

14 December, 2007

## PRESS RELEASE

### CONSUMER PRICE INDEX

November 2007

## CONSUMER PRICES UP 2.8 IN NOVEMBER ON A YEAR EARLIER

The Portuguese Consumer Price Index (CPI) rose 2.8% in November 2007 when compared with November 2006. On a monthly basis, the CPI increased 0.3%. The CPI 12-month average rate of change remained at 2.4% in November 2007.

In November, the Portuguese Harmonised Index of Consumer Prices (HICP) increased 2.8% when compared with the same month of the previous year.

Consumer prices increased 2.8% in November 2007 when compared with November of the previous year, 0.2 percentage points (p.p.) higher than in the previous month (see figure 1).

The core inflation index, which excludes energy components and fresh unprocessed food products and intends to reflect price growth trends rose at a lower rate than the CPI (2.3%).

The main upward pressure on the overall annual rate of change came from changes in the costs associated with the provision of food products, housing and transports. When taken together, these three index divisions contributed with 53.1% of the all-items annual rate of change.

The main upward contribution to the CPI monthly rate came from changes in the prices of Transports. This division increased 1.1% when compared with October 2007, essentially as a result of the changes in prices of fuel and lubricants that cost, on average, 3.9% more. The prices of gas and dairy products also increased, being 2.2% and 1.4% more expensive than in the previous month.

The main downward contribution came from changes in the prices of package holidays (-4.2%).

In November, the HICP for Portugal rose 2.8% when compared with November 2006, 0.3 percentage points higher than in the previous month. The HICP increased 0.3% between October and November 2007. The HICP 12-month average rate remained at 2.4%. The gap between the Portuguese and the Euro-zone 12-month average rate of change is estimated to have decreased from 0.5 p.p. in October 2007 to 0.4 p.p. in November 2007 (see figure 2).

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

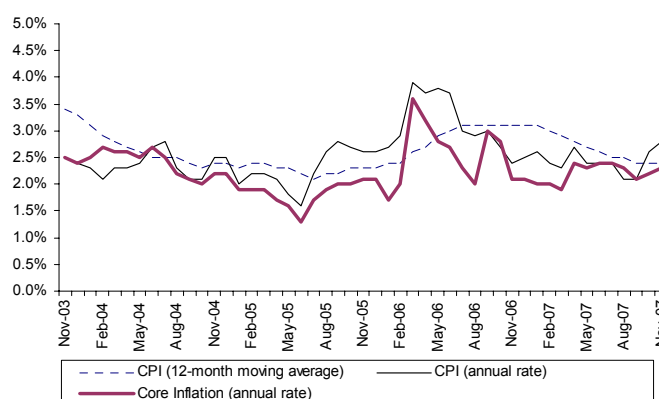
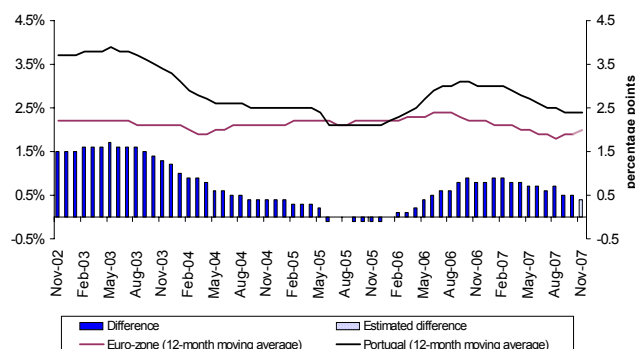


Fig. 2 - Harmonised Index of Consumer Prices (Portugal and the Euro area)



