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CONSUMER PRICE INDEX

March 2010
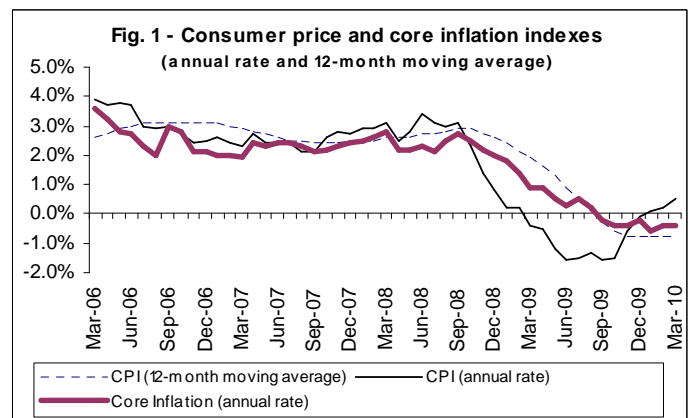
Consumer Prices up 0.5% in March on a year earlier

The Portuguese Consumer Price Index (CPI) went up 0.5% in March 2010 when compared with March 2009. Excluding energy and unprocessed food, the annual rate remained at -0.4%. On a monthly basis, the CPI increased to 1.1% (0.1% in February 2010 and 0.8% in March 2009). The CPI 12-month average rate of change remained unchanged in March (-0.8%).

In March, the Portuguese Harmonised Index of Consumer Prices (HICP) annual inflation rate was 0.6% (0.2% in February), 0.9 percentage points (p.p.) below the rate estimated by Eurostat for the Euro area.

The annual inflation rate measured by the CPI increased to 0.5% in March 2010, 0.3 p.p. above the observed in the previous month (see figure 1).

The largest downward pressure on the overall annual rate of change came from changes in the prices of Food products. Changes in the prices of Transports led to an opposite effect.
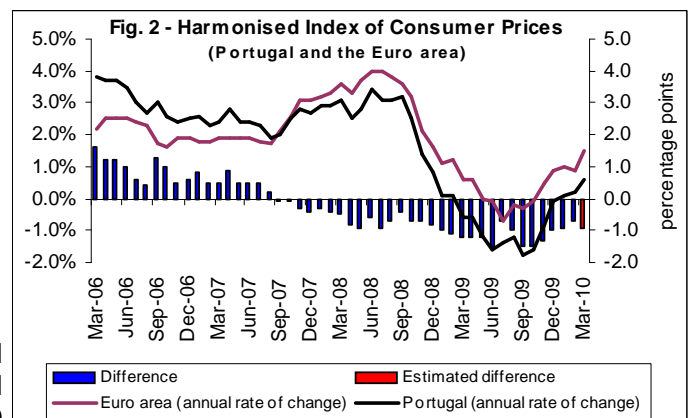
The annual core inflation rate, which excludes energy components and fresh unprocessed food products, remained at -0.4%. The difference between this indicator and the annual CPI inflation rate increased to 0.9 p.p. (0.6 p.p. in February).

In March the CPI monthly rate was 1.1%. The main upward contribution to this result came from changes in the prices of Clothing and footwear. On the other hand, the negative contributions were mainly due to the decrease in the prices of Communications.

In March 2010, the Portuguese HICP annual rate was 0.6%, up 0.4 p.p. from the previous month. On a monthly basis the HICP inflation rate increased to 1.2% (0.8% in March 2009). The HICP 12-month average rate increased to -0.8% (-0.9% in February 2010).

In February 2010 the gap between the Portuguese and the Euro-area annual rate of change was -0.7 p.p. and it is estimated to have attained -0.9 p.p. in March 2010 (see figure 2).

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

CPI (12-month moving average) ---- CPI (annual rate) ——
Core Inflation (annual rate) ——

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

Difference ■ Estimated difference ■
Euro area (annual rate of change) —— Portugal (annual rate of change) ——

The April 2010 CPI/HICP will be released on May 12th 2010

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 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 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 area 2. More information is available 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.

