9	101.5	105.4	101.9	101.3	101.2	101.9	101.4	101.9
1998	102.7\$	103.1\$	102.4	103.3	102.2	110.2	103.7	102.0	103.4	103.9	102.4	103.7\$
	Monthly Index											
1996												
January	98.9*	98.8*	99.2	98.4	99.2	96.3	98.5	98.9	98.5*	98.6	99.4	98.7
February	99.3	99.2	99.3	99.0	99.7	96.1	98.7	99.3	99.2	99.0	99.5	99.2
March	99.7*	99.6*	99.5	99.6	99.8	98.9	99.1	100.0	99.7*	99.3	99.6	100.4
April	99.9*	99.9*	100.0	99.9	99.8	99.9	99.7	100.1	99.5*	99.7	99.8	100.7
May	100.1	100.1	100.2	100.1	100.0	100.7	100.1	100.3	99.7	100.1	99.9	100.3
June	100.1*	100.2*	100.0	100.1	100.1	100.9	100.0	100.2	99.9*	100.3	99.9	99.8
July	100.2*	100.0*	99.9	99.9	100.4	99.1	100.1	100.0	99.7*	100.2	100.0	99.5
August	100.1	100.1	99.9	100.1	100.3	99.0	100.4	99.8	100.3	100.3	100.1	99.3
September	100.2*	100.4*	100.1	100.6	100.1	101.3	100.7	100.1	100.8*	100.4	100.1	100.4
October	100.4*	100.5*	100.6	100.8	100.2	102.1	100.8	100.4	100.7*	100.5	100.3	100.7
November	100.4	100.5	100.6	100.9	100.1	102.2	100.8	100.3	100.8	100.9	100.6	100.5
December	100.6*	100.7*	100.8	100.7	100.3	103.4	101.1	100.5	101.2*	101.0	100.6	100.4
	Monthly Index											
1997												
January	100.9	100.9	101.3	100.7	100.9	102.7	101.3	100.7	100.3	101.2	100.7	100.4
February	101.1	101.1	101.2	101.1	101.2	102.3	101.2	101.0	100.9	101.3	101.0	100.6
March	101.2	101.3	100.8	101.4	101.1	104.7	101.3	101.1	101.0	101.5	100.9	101.6
April	101.2	101.4	101.1	101.6	101.0	105.6	101.3	101.1	101.1	101.6	100.9	101.7
May	101.5	101.7	101.6	102.3	101.4	106.1	101.4	101.2	101.1	101.9	101.0	101.9
June	101.5	101.7	101.6	102.5	101.6	106.5	101.4	101.2	101.4	101.9	101.1	101.3
July	101.6	101.7	101.8	101.9	101.9	104.3	101.6	101.1	101.2	101.9	101.3	101.4
August	101.8	101.9	101.6	102.1	102.0	104.5	102.1	101.4	100.9	101.9	101.5	101.8
September	101.9	102.1	101.7	102.5	101.7	106.3	102.6	101.6	101.4	102.0	101.8	102.9
October	101.9	102.2	101.8	102.4	101.6	106.8	102.6	101.5	101.5	102.4	102.0	103.0
November	102.0	102.3	101.9	102.5	101.5	107.3	102.7	101.7	101.9	102.7	102.1	103.0
December	102.1	102.4	101.7	102.3	101.7	108.1	103.0	101.7	102.2	102.8	102.1	102.6
	Monthly Index											
1998												
January	102.0	102.2	101.8	102.4	101.7	107.1	103.2	101.3	101.5	103.1	102.2	102.0
February	102.3	102.5	102.0	102.8	102.0	106.5	102.9	101.7	102.0	103.4	102.1	102.7
March	102.4	102.6	101.8	103.0	101.7	109.2	103.0	101.9	102.5	103.6	102.2	103.8
April	102.6	103.0	102.4	103.2	102.0	111.0	103.2	102.1	103.1	103.8	102.0	104.2
May	102.9	103.3	102.9	103.7	102.5	111.4	103.4	102.2	103.5	103.9	102.3	104.0
June	102.9	103.3	102.8	103.7	102.6	111.7	103.4	102.3	104.0	104.0	102.3	103.5
July	103.0	103.2	103.0	103.3	102.8	109.3	103.9	101.9	103.7	104.0	102.5	103.2
August	103.0	103.2	102.6	103.2	102.7	109.4	104.2	102.0	103.9	104.1	102.5	103.2
September	102.9	103.3	102.5	103.6	102.3	111.6	104.2	102.1	104.2	104.1	102.5	104.2
October	102.9	103.3	102.5	103.5	102.2	111.6	104.2	102.0	104.1	104.3	102.5	104.5
November	102.9	103.3	102.5	103.6	102.1	111.5	104.1	101.9	104.1	104.4	102.6	104.5
December	102.9\$	103.4\$	102.4	103.4	102.1	112.1	104.4	102.0	104.4	104.5	102.5	104.1\$

