

13 January, 2015

CONSUMER PRICES INDEX

December 2014

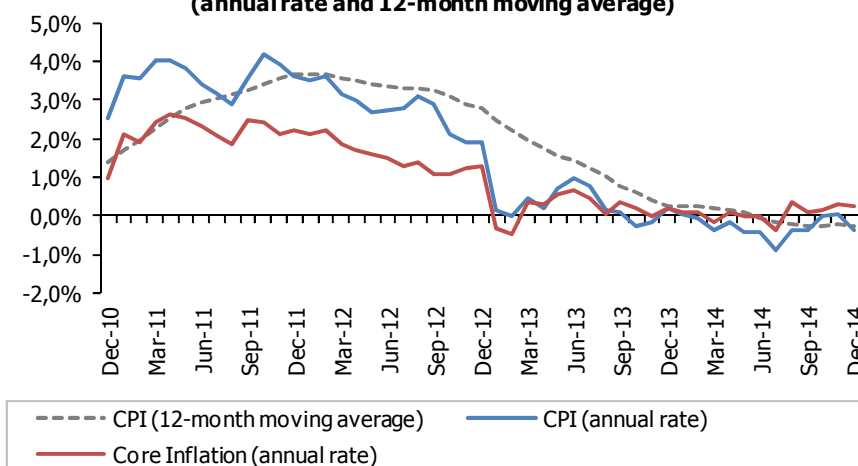
The CPI annual average rate of change was -0.3% in 2014 and the rate of change on a year earlier was -0.4% in December

The average rate of change of the Portuguese Consumer Price Index (CPI) was -0.3% in 2014 (0.3% in 2013). Excluding energy and unprocessed food, the average rate of change moved from 0.2% in 2013 to 0.1% in 2014.

The CPI recorded an annual rate of change of -0.4% in December 2014. Excluding energy and unprocessed food, the annual rate was 0.3%. The CPI monthly rate of change was 0.0% (-0.2% in November and 0.4% in December 2013).

In 2014, the Portuguese Harmonised Index of Consumer Prices (HICP) decreased 0.2% comparing with 2013. In December, the HICP annual inflation rate decreased to -0.3%, 0.1 percentage points (p.p.) below the rate estimated by Eurostat for the Euro area (0.2 p.p. below in November).

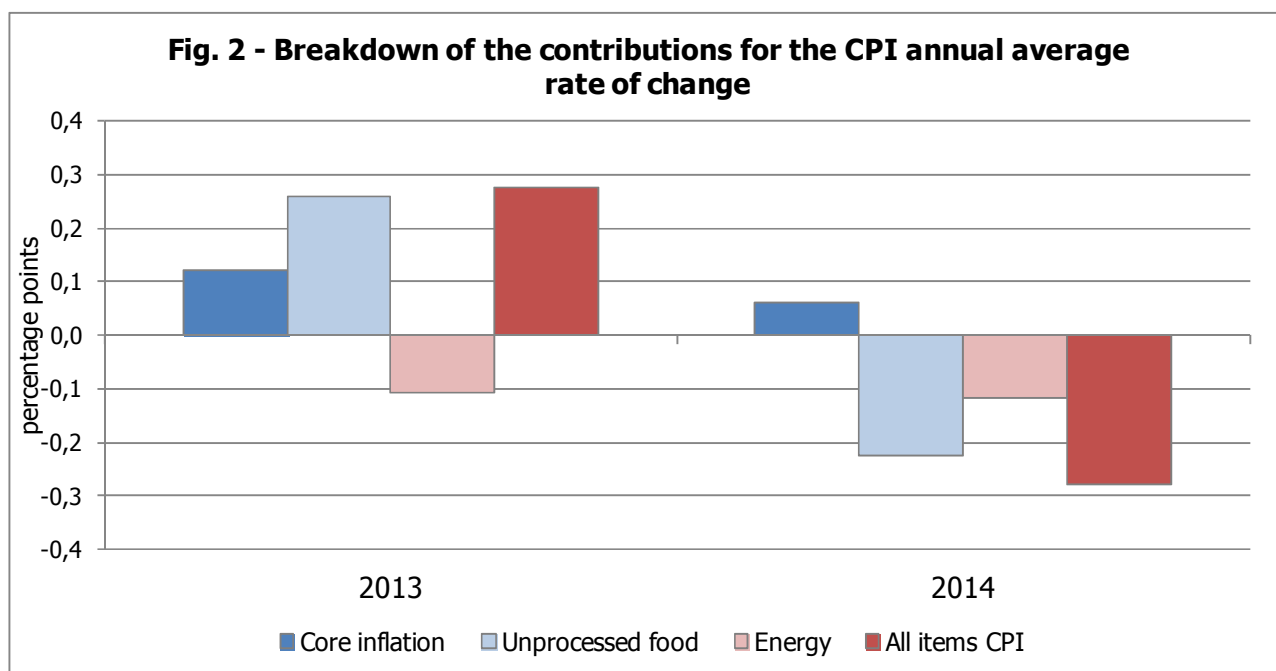
**Fig. 1 - Consumer price and core inflation indices
(annual rate and 12-month moving average)**



