

11 January, 2012

## CONSUMER PRICE INDEX

December 2011

### The CPI annual average rate of change was 3.7% in 2011 and the rate of change on a year earlier was 3.6% in December

The average rate of change of the Portuguese Consumer Price Index (CPI) was 3.7% in 2011 (1.4% in 2010).

The CPI recorded an annual rate of change of 3.6% in December 2011. Excluding energy and unprocessed food, the annual rate was 2.3%. The CPI monthly rate of change was 0.0% (-0.1% in November and 0.3% in December 2010).

In 2011, the Portuguese Harmonised Index of Consumer Prices (HICP) increased 3.6% comparing with 2010. In December, the HICP annual inflation rate decreased to 3.5%, 0.7 percentage points (p.p.) above the rate estimated by Eurostat for the Euro area (0.8 p.p. in November).

The Portuguese Consumer Price Index (CPI) annual average rate of change increased to 3.7% in 2011 (1.4% in 2010).

In December 2011, the annual inflation rate measured by the CPI decreased from 4.0% in the previous month to 3.6% (see fig. 1).

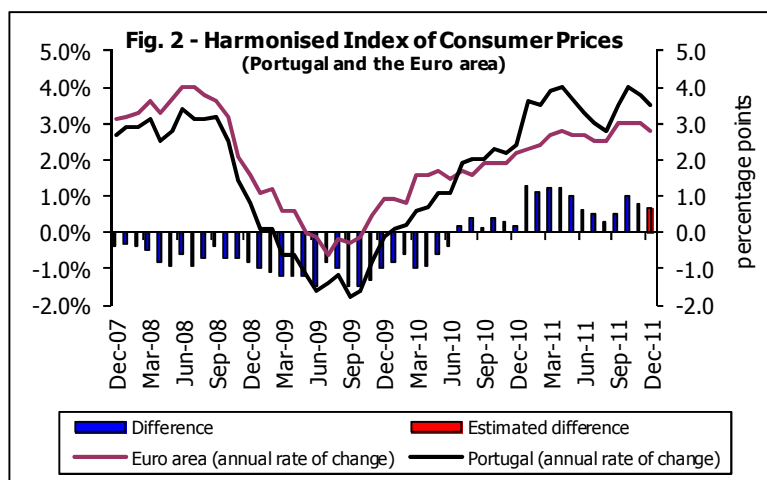
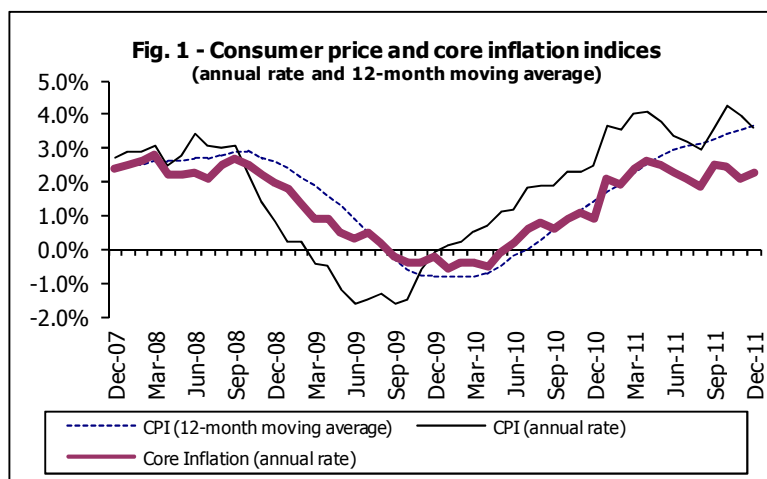
The largest upward pressure on the overall annual change rate came from increases in the prices of the COICOP divisions 4 (Housing, water, electricity, gas and other fuels) and 7 (Transports).

The annual core inflation rate, measured by the CPI excluding energy and unprocessed food products, increased to 2.3% (2.1% in November 2011).

In December, the CPI monthly rate, rounded to one decimal place, was 0.0% (-0.1% in November 2011 and 0.3% in December 2010). The main downward contribution to this result came from changes in the prices of the COICOP division 3 (Clothing and footwear).

In December 2011, the Portuguese HICP annual rate decreased to 3.5% (3.8% in November 2011). The HICP monthly rate of change was 0.1% (-0.1% and 0.4% respectively in the previous month and in December 2010). The HICP 12-month average rate increased to 3.6% (3.5% in November 2011).

In November 2011 the gap between the Portuguese and the Euro area annual rate of change was 0.8 p.p. and it is estimated to have decreased to 0.7 p.p. in December 2011 (see fig. 2).