* estimated \$ provisional # revised ! definition differs : Not available

TABLE I CONTINUED
HARMONIZED INDICES OF CONSUMER PRICES
INDEX NUMBERS

A	P	FIN	S	UK	EEAICP	IS	N
98.3	97.2	98.9	99.2	97.6*	97.7*	97.9	99.3
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
101.2	101.9	101.2	101.9	101.8	101.7	101.8	102.6
102.0\$	104.2	102.6	102.9	103.4	103.1\$	103.2	104.6
99.4	98.3	99.2	99.1	98.5	98.8*	98.8	98.8
99.7	98.8	99.6	99.3	98.9	99.2	99.0	98.9
100.0	99.0	99.8	100.0	99.4	99.6*	99.2	99.2
99.9	99.8	100.0	100.4	99.9	99.9*	99.6	99.6
99.8	100.2	100.3	100.5	100.2	100.1	100.0	99.8
100.1	100.2	100.3	100.1	100.3	100.2*	100.0	99.9
100.2	100.4	100.3	99.9	99.6	100.1*	100.1	100.3
99.9	100.7	99.9	99.6	100.2	100.1	100.5	100.1
99.9	100.7	100.1	100.4	100.7	100.4*	100.5	100.5
100.1	100.5	100.2	100.4	100.6	100.5*	100.8	101.0
100.4	100.7	100.0	100.2	100.7	100.5	100.8	100.9
100.7	100.7	100.2	100.2	101.0	100.7*	100.5	100.9
100.6	101.1	100.1	100.4	100.6	100.9	100.8	102.0
101.1	101.2	100.2	100.4	100.9	101.1	100.9	102.3
101.2	101.3	100.5	101.0	101.1	101.3	100.9	102.6
101.1	101.4	100.9	101.7	101.4	101.4	101.8	102.3
101.1	102.1	101.2	101.8	101.8	101.7	101.5	102.6
101.1	101.8	101.4	101.8	102.0	101.7	101.6	102.8
101.1	101.8	101.4	101.6	101.6	101.7	101.7	102.3
101.2	102.3	101.6	101.7	102.2	101.9	102.0	102.2
101.1	102.2	101.7	103.0	102.5	102.1	102.4	102.6
101.2	102.1	101.9	103.1	102.6	102.2	102.9	102.9
101.5	102.6	101.8	102.9	102.6	102.3	102.7	103.0
101.7	102.8	101.8	102.9	102.8	102.4	102.6	103.1
101.8	102.7	101.9	102.5	102.1	102.2	103.0	103.6
102.1	102.5	101.9	102.4	102.4	102.5	102.8	103.8
102.2	102.8	102.1	102.7	102.7	102.6	103.1	104.4
102.3	103.6	102.6	103.1	103.3	103.0	103.3	104.5
102.1	104.3	102.8	103.4	103.8	103.3	103.6	104.4
101.9	104.5	103.0	103.2	103.7	103.3	103.8	104.6
101.9	104.7	102.5	102.9	103.1	103.2	103.3	104.7
101.9	104.6	102.7	102.3	103.5	103.3	102.7	104.2
101.7	104.4	103.1	102.9	104.0	103.4	102.7	105.0
101.9	104.7	103.0	103.2	103.9	103.4	103.1	105.0
102.0	105.3	102.7	103.0	104.0	103.3	103.4	105.2
102.2\$	105.7	102.6	102.9	104.3	103.4\$	103.1	105.3

