

15, January 2007

Press Release

Consumer Price Index

December 2006

Consumer prices up 3.1% in 2006 on a year earlier

The Portuguese Consumer Price Index (CPI) rose 3.1% on an annual average in 2006, 0.8 percentage points (p.p.) higher than in 2005.

The highest 12-month average growth rates were recorded in Alcoholic beverages and tobacco (9.7%), Transports (5.5%) and Education (5.2%). On the other hand, the lowest 12-month annual average growth rate was observed in Communication (-0.9%).

In December 2006, the goods and services included in the Portuguese Consumer Price Index (CPI) cost on average 2.5% more than in December 2005, 0.1 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. Compared with December 2005, this index increased 2.1%, 0.4 p.p. lower than the CPI.

The CPI increased 0.2% from November to December. A year earlier, this index increased 0.1% in the same period.

In 2006, the Portuguese Harmonised Index of Consumer Prices (HICP) recorded a 12-month average rate of 3.0%, 0.9 p.p. higher than in 2005.

In December 2006, the Harmonised Index of Consumer Prices (HICP) for Portugal rose 2.5% when compared with December 2005, 0.1 p.p. higher than the previous month. The HICP rose 0.2% between November and December 2006.

The gap between the Portuguese and the Euro-zone 12-month average rate of change is estimated to have remained unchanged at 0.8 p.p. in December 2006 (see figure 2).

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

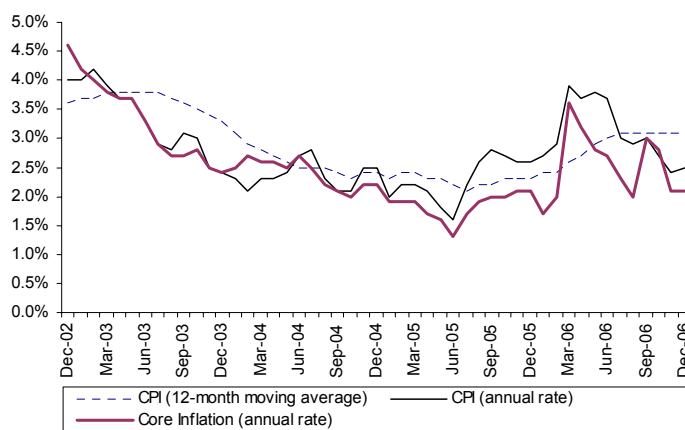
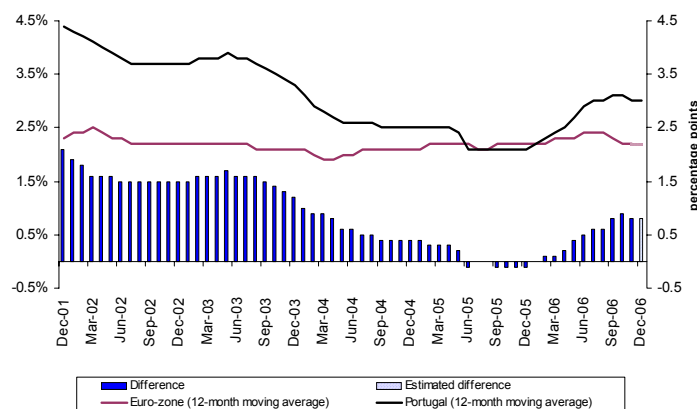


Fig. 2 - Harmonised Index of Consumer Prices
(Portugal and the Euro-zone)



For further information, please contact the 'Unidade de Comunicação e Imagem' mentioned below

The January 2007 CPI will be released on February 14th



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 unprocessed food and energy products from the all-items CPI. The primary objective of the exclusions is to eliminate some of the CPI components, which are most likely to be affected by temporary "external shocks" and to capture, in this way, the underlying inflation pressures in the economy. Examples of these "external shocks" include, among others, sharp changes in climatic conditions and the supply of raw materials such as oil. The *Serviço de Análise de Conjuntura e Previsão of Departamento de Estatísticas Macroeconómicas* of INE-Portugal releases 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.

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.



Annexes:

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												
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												
2004 December	0.2	3.0	-2.2	4.3	1.5	1.9	5.7	-0.2	2.0	5.4	3.9	2.7	2.5
2005 January	-0.8	2.6	-1.9	4.4	1.4	1.5	4.6	-0.1	2.3	6.9	2.8	2.8	2.0
February	-0.7	5.1	-1.4	4.3	1.7	1.3	4.4	-0.4	1.8	7.0	2.9	2.7	2.2
March	-0.5	4.5	-1.4	4.5	1.4	1.1	4.5	1.5	2.7	6.9	2.9	2.3	2.2
April	-1.2	4.5	-1.3	4.4	1.3	1.0	5.1	1.5	2.1	6.8	2.6	1.9	2.1
May	-1.0	4.7	-2.1	4.3	1.0	1.1	4.2	1.6	1.5	6.8	2.7	1.8	1.8
June	-1.3	4.8	-1.9	4.2	1.0	1.0	4.6	-0.9	1.1	6.8	1.4	2.0	1.6
July	-1.9	4.9	-1.7	4.6	1.1	1.2	6.6	-0.6	1.7	6.8	2.2	2.2	2.2
August	-0.7	4.8	-0.5	4.6	1.1	1.0	7.1	-0.5	1.5	6.7	2.8	2.1	2.6
September	-0.4	5.2	0.4	4.6	1.2	0.9	8.3	-0.5	0.6	7.2	2.2	2.2	2.8
October	-0.4	5.3	0.1	4.6	1.3	0.6	7.5	-1.1	1.0	8.0	1.7	2.2	2.7
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
Symbols:	" estimated (a) 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)⁽¹⁾