The December 2007 CPI/HICP will be released on January 15<sup>th</sup> 2008

## 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 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.

<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												
2004		1.1	3.0	-1.1	3.0	1.6	1.7	3.5	-1.0	2.8	9.3	4.6	2.6	2.4
2005		-0.6	4.8	-1.1	4.4	1.3	0.9	5.8	-0.2	1.6	7.0	2.4	2.2	2.3
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
		Annual rate												
2005	November	0.8	5.3	-0.6	4.1	1.5	0.1	6.3	-1.1	1.2	6.9	2.0	2.1	2.6
	December	1.4	5.3	-1.3	3.9	1.5	-0.1	6.2	-1.1	1.4	6.8	2.2	2.0	2.6
2006	January	1.7	14.5	-11.6	4.0	1.5	0.0	8.2	-1.2	1.2	5.3	2.6	2.3	2.7
	February	1.8	9.1	-6.5	4.4	1.0	0.2	8.4	-1.1	1.3	5.3	2.0	2.4	2.9
	March	1.3	9.4	12.1	4.4	0.7	0.1	7.8	-0.5	1.2	5.7	2.1	2.5	3.9
	April	1.7	9.4	5.4	4.1	0.9	0.5	7.9	-0.7	1.7	5.7	2.6	2.9	3.7
	May	2.6	9.0	0.9	4.1	1.0	0.7	8.5	-0.6	1.9	5.7	2.3	3.6	3.8
	June	3.9	9.2	-0.9	4.1	1.0	0.8	7.4	-0.6	2.2	5.7	2.3	3.6	3.7
	July	3.1	9.3	-2.7	3.8	1.2	0.7	6.1	-0.9	1.6	5.7	2.2	3.5	3.0
	August	3.2	9.5	-3.0	3.8	0.9	1.2	5.2	-0.9	1.0	5.7	1.7	3.3	2.9
	September	3.1	9.3	8.9	3.7	0.9	1.4	2.5	-1.0	0.7	5.9	2.3	3.7	3.0
	October	3.6	9.3	6.4	3.3	0.9	2.7	0.8	-1.0	0.4	4.0	2.5	3.9	2.7
	November	3.3	9.4	-0.6	3.2	0.9	4.3	1.5	-1.0	0.2	4.0	2.6	3.7	2.4
	December	3.1	9.4	-0.9	3.2	0.8	5.5	2.2	-1.3	0.7	4.0	2.2	3.7	2.5
2007	January	4.1	0.8	1.9	3.9	1.5	5.5	1.5	-1.3	0.6	4.0	2.3	3.3	2.6
	February	3.6	0.4	0.7	3.6	1.4	6.0	0.8	-1.1	1.8	3.9	2.5	3.2	2.4
	March	3.1	0.5	1.0	3.5	2.1	6.3	1.7	-1.8	0.1	3.5	2.4	3.1	2.3
	April	3.5	6.1	1.4	3.5	1.7	10.6	1.3	-2.2	0.1	3.5	2.5	2.9	2.7
	May	2.2	6.3	1.5	3.5	1.8	9.6	1.2	-2.0	0.2	3.5	2.5	2.5	2.4
	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	1.8	2.8