TABLE II
NATIONAL CPIs
INDEX NUMBERS

CH	US	JP	
1996 = 100			
99.2	97.2	99.9	1995
100.0	100.0	100.0	1996
100.6	102.3	101.7	1997
100.5	103.9	102.4	1998
			1996
99.7	98.4	99.6	January
99.9	98.8	99.4	February
100.0	99.3	99.6	March
100.1	99.6	100.2	April
99.8	99.8	100.4	May
100.0	99.9	100.1	June
99.8	100.1	100.0	July
100.1	100.3	99.9	August
100.1	100.6	100.3	September
100.3	100.9	100.5	October
100.1	101.1	100.2	November
100.2	101.1	100.3	December
			1997
100.5	101.4	100.2	January
100.7	101.8	100.0	February
100.6	102.0	100.1	March
100.7	102.1	102.1	April
100.4	102.1	102.3	May
100.5	102.2	102.3	June
100.3	102.3	101.9	July
100.6	102.5	102.0	August
100.6	102.8	102.7	September
100.6	103.0	103.0	October
100.5	103.0	102.3	November
100.6	102.8	102.1	December
			1998
100.6	103.0	102.0	January
100.7	103.2	101.9	February
100.6	103.4	102.3	March
100.7	103.6	102.5	April
100.5	103.8	102.8	May
100.5	103.9	102.4	June
100.4	104.0	101.8	July
100.7	104.1	101.7	August
100.6	104.3	102.5	September
100.6	104.5	103.2	October
100.4	104.5	103.1	November
100.4	104.4	102.7	December

* estimated \$ provisional # revised ! definition differs : Not available

TABLE III
HARMONIZED INDICES OF CONSUMER PRICES
RATES OF CHANGE (%)

