

## CONSUMER PRICE INDEX

June 2009

### Consumer Prices down to -1.6% in June on a year earlier

The Portuguese Consumer Price Index (CPI) went down to -1.6% in June 2009 when compared with June 2008. Excluding energy and unprocessed food, the annual rate lowered to 0.3%. On a monthly basis, the CPI increased 0.1% (-0.2% in May 2009 and 0.5% in June 2008). The CPI 12-month average rate of change decreased to 0.9% in June.

In June, the Portuguese Harmonised Index of Consumer Prices (HICP) annual inflation rate was -1.6% (-1.2% in May), 1.5 percentage points (p.p.) below the rate estimated by Eurostat for the Euro area.

The annual inflation rate measured by the CPI dropped to -1.6% in June 2009, 0.4 p.p. lower than the observed in the previous month (see figure 1).

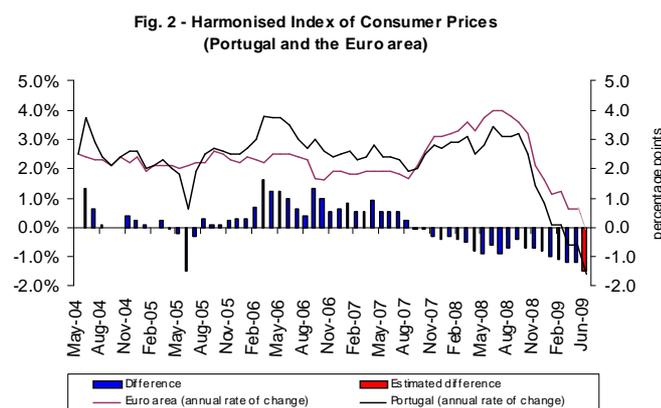
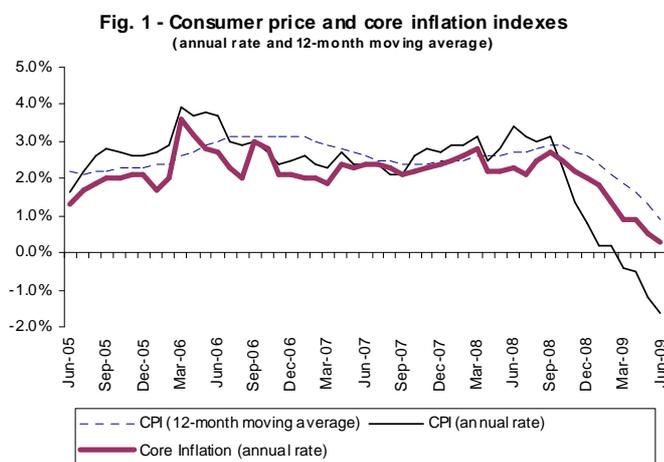
The largest downward pressure on the overall annual rate of change came from changes in the prices of Transports (in particular in fuels and lubricants) and food products.

The core inflation index, which excludes energy components and fresh unprocessed food products, lowered to 0.3%, from 0.5% in May. The difference between the CPI and the core inflation index increased to 1.9 p.p. (1.7 p.p. in May).

In June the CPI monthly rate was 0.1%. The main upward contribution to this result came from changes in the prices of fuels and lubricants. On the other hand, the negative contributions were mainly due to the monthly decrease in the prices of food products.

In June 2009, the Portuguese HICP annual inflation rate was -1.6%, down 0.4 p.p. from the previous month. On a monthly basis the HICP increased to 0.2%. The HICP 12-month average rate decreased to 0.8%.

In May 2009 the gap between the Portuguese and the Euro-area annual rate of change remained stable at -1.2 p.p. and it is estimated to have increased to -1.5 p.p. in June 2009 (see figure 2).



The July 2009 CPI/HICP will be released on August 12<sup>th</sup> 2009

## Consumer Price Index

The Consumer Price Index (CPI) is an indicator showing how the prices of a certain basket of goods and services bought by a “typical” consumer change over time. The CPI has been designed to capture price changes and not to measure price levels. Both the consumption pattern and the goods and services included in the CPI basket were derived from the year 2000 Household Budget Survey and are updated annually with the most recent information on prices and quantities. The CPI is compiled through the aggregation of seven regional price indexes and the goods and services included in the index are grouped according to the COICOP classification.

