

March 2008

Euro area annual inflation up to 3.6%

EU up to 3.8%

Euro area¹ annual inflation was 3.6% in March 2008², up from 3.3% in February. A year earlier the rate was 1.9%. Monthly inflation was 1.0% in March 2008.

EU³ annual inflation was 3.8% in March 2008, up from 3.5% in February. A year earlier the rate was 2.3%. Monthly inflation was 0.8% in March 2008.

These figures come from **Eurostat, the Statistical Office of the European Communities**.

Inflation in the EU Member States

In March 2008, the lowest annual rates were observed in the **Netherlands** (1.9%), the **United Kingdom** (2.5%) and **Portugal** (3.1%), and the highest in **Latvia** (16.6%), **Bulgaria** (13.2%) and **Lithuania** (11.4%). Compared with February 2008, annual inflation rose in eighteen Member States, remained stable in three and fell in six.

The lowest 12-month averages⁴ up to March 2008 were registered in **Malta** (1.5%), the **Netherlands** (1.7%), **Denmark** and **Sweden** (2.0% each), and the highest in **Latvia** (12.3%), **Bulgaria** (9.4%) and **Estonia** (8.3%).

Euro area

The main components with the highest annual rates in March 2008 were education (9.6%), food (6.2%) and transport (5.6%), while the lowest annual rates were observed for communications (-1.5%), recreation & culture (0.6%) and clothing (1.0%). Concerning the detailed sub-indices, fuels for transport (+0.51 percentage points), heating oil (+0.26) and milk, cheese & eggs (+0.23) had the largest upward impacts on the headline rate, while telecommunications and cars (-0.16 each) and garments (-0.15) had the biggest downward impacts.

The main components with the highest monthly rates were clothing (7.2%), transport (1.3%), household equipment and housing (0.6% each), and the lowest were health (-0.1%), education (0.0%), alcohol & tobacco and recreation & culture (0.2% each). In particular, garments (+0.32 percentage points), fuels for transport (+0.12), footwear (+0.08) and heating oil (+0.05) had the largest upward impacts, while rents and cars (-0.05 each) and restaurants & cafés (-0.04) had the biggest downward impacts.

Annual inflation (%) in March 2008 in ascending order

Euro area															
NL	PT	DE ⁵	FR	AT	IT	FI	Euro area	IE	MT	BE	EL	CY	LU	ES	SI
1.9p	3.1	3.3	3.5	3.5p	3.6	3.6	3.6p	3.7	4.3	4.4	4.4	4.4	4.4	4.6	6.6

EU Member States outside the euro area													
UK	SE	DK	SK	EU	PL	HU	CZ	RO	EE	LT	BG	LV	
2.5	3.2	3.3	3.6	3.8p	4.4	6.7	7.1	8.7	11.2	11.4	13.2	16.6	