	EUR-11 (MUICP)	EU-15 (EICP)	B	DK	D	EL	E	F	IRL	I	L	NL
	Annual Average Rate of Change											
	1996 = 100											
1996	2.2*	2.4*	1.8	2.1	1.2	7.9	3.6	2.1	2.2*	4.0	1.2	1.4
1997	1.6*	1.7*	1.5	1.9	1.5	5.4	1.9	1.3	1.2*	1.9	1.4	1.9
1998	1.1\$	1.3\$	0.9	1.3	0.7	4.5	1.8	0.7	2.1	2.0	1.0	1.8\$
1996	Annual Rate of Change											
	(t/t-12)											
January	2.4*	2.7*	1.4	1.4	1.3	7.8	3.8	2.0	2.3*	5.7	1.0	1.1
February	2.4	2.6*	1.4	1.6	1.2	8.1	3.6	2.1	2.3	5.3	0.9	1.0
March	2.5*	2.7*	1.6	1.9	1.4	8.6	3.3	2.6	2.4*	4.7	1.0	1.5
April	2.4*	2.6*	2.0	1.9	1.2	8.5	3.4	2.5	1.9*	4.6	1.2	1.6
May	2.5	2.6*	2.1	1.8	1.3	8.3	3.8	2.6	1.9	4.4	1.2	1.4
June	2.1*	2.4*	1.9	2.0	1.1	7.9	3.6	2.5	1.9*	3.9	1.1	1.1
July	2.2*	2.4*	1.5	2.4	1.2	8.0	3.7	2.5	1.9*	3.6	1.2	1.5
August	2.0	2.2*	1.2	2.4	1.2	7.7	3.7	1.7	2.0	3.5	1.3	1.2
September	1.9*	2.2*	1.5	2.3	1.1	7.7	3.6	1.6	2.3*	3.3	1.1	1.4
October	2.0*	2.3*	2.2	2.4	1.3	7.7	3.6	1.8	2.2*	3.1	1.2	1.7
November	1.9	2.2*	2.1	2.4	1.3	7.4	3.3	1.6	2.1	2.9	1.3	1.5
December	1.9*	2.1*	2.1	2.2	1.2	6.9	3.3	1.7	2.4*	2.9	1.3	1.9
1997	Annual Rate of Change											
	(t/t-12)											
January	2.0*	2.2*	2.1	2.3	1.7	6.6	2.8	1.8	1.8*	2.6	1.3	1.7
February	1.8	2.0	1.9	2.1	1.5	6.5	2.5	1.7	1.7	2.3	1.5	1.4
March	1.5*	1.7*	1.3	1.8	1.3	5.9	2.2	1.1	1.3*	2.2	1.3	1.2
April	1.3*	1.5*	1.1	1.7	1.2	5.7	1.6	1.0	1.6*	1.9	1.1	1.0
May	1.4	1.5	1.4	2.2	1.4	5.4	1.3	0.9	1.4	1.8	1.1	1.6
June	1.4*	1.6*	1.6	2.4	1.5	5.6	1.4	1.0	1.5*	1.6	1.2	1.5
July	1.4*	1.6*	1.9	2.0	1.5	5.2	1.5	1.1	1.5*	1.7	1.3	1.9
August	1.7	1.8	1.7	2.0	1.7	5.6	1.7	1.6	0.6	1.6	1.4	2.5
September	1.7*	1.8*	1.6	1.9	1.6	4.9	1.9	1.5	0.6*	1.6	1.7	2.5
October	1.5*	1.7*	1.2	1.6	1.4	4.6	1.8	1.1	0.8*	1.9	1.7	2.3
November	1.6	1.7	1.3	1.6	1.4	5.0	1.9	1.4	1.1	1.8	1.5	2.5
December	1.5*	1.6*	0.9	1.6	1.4	4.5	1.9	1.2	1.0*	1.8	1.5	2.2
1998	Annual Rate of Change											
	(t/t-12)											
January	1.1	1.3	0.5	1.7	0.8	4.3	1.9	0.6	1.2	1.9	1.5	1.6
February	1.2	1.4	0.8	1.7	0.8	4.1	1.7	0.7	1.1	2.1	1.1	2.1
March	1.2	1.3	1.0	1.6	0.6	4.3	1.7	0.8	1.5	2.1	1.3	2.2
April	1.4	1.6	1.3	1.6	1.0	5.1	1.9	1.0	2.0	2.2	1.1	2.5
May	1.4	1.6	1.3	1.4	1.1	5.0	2.0	1.0	2.4	2.0	1.3	2.1
June	1.4	1.6	1.2	1.2	1.0	4.9	2.0	1.1	2.6	2.1	1.2	2.2
July	1.4	1.5	1.2	1.4	0.9	4.8	2.3	0.8	2.5	2.1	1.2	1.8
August	1.2	1.3	1.0	1.1	0.7	4.7	2.1	0.6	3.0	2.2	1.0	1.4
September	1.0	1.2	0.8	1.1	0.6	5.0	1.6	0.5	2.8	2.1	0.7	1.3
October	1.0	1.1	0.7	1.1	0.6	4.5	1.6	0.5	2.6	1.9	0.5	1.5
November	0.9	1.0	0.6	1.1	0.6	3.9	1.4	0.2	2.2	1.7	0.5	1.5
December	0.8\$	1.0\$	0.7	1.1	0.4	3.7	1.4	0.3	2.2	1.7	0.4	1.5\$
	* estimated	\$ provisional	# revised	! definition differs	: Not available							

TABLE III CONTINUED
HARMONIZED INDICES OF CONSUMER PRICES
 RATES OF CHANGE (%)