**Table 1: CPI/COICOP Index Divisions**

01	Food and non-alcoholic beverages	07	Transports
02	Alcoholic beverages and tobacco	08	Communications
03	Clothing and footwear	09	Recreation and culture
04	Housing, water, electricity, gas and other fuels	10	Education
05	Furnishings, household equipment and routine maintenance of the house	11	Restaurants and hotels
06	Health	12	Miscellaneous goods and services

## Monthly rate

The monthly rate is the change in the index of a certain month compared with the index of the previous month expressed as a percentage. Although up-to-date, this measure can be affected by seasonal and other effects.

## Annual rate

The annual rate is the change in the index of a certain month compared with the index of the same month in the previous year expressed as a percentage. In the presence of a stable seasonal pattern, seasonal effects do not influence this measure.

## 12-month average rate

The 12-month average rate is the change in the average index of one year compared with the average index of the previous year expressed as a percentage. This moving average is less sensitive to transient changes in prices.

## Core inflation index (all items CPI excluding unprocessed food and energy products)

The core inflation index is compiled by excluding the prices of unprocessed food and energy products from the all-items CPI. The primary objective of this index is to capture the underlying inflation pressures in the economy. In the publication *Síntese Económica de Conjuntura* is released a core inflation indicator based on a different methodological approach (factorial analysis) and, for this reason, it is possible that differences between the values shown by the two measures exist.

## Harmonised Index of Consumer Prices

The Harmonised Index of Consumer Prices (HICP) is compiled in each member state of the European Union for the purposes of inflation comparisons across EU countries, as required by the Treaty on European Union<sup>1</sup>. This index plays an important role as a guideline for the achievement of the European System of Central Banks primary objective: price stability. In 1998, the European Central Bank adopted the HICP as “the most appropriate price measure” for its definition of price stability in the Euro area<sup>2</sup>.

<sup>1</sup> Article 109j and protocol on the convergence criteria referred to in that article.

<sup>2</sup> “A stability oriented monetary policy strategy for the ESCB”. ECB press notice released on 13 October 1998.



**Annexes:**

**CPI rate of change (index division and all items CPI)**

	Index divisions <sup>(1)</sup>												All-items CPI
	01	02	03	04	05	06	07	08	09	10	11	12	
	Annual average rate												
2006	2.7	9.7	0.5	3.9	1.0	1.5	5.5	-0.9	1.2	5.2	2.3	3.3	3.1
2007	2.4	4.9	2.2	3.6	1.6	7.4	1.6	-1.8	0.3	3.7	2.6	2.4	2.5
2008	3.7	7.5	1.6	3.9	1.7	1.4	1.5	-2.1	0.6	4.2	3.7	2.5	2.6
	Annual rate												
2007 June	1.4	6.5	2.9	3.5	1.8	9.3	1.6	-1.9	-0.1	3.5	2.6	2.3	2.4
July	1.8	6.3	4.8	3.8	1.5	8.9	0.7	-1.9	-0.2	3.4	2.6	2.2	2.4
August	1.6	6.3	2.8	3.8	1.7	8.3	-0.2	-2.0	0.0	3.4	2.8	2.3	2.1
September	1.8	6.2	0.6	3.7	1.6	7.9	0.7	-2.0	0.3	2.9	2.8	1.7	2.1
October	2.4	6.3	2.8	3.3	1.4	6.8	2.3	-1.9	0.3	4.5	2.5	1.8	2.6
November	2.2	6.3	2.9	3.6	1.2	5.5	3.6	-1.9	0.7	4.4	2.5	2.8	2.8
December	1.7	6.3	3.1	3.7	1.1	4.7	3.5	-1.6	0.4	4.4	2.8	1.8	2.7
2008 January	2.0	6.5	3.1	3.9	1.2	5.2	3.4	-1.7	0.3	4.3	3.5	2.2	2.9
February	2.3	9.4	3.1	3.8	1.4	4.3	2.9	-1.9	0.8	4.4	3.4	2.2	2.9
March	3.6	12.1	2.3	4.0	1.4	4.3	2.3	-1.4	0.6	3.4	3.7	2.8	3.1
April	3.0	6.5	2.0	4.4	1.7	-0.2	2.0	-0.8	0.0	4.4	3.4	2.4	2.5
May	3.9	6.9	1.7	4.4	1.6	0.1	2.6	-0.9	0.0	4.4	3.5	2.3	2.8
June	5.8	6.8	1.5	4.5	1.7	0.3	3.4	-0.9	0.3	4.4	3.7	2.4	3.4
July	5.7	7.1	-2.1	3.5	1.8	0.5	3.6	-3.2	0.3	4.5	3.6	2.6	3.1
August	5.0	6.9	1.5	3.6	1.8	0.6	2.9	-3.0	0.7	4.5	3.6	2.7	3.0
September	4.7	7.1	4.1	3.7	1.8	0.9	2.5	-3.0	1.0	4.5	3.7	2.6	3.1
October	3.5	7.0	1.3	4.2	1.9	0.6	0.5	-2.7	1.2	3.3	4.3	2.9	2.3
November	2.8	7.1	1.1	3.8	1.8	0.2	-3.1	-2.9	0.6	3.4	4.1	2.8	1.4
December	2.4	7.2	0.2	3.6	1.9	0.0	-5.5	-2.4	1.1	3.4	4.3	2.8	0.8
2009 January	1.3	7.0	-1.4	2.9	2.5	-0.4	-6.3	-2.9	0.0	3.4	2.8	2.7	0.2
February	1.0	4.2	-1.4	2.6	2.2	-0.8	-4.9	-3.0	-2.0	3.5	2.8	2.6	0.2
March	-0.5	3.2	-0.5	2.4	2.1	-1.1	-5.7	-1.9	-1.7	3.5	2.8	2.3	-0.4
April	-1.3	2.7	-0.9	1.7	1.9	-1.0	-4.9	-1.8	-0.8	3.5	3.1	2.4	-0.5
May	-2.6	2.9	-0.9	1.6	1.8	-1.2	-6.2	-1.9	-0.8	3.6	2.9	2.1	-1.2
June	-5.1	2.9	-1.1	1.7	1.6	-1.7	-5.1	-1.9	-0.3	3.5	2.7	1.7	-1.6