The 12-month average rate of change of the Portuguese Consumer Price Index (CPI) decreased to -0.3% in 2014 (0.3% in 2013). The 12-month core inflation rate, which excludes unprocessed food and energy, moved from 0.2% in 2013 to 0.1% in 2014.

In addition to the significant deceleration in core inflation, the reduction of the average rate of change of the CPI between 2013 and 2014 was mainly determined by the evolution of prices of unprocessed (see Fig. 2). The average rate of change of this aggregate moved from 2.6% in 2013 to -2.1% in 2014, mostly due to the influence of fresh fruits and vegetables.

The prices of energy products also contributed to the reduction of the CPI in 2014, recording a rate of change of -1.4% in 2014 (-0.7% in 2013), mainly due to the decrease in fuel prices.



In December 2013, the annual inflation rate measured by the CPI decreased 0.4 p.p. to -0.4%, comparing with the previous month.

The largest downward pressure on the overall annual change rate came from decreases in the prices of COICOP division 7 (Transports).

The annual core inflation rate, measured by the CPI excluding energy and unprocessed food, was 0.3% in December (0.3% in November).

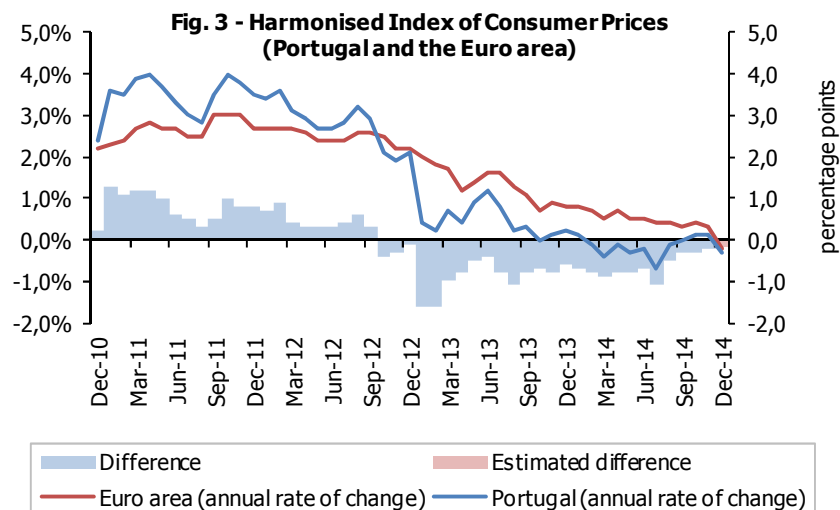
The CPI monthly rate was 0.0% (-0.2% in November 2014 and 0.4% in December 2013). The main upward contribution came from changes in the prices of the COICOP division 9 (Recreation and culture) and division 7 (Transports). The largest downward pressure came from changes in prices of COICOP division 3 (Clothing and footwear).

In December 2013, the HICP 12-month average rate decreased to -0.2% (-0.1% in November 2014).

In November 2014 the Portuguese HICP 12-month average rate was 0.6 p.p. lower than the rate observed for the Euro-area. Accordingly with Eurostat's flash estimate for the whole area¹, this difference remains the same in December.