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						
2007	2.4	4.9	2.2	3.6	1.6	7.4	1.6	-1.8	0.3	3.7	2.6	2.4	2.5
2008	3.7	7.5	1.6	3.9	1.7	1.4	1.5	-2.1	0.6	4.2	3.7	2.5	2.6
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
							Annual rate						
2008 March	3.6	12.1	2.3	4.0	1.4	4.3	2.3	-1.4	0.6	3.4	3.7	2.8	3.1
April	3.0	6.5	2.0	4.4	1.7	-0.2	2.0	-0.8	0.0	4.4	3.4	2.4	2.5
May	3.9	6.9	1.7	4.4	1.6	0.1	2.6	-0.9	0.0	4.4	3.5	2.3	2.8
June	5.8	6.8	1.5	4.5	1.7	0.3	3.4	-0.9	0.3	4.4	3.7	2.4	3.4
July	5.7	7.1	-2.1	3.5	1.8	0.5	3.6	-3.2	0.3	4.5	3.6	2.6	3.1
August	5.0	6.9	1.5	3.6	1.8	0.6	2.9	-3.0	0.7	4.5	3.6	2.7	3.0
September	4.7	7.1	4.1	3.7	1.8	0.9	2.5	-3.0	1.0	4.5	3.7	2.6	3.1
October	3.5	7.0	1.3	4.2	1.9	0.6	0.5	-2.7	1.2	3.3	4.3	2.9	2.3
November	2.8	7.1	1.1	3.8	1.8	0.2	-3.1	-2.9	0.6	3.4	4.1	2.8	1.4
December	2.4	7.2	0.2	3.6	1.9	0.0	-5.5	-2.4	1.1	3.4	4.3	2.8	0.8
2009 January	1.3	7.0	-1.4	2.9	2.5	-0.4	-6.3	-2.9	0.0	3.4	2.8	2.7	0.2
February	1.0	4.2	-1.4	2.6	2.2	-0.8	-4.9	-3.0	-2.0	3.5	2.8	2.6	0.2
March	-0.5	3.2	-0.5	2.4	2.1	-1.1	-5.7	-1.9	-1.7	3.5	2.8	2.3	-0.4
April	-1.3	2.7	-0.9	1.7	1.9	-1.0	-4.9	-1.8	-0.8	3.5	3.1	2.4	-0.5
May	-2.6	2.9	-0.9	1.6	1.8	-1.2	-6.2	-1.9	-0.8	3.6	2.9	2.1	-1.2
June	-5.1	2.9	-1.1	1.7	1.6	-1.7	-5.1	-1.9	-0.3	3.5	2.7	1.7	-1.6
July	-6.1	2.8	-0.5	2.0	1.4	-1.8	-4.5	0.2	-1.2	3.5	2.7	1.6	-1.5
August	-6.3	2.9	-2.4	2.0	1.2	-2.0	-2.6	0.0	-2.7	3.5	2.7	1.5	-1.3
September	-5.9	2.9	-3.4	1.8	1.3	-2.2	-3.7	0.1	-3.1	3.6	2.3	1.5	-1.6
October	-5.5	2.9	-2.7	1.7	1.5	-1.8	-2.9	0.3	-2.7	3.3	1.4	1.3	-1.5
November	-4.9	2.9	-2.5	2.1	1.5	-1.7	0.4	0.4	-1.8	3.2	1.3	1.6	-0.6
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

Symbols: f estimated Po provisional x not available

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

Source: INE – Portugal

Consumer Price Index – March 2010

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HICP rate of change (international comparison)[1]

