10 October, 2014

CONSUMER PRICES INDEX

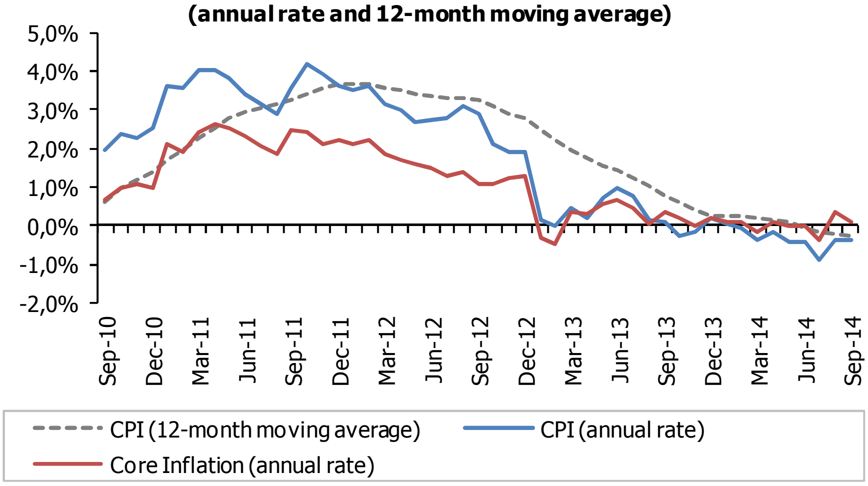
September 2014

Consumer prices down by 0.4% in August on a year earlier

The CPI recorded an annual rate of change of -0.4% in September 2014 (the same rate observed in the previous month). Excluding energy and unprocessed food, the annual rate moved from 0.4% in August to 0.1% in September. The CPI monthly rate increased to 0.6% (-0.2% in August 2014 and 0.6 in September 2013), while the CPI 12-month average rate was -0.3% in September.

In September 2014, the Portuguese Harmonised Index of Consumer Prices (HICP) annual rate of change was 0.0% (-0.1% in August), 0.3 percentage points (p.p.) below the rate estimated by Eurostat for the Euro area.

Fig. 1 - Consumer price and core inflation indices (annual rate and 12-month moving average)



In September 2014, the annual inflation rate measured by the CPI was -0.4%, the same as in the previous month (see Fig. 1).

The largest upward pressure on the overall annual rate of change came from increases in the prices of *Housing, water, electricity, gas and other fuels*, *Restaurants and hotels* and *Alcoholic beverages and tobacco*. Decreases in the prices of *Food and non-alcoholic beverages* and *Recreation and culture* led to an opposite effect.

The annual core inflation rate, which excludes energy and unprocessed food products components, was 0.1%, 0.3 p.p. lower than the rate observed in the previous month.

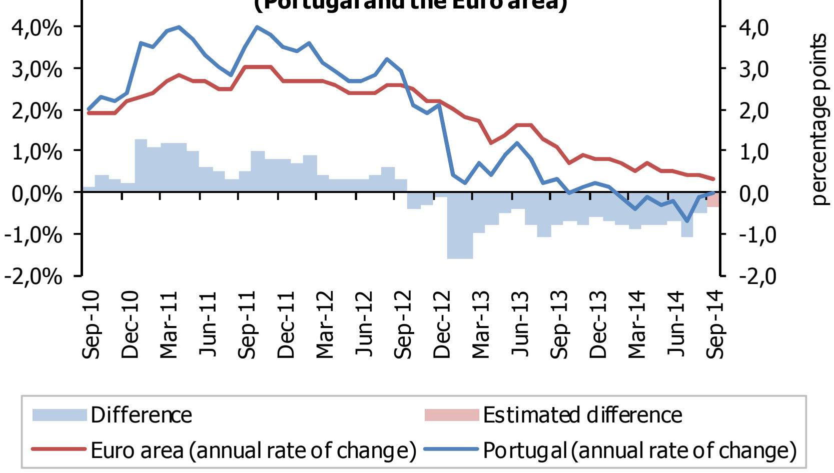
In September, the CPI monthly rate was 0.6% (-0.2% in August 2014 and 0.6% in September 2013). The main upward contribution to this result came from changes in the prices of *Clothing and footwear*. On the opposite side, decreases were observed in the prices of *Transport*.

