CONSUMER PRICES INDEX

May 2015

CPI annual rate of change was 1.0% in May

The CPI moved from an annual rate of change of 0.4% in April to 1.0% in May 2015, mainly due to the increase in the prices of *Transport*. Excluding energy and unprocessed food, the annual rate was 0.7% in May (0.5% in April). The CPI monthly rate was 0.4% (0.3% in April and -0.1% in May 2014), while the CPI 12-month average rate was -0.1% (-0.2% in the previous month).

In May 2015, the Portuguese Harmonised Index of Consumer Prices (HICP) annual rate of change was 1.0% (0.5% in April), 0.7 percentage points (p.p.) above the rate estimated by Eurostat for the Euro area (in the previous month this difference was of 0.5 p.p.).

Fig. 1 - Consumer price and core inflation indices (annual rate and 12-month moving average)
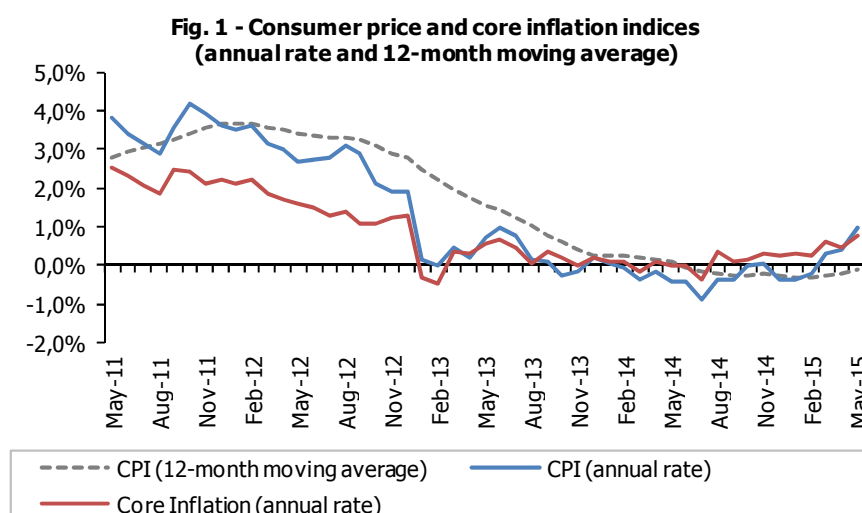
In May 2015, the annual inflation rate measured by the CPI was 1.0%. It was 0.4% in the previous month (see Fig. 1).

The annual core inflation rate, which excludes energy and unprocessed food products components, was 0.7%, 0.2 p.p. higher than in the previous month. The unprocessed food aggregate recorded an annual increase of 3.7% in May (2.0% in the previous month) while energy presented a less negative rate of change (from -3.0% in April to -1.3% in May).

The largest upward pressure on the overall annual rate of change came from increases in the prices of *Transport, Food and non-alcoholic beverages* and *Alcoholic beverages and tobacco*.

The increase of the annual rate of the overall CPI in May, comparing with April, was determined by the prices of *Transport*, which moved from -1.4% in April to 1.0% in May 2015.

In May, the CPI monthly rate was 0.4% (0.3% in April and -0.1% in May 2014). The main upward contribution to this result came from changes in the prices of *Transport* and *Food and non-alcoholic beverages*. On the opposite side, decreases were observed in the prices of *Miscellaneous goods and services*.

The CPI 12-month average rate was -0.1% in May (-0.2 in April).

In May 2015, the HICP annual rate was 1.0% (0.5% in the previous month). The HICP monthly rate was 0.5% (0.1% in May 2014).

In April, the annual rate of change of the Portuguese HICP was 0.5 p.p. higher than the annual rate of change of the Euro area. That difference is estimated to increase to 0.7 p.p. in May 2015.

The HICP 12-month average rate was nil in May (-0.1% in April).

