

May 2011

Euro area annual inflation down to 2.7%

EU down to 3.2%

Euro area¹ annual inflation was 2.7% in May 2011², down from 2.8% in April. A year earlier the rate was 1.7%. Monthly inflation was 0.0% in May 2011.

EU³ annual inflation was 3.2% in May 2011, down from 3.3% in April. A year earlier the rate was 2.1%. Monthly inflation was 0.1% in May 2011.

These figures come from **Eurostat, the statistical office of the European Union**.

Inflation in the EU Member States

In May 2011, the lowest annual rates were observed in **Ireland** (1.2%), **Sweden** (1.7%) and the **Czech Republic** (2.0%), and the highest in **Romania** (8.5%), **Estonia** (5.5%) and **Lithuania** (5.0%). Compared with April 2011, annual inflation rose in fourteen Member States, remained stable in four and fell in nine.

The lowest 12-month averages⁴ up to May 2011 were registered in **Ireland** (-0.2%), **Sweden** (1.5%) and the **Netherlands** (1.6%), and the highest in **Romania** (7.5%), **Greece** (4.8%) and **Estonia** (4.5%).

Euro area

The main components with the highest annual rates in May 2011 were transport (5.3%), housing (4.7%) and alcohol & tobacco (3.3%), while the lowest annual rates were observed for communications (-1.0%), recreation & culture (0.0%) and household equipment (1.0%). Concerning the detailed sub-indices, fuels for transport (+0.48 percentage points), heating oil (+0.15) and electricity (+0.12) had the largest upward impacts on the headline rate, while telecommunications (-0.12), rents (-0.08) and cars (-0.07) had the biggest downward impacts.

The main components with the highest monthly rates were food (0.5%), alcohol & tobacco, clothing and hotels & restaurants (0.3% each), while the lowest were recreation & culture (-0.5%), transport (-0.4%) and communications (-0.3%). In particular, fruit (+0.04 percentage points) and milk, cheese & eggs (+0.02) had the largest upward impacts, while package holidays (-0.05), fuels for transport and heating oil (-0.04 each) had the biggest downward impacts.

Annual inflation (%) in May 2011 in ascending order

Euro area																	
IE	FR	DE	NL	SI	MT	Euro area	IT	BE	EL	ES	FI	AT	PT	LU	CY	SK	EE
1.2	2.2	2.4	2.4p	2.4	2.5	2.7p	3.0	3.1	3.1	3.4	3.4	3.7p	3.7	3.8	4.1	4.2	5.5

EU Member States outside the euro area

SE	CZ	DK	EU	BG	HU	PL	UK	LV	LT	RO
1.7	2.0	3.1	3.2p	3.4	3.9	4.3	4.5	4.8	5.0	8.5

Inflation rates in %, measured by HICPs

	Annual rates					12 month average rates ⁴	Monthly rates
	<u>May 11</u> May 10	<u>Apr 11</u> Apr 10	<u>Mar 11</u> Mar 10	<u>Feb 11</u> Feb 10	<u>May 10</u> May 09	<u>May 11-10</u> May 10-09	<u>May 11</u> Apr 11
Belgium (BE)	3.1	3.3	3.5	3.5	2.5	3.1	0.2
Germany (DE)	2.4	2.7	2.3	2.2	1.2	1.7	-0.2
Estonia (EE)	5.5	5.4	5.1	5.5	2.8	4.5	0.4
Ireland (IE)	1.2	1.5	1.2	0.9	-1.9	-0.2	0.0
Greece (EL)	3.1	3.7	4.3	4.2	5.3	4.8	0.2
Spain (ES)	3.4	3.5	3.3	3.4	2.5	2.7	-0.1
France (FR)	2.2	2.2	2.2	1.8	1.9	1.9	0.1
Italy (IT)	3.0	2.9	2.8	2.1	1.6	2.1	0.2
Cyprus (CY)	4.1	3.5	3.2	3.1	1.8	3.0	0.6
Luxembourg (LU)	3.8	4.0	4.0	3.9	3.1	3.2	0.1
Malta (MT)	2.5	2.4	2.8	2.7	1.8	2.7	1.3
Netherlands (NL)	2.4p	2.2	2.0	2.0	0.4	1.6p	0.1p
Austria (AT)	3.7p	3.7	3.3	3.1	1.7	2.4p	-0.1p
Portugal (PT)	3.7	4.0	3.9	3.5	1.1	2.7	-0.1
Slovenia (SI)	2.4	2.0	2.4	2.0	2.4	2.2	0.8
Slovakia (SK)	4.2	3.9	3.8	3.5	0.7	2.1	0.3
Finland (FI)	3.4	3.4	3.5	3.5	1.4	2.5	-0.1
Euro area (MUICP)	2.7p	2.8	2.7	2.4	1.7	2.1p	0.0p
Bulgaria (BG)	3.4	3.3	4.6	4.6	3.0	3.7	0.1
Czech Republic (CZ)	2.0	1.6	1.9	1.9	1.0	1.8	0.6
Denmark (DK)	3.1	2.8	2.5	2.6	1.9	2.5	0.2
Latvia (LV)	4.8	4.3	4.1	3.8	-2.4	1.9	0.4
Lithuania (LT)	5.0	4.4	3.7	3.0	0.5	2.8	0.8
Hungary (HU)	3.9	4.4	4.6	4.2	4.9	4.2	0.2
Poland (PL)	4.3	4.1	4.0	3.3	2.3	3.0	0.5
Romania (RO)	8.5	8.4	8.0	7.6	4.4	7.5	0.2
Sweden (SE)	1.7	1.8	1.4	1.2	1.9	1.5	0.0
United Kingdom (UK)	4.5	4.5	4.0	4.4	3.4	3.7	0.2
EU (EICP)⁵	3.2p	3.3r	3.1	2.9	2.1	2.6p	0.1p
Iceland (IS)	4.3	3.1	2.3	2.3	10.0	4.2	1.6
Norway (NO)	1.6	1.3	0.9	1.1	2.6	1.6	-0.3
EEA (EEAICP)	3.2p	3.2	3.1	2.9	2.1	2.6p	0.1p
Switzerland (CH)	0.3	0.1	1.0	0.5	1.0	0.3p	-0.1