In September 2014, the HICP annual rate increased from -0.1% in August to 0.0%. The HICP monthly rate was 0.5% (0.5% in September 2013).

In August, the annual rate of change of the Euro area was 0.5 p.p. higher than the annual rate of change of the Portuguese HICP. That difference is estimated to have decreased to 0.3 p.p. in September.

The HICP 12-month average rate remained at -0.1% in September.

Fig. 2 - Harmonised Index of Consumer Prices (Portugal and the Euro area)



Housing Rents

In September 2014, compared with August, the average value of rents by net area for the whole country increased 0.2%.

The only decrease was observed in the Algarve region, where the value of rents by net area decreased 0.1%. The main increases were recorded in the Açores (1.3%), Alentejo (0.8%) and Centro (0.6%) regions.

The annual change rate of the housing rents for the whole country was 4.6% in September (4.4% in August). The main decrease was observed in the Madeira region (-1.9%), while the Lisbon region recorded an increase of 7.1%.

Consumer Price Index

The Consumer Price Index (CPI) measures the change over time of the prices of a certain basket of goods and services bought by a "typical" consumer. The CPI has been designed to capture price changes and not to measure price levels.

The CPI is updated every year with the most recent information on prices and quantities. The 2014 CPI weighting structure and the sample of goods and services included in the basket are a result of the combination of three fundamental sources of information: the final 2011 and preliminary 2012 results of the Portuguese National Accounts complemented with the Household Budget Survey and the Census for more detailed levels of expenditure. Administrative data is also used.

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[1] 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

[1] COICOP: Classification Of Individual Consumption by Purpose

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.

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[1]. 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[2].

The current HICP (2005 = 100) is produced in each Member State following a harmonized methodology developed by experts in the field of price statistics, under the Eurostat's "Price Statistics Working Group". From the methodological point of view, there are no major differences between the HICP and CPI. However, the different scope of coverage leads to differences in the weighting structure, mainly in Restaurants and hotels. This is mostly an effect of the inclusion of non-residents expenditure ("tourists") in the HICP and the corresponding exclusion from the CPI.

Additional information on the methodology of the HICP can be found on the Eurostat website at http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/introduction.

1 - Article 109j and protocol on the convergence criteria referred to in that article.
2 - "A stability oriented monetary policy strategy for the ESCB". ECB press notice released on 13 October 1998.

Table 2: CPI and HICP 2014 weighting structure

COICOP[1] divisions		CPI	HICP
01	Food and non-alcoholic beverages	211.8	204.7
02	Alcoholic beverages and tobacco	37.9	37.1
03	Clothing and footwear	69.4	68.9
04	Housing, water, electricity, gas and other fuels	91.3	87.3
05	Furnishings, household equipment and routine maintenance of the house	64.0	62.0
06	Health	72.0	67.1
07	Transport	126.5	128.9
08	Communication	36.3	35.3
09	Recreation and culture	79.4	69.2
10	Education	15.7	15.1
11	Restaurants and hotels	90.8	122.7
12	Miscellaneous goods and services	105.0	101.6
00	All items	**1000**	**1000**

[1] COICOP: Classification Of Individual Consumption by Purpose.

Presentation of data and rounding rules

Since the release of the January 2013 CPI indices are published with base 100 in the year 2012.

Due to rounding procedures, those indices may not reproduce exactly the published rates of change. However, it should be noted that the published rates prevail.

In this press release the descriptive analysis is based on rounded values to one decimal.

Next press release
The September 2014 CPI/HICP will be released on November 12th 2014

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

Annex:

		Index divisions[1] 01	02	03	04	05	06	07	08	09	10	11	12	All-items CPI
		Annual average rate												
2011		2.10	7.94	-3.93	6.66	1.17	4.46	8.90	2.99	0.96	2.05	1.41	1.79	3.65
2012		3.20	4.74	-5.24	8.72	-0.47	0.35	3.27	0.46	0.91	1.50	4.47	1.11	2.77
2013		1.94	4.05	-3.31	2.15	-0.51	1.49	-2.32	0.45	0.41	1.18	1.65	-0.61	0.27
		Annual rate												
2012	September	2.93	5.14	-7.35	10.85	-0.75	-1.80	3.78	0.67	2.17	1.48	4.87	0.94	2.88
	October	3.18	5.18	-5.79	4.88	-0.62	-2.23	3.27	0.69	1.87	1.33	4.76	0.60	2.13
	November	3.29	4.92	-5.59	4.81	-0.65	-2.00	1.64	0.69	2.05	1.43	4.72	0.67	1.89
	December	3.21	4.79	-4.84	5.02	-0.45	-1.77	1.67	0.78	1.81	1.42	4.53	0.36	1.92
2013	January	2.29	5.00	-5.19	3.60	-0.41	-3.01	-1.42	-1.45	2.08	1.44	2.15	-0.36	0.17
	February	2.00	5.12	-4.94	3.48	-0.25	-1.68	-1.60	-0.41	0.92	1.41	1.60	-0.34	-0.03
	March	2.15	4.46	-4.53	3.11	-0.24	-0.83	-1.96	-0.58	1.60	1.44	1.81	-0.02	0.45
	April	2.02	3.74	-3.63	2.67	-0.21	0.14	-4.38	0.15	1.44	1.45	1.95	0.07	0.18
	May	3.10	4.06	-3.55	2.42	-0.41	2.04	-3.42	0.50	0.88	1.49	2.31	0.00	0.71
	June	2.84	3.98	-3.40	2.20	-0.13	2.57	-1.52	0.53	0.83	1.49	2.18	-0.10	0.98
	July	2.45	2.61	-1.23	1.99	-0.33	2.97	0.05	0.80	0.08	1.49	1.88	-1.26	0.76
	August	2.94	3.30	-2.86	1.84	-0.73	3.47	-1.77	0.78	-0.63	1.47	2.04	-1.48	0.15
	September	1.90	3.51	-2.12	1.44	-0.54	3.53	-3.68	0.85	-0.07	1.45	1.56	-1.02	0.12
	October	0.48	4.15	-2.80	1.09	-0.76	3.19	-4.05	1.14	-0.49	0.39	1.11	-0.98	-0.25
	November	0.53	4.48	-3.08	1.13	-0.96	3.00	-3.47	1.57	-0.68	0.33	0.70	-0.99	-0.15
	December	0.61	4.27	-2.65	0.94	-1.10	3.00	-0.54	1.55	-1.03	0.31	0.55	-0.81	0.20
2014	January	0.20	4.26	-2.63	2.15	-1.18	1.37	-1.38	3.39	-1.40	0.29	0.61	-0.44	0.06
	February	-0.05	3.71	-2.26	2.27	-1.00	1.01	-1.89	2.45	-0.95	0.36	0.63	-0.39	-0.08
	March	-0.42	2.22	-1.02	2.10	-0.92	0.78	-3.08	1.98	-1.48	0.40	0.17	-0.43	-0.37
	April	-0.93	2.36	-1.82	2.10	-0.91	0.16	0.26	1.61	-1.33	0.46	0.13	-0.70	-0.14
	May	-2.33	2.14	-1.65	2.15	-0.83	0.29	-0.52	1.58	-1.18	0.41	0.65	-0.72	-0.44
	June	-2.53	2.88	-1.45	2.32	-1.00	0.74	0.15	0.36	-1.80	0.40	0.62	-0.63	-0.42
	July	-3.05	3.11	-7.45	2.15	-0.77	0.81	0.09	0.37	-1.94	0.36	0.84	0.22	-0.87
	August	-3.17	3.38	-0.67	2.18	-0.34	0.71	0.58	0.39	-0.99	0.37	1.28	-0.24	-0.36
	September	-2.19	3.70	-0.98	2.34	-0.60	0.81	-1.09	-0.14	-2.41	0.37	1.94	-0.63	-0.37

Symbols: f estimated Po provisional x not available

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

Source: INE - Portugal

HICP rate of change (international comparison)[1]