A	P	FIN	S	UK	EEAICP	IS	N
1.8	2.9	1.1	0.8	2.5	2.4*	2.2	0.7
1.2	1.9	1.2	1.8	1.8	1.7*	1.8	2.6
0.8\$	2.2	1.4	1.0	1.5	1.3\$	1.3	2.0
1.6	2.5	0.4	1.2	2.8*	2.7*	1.6	0.5
1.7	2.5	0.5	1.0	2.7*	2.6*	1.9	0.3
1.9	2.3	0.8	1.2	2.6*	2.6*	2.2	0.0
1.8	2.6	1.0	1.0	2.5*	2.5*	2.4	0.4
1.6	3.1	1.2	1.0	2.3*	2.6*	2.6	0.4
1.7	3.4	1.1	0.8	2.5*	2.4*	2.6	0.3
1.8	3.6	1.1	0.9	2.3*	2.4*	2.4	0.8
1.5	3.5	1.0	0.6	2.3*	2.2*	2.3	0.9
1.4	3.3	1.2	0.5	2.3*	2.1*	2.2	0.8
1.7	2.8	1.3	0.4	2.5*	2.3*	1.9	1.3
2.0	2.9	1.4	0.2	2.8*	2.2*	2.1	1.3
2.3	2.9	1.7	0.5	2.3*	2.1*	1.9	1.4
1.2	2.8	0.9	1.3	2.1	2.2*	2.0	3.2
1.4	2.4	0.6	1.1	2.0	2.0	1.9	3.4
1.2	2.3	0.7	1.0	1.7	1.7*	1.7	3.4
1.2	1.6	0.9	1.3	1.5	1.5*	2.2	2.7
1.3	1.9	0.9	1.3	1.6	1.5	1.5	2.8
1.0	1.6	1.1	1.7	1.7	1.6*	1.6	2.9
0.9	1.4	1.1	1.7	2.0	1.7*	1.6	2.0
1.3	1.6	1.7	2.1	2.0	1.8	1.5	2.1
1.2	1.5	1.6	2.6	1.8	1.8*	1.9	2.1
1.1	1.6	1.7	2.7	2.0	1.7*	2.1	1.9
1.1	1.9	1.8	2.7	1.9	1.7	1.9	2.1
1.0	2.1	1.6	2.7	1.8	1.7*	2.1	2.2
1.2	1.6	1.8	2.1	1.5	1.3	2.2	1.6
1.0	1.3	1.7	2.0	1.5	1.4	1.9	1.5
1.0	1.5	1.6	1.7	1.6	1.3	2.2	1.8
1.2	2.2	1.7	1.4	1.9	1.6	1.5	2.2
1.0	2.2	1.6	1.6	2.0	1.6	2.1	1.8
0.8	2.7	1.6	1.4	1.7	1.6	2.2	1.8
0.8	2.8	1.1	1.3	1.5	1.5	1.6	2.3
0.7	2.2	1.1	0.6	1.3	1.3	0.7	2.0
0.6	2.2	1.4	-0.1	1.5	1.2	0.3	2.3
0.7	2.5	1.1	0.1	1.3	1.2	0.2	2.0
0.5	2.6	0.9	0.1	1.4	1.0	0.7	2.1
0.5\$	2.8	0.8	0.0	1.5	1.0\$	0.5	2.1

TABLE IV
NATIONAL CPIs
 RATES OF CHANGE (%)

CH	US	JP	
1996 = 100			
0.8	2.9	0.1	1996
0.5	2.3	1.7	1997
0.0	1.6	0.6	1998
			1996
1.5	2.7	-0.5	January
0.8	2.7	-0.4	February
0.9	2.8	-0.1	March
0.9	2.9	0.2	April
0.7	2.9	0.2	May
0.7	2.8	0.0	June
0.7	3.0	0.4	July
0.6	2.9	0.2	August
0.6	3.0	0.0	September
0.8	3.0	0.5	October
0.7	3.3	0.5	November
0.8	3.3	0.6	December
			1997
0.8	3.0	0.6	January
0.8	3.0	0.6	February
0.5	2.8	0.5	March
0.5	2.5	1.9	April
0.6	2.2	1.9	May
0.5	2.3	2.2	June
0.5	2.2	1.9	July
0.5	2.2	2.1	August
0.4	2.2	2.4	September
0.3	2.1	2.5	October
0.4	1.8	2.1	November
0.4	1.7	1.8	December
			1998
0.0	1.6	1.8	January
0.0	1.4	1.9	February
0.0	1.4	2.2	March
0.0	1.4	0.4	April
0.1	1.7	0.5	May
0.1	1.7	0.1	June
0.1	1.7	-0.1	July
0.1	1.6	-0.3	August
0.1	1.5	-0.2	September
0.0	1.5	0.2	October
-0.1	1.5	0.8	November
-0.2	1.6	0.6	December

* estimated \$ provisional # revised ! definition differs : Not available

TABLE V
MAIN CATEGORIES OF HARMONIZED INDICES OF CONSUMER PRICES
 ANNUAL RATES OF CHANGE (%)