The HICP annual rate of change was -0.3% (0.1% in November 2014). The HICP monthly rate of change was 0.0% (-0.4% and 0.3% respectively in the previous month and in December 2013). In November 2014 the annual rate of change of the Euro area was 0.2 p.p. higher than the annual rate of change of the Portuguese HICP. That difference is estimated to decrease to 0.1 p.p. in December 2014.

¹ Estimate for the annual rate of change of the Euro area HICP, published 07th January 2015.
Consumer Price Index – December 2014



Housing Rents

The average value of rents by net area for the whole country recorded an average rate of change of 4.4% in 2014, with the Lisboa region presenting the most significant contribution (rate of change of 7.2%).

In December 2014, compared with November 2013, the average value of rents by net area for the whole country increased 0.1% (identical to the previous month).

The main increase was observed in the Norte region, where the value of rents by net area increased 0.3%. The most relevant decrease was recorded in the Algarve region (-1.3%).

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 2012=100 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 recently made available: the 2011 Census, the Household Expenditure Survey 2010/2011 and the final 2010 and preliminary 2011 results of the Portuguese National Accounts. Administrative data at a more detailed level is also used.

From 2013 onwards the CPI will be updated every year in a more effective way 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 - COICOP¹ 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 Union¹. 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 area².

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 2013 weighting structure

COICOP ¹ divisions	CPI	HICP
01 Food and non-alcoholic beverages	196,1	191,1
02 Alcoholic beverages and tobacco	35,8	35,4
03 Clothing and footwear	66,6	66,2
04 Housing, water, electricity, gas and other fuels	92,9	89,6
05 Furnishings, household equipment and routine maintenance of the house	63,8	62,5
06 Health	70,2	65,1
07 Transport	143,4	144,7
08 Communication	36,9	35,9
09 Recreation and culture	78,6	68,5
10 Education	15,6	15,2
11 Restaurants and hotels	94,9	123,0
12 Miscellaneous goods and services	105,2	102,7
00 All items	1000,0	1000,0

¹ COICOP: Classification Of Individual Consumption by Purpose.

Presentation of data and rounding rules

With 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, one should bear in mind that the published rates keep unchanged.

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

Next press release

The January 2015 CPI/HICP will be released on February 11th 2015

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

	Index divisions ⁽¹⁾												All-items CPI
	01	02	03	04	05	06	07	08	09	10	11	12	
	Annual average rate												
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
2014	-1.34	3.09	-2.11	2.22	-0.38	0.66	-1.20	1.10	-1.49	0.43	0.97	-0.46	-0.28
	Annual rate												
2012 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
October	-0.63	3.17	-2.20	2.62	0.72	0.39	-1.39	0.68	-1.46	0.57	1.63	-0.70	0.00
November	-0.53	3.13	-1.63	2.40	1.15	0.46	-1.84	0.27	-1.72	0.57	1.44	-0.42	0.02
December	-0.38	3.09	-1.84	1.92	1.12	0.32	-4.38	0.28	-1.24	0.60	1.64	-0.48	-0.36
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																													
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
2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.2	-	-	-	-	-	-
	Annual rate																													
2012 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	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	0.5	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	-0.1	-0.1	1.3	0.0	-0.2	1.2	0.2	1.5
September	0.3	0.4	0.2	-1.4	0.8	0.3	0.8	0.2	-1.1	-0.3	0.4	0.2	0.5	-0.1	0.0	1.2	0.0	0.3	-0.5	0.6	0.2	1.4	-0.2	0.0	1.8	-0.1	-0.1	1.5	0.0	1.2
October	0.4	0.5	0.3	-1.5	0.7	0.3	0.7	0.5	-1.8	-0.2	0.5	0.5	0.4	0.2	0.3	0.7	0.3	0.4	-0.3	0.7	0.4	1.4	-0.3	0.1	1.8	0.1	0.0	1.2	0.3	1.3
November	0.3 Po	0.4 f	0.1	-1.9	0.6	0.2	0.5	0.0	-1.2	-0.5	0.4	0.3	0.2	0.3	0.0	0.9	0.4	0.2	0.1	0.6	0.3	1.5 Po	-0.3	0.1	1.5	0.1	0.0	1.1	0.3	x
December	-0.2 f	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	-0.3	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		