**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>

	EU-13 <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																													
2004	2.1	2.0	1.9	6.1	2.6	0.9	1.8	3.0	3.0	3.1	2.3	2.3	2.3	1.9	6.2	1.2	3.2	6.8	2.7	1.4	2.0	3.6	2.5	11.9	3.7	7.5	0.1	1.0	1.3
2005	2.2	2.2	2.5	6.0	1.6	1.7	1.9	4.1	3.5	3.4	1.9	2.2	2.2	2.0	6.9	2.7	3.8	3.5	2.5	1.5	2.1	2.2	2.1	9.1	2.5	2.8	0.8	0.8	2.1
2006	2.2	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	3.0	6.6	2.5	4.3	1.3	1.5	2.3
Annual rate																													
2005 November	2.3	2.3	2.3	8.0	2.2	1.8	2.2	4.0	3.4	3.4	1.8	2.2	2.4	2.0	7.6	2.8	3.6	3.3	4.3	1.6	1.7	1.1	2.5	8.7	2.1	3.6	1.0	1.2	2.1
December	2.2	2.1	2.8	7.4	1.9	2.2	2.1	3.6	3.5	3.7	1.8	1.9	2.1	1.4	7.1	3.0	3.4	3.3	3.4	2.0	1.6	0.8	2.5	8.7	2.4	3.9	1.1	1.3	1.9
2006 January	2.4	2.3	2.8	7.6	2.4	2.0	2.1	4.7	3.0	4.2	2.3	2.5	2.2	2.0	7.6	3.5	4.1	2.5	2.4	1.8	1.5	0.9	2.7	9.0	2.6	4.1	1.2	1.1	1.9
February	2.3	2.2	2.8	9.4	2.4	2.1	2.1	4.5	3.1	4.1	2.0	2.7	2.2	2.3	7.0	3.4	3.9	2.3	2.3	1.4	1.5	0.9	3.0	8.6	2.3	4.3	1.3	1.1	2.0
March	2.2	2.1	2.2	9.1	2.4	1.8	1.9	4.0	3.3	3.9	1.7	2.8	2.2	2.6	6.6	3.1	3.7	2.4	2.9	1.4	1.3	0.9	3.8	8.5	2.0	4.3	1.2	1.5	1.8
April	2.5	2.3	2.6	8.5	2.3	1.8	2.3	4.3	3.5	3.9	2.0	2.7	2.3	2.5	6.1	3.4	3.5	2.4	3.5	1.8	2.1	1.2	3.7	7.0	2.8	4.4	1.5	1.8	2.0
May	2.5	2.4	2.8	9.0	2.8	2.1	2.1	4.6	3.3	4.1	2.4	3.0	2.3	2.5	7.1	3.6	3.6	2.9	3.5	1.8	2.1	1.5	3.7	7.3	3.4	4.8	1.7	1.9	2.2
June	2.5	2.4	2.5	8.4	2.3	2.1	2.0	4.4	3.4	4.0	2.2	2.9	2.4	2.6	6.3	3.7	3.9	2.9	3.3	1.8	1.9	1.5	3.5	7.2	3.0	4.5	1.5	1.9	2.5
July	2.4	2.4	2.4	7.8	2.4	2.0	2.1	4.5	3.9	4.0	2.2	2.9	2.3	2.8	6.9	4.4	3.4	3.2	3.6	1.7	2.0	1.4	3.0	6.2	1.9	5.0	1.4	1.8	2.4
August	2.3	2.3	2.3	7.0	2.6	1.9	1.8	5.0	3.4	3.8	2.1	3.2	2.3	2.7	6.8	4.3	3.1	4.7	3.0	1.9	2.1	1.7	2.7	6.1	3.1	5.0	1.3	1.6	2.5
September	1.7	1.9	1.9	5.4	2.2	1.5	1.0	3.8	3.1	2.9	1.5	2.2	2.4	2.2	5.9	3.3	2.0	5.9	3.1	1.5	1.3	1.4	3.0	5.5	2.5	4.5	0.8	1.2	2.4
October	1.6	1.8	1.7	5.2	0.8	1.4	1.1	3.8	3.1	2.6	1.2	2.2	1.9	1.7	5.6	3.7	0.6	6.3	1.7	1.3	1.3	1.1	2.6	4.8	1.5	3.1	0.9	1.2	2.4
November	1.9	2.1	2.0	5.9	1.0	1.8	1.5	4.7	3.2	2.7	1.6	2.4	2.0	1.3	6.3	4.4	1.8	6.4	0.9	1.6	1.6	1.3	2.4	4.7	2.4	3.7	1.3	1.5	2.7
December	1.9	2.2	2.1	6.1	1.5	1.7	1.4	5.1	3.2	2.7	1.7	3.0	2.1	1.5	6.8	4.5	2.3	6.6	0.8	1.7	1.6	1.4	2.5	4.9	3.0	3.7	1.2	1.4	3.0
2007 January	1.8	2.1	1.7	6.8	1.4	1.8	1.8	5.0	3.0	2.4	1.4	2.9	1.9	1.4	7.1	4.0	2.3	8.4	1.2	1.2	1.7	1.6	2.6	4.1	2.8	2.2	1.3	1.6	2.7
February	1.8	2.1	1.8	4.6	1.7	1.9	1.9	4.6	3.0	2.5	1.2	2.6	2.1	1.2	7.2	4.4	1.8	9.0	0.8	1.4	1.7	1.9	2.3	3.9	2.3	2.0	1.2	1.7	2.8
March	1.9	2.3	1.8	4.4	2.1	1.9	2.0	5.6	2.8	2.5	1.2	2.9	2.1	1.4	8.5	4.8	2.4	9.0	0.5	1.9	1.9	2.4	2.4	3.7	2.6	2.1	1.6	1.6	3.1
April	1.9	2.2	1.8	4.4	2.7	1.7	2.0	5.6	2.6	2.5	1.3	2.9	1.8	1.6	8.8	4.9	2.5	8.7	-1.1	1.9	1.8	2.2	2.8	3.8	2.9	2.0	1.5	1.6	2.8
May	1.9	2.1	1.3	4.5	2.4	1.7	2.0	5.9	2.6	2.4	1.2	2.7	1.9	1.9	7.8	5.0	2.3	8.4	-1.0	2.0	1.9	2.3	2.4	3.9	3.1	1.5	1.3	1.2	2.5
June	1.9	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	2.4	3.9	3.8	1.5	1.4	1.3	2.4
July	1.8	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	2.3	4.1	4.0	1.2	1.6	1.4	1.9
August	1.7	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	1.9	5.0	3.4	1.2	1.3	1.2	1.8
September	2.1	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	2.0	6.1	3.6	1.7	1.7	1.6	1.8
October	2.6 Po	2.7 Po	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 Po	2.9 Po	3.1	2.5	6.9	5.1	2.4	1.8	1.9	2.1
November	3.0 f	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	2.8	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 - includes Slovenia from January 2007.

(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:

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