The January 2012 CPI/HICP will be released on February 10<sup>th</sup> 2012

## 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 2005/2006 Household Budget Survey and are updated annually with the most recent information on prices and quantities, if available. 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<sup>1</sup> 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.

## 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>2</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>3</sup>.

More information is available at <http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/introduction>.

## Treatment of seasonal items

Since January 2011, the Portuguese CPI/HICP complies with Commission Regulation (EC) No. 330/2009 of 22 April 2009. This Regulation lays down minimum standards for the treatment of seasonal products in the HICP. The impact of this change is expected to be minor, although seasonal fluctuations are likely to be amplified.

## Rounding rules

Another relevant change in January 2011 is that the published values for the Portuguese CPI have more decimal places. The indices are rounded to three decimal places, and the rates of change are rounded to two decimal places. In practice, this change only affects the visible values, since all other calculations are performed using more precision and the values are rounded as a final step before publication. In this press release the descriptive analysis is based on rounded values to one decimal.

<sup>1</sup> COICOP – Classification of Individual Consumption by Purpose

<sup>2</sup> Article 109j and protocol on the convergence criteria referred to in that article.

<sup>3</sup> "A stability oriented monetary policy strategy for the ESCB". ECB press notice released on 13 October 1998.

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

**Annexes:**

Annexes:	Index divisions <sup>(1)</sup>												All-items CPI
	01	02	03	04	05	06	07	08	09	10	11	12	
	Annual average rate												
2009	-3.4	3.3	-1.7	2.1	1.7	-1.4	-3.6	-1.0	-1.6	3.5	2.4	1.9	-0.8
2010	-0.2	4.4	-1.7	4.4	1.6	-1.3	4.6	-1.9	-0.2	2.8	1.2	0.5	1.4
2011	2.09	7.95	-3.90	6.67	1.17	4.45	8.89	2.99	0.98	2.05	1.41	1.78	3.66
	Annual rate												
2009 December	-5.1	2.9	-2.3	2.4	1.7	-1.6	3.6	-0.1	-1.9	3.2	0.8	1.4	-0.1
2010 January	-4.6	4.5	-1.5	2.6	1.8	-2.6	3.8	-0.3	-1.7	3.2	1.1	1.0	0.1
February	-4.2	4.6	-2.3	3.1	1.9	-2.2	3.4	-0.5	-1.5	3.0	1.2	0.8	0.2
March	-3.6	3.1	-1.9	3.7	1.6	-2.0	5.3	-3.1	-0.9	3.0	1.0	0.5	0.5
April	-2.7	3.2	-1.6	4.1	1.5	-1.9	5.0	-2.9	-1.2	2.9	1.0	0.2	0.7
May	-1.8	2.8	-1.5	4.4	1.4	-1.2	5.4	-2.6	-0.6	2.9	1.0	0.0	1.1
June	0.0	2.9	-1.7	4.2	1.5	0.0	3.3	-2.6	-0.7	3.0	1.0	0.4	1.2