	EA-18[2]	EICP [3]	BE	BG	CZ	DK	DE	EE	EL	ES	FR	HR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
Annual average rate																														
2011	**2.7**	3.1	3.5	3.4	2.1	2.7	2.5	5.1	3.1	3.1	2.3	2.2	1.2	2.9	3.5	4.2	4.1	3.7	3.9	2.5	2.5	3.6	3.9	**3.6**	5.8	2.1	4.1	3.3	1.4	4.5
2012	**2.5**	2.6	2.6	2.4	3.5	2.4	2.1	4.2	1.0	2.4	2.2	3.4	1.9	3.3	3.1	2.3	3.2	2.9	5.7	3.2	2.8	2.6	3.7	**2.8**	3.4	2.8	3.7	3.2	0.9	2.8
2013	**1.4**	1.5	1.2	0.4	1.4	0.5	1.6	3.2	-0.9	1.5	1.0	2.3	0.5	1.3	0.4	0.0	1.2	1.7	1.7	1.0	2.6	2.1	0.8	**0.4**	3.2	1.9	1.5	2.2	0.4	2.6
Annual rate																														
2012 September	**2.6**	2.7	2.6	3.4	3.5	2.5	2.1	4.1	0.3	3.5	2.2	4.8	2.4	3.4	3.6	1.9	3.3	3.2	6.4	2.9	2.5	2.8	3.8	**2.9**	5.4	3.7	3.8	3.4	1.0	2.2
October	**2.5**	2.6	2.7	3.0	3.6	2.3	2.1	4.2	0.9	3.5	2.1	4.6	2.1	2.8	2.6	1.6	3.2	3.2	6.0	3.2	3.3	2.9	3.4	**2.1**	5.0	3.2	3.9	3.5	1.2	2.7
November	**2.2**	2.4	2.2	2.7	2.8	2.2	1.9	3.8	0.4	3.0	1.6	4.1	1.6	2.6	1.4	1.5	2.8	2.7	5.3	3.6	3.2	2.9	2.7	**1.9**	4.4	2.8	3.5	3.2	0.8	2.7
December	**2.2**	2.3	2.1	2.8	2.4	1.9	2.0	3.6	0.3	3.0	1.5	4.4	1.7	2.6	1.5	1.6	2.9	2.5	5.1	2.8	3.4	2.9	2.2	**2.1**	4.6	3.1	3.4	3.5	1.0	2.7
2013 January	**2.0**	2.1	1.5	2.6	1.8	1.0	1.9	3.7	0.0	2.8	1.4	4.6	1.5	2.4	2.0	0.6	2.7	2.1	2.8	2.4	3.2	2.8	1.6	**0.4**	5.1	2.8	2.5	2.6	0.7	2.7
February	**1.8**	2.0	1.4	2.2	1.8	1.0	1.8	4.0	0.1	2.9	1.2	4.4	1.2	2.0	1.8	0.3	2.3	2.4	2.9	1.8	3.2	2.6	1.2	**0.2**	4.8	2.9	2.2	2.5	0.5	2.8
March	**1.7**	1.9	1.3	1.6	1.5	0.7	1.8	3.8	-0.2	2.6	1.1	3.4	0.6	1.8	1.3	0.3	1.6	2.0	2.3	1.4	3.2	2.4	1.0	**0.7**	4.4	2.2	1.9	2.5	0.5	2.8
April	**1.2**	1.4	1.1	0.9	1.7	0.4	1.1	3.4	-0.6	1.5	0.8	3.1	0.5	1.3	0.1	-0.4	1.4	1.7	1.8	0.9	2.8	2.1	0.8	**0.4**	4.4	1.6	1.7	2.4	0.0	2.4
May	**1.4**	1.6	1.1	1.0	1.2	0.6	1.6	3.6	-0.3	1.8	0.9	1.8	0.5	1.3	0.2	-0.2	1.5	1.4	1.8	0.8	3.1	2.4	0.5	**0.9**	4.4	1.6	1.8	2.5	0.3	2.7
June	**1.6**	1.7	1.5	1.2	1.6	0.6	1.9	4.1	-0.3	2.2	1.0	2.2	0.7	1.4	0.8	0.2	1.3	2.0	2.0	0.6	3.2	2.2	0.2	**1.2**	4.5	2.2	1.7	2.3	0.5	2.9
July	**1.6**	1.7	1.6	0.0	1.4	0.4	1.9	3.9	-0.5	1.9	1.2	2.7	0.7	1.2	0.7	0.5	0.6	1.8	1.7	0.9	3.1	2.1	0.9	**0.8**	3.4	2.8	1.6	2.5	0.8	2.8
August	**1.3**	1.5	1.1	-0.7	1.2	0.1	1.6	3.6	-1.0	1.6	1.0	2.4	0.0	1.2	0.1	-0.1	0.5	1.7	1.6	0.7	2.8	2.0	0.9	**0.2**	2.6	2.2	1.4	2.0	0.8	2.7