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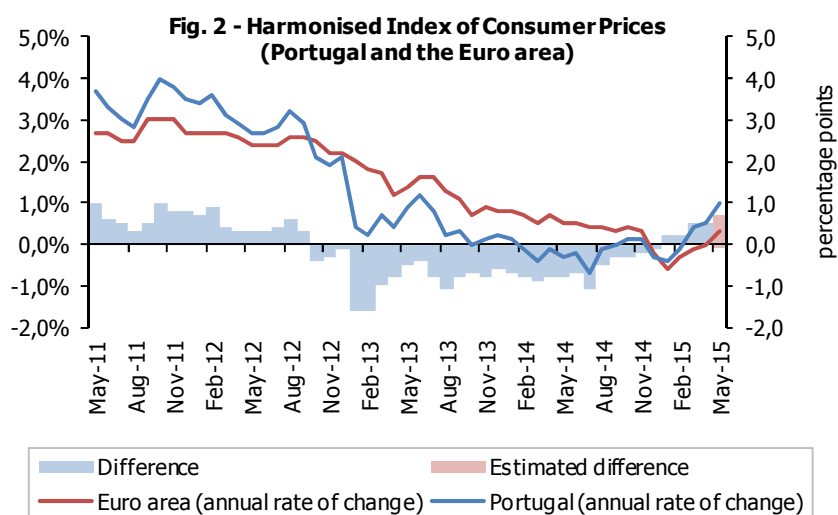
Housing Rents

In May 2015 the monthly rate of change of the average value of rents by net area for the whole country was 0.1% (0.0% in the previous month).

The main increase was recorded in the Açores region (2.0%). The main decrease was observed in the Centro region, where the value of rents by net area decreased -0.2%.

The annual change rate of the housing rents for the whole country was 1.0% in May (0.9% in April). The main increase was observed in the Açores region (5.8%), while the Alentejo region recorded a decrease of -2.9%.

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Consumer Price Index 2015 – changes due to the annual chaining of the index

With the publication of the Consumer Price Index (CPI) in January of each year, the expenditure structure and the goods and services included in the basket are updated benefiting from the chaining process.

The weighting structure for the 2015 CPI is based on the households' final monetary consumption expenditure of Portuguese National Accounts at three-digit level of the Classification of Individual Consumption by Purpose (COICOP). These results are valued to December prices of the previous year. Due to the new benchmark of the Portuguese National Accounts there were some relevant changes in the CPI weighting structure compared with the previous year.

This complies with the regulations of the European Commission and Eurostat recommendations for the compilation of the Harmonized Index of Consumer Prices, aiming to ensure the highest quality of the information and the comparability among Member States.

Using information from National Accounts as the primary source ensures the appropriate update of the weights at the aggregated level on an annual basis, reflecting not only price changes but also changes in quantities of goods and services purchased by households. Information from National Accounts, which reflects the integration of several sources, including the Household Budget Survey (HBS), ensures a high degree of consistency with other fundamental variables for economic analysis. National Accounts are compiled using supply and use tables, matching available resources of each product (domestic production and imports) and the respective uses (exports and domestic spending) at a relatively detailed level.

Even though, as the number of products included in the CPI is more detailed than that provided by National Accounts, for more disaggregated levels of expenditure information from the HBS and the Census supplemented by other administrative sources is used, as well as from other surveys conducted by Statistics Portugal. This information is also used for updating the goods and services included in the CPI.

With the access to more detailed and updated information, notably coming from administrative sources, changes in the weighting structure and / or samples were also introduced for cigarettes, natural gas, pharmaceutical products, new cars, motorcycles, highway tolls, airline tickets, telecommunications services, newspapers and periodicals, packages holidays, football and betting and gambling.

The following table presents the CPI weights for 2014 and 2015.

COICOP[1] divisions		2014 weights	2015 weights
01	Food and non-alcoholic beverages	211.8	215.7
02	Alcoholic beverages and tobacco	37.9	41.4
03	Clothing and footwear	69.4	70.9
04	Housing, water, electricity, gas and other fuels	91.3	96.5
05	Furnishings, household equipment and routine maintenance of the house	64.0	65.0
06	Health	72.0	61.0
07	Transport	126.5	134.3
08	Communication	36.3	36.9
09	Recreation and culture	79.4	76.9
10	Education	15.7	17.8
11	Restaurants and hotels	90.8	82.7
12	Miscellaneous goods and services	105.0	100.9
00	**All items**	**1000**	**1000**

[1] COICOP – Classification Of Individual Consumption by Purpose

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 2015 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: 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.