Source: Eurostat

p = provisional

r = revised

Euro area inflation rates in % for main components, measured by HICPs

Euro area (MUICP)	Weight used in 2011	Annual rates					12 month average rates ⁴ May 11-10 May 10-09	Monthly rates May 11 Apr 11
		May 11 May 10	Apr 11 Apr 10	Mar 11 Mar 10	Feb 11 Feb 10	May 10 May 09		
		00 All-items	1000.0	2.7p	2.8	2.7		
01 Food	153.5	2.7p	2.0	2.0	2.0	-0.1	1.5p	0.5p
02 Alcohol and tobacco	39.5	3.3p	3.4	3.6	3.5	4.4	3.5p	0.3p
03 Clothing	67.1	1.5p	1.3	1.2	-2.6	1.3	0.6p	0.3p
04 Housing	157.9	4.7p	5.0	5.1	4.9	2.0	3.7p	-0.1p
05 Household equipment	68.1	1.0p	1.0	0.9	0.8	0.7	0.7p	0.2p
06 Health	41.9	1.4p	1.6	1.3	1.2	0.8	1.1p	-0.1p
07 Transport	156.2	5.3p	5.9	5.6	5.7	5.5	4.7p	-0.4p
08 Communications	31.8	-1.0p	-0.9	-0.6	-0.4	-1.1	-0.7p	-0.3p
09 Recreation and culture	95.2	0.0p	0.9	-0.3	0.0	-0.3	0.0p	-0.5p
10 Education	11.5	1.8p	1.8	1.7	1.5	1.7	1.7p	0.0p
11 Hotels and restaurants	92.3	1.7p	1.7	1.8	1.7	1.1	1.4p	0.3p
12 Miscellaneous	85.1	2.7p	2.8	2.8	2.6	2.0	2.4p	0.1p
All-items								
-excl. energy	896.4	1.8p	1.8	1.5	1.3	0.9	1.3p	0.1p
-excl. energy, FoodAlcTob*	703.4	1.5p	1.6	1.3	1.0	0.9	1.2p	0.0p
-excl. energy, unproc. food	822.8	1.7p	1.8	1.5	1.1	0.9	1.2p	0.1p
-excl. energy, seas. food	858.5	1.7p	1.8	1.5	1.1	0.9	1.2p	0.1p
-excl. tobacco	975.2	2.7p	2.8	2.6	2.4	1.6	2.1p	0.0p
Energy	103.6	11.1p	12.5	13.0	13.1	9.2	9.8p	-0.6p
FoodAlcTob*	193.0	2.8p	2.2	2.4	2.3	0.8	1.9p	0.5p

Source: Eurostat

* FoodAlcTob = Food, alcohol and tobacco

p = provisional

Euro area sub-indices with most important impacts

COICOP	May 11 / May 10	Weight (‰) 2011	Rate (%)	Impact (percentage points)
07.22	Fuels for transport	46.9	12.8p	0.48
04.53	Heating oil	9.5	19.0p	0.15
04.51	Electricity	24.5	7.7p	0.12
04.52	Gas	16.7	8.6p	0.09
02.20	Tobacco	24.8	4.8p	0.05
12.31	Jewellery and watches	5.3	11.7p	0.05
03.12	Garments	49.5	1.5p	-0.06
09.13	IT equipment	5.0	-9.8p	-0.06
11.11	Restaurants and cafés	70.1	1.9p	-0.06
07.11	Cars	39.3	1.0p	-0.07
04.11/2	Rents	59.8	1.4p	-0.08
08.2/3	Telecommunications	30.1	-1.2p	-0.12
	May 11 / April 11			
01.16	Fruit	11.7	3.2p	0.04
01.14	Milk, cheese and eggs	21.9	0.8p	0.02
01.12	Meat	35.7	0.4p	0.01
11.11	Restaurants and cafés	70.1	0.2p	0.01
02.20	Tobacco	24.8	0.5p	0.01
11.20	Accommodation services	15.7	0.7p	0.01
08.2/3	Telecommunications	30.1	-0.4p	-0.01
01.17	Vegetables	15.8	-1.2p	-0.02
07.33	Air transport	5.8	-4.0p	-0.03
07.22	Fuels for transport	46.9	-0.7p	-0.04
04.53	Heating oil	9.5	-3.9p	-0.04
09.60	Package holidays	15.1	-3.8p	-0.05