July	1.6	3.9	-1.4	5.1	1.6	-0.3	4.1	-1.8	0.8	3.0	1.2	0.5	1.8
August	2.6	4.6	-1.8	5.0	1.7	-0.5	3.3	-1.7	1.5	3.0	1.0	0.5	1.9
September	2.5	5.2	-1.9	5.1	1.7	-2.0	4.1	-1.9	0.6	3.0	1.4	0.7	1.9
October	2.7	5.2	-1.2	5.3	1.6	-0.8	5.3	-1.9	0.4	2.0	1.6	0.8	2.3
November	2.5	5.9	-1.6	5.1	1.6	-0.2	5.1	-1.8	0.5	2.0	1.8	0.5	2.3
December	2.9	6.7	-1.9	5.4	1.5	-2.1	6.6	-2.0	0.5	2.0	1.9	0.6	2.5
2011 January	2.25	6.16	-6.08	6.36	0.57	3.18	9.81	2.54	2.24	2.11	2.17	1.10	3.64
February	2.33	8.31	-8.42	6.13	0.75	3.34	9.59	3.10	1.75	2.11	1.94	1.30	3.53
March	2.71	8.83	-1.48	5.72	0.93	3.28	9.89	4.69	1.72	2.10	2.07	1.96	4.04
April	2.38	9.57	-1.45	5.59	1.07	3.83	10.34	4.35	1.58	2.21	1.60	1.91	4.06
May	2.46	9.51	-1.99	5.32	1.28	3.48	9.49	4.01	1.80	2.11	1.27	2.18	3.80
June	1.68	9.67	-2.57	5.32	1.38	2.61	8.68	3.26	1.32	2.14	1.30	2.02	3.36
July	1.72	8.82	-6.88	4.79	1.68	4.59	8.06	2.49	0.85	2.14	1.05	2.12	3.18
August	1.32	7.98	-11.92	4.79	1.40	4.46	8.53	2.47	0.54	2.25	1.06	2.07	2.93
September	1.77	7.32	-1.66	4.68	1.44	5.84	9.23	2.43	-0.10	2.13	1.24	2.05	3.56
October	2.19	7.25	-1.48	10.71	1.40	5.90	9.03	2.15	-0.17	1.82	0.97	1.76	4.24
November	2.11	6.46	-1.49	10.52	1.24	5.50	8.18	2.14	-0.23	1.76	1.00	1.38	3.95
December	2.24	5.63	-3.76	9.95	0.97	7.48	6.07	2.27	0.53	1.76	1.23	1.56	3.62
Symbols:	f estimated	Po provisional	x not available										
Notes:	(1) The names of the divisions are given in the explanatory notes.												
	(2) For publication, all results are rounded to one decimal place until December 2010 and to two decimal places since January 2011.												
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																													
2008	3.3	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	2.7	7.9	5.5	3.9	3.9	3.3	3.6
2009	0.3	1.0	0.0	2.5	0.6	1.1	0.2	0.2	1.3	-0.3	0.1	-1.7	0.8	0.2	3.3	4.2	0.0	4.0	1.8	1.0	0.4	4.0	-0.9	5.6	0.9	0.9	1.6	1.9	2.2
2010	1.6	2.1	2.3	3.0	1.2	2.2	1.2	2.7	4.7	2.0	1.7	-1.6	1.6	2.6	-1.2	1.2	2.8	4.7	2.0	0.9	1.7	2.7	1.4	6.1	2.1	0.7	1.7	1.9	3.3
Annual rate																													
2009 December	0.9	1.5	0.3	1.6	0.5	1.2	0.8	-1.9	2.6	0.9	1.0	-2.6	1.1	1.6	-1.4	1.2	2.5	5.4	-0.4	0.7	1.1	3.8	-0.1	4.7	2.1	0.0	1.8	2.8	2.9
2010 January	0.9	1.7	0.8	1.8	0.4	1.9	0.8	-1.0	2.3	0.7	1.2	-2.4	1.3	2.5	-3.3	-0.3	3.0	6.2	1.2	0.4	1.2	3.9	0.1	5.2	1.8	-0.2	1.6	2.7	3.5
February	0.8	1.5	0.8	1.7	0.4	1.8	0.5	-0.3	2.9	0.4	1.4	-2.4	1.1	2.8	-4.3	-0.6	2.3	5.6	0.7	0.3	0.9	3.4	0.2	4.5	1.6	-0.2	1.3	2.8	3.0
March	1.6	2.0	1.9	2.4	0.4	2.1	1.2	1.4	3.9	2.7	1.7	-2.4	1.4	2.3	-4.0	-0.4	3.2	5.7	0.6	0.7	1.8	2.9	0.6	4.2	1.8	0.3	1.5	2.5	3.4
April	1.6	2.1	2.1	3.0	0.9	2.4	1.0	2.5	4.7	2.4	1.9	-2.5	1.6	2.5	-2.8	0.2	3.1	5.7	0.8	0.6	1.8	2.7	0.7	4.2	2.7	0.7	1.6	2.1	3.7