	EA-16[2]	EICP[3]	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																													
2007	2.1	2.3	1.8	7.6	3.0	1.7	2.3	6.7	3.0	2.8	1.6	2.9	2.0	2.2	10.1	5.8	2.7	7.9	0.7	1.6	2.2	2.6	2.4	4.9	3.8	1.9	1.6	1.7	2.3
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
Annual rate																													
2008 March	3.6	3.8	4.4	13.2	7.1	3.3	3.3	11.2	4.4	4.6	3.5	3.7	3.6	4.4	16.6	11.4	4.4	6.7	4.3	1.9	3.5	4.4	3.1	8.7	6.6	3.6	3.6	3.3	2.5
April	3.3	3.6	4.1	13.4	6.7	3.4	2.6	11.6	4.4	4.2	3.4	3.3	3.6	4.3	17.4	11.9	4.3	6.8	4.1	1.7	3.4	4.3	2.5	8.7	6.2	3.7	3.3	3.2	3.0
May	3.7	4.0	5.1	14.0	6.8	3.6	3.1	11.4	4.9	4.7	3.7	3.7	3.7	4.6	17.7	12.3	4.8	6.9	4.1	2.1	3.7	4.3	2.8	8.5	6.2	4.0	4.1	3.7	3.3
June	4.0	4.3	5.8	14.7	6.6	4.2	3.4	11.5	4.9	5.1	4.0	3.9	4.0	5.2	17.5	12.7	5.3	6.6	4.4	2.3	4.0	4.3	3.4	8.7	6.8	4.3	4.3	4.0	3.8
July	4.0	4.4	5.9	14.4	6.8	4.4	3.5	11.2	4.9	5.3	4.0	3.6	4.0	5.3	16.5	12.5	5.8	7.0	5.6	3.0	3.8	4.5	3.1	9.1	6.9	4.4	4.3	3.8	4.4
August	3.8	4.3	5.4	11.8	6.2	4.8	3.3	11.1	4.8	4.9	3.5	3.2	4.2	5.1	15.6	12.2	4.8	6.4	5.4	3.0	3.6	4.4	3.1	8.1	6.0	4.4	4.6	4.1	4.7
September	3.6	4.2	5.5	11.4	6.4	4.5	3.0	10.8	4.7	4.6	3.4	3.2	3.9	5.0	14.7	11.3	4.8	5.6	4.9	2.8	3.7	4.1	3.2	7.3	5.6	4.5	4.7	4.2	5.2
October	3.2	3.7	4.8	11.2	5.7	3.8	2.5	10.1	4.0	3.6	3.0	2.7	3.6	4.8	13.7	10.7	3.9	5.1	5.7	2.5	3.0	4.0	2.5	7.4	4.8	4.2	4.4	3.4	4.5
November	2.1	2.8	3.2	8.8	4.1	2.8	1.4	8.5	3.0	2.4	1.9	2.1	2.7	3.1	11.6	9.2	2.0	4.1	4.9	1.9	2.3	3.6	1.4	6.8	2.9	3.9	3.5	2.4	4.1
December	1.6	2.2	2.7	7.2	3.3	2.4	1.1	7.5	2.2	1.5	1.2	1.3	2.4	1.8	10.4	8.5	0.7	3.4	5.0	1.7	1.5	3.3	0.8	6.4	1.8	3.5	3.4	2.1	3.1
2009 January	1.1	1.8	2.1	6.0	1.4	1.7	0.9	4.7	2.0	0.8	0.8	1.1	1.4	0.9	9.7	9.5	0.0	2.4	3.1	1.7	1.2	3.2	0.1	6.8	1.4	2.7	2.5	2.0	3.0
February	1.2	1.8	1.9	5.4	1.3	1.7	1.0	3.9	1.8	0.7	1.0	0.1	1.5	0.6	9.4	8.5	0.7	2.9	3.5	1.9	1.4	3.6	0.1	6.9	2.1	2.4	2.7	2.2	3.2
March	0.6	1.3	0.6	4.0	1.7	1.6	0.4	2.5	1.5	-0.1	0.4	-0.7	1.1	0.9	7.9	7.4	-0.3	2.8	3.9	1.8	0.6	4.0	-0.6	6.7	1.6	1.8	2.0	1.9	2.9
April	0.6	1.3	0.7	3.8	1.3	1.1	0.8	0.9	1.1	-0.2	0.1	-0.7	1.2	0.6	5.9	5.9	-0.3	3.2	4.0	1.8	0.5	4.3	-0.6	6.5	1.1	1.4	2.1	1.8	2.3
May	0.0	0.8	-0.2	3.0	0.9	1.1	0.0	0.3	0.7	-0.9	-0.3	-1.7	0.8	0.5	4.4	4.9	-0.9	3.8	3.4	1.5	0.1	4.2	-1.2	5.9	0.5	1.1	1.5	1.7	2.2
June	-0.1	0.6	-1.0	2.6	0.8	0.9	0.0	-0.5	0.7	-1.0	-0.6	-2.2	0.6	0.1	3.1	3.9	-1.0	3.7	2.8	1.4	-0.3	4.2	-1.6	5.9	0.2	0.7	1.6	1.6	1.8
July	-0.7	0.2	-1.7	1.0	-0.1	0.7	-0.7	-0.4	0.7	-1.4	-0.8	-2.6	-0.1	-0.8	2.1	2.6	-1.5	4.9	0.8	-0.1	-0.4	4.5	-1.4	5.0	-0.6	0.6	1.2	1.8	1.8
August	-0.2	0.6	-0.7	1.3	0.0	0.7	-0.1	-0.7	1.0	-0.8	-0.2	-2.4	0.1	-0.9	1.5	2.2	-0.2	5.0	1.0	-0.1	0.2	4.3	-1.2	4.9	0.1	0.5	1.3	1.9	1.6
September	-0.3	0.3	-1.0	0.2	-0.3	0.5	-0.5	-1.7	0.7	-1.0	-0.4	-3.0	0.4	-1.2	0.1	2.3	-0.4	4.8	0.8	0.0	0.0	4.0	-1.8	4.9	0.0	0.0	1.1	1.4	1.1
October	-0.1	0.5	-0.9	0.3	-0.6	0.6	-0.1	-2.1	1.2	-0.6	-0.2	-2.8	0.3	-1.0	-1.2	1.0	-0.2	4.2	-0.5	0.4	0.1	3.8	-1.6	4.3	0.2	-0.1	0.6	1.8	1.5
November	0.5	1.0	0.0	0.9	0.2	0.9	0.3	-2.1	2.1	0.4	0.5	-2.8	0.8	1.0	-1.4	1.3	1.7	5.2	-0.1	0.7	0.6	3.8	-0.8	4.6	1.8	0.0	1.3	2.4	1.9
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	1.0	1.7	0.8	1.8	0.4	1.9	0.8	-1.0	2.3	1.1	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	0.9 f	1.4 f	0.8	1.7	0.4	1.8	0.5	-0.3	2.9	0.9	1.4 Po	-2.4	1.1	2.8	-4.3	-0.6	2.3	5.6	0.7	0.4 Po	0.9 Po	3.4	0.2	4.5	1.6	-0.2	1.3	2.8	x
March	1.5 f	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	0.6	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 (including Slovakia).
(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		