September	**1.1**	1.3	1.0	-1.3	1.0	0.2	1.6	2.6	-1.0	0.5	1.0	1.7	0.0	0.9	0.3	-0.4	0.5	1.5	1.6	0.6	2.4	1.8	0.9	**0.3**	1.1	1.5	1.1	1.8	0.5	2.7
October	**0.7**	0.9	0.7	-1.1	0.8	0.3	1.2	2.2	-1.9	0.0	0.7	0.8	-0.1	0.8	-0.5	0.0	0.5	1.0	1.1	0.5	1.3	1.5	0.7	**0.0**	1.2	1.1	0.7	1.7	0.2	2.2
November	**0.9**	1.0	0.9	-1.0	1.0	0.3	1.6	2.1	-2.9	0.3	0.8	0.7	0.3	0.7	-0.8	-0.3	0.5	1.1	0.4	0.3	1.2	1.5	0.5	**0.1**	1.3	1.2	0.5	1.8	0.3	2.1
December	**0.8**	1.0	1.2	-0.9	1.5	0.4	1.2	2.0	-1.8	0.3	0.8	0.5	0.4	0.7	-1.3	-0.4	0.4	1.5	0.6	1.0	1.4	2.0	0.6	**0.2**	1.3	0.9	0.4	1.9	0.4	2.0
2014 January	**0.8**	0.9	1.1	-1.4	0.3	0.8	1.2	1.6	-1.4	0.3	0.8	0.4	0.3	0.6	-1.6	0.5	0.2	1.5	0.8	0.9	0.8	1.5	0.6	**0.1**	1.2	0.9	0.0	1.9	0.2	1.9
February	**0.7**	0.8	1.0	-2.1	0.3	0.3	1.0	1.1	-0.9	0.1	1.1	-0.2	0.1	0.4	-1.3	0.5	0.3	0.8	0.3	1.6	0.4	1.5	0.7	**-0.1**	1.3	0.2	-0.1	1.6	0.1	1.7
March	**0.5**	0.6	0.9	-2.0	0.3	0.2	0.9	0.7	-1.5	-0.2	0.7	-0.1	0.3	0.3	-0.9	0.3	0.4	0.8	0.2	1.4	0.1	1.4	0.6	**-0.4**	1.3	0.6	-0.2	1.3	-0.4	1.6
April	**0.7**	0.8	0.9	-1.3	0.2	0.5	1.1	0.8	-1.6	0.3	0.8	-0.1	0.4	0.5	-0.4	0.8	0.3	0.9	-0.2	0.5	0.6	1.6	0.3	**-0.1**	1.6	0.5	-0.2	1.3	0.3	1.8
May	**0.5**	0.6	0.8	-1.8	0.5	0.3	0.6	0.6	-2.1	0.2	0.8	0.4	0.4	0.4	-0.1	0.8	0.1	1.4	0.0	0.4	0.1	1.5	0.3	**-0.3**	1.3	1.0	0.0	1.0	0.1	1.5
June	**0.5**	0.7	0.7	-1.8	0.0	0.4	1.0	0.4	-1.5	0.0	0.6	0.5	0.5	0.2	0.0	0.8	0.3	1.2	-0.1	0.7	0.3	1.7	0.3	**-0.2**	0.9	1.0	-0.1	1.1	0.5	1.9
July	**0.4**	0.5 Rc	0.6	-1.1	0.6	0.5	0.8	0.0	-0.8	-0.4	0.6	0.5	0.5	0.0	0.9	0.6	0.5	1.2	0.5	0.6	0.3	1.7	0.0	**-0.7**	1.5	0.3	-0.2	1.0	0.4	1.6
August	**0.4 Po**	0.5 Po	0.4	-1.0	0.7	0.3	0.8	-0.2	-0.2	-0.5	0.5	0.3	0.6	-0.2	0.8	0.8	0.3	0.7	0.3	0.8	0.4	1.5 Po	-0.1	**-0.1**	1.3	0.0	-0.2	1.2	0.2	1.5
September	**0.3 f**	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	**0.0**	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 until December 2010, EA-17 until December 2013, EA-18 from January 2014 (including Latvia).

(3) European Index of Consumer Prices: EU-15 until April 2004, EU-25 until December 2006, EU-27 until June 2013 and EU-28 onwards.

Source: INE-Portugal and Eurostat.

Code abbreviations of the Member States:

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