	EU-12 ⁽²⁾	EICP ⁽³⁾	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	SI	SK	FI	SE	UK
Annual average rate																											
2003	2.1	2.0	1.5	-0.1	2.0	1.0	1.4	3.5	3.1	2.2	4.0	2.8	4.0	2.9	-1.1	2.5	4.7	1.9	2.2	1.3	0.7	3.3	5.7	8.4	1.3	2.3	1.4
2004	2.1	2.0	1.9	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	3.7	7.5	0.1	1.0	1.3
2005	2.2	2.2	2.5	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	2.5	2.8	0.8	0.8	2.1
Annual rate																											
2004 December	2.4	2.2	1.9	2.5	0.9	2.3	4.8	3.1	3.3	2.3	2.4	2.4	3.9	7.4	2.8	3.5	5.5	1.9	1.2	2.5	4.4	2.6	3.3	5.8	0.1	0.9	1.7
2005 January	1.9	2.0	2.0	1.5	0.8	1.6	4.2	4.2	3.1	1.6	2.1	2.0	2.8	6.7	2.8	2.9	4.0	1.9	1.2	2.4	3.8	2.0	2.3	3.2	-0.2	0.5	1.6
February	2.1	2.1	2.3	1.4	1.0	1.9	4.6	3.2	3.3	1.9	2.1	2.0	2.4	7.0	3.2	3.2	3.4	2.5	1.5	2.3	3.6	2.1	2.8	2.7	0.0	1.2	1.7
March	2.1	2.1	2.8	1.1	1.3	1.6	4.8	2.9	3.4	2.1	1.9	2.2	2.4	6.6	3.2	3.5	3.3	2.6	1.5	2.4	3.4	2.3	3.3	2.4	0.9	0.5	1.9
April	2.1	2.1	2.4	1.4	1.7	1.4	4.7	3.3	3.5	2.0	2.2	2.1	2.7	7.1	3.2	3.7	3.8	2.0	1.3	2.3	3.1	2.0	2.7	2.7	1.2	0.4	1.9
May	2.0	2.0	2.3	0.9	1.2	1.6	2.9	3.2	3.0	1.7	2.1	2.3	2.1	6.5	1.9	3.7	3.5	2.4	1.0	2.0	2.1	1.8	2.1	2.4	0.6	0.2	1.9
June	2.1	2.0	2.7	1.3	1.7	1.8	3.2	3.2	3.2	1.8	1.9	2.1	1.5	6.6	2.0	3.2	3.7	2.1	1.5	2.0	1.4	0.6	1.7	2.6	1.0	0.8	2.0
July	2.2	2.1	2.7	1.4	1.8	1.8	3.9	3.9	3.3	1.8	2.2	2.1	1.3	6.3	1.9	4.0	3.6	1.7	1.5	2.1	1.5	1.9	2.0	2.1	0.9	0.7	2.3
August	2.2	2.2	2.9	1.4	2.4	1.9	4.2	3.6	3.3	2.0	2.1	2.1	1.5	6.3	2.3	4.3	3.5	2.5	1.6	1.9	1.8	2.5	1.8	2.1	1.0	1.1	2.4
September	2.6	2.5	3.0	2.0	2.3	2.5	4.9	3.8	3.8	2.4	2.7	2.2	2.1	7.4	2.5	4.7	3.6	2.0	1.7	2.6	1.9	2.7	3.2	2.3	1.1	1.1	2.5
October	2.5	2.4	2.2	2.4	1.9	2.3	4.5	3.7	3.5	2.0	2.6	2.6	2.2	7.7	3.0	5.0	3.1	3.0	1.5	2.0	1.6	2.6	3.2	3.5	0.8	0.9	2.3
November	2.3	2.3	2.3	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	2.1	3.6	1.0	1.2	2.1
December	2.2	2.1	2.8	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	2.4	3.9	1.1	1.3	1.9
2006 January	2.4	2.3	2.8	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	2.6	4.1	1.2	1.1	1.9
February	2.3	2.2	2.8	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	2.3	4.3	1.3	1.1	2.0
March	2.2	2.1	2.2	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	2.0	4.3	1.2	1.5	1.8
April	2.5	2.3	2.6	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	2.8	4.4	1.5	1.8	2.0
May	2.5	2.4	2.8	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	3.4	4.8	1.7	1.9	2.2
June	2.5	2.4	2.5	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	3.0	4.5	1.5	1.9	2.5
July	2.4	2.4	2.4	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	1.9	5.0	1.4	1.8	2.4
August	2.3	2.3	2.3	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	3.1	5.0	1.3	1.6	2.5
September	1.7	1.9	1.9	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	2.5	4.5	0.8	1.2	2.4
October	1.6	1.8	1.7	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	1.5	3.1	0.9	1.2	2.4
November	1.9(a)	2.1(a)	2.0	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(a)	1.6(a)	1.3	2.4	2.4	3.7	1.3	1.5	2.7
December	1.9"	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	2.5	x	x	x	x	x

Symbols: " estimated (a) provisional * 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-Zone; (3) European Index of Consumer Prices: EU-15 until April 2004 and EU-25 onwards.

Source: INE-Portugal and Eurostat.

Code abbreviations of the Member States:

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