**Symbols:** f estimated Po provisional x not available

**Notes:** (1) The names of the divisions are given in the explanatory notes.

**Source:** INE - Portugal



## HICP rate of change (international comparison)<sup>(1)</sup>

	EA-16 <sup>(2)</sup>	EICP <sup>(3)</sup>	BE	BG	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	
Annual average rate																														
2006	<b>2,2</b>	2,2	2,3	7,4	2,1	1,9	1,8	4,4	3,3	3,6	1,9	2,7	2,2	2,2	6,6	3,8	3,0	4,0	2,6	1,7	1,7	1,3	<b>3,0</b>	6,6	2,5	4,3	1,3	1,5	2,3	
2007	<b>2,1</b>	2,3	1,8	7,6	3,0	1,7	2,3	6,7	3,0	2,8	1,6	2,9	2,0	2,2	10,1	5,8	2,7	7,9	0,7	1,6	2,2	2,6	<b>2,4</b>	4,9	3,8	1,9	1,6	1,7	2,3	
2008	<b>3,3</b>	3,7	4,5	12,0	6,3	3,6	2,8	10,6	4,2	4,1	3,2	3,1	3,5	4,4	15,3	11,1	4,1	6,0	4,7	2,2	3,2	4,2	<b>2,7</b>	7,9	5,5	3,9	3,9	3,3	3,6	
Annual rate																														
2007	June	<b>1,9</b>	2,1	1,3	5,3	2,6	1,3	2,0	6,0	2,6	2,5	1,3	2,8	1,9	1,7	8,9	5,0	2,3	8,5	-0,6	1,8	1,9	2,6	<b>2,4</b>	3,9	3,8	1,5	1,4	1,3	2,4
	July	<b>1,8</b>	2,0	1,3	6,8	2,5	1,1	2,0	6,5	2,7	2,3	1,2	2,7	1,7	2,3	9,5	5,1	2,0	8,3	-0,2	1,4	2,0	2,5	<b>2,3</b>	4,1	4,0	1,2	1,6	1,4	1,9
	August	<b>1,7</b>	1,9	1,2	9,3	2,6	0,9	2,0	6,1	2,7	2,2	1,3	2,3	1,7	2,2	10,2	5,6	1,9	7,1	0,6	1,1	1,7	2,1	<b>1,9</b>	5,0	3,4	1,2	1,3	1,2	1,8
	September	<b>2,1</b>	2,2	1,4	11,0	2,8	1,2	2,7	7,5	2,9	2,7	1,6	2,9	1,7	2,3	11,5	7,1	2,5	6,4	0,9	1,3	2,1	2,7	<b>2,0</b>	6,1	3,6	1,7	1,7	1,6	1,8
	October	<b>2,6</b>	2,7	2,2	10,6	4,0	1,8	2,7	8,7	3,0	3,6	2,1	3,0	2,3	2,7	13,2	7,6	3,6	6,9	1,6	1,6	2,9	3,1	<b>2,5</b>	6,9	5,1	2,4	1,8	1,9	2,1
	November	<b>3,1</b>	3,1	2,9	11,4	5,1	2,5	3,3	9,3	3,9	4,1	2,6	3,5	2,6	3,2	13,7	7,9	4,0	7,2	2,9	1,8	3,2	3,7	<b>2,8</b>	6,8	5,7	2,3	2,2	2,4	2,1
	December	<b>3,1</b>	3,2	3,1	11,6	5,5	2,4	3,1	9,7	3,9	4,3	2,8	3,2	2,8	3,7	14,0	8,2	4,3	7,4	3,1	1,6	3,5	4,2	<b>2,7</b>	6,7	5,7	2,5	1,9	2,5	2,1
2008	January	<b>3,2</b>	3,4	3,5	11,7	7,9	3,0	2,9	11,3	3,9	4,4	3,2	3,1	3,1	4,1	15,6	10,0	4,2	7,4	3,8	1,8	3,1	4,4	<b>2,9</b>	7,3	6,4	3,2	3,5	3,0	2,2
	February	<b>3,3</b>	3,5	3,6	12,2	7,6	3,3	3,0	11,5	4,5	4,4	3,2	3,5	3,1	4,7	16,5	10,9	4,2	6,7	4,0	2,0	3,1	4,6	<b>2,9</b>	8,0	6,4	3,4	3,3	2,9	2,5