May	1.7	2.1	2.5	3.0	1.0	1.9	1.2	2.8	5.3	2.5	1.9	-1.9	1.6	1.8	-2.4	0.5	3.1	4.9	1.8	0.4	1.7	2.3	1.1	4.4	2.4	0.7	1.4	1.9	3.4
June	1.5	1.9	2.7	2.5	1.0	1.7	0.8	3.4	5.2	2.1	1.7	-2.0	1.5	2.1	-1.6	0.9	2.3	5.0	1.8	0.2	1.8	2.4	1.1	4.3	2.1	0.7	1.3	1.6	3.2
July	1.7	2.1	2.4	3.2	1.6	2.1	1.2	2.8	5.5	1.8	1.9	-1.2	1.8	2.7	-0.7	1.7	2.9	3.6	2.5	1.3	1.7	1.9	1.9	7.1	2.3	1.0	1.3	1.4	3.1
August	1.6	2.0	2.4	3.2	1.5	2.3	1.0	2.8	5.6	1.6	1.6	-1.2	1.8	3.4	-0.4	1.8	2.5	3.6	3.0	1.2	1.6	1.9	2.0	7.6	2.4	1.1	1.3	1.1	3.1
September	1.9	2.3	2.9	3.6	1.8	2.5	1.3	3.8	5.7	2.8	1.8	-1.0	1.6	3.6	0.3	1.8	2.6	3.7	2.4	1.4	1.7	2.5	2.0	7.7	2.1	1.1	1.4	1.5	3.1
October	1.9	2.3	3.1	3.6	1.8	2.4	1.3	4.5	5.2	2.5	1.8	-0.8	2.0	3.2	0.9	2.6	2.9	4.3	2.2	1.4	2.0	2.6	2.3	7.9	2.1	1.0	2.3	1.6	3.2
November	1.9	2.3	3.0	4.0	1.9	2.5	1.6	5.0	4.8	2.3	1.8	-0.8	1.9	1.7	1.7	2.5	2.5	4.0	3.4	1.4	1.8	2.6	2.2	7.7	1.6	1.0	2.4	1.7	3.3
December	2.2	2.7	3.4	4.4	2.3	2.8	1.9	5.4	5.2	2.9	2.0	-0.2	2.1	1.9	2.4	3.6	3.1	4.6	4.0	1.8	2.2	2.9	2.4	7.9	2.2	1.3	2.8	2.1	3.7
2011 January	2.3	2.8	3.7	4.3	1.9	2.6	2.0	5.1	4.9	3.0	2.0	0.2	1.9	3.0	3.5	2.8	3.4	4.0	3.3	2.0	2.5	3.5	3.6	7.0	2.3	3.2	3.1	1.4	4.0
February	2.4	2.9	3.5	4.6	1.9	2.6	2.2	5.5	4.2	3.4	1.8	0.9	2.1	3.1	3.8	3.0	3.9	4.2	2.7	2.0	3.1	3.3	3.5	7.6	2.0	3.5	3.5	1.2	4.4
March	2.7	3.1	3.5	4.6	1.9	2.5	2.3	5.1	4.3	3.3	2.2	1.2	2.8	3.2	4.1	3.7	4.0	4.6	2.8	2.0	3.3	4.0	3.9	8.0	2.4	3.8	3.5	1.4	4.0
April	2.8	3.3	3.3	3.3	1.6	2.8	2.7	5.4	3.7	3.5	2.2	1.5	2.9	3.5	4.3	4.4	4.0	4.4	2.4	2.2	3.7	4.1	4.0	8.4	2.0	3.9	3.4	1.8	4.5
May	2.7	3.2	3.1	3.4	2.0	3.1	2.4	5.5	3.1	3.4	2.2	1.2	3.0	4.1	4.8	5.0	3.8	3.9	2.5	2.4	3.7	4.3	3.7	8.5	2.4	4.2	3.4	1.7	4.5
June	2.7	3.1	3.4	3.5	1.9	2.9	2.4	4.9	3.1	3.0	2.3	1.1	3.0	4.5	4.7	4.8	3.8	3.5	3.1	2.5	3.7	3.7	3.3	8.0	1.6	4.1	3.4	1.5	4.2
July	2.5	2.9	4.0	3.4	1.9	3.0	2.6	5.3	2.1	3.0	2.1	1.0	2.1	3.5	4.2	4.6	3.2	3.1	2.2	2.9	3.8	3.6	3.0	4.9	1.1	3.8	3.7	1.6	4.4
August	2.5	2.9	3.4	3.1	2.1	2.4	2.5	5.6	1.4	2.7	2.4	1.0	2.3	2.7	4.6	4.4	3.7	3.5	2.3	2.8	3.7	4.0	2.8	4.3	1.2	4.1	3.5	1.6	4.5
September	3.0	3.3	3.4	2.9	2.1	2.4	2.9	5.4	2.9	3.0	2.4	1.3	3.6	2.5	4.5	4.7	3.8	3.7	2.7	3.0	3.9	3.5	3.5	3.5	2.3	4.4	3.5	1.5	5.2
October	3.0	3.4	3.4	3.0	2.6	2.7	2.9	4.7	2.9	3.0	2.5	1.5	3.8	3.2	4.3	4.2	3.8	3.8	2.4	2.8	3.8	3.8	4.0	3.6	2.9	4.6	3.2	1.1	5.0
November	3.0 Po	3.4 Po	3.7	2.6	2.9	2.5	2.8	4.4	2.8	2.9	2.7	1.7	3.7	4.0	4.0	4.4	4.0	4.3	1.5	2.7 Po	3.8 Po	4.4	3.8	3.5	2.8	4.8	3.2	1.1	4.8
December	2.8 f	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	3.5	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, EA-16 from January 2011 (including Estonia).

(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		