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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 2015 weighting structure

COICOP[1] divisions		CPI	HICP
01	Food and non-alcoholic beverages	215.7	208.2
02	Alcoholic beverages and tobacco	41.4	40.6
03	Clothing and footwear	70.9	71.9
04	Housing, water, electricity, gas and other fuels	96.5	91.7
05	Furnishings, household equipment and routine maintenance of the house	65.0	63.5
06	Health	61.0	58.8
07	Transport	134.3	132.9
08	Communication	36.9	35.1
09	Recreation and culture	76.9	64.9
10	Education	17.8	16.9
11	Restaurants and hotels	82.7	119.2
12	Miscellaneous goods and services	100.9	96.3
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 June 2015 CPI/HICP will be released on July 10th 2015.

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Annex:

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												
2013 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
2015 January	-0.13	3.09	-1.48	1.05	0.99	0.34	-4.21	1.19	-1.32	0.60	1.34	-0.55	-0.39
February	0.01	3.19	-1.84	0.20	0.84	0.65	-2.78	2.80	-1.52	0.60	1.78	-0.85	-0.21
March	0.29	2.60	-1.99	0.32	0.76	0.59	-0.26	3.63	-0.93	0.54	1.98	-0.61	0.31
April	1.18	4.04	-2.44	0.50	0.64	0.50	-1.40	3.55	-1.40	0.49	1.89	-0.02	0.40
May	2.07	5.07	-2.54	0.48	0.60	0.56	1.04	3.58	-0.82	0.50	1.57	-0.02	0.95

Symbols: f estimated   Po provisional   x not available

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

Source: INE - Portugal

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HICP rate of change (international comparison)[1]

	EA-19[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	0.4 Po	0.6 Po	0.5	-1.6	0.4	0.3	0.8	0.5	-1.4	-0.2	0.6	0.2	0.3	0.2	-0.3	0.7	0.2	0.7	0.0	0.3	0.3	1.5 Po	0.1	-0.2	1.4	0.4	-0.1	1.2	0.2	1.5
Annual rate																														
2013 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	0.3	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	0.3	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	0.3	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	0.5	0.3	1.5	-0.3	0.1	1.5	0.1	0.0	1.1	0.3	1.0
December	-0.2	-0.1	-0.4	-2.0	0.1	0.1	0.1	0.1	-2.5	-1.1	0.1	-0.1	-0.3	-0.1	-1.0	0.3	-0.1	-0.9	-0.8	0.4	-0.1	0.8	-0.6	-0.3	1.0	-0.1	-0.1	0.6	0.3	0.5
2015 January	-0.6	-0.5	-0.6	-2.4	-0.1	-0.3	-0.5	-0.5	-2.8	-1.5	-0.4	-0.6	-0.4	-0.5	-0.7	-0.3	-1.4	-1.1	-1.4	0.8	-0.7	0.5	-1.0	-0.4	0.5	-0.7	-0.5	-0.1	0.4	0.3
February	-0.3	-0.3	-0.4	-1.7	-0.1	0.0	0.0 Rc	-0.2	-1.9	-1.2	-0.3	-0.4	-0.4	0.1	-0.8	0.0	-1.5	-0.3	-1.0	0.6	-0.5	0.5	-1.3	-0.1	0.4	-0.5	-0.6	-0.1	0.7	0.0
March	-0.1	-0.1	-0.1	-1.1	0.1	0.3	0.2 Rc	0.0	-1.9	-0.8	0.0	0.0	-0.3	0.0	-1.4	0.5	-1.1	0.1	-0.5	0.5	-0.3	0.9	-1.2	0.4	0.8	-0.4	-0.4	0.0	0.7	0.0
April	0.0 Po	0.0 f	0.4	-0.9	0.5	0.4	0.3	0.4	-1.8	-0.7	0.1	-0.1	-0.1	-0.4	-0.1	-1.7	0.6	-0.6	0.0	1.4	0.0	0.9 Po	-0.9	0.5	0.6	-0.7	-0.1	-0.1	0.5	x
May	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	1.0	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, EA-16 until December 2010, EA-17 until December 2013, EA-18 until December 2014, EA-19 from January 2015 (including Lithuania).

(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
BG	Bulgaria	EL	Greece	CY	Cyprus	HU	Hungary
CZ	Czech Republic	ES	Spain	LV	Latvia	MT	Malta
DK	Denmark	FR	France	LT	Lithuania	NL	Netherlands
DE	Germany	IE	Ireland	LU	Luxembourg	AT	Austria

PL	Poland	FI	Finland
PT	Portugal	SE	Sweden
RO	Romania	UK	United Kingdom
SI	Slovenia		
SK	Slovakia		