	March	<b>3,6</b>	3,8	4,4	13,2	7,1	3,3	3,3	11,2	4,4	4,6	3,5	3,7	3,6	4,4	16,6	11,4	4,4	6,7	4,3	1,9	3,5	4,4	<b>3,1</b>	8,7	6,6	3,6	3,6	3,3	2,5
	April	<b>3,3</b>	3,6	4,1	13,4	6,7	3,4	2,6	11,6	4,4	4,2	3,4	3,3	3,6	4,3	17,4	11,9	4,3	6,8	4,1	1,7	3,4	4,3	<b>2,5</b>	8,7	6,2	3,7	3,3	3,2	3,0
	May	<b>3,7</b>	4,0	5,1	14,0	6,8	3,6	3,1	11,4	4,9	4,7	3,7	3,7	3,7	4,6	17,7	12,3	4,8	6,9	4,1	2,1	3,7	4,3	<b>2,8</b>	8,5	6,2	4,0	4,1	3,7	3,3
	June	<b>4,0</b>	4,3	5,8	14,7	6,6	4,2	3,4	11,5	4,9	5,1	4,0	3,9	4,0	5,2	17,5	12,7	5,3	6,6	4,4	2,3	4,0	4,3	<b>3,4</b>	8,7	6,8	4,3	4,3	4,0	3,8
	July	<b>4,0</b>	4,4	5,9	14,4	6,8	4,4	3,5	11,2	4,9	5,3	4,0	3,6	4,0	5,3	16,5	12,4	5,8	7,0	5,6	3,0	3,8	4,5	<b>3,1</b>	9,1	6,9	4,4	4,3	3,8	4,4
	August	<b>3,8</b>	4,3	5,4	11,8	6,2	4,8	3,3	11,1	4,8	4,9	3,5	3,2	4,2	5,1	15,6	12,2	4,8	6,4	5,4	3,0	3,6	4,4	<b>3,1</b>	8,1	6,0	4,4	4,6	4,1	4,7
	September	<b>3,6</b>	4,2	5,5	11,4	6,4	4,5	3,0	10,8	4,7	4,6	3,4	3,2	3,9	5,0	14,7	11,3	4,8	5,6	4,9	2,8	3,7	4,1	<b>3,2</b>	7,3	5,6	4,5	4,7	4,2	5,2
	October	<b>3,2</b>	3,7	4,8	11,2	5,7	3,8	2,5	10,1	4,0	3,6	3,0	2,7	3,6	4,8	13,7	10,7	3,9	5,1	5,7	2,5	3,0	4,0	<b>2,5</b>	7,4	4,8	4,2	4,4	3,4	4,5
	November	<b>2,1</b>	2,8	3,2	8,8	4,1	2,8	1,4	8,5	3,0	2,4	1,9	2,1	2,7	3,1	11,6	9,2	2,0	4,1	4,9	1,9	2,3	3,6	<b>1,4</b>	6,8	2,9	3,9	3,5	2,4	4,1
	December	<b>1,6</b>	2,2	2,7	7,2	3,3	2,4	1,1	7,5	2,2	1,5	1,2	1,3	2,4	1,8	10,4	8,5	0,7	3,4	5,0	1,7	1,5	3,3	<b>0,8</b>	6,4	1,8	3,5	3,4	2,1	3,1
2009	January	<b>1,1</b>	1,8	2,1	6,0	1,4	1,7	0,9	4,7	2,0	0,8	0,8	1,1	1,4	0,9	9,7	9,5	0,0	2,4	3,1	1,7	1,2	3,2	<b>0,1</b>	6,8	1,4	2,7	2,5	2,0	3,0
	February	<b>1,2</b>	1,8	1,9	5,4	1,3	1,7	1,0	3,9	1,8	0,7	1,0	0,1	1,5	0,6	9,4	8,5	0,7	2,9	3,5	1,9	1,4	3,6	<b>0,1</b>	6,9	2,1	2,4	2,7	2,2	3,2
	March	<b>0,6</b>	1,3	0,6	4,0	1,7	1,6	0,4	2,5	1,5	-0,1	0,4	-0,7	1,1	0,9	7,9	7,4	-0,3	2,8	3,9	1,8	0,6	4,0	<b>-0,6</b>	6,7	1,6	1,8	2,0	1,9	2,9
	April	<b>0,6</b>	1,3 Rc	0,7	3,8	1,3	1,1	0,8	0,9	1,1	-0,2	0,1	-0,7	1,2	0,6	5,9	5,9	-0,3	3,2	4,0	1,8	0,5	4,3	<b>-0,6</b>	6,5	1,1	1,4	2,1	1,8	2,3
	May	<b>0,0 Po</b>	0,7 f	-0,2	3,0	0,9	1,1	0,0	0,3	0,7	-0,9	-0,3	-1,7	0,8	0,5	4,4	4,9	-0,9	3,8	3,4	1,5 Po	0,1 Po	4,2	<b>-1,2</b>	5,9	0,5	1,1	1,5	1,7	x
	June	<b>-0,1 f</b>	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	<b>-1,6</b>	x	x	x	x	x	x	x