Source: Eurostat

p = provisional

Measures of inflation

An *annual rate* measures the price change between the current month and the same month of the previous year. This measure is responsive to recent changes in price levels but can be influenced by one-off effects in either month.

A *12-month average rate* overcomes this volatility by comparing average Harmonised Indices of Consumer Prices (HICPs) in the latest 12 months to the average of the previous 12 months. This measure is less sensitive to transient changes in prices.

A *monthly rate* compares price levels between the two latest months. Although up-to-date, it can be affected by seasonal and other effects.

An *impact* of a particular component measures the change in the headline inflation due to the inclusion of that component in the HICP. The impact takes account of both the weight and whether the inflation for that component is higher or lower than the all-items inflation rate. For example, the impact of 'tobacco' is equal to the difference between the all-items inflation rate and the rate for 'all-items excluding tobacco'. Impacts are not strictly additive.

HICPs designed for international comparison

Harmonised Indices of Consumer Prices (HICPs) are harmonised inflation figures required under the Treaty on the Functioning of the European Union. They are designed for international comparison of consumer price inflation.

Price changes as measured by the HICPs, the Monetary Union Index of Consumer Prices (MUICP), the European Index of Consumer Prices (EICP) and the European Economic Area Index of Consumer Prices (EEAICP) are used as measures of inflation in the Member States in the European Union, in the euro area, and in the European Economic Area.

The MUICP is used by, among others, the European Central Bank (ECB) as a main indicator for monetary policy management for the euro area (see [ECB press release](#), 8 May 2003).

The Member States' HICPs are supplied by the National Statistical Institutes; the MUICP, EICP and EEAICP are compiled by Eurostat. HICPs are computed as annual chain indices allowing weights to be changed each year. HICP aggregates are calculated as weighted averages of the HICPs using the weights of the countries and sub-indices concerned. The weight of a country is its share of the household final monetary consumption expenditure in the total of the country group. For the MUICP this is expressed in euro, for the EICP and the EEAICP it is expressed in Purchasing Power Standards. The MUICP is treated as a single entity within the EICP and EEAICP starting from 1999.

Additional information

More information on HICPs can be obtained from the monthly publication *Data in focus, Economy and Finance on "Harmonised indices of consumer prices"*. About 100 MUICP, EICP, EEAICP and HICP sub-indices with corresponding weights are available in Eurostat's database. Further details can be found on the HICP section of the Eurostat website:

<http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/introduction>.

Starting with the index of January 2011 a new regulation that defines how seasonal products are to be treated in the HICP has come into force, and may have an effect on the continuity of the affected HICP series. At the level of the all-items index for the euro area, the EU and most Member States, the impact of the implementation of this new regulation is not significant. For further information on the change in the method and its impact please see:

http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/documents_pub/HICP_SP_info_note_annex_2011.pdf

Future release dates

Scheduled publication dates for the coming months are:

Index for	MUICP flash estimates	HICP News Releases
June 2011	30 June 2011	14 July 2011
July 2011	29 July 2011	17 August 2011
August 2011	31 August 2011	15 September 2011

1. Euro area inflation is measured by the MUICP ('Monetary Union Index of Consumer Prices' as defined in Council Regulation (EC) No 2494/95 of 23 October 1995) which is the official euro area aggregate. The euro area initially included Belgium, Germany, Ireland, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland. Greece was included from 1 January 2001, Slovenia from 1 January 2007, Cyprus and Malta from 1 January 2008, Slovakia from 1 January 2009 and Estonia from 1 January 2011. New Member States are integrated into the MUICP using a chain index formula.
2. The MUICP flash estimate for May 2011, published on 31 May 2011, was 2.7%.
3. EU inflation is measured by the EICP ('European Index of Consumer Prices' as defined in Council Regulation (EC) No 2494/95 of 23 October 1995) which is the official EU aggregate. The EU included 15 Member States until April 2004, 25 Member States from May 2004 until December 2006 and 27 Member States from January 2007. New Member States are integrated into the EICP using a chain index formula.
4. Measure used to determine price stability in Convergence reports by the Commission to the Council.
5. The EICP for April 2011 has been revised as Eurostat estimates for the United Kingdom have been replaced by actual data, which were not available in time for the previous release.

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