COICOP /HICP Group		EUR-11 (MUICP)	EU-15 (EICP)	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK	EEAICP	IS	N	
	December 1998 / December 1997	Annual Rate of Change																				
00.	HICP (all-items index)	0.8\$	1.0\$	0.7	1.1	0.4	3.7	1.4	0.3	2.2	1.7	0.4	1.5\$	0.5\$	2.8	0.8	0.0	1.5	1.0\$	0.5	2.1	
01.	FOOD AND NON- ALCOHOLIC BEVERAGES	0.6\$	1.0\$	1.4	-0.2	-0.3	4.2	0.5	0.3	4.3	1.2	1.9	2.6\$	0.6\$	3.7	-0.4	1.5	2.3	1.0\$	-0.1	5.5	
02.	ALCOHOLIC BEVERAGES AND TOBACCO	2.9\$	3.4\$	1.7	1.8	2.7	7.6	1.1	2.6	3.0	4.5	4.4	4.7\$	1.4\$	8.6	0.9	-6.3	5.9	3.5\$	6.0	10.2	
03.	CLOTHING AND FOOTWEAR	1.1\$	0.6\$	1.3	-3.0	0.7	5.4	2.3	0.0	-3.8	2.4	0.9	-0.3\$	0.7\$	0.2	-0.8	0.1	-4.7	0.5\$	-0.7	-1.3	
04.	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	0.5\$	0.8\$	0.3	2.8	0.3	0.9	0.8	-0.2!	0.8	1.5	-1.7	1.9\$	0.4\$	2.7	1.0	0.2	2.3	0.8\$	3.1	0.3	
05.	FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE MAINTENANCE OF THE HOUSE	1.2\$	1.3\$	1.1	2.0	0.8	5.6	2.2	0.6	3.2	1.7	1.3	1.9\$	0.9\$	2.0	0.6	0.5	1.1	1.3\$	-1.8	0.9	
06A.	HEALTH	3.5\$	3.4\$	1.2	1.7	3.7	-1.9	4.3	1.2	6.5	5.0	1.4	0.2\$	2.1\$	3.6	1.2	2.1	3.1	3.4\$	3.1	3.6	
07.	TRANSPORT	-0.3\$	-0.2\$	-0.8	0.9	-0.1	-1.5	-1.4	-0.8	-0.2	0.4	-1.6	-1.2\$	-1.0\$	3.1	1.2	-1.1	0.4	-0.2\$	-2.1	0.8	
08.	COMMUNICATIONS	-0.4\$	-0.6\$	-6.5	-4.7	-1.7	1.4	6.0	-0.1	-10.8	1.4	-9.8	2.4\$	-0.9\$	-5.1	0.4	4.6	-2.8	-0.6\$	-6.5	-2.1	
09.	RECREATION AND CULTURE	0.7\$	0.6\$	1.1	1.2	0.2	4.4	2.3	0.5	2.4	1.0	1.7	0.9\$	0.9\$	1.1	1.1	-0.7	0.0	0.6\$	0.8	2.2	
10A.	EDUCATION	2.9\$	4.0\$	4.5	4.7	4.6	2.9	1.8	5.1	1.6	5.3	2.8\$	2.4\$	4.3	2.8	8.1	5.7	4.0\$	5.1	2.5		
11.	HOTELS, CAFES AND RESTAURANTS	2.1\$	2.6\$	2.4	2.4	1.2	6.9	3.4	1.8	3.6	2.6	1.0	2.7\$	1.0\$	3.1	2.4	1.3	4.1	2.6\$	2.6	4.9	
12.	MISCELLANEOUS GOODS AND SERVICES	1.2\$	1.7\$	1.6	2.3	0.7	6.1	2.8	0.5	4.6	1.6	1.0	2.2\$	0.2\$	3.5	1.6	2.3	4.0	1.7\$	3.0	4.1	
		* estimated	\$ provisional	# revised	! definition differs																	: Not available

INTERNATIONAL CONFERENCE ON "THE MEASUREMENT OF INFLATION"

A conference for users, producers and researchers of consumer price indices will be held at **Cardiff University in Wales on 31 August and 1 September this year**. The conference is sponsored by Eurostat and jointly organised by the Cardiff Business School of the Cardiff University and the UK Office for National Statistics (ONS).