**Symbols:** f estimated Po provisional Rc revised x not available

**Notes:** (1) From January 2006 onwards: base 100=2005; index rates of change calculated based on indexes rounded up to two decimal places.

(2) Member States belonging to the Euro Area: EA-13 until December 2007, EA-15 until December 2008 (including Malta and Cyprus), EA-16 from January 2009 (including Slovakia).

(3) European Index of Consumer Prices: EU-15 until April 2004, EU-25 until December 2006 and EU-27 onwards.

**Source:** INE-Portugal and Eurostat.

**Code abbreviations of the Member States:**

<b>BE</b> Belgium	<b>EE</b> Estonia	<b>IT</b> Italy	<b>HU</b> Hungary	<b>PT</b> Portugal	<b>SE</b> Sweden
<b>BG</b> Bulgaria	<b>EL</b> Greece	<b>CY</b> Cyprus	<b>MT</b> Malta	<b>RO</b> Romania	<b>UK</b> United Kingdom
<b>CZ</b> Czech Republic	<b>ES</b> Spain	<b>LV</b> Latvia	<b>NL</b> Netherlands	<b>SI</b> Slovenia	
<b>DK</b> Denmark	<b>FR</b> France	<b>LT</b> Lithuania	<b>AT</b> Austria	<b>SK</b> Slovakia	
<b>DE</b> Germany	<b>IE</b> Ireland	<b>LU</b> Luxembourg	<b>PL</b> Poland	<b>FI</b> Finland	