The topics to be treated during the conference will relate to important aspects of the current situation, e.g:

- governments focusing attention on minimising inflation as a key goal of economic policy;
- the ESCB/ECB management of the monetary policy for the euro zone with the Monetary Union Index of Consumer Prices (MUICP) being used as the main indicator of inflation;
- a world-wide debate opening up on sources of bias in consumer price indices (CPIs) following the Boskin report.

The conference will include the presentation of research papers and policy fora led by distinguished experts, in both cases allowing for wide-ranging discussions from participants. Key themes include:

- Conceptual issues;
- Sources and extent of bias/error;
- Harmonisation of European indices;
- Regional indices and level of published detail;
- Innovations in sampling and data collection;
- New data sources and methods.

Special invitations have been issued to 'stake-holding' organisations, including Ministries of Finance (the Treasury), central banks, financial institutions, employers and employee organisations, national statistical offices, international organisations and leading researchers.

For further information please contact:

Prof. Mick Silver (Presentation of papers); e-mail: Silver@CARDIFF.AC.UK

Ms Julie Roberts (Conference details); e-mail: RobertsJA1@CARDIFF.AC.UK

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➤ METHODOLOGICAL NOTES

Harmonized Indices of Consumer Prices (HICPs) are produced and published monthly. They are central indicators for ESCBs/ECBs single monetary policy for the euro zone as they form the basis of the Monetary Union Index of Consumer Prices (MUICP).

HICPs provide the best statistical basis for international comparisons of consumer price inflation in the European perspective.

HICPs cover all areas of private consumption. Considerable progress has been made over the last five years in harmonizing methodologies. More work remains, however, to be done.

Some difficult categories where there are major institutional differences between Member States, including most health and educational services, are not yet fully covered. The relative distribution of consumers' expenditure on individual product varies from country to country. Hence, there is no *uniform basket* applying to all Member States. Owner occupiers' shelter costs, expressed as imputed rents or mortgage interest payments, are not regarded as part of the inflationary process and hence excluded.

The weights used in the compilation of HICPs may relate to a reference period up to seven years prior to the current year. However, adjustments must be made each year for especially large changes in the expenditure pattern. This minimises any disparity arising from different up-date frequencies.

In order to keep HICPs broadly in step with each other and up-to-date in terms of market developments, new products are to be included when they achieve a significant relative importance. HICPs must be shown to be based on appropriate sampling procedures, taking into account the national diversity of products and of prices. The samples must be kept well up to date, in particular by banning the practice whereby *missing prices* are simply assumed to be equal to the last observed prices. In order to measure *pure price changes*, the prices included in HICPs need to be adjusted for changes in the quality. Certain inappropriate practices, such as *automatic linking*, have been ruled out. Furthermore, HICPs have to be compiled using specified formulae.

The analysis of sources of inflationary pressure requires a sub-division of HICPs into component parts relating to different product groups. The about 100 sub-indices and weights published by Eurostat are based COICOP/HICP, i.e. a version of the international *Classification Of Individual Consumption by Purpose* adapted for HICPs.

The MUICP is calculated as a weighted average of the HICPs of the 11 participating countries of EMU. The index is computed as an annual chain index allowing for country weights to change each year. The weight of a Member State is its share of private domestic consumption expenditure in the EMU total. The country weights used in 1998 are national accounts data for 1996 updated to December 1997 prices. Weights in national currencies are converted into Euros using the irrevocably locked exchange rates.

The European Index of Consumer Prices (EICP) is calculated as an annual chain index for the 15 EU Member States. The European Economic Area Index of Consumer Prices (EEAICP) is calculated the same way for all 15 EU Member States plus Iceland, and Norway. Country weights for the EICP and EEAICP are derived from the value of final consumption expenditure in national currencies converted into purchasing power standards (PPS) using the purchasing power parities of final consumption.

Technical notes on the HICP and MUICP were given in Eurostat news release 21/97 of 5.3.1997, and memo 8/98 of 4.5.1998. Further details can be obtained from the *Commission report to the Council on the harmonization of consumer price indices*, COM(1998)104, Catalogue number CB-CO-98-133-EN-C, and in Regulations (EC) No 2494/95, No 1749/96, No 2214/96 and No 2454/97.

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➤ Data bases

Theme 2 – Economy and Finance
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