Inflation rates in %, measured by HICPs

	Annual rates					12 month average rates ⁴ Mar 08-07 Mar 07-06	Monthly rates Mar 08 Feb 08
	Mar 08	Feb 08	Jan 08	Dec 07	Mar 07		
	Mar 07	Feb 07	Jan 07	Dec 06	Mar 06		
Belgium (BE)	4.4	3.6	3.5	3.1	1.8	2.3	0.7
Germany (DE) ⁵	3.3	3.0r	2.9	3.1	2.0	2.6	0.5
Ireland (IE)	3.7	3.5	3.1	3.2	2.9	3.0	0.9
Greece (EL)	4.4	4.5	3.9	3.9	2.8	3.3	2.3
Spain (ES)	4.6	4.4	4.4	4.3	2.5	3.3	0.9
France (FR)	3.5	3.2	3.2	2.8	1.2	2.1	0.8
Italy (IT)	3.6	3.1	3.1	2.8	2.1	2.4	1.6
Cyprus (CY)	4.4	4.7	4.1	3.7	1.4	2.9	1.1
Luxembourg (LU)	4.4	4.2	4.2	4.3	2.4	3.2	0.9
Malta (MT)	4.3	4.0	3.8	3.1	0.5	1.5	1.1
Netherlands (NL)	1.9p	2.0	1.8	1.6	1.9	1.7p	1.2p
Austria (AT)	3.5p	3.1	3.1	3.5	1.9	2.6p	0.9p
Portugal (PT)	3.1	2.9	2.9	2.7	2.4	2.6	1.5
Slovenia (SI)	6.6	6.4	6.4	5.7	2.6	4.7	1.3
Finland (FI)	3.6	3.3	3.5	1.9	1.6	2.1	1.0
Euro area (MUICP)	3.6p	3.3	3.2	3.1	1.9	2.5p	1.0p
Bulgaria (BG)	13.2	12.2	11.7	11.6	4.4	9.4	0.9
Czech Republic (CZ)	7.1	7.6	7.9	5.5	2.1	4.4	-0.2
Denmark (DK)	3.3	3.3	3.0	2.4	1.9	2.0	0.5
Estonia (EE)	11.2	11.5	11.3	9.7	5.6	8.3	0.8
Latvia (LV)	16.6	16.5	15.6	14.0	8.5	12.3	1.4
Lithuania (LT)	11.4	10.9	10.0	8.2	4.8	7.4	1.1
Hungary (HU)	6.7	6.7	7.4	7.4	9.0	7.5	0.6
Poland (PL)	4.4	4.6	4.4	4.2	2.4	3.2	0.4
Romania (RO)	8.7	8.0	7.3	6.7	3.7	5.9	0.7
Slovakia (SK)	3.6	3.4	3.2	2.5	2.1	2.2	0.3
Sweden (SE)	3.2	2.9	3.0	2.5	1.6	2.0	0.9
United Kingdom (UK)	2.5	2.5	2.2	2.1	3.1	2.2	0.4
EU (EICP)	3.8p	3.5r	3.4	3.2	2.3	2.7p	0.8p
Iceland (IS)	6.8	4.5	3.1	3.5	4.7	3.4	1.5
Norway (NO)	2.8	3.1	2.9	1.9	1.3	1.2	0.4
EEA (EEAICP)	3.7p	3.5r	3.4	3.2	2.3	2.7p	0.8p
Switzerland (CH) ⁶	2.5	2.3	2.5	2.1	0.2	1.4	0.3

Source: Eurostat

p = provisional

r = revised

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

Euro area (MUICP)	Weight used in 2008	Annual rates					12 month average rates ⁴ Mar 08-07 Mar 07-06	Monthly rates Mar 08 Feb 08
		Mar 08	Feb 08	Jan 08	Dec 07	Mar 07		
		Mar 07	Feb 07	Jan 07	Dec 06	Mar 06		
00 All-items	1000.0	3.6p	3.3	3.2	3.1	1.9	2.5p	1.0p
01 Food	157.8r	6.2p	5.8	5.4	4.8	1.9	3.6p	0.5p
02 Alcohol and tobacco	37.2	3.1p	3.0	2.9r	2.5	3.6	3.2p	0.2p
03 Clothing	68.3	1.0p	1.0	0.5	1.0	1.7	1.0p	7.2p
04 Housing	153.0	4.4p	4.0	4.0	3.6	2.9	3.0p	0.6p
05 Household equipment	70.1	2.2p	2.1	2.0	1.9	1.4	1.8p	0.6p
06 Health	40.5	1.6p	1.5r	2.0	1.3	2.0	1.6p	-0.1p
07 Transport	156.6r	5.6p	5.4	5.6	5.6	1.9	3.5p	1.3p
08 Communications	32.9	-1.5p	-3.1	-2.9	-2.3	-2.8	-2.0p	0.5p
09 Recreation and culture	96.8r	0.6p	0.0	0.1	0.1	0.3	0.2p	0.2p
10 Education	10.4r	9.6p	9.6r	9.4	9.4	3.2	9.3p	0.0p
11 Hotels and restaurants	92.8	3.6p	3.3	3.2	3.4	3.1	3.3p	0.5p
12 Miscellaneous	83.6	2.4p	2.3	2.2	2.3	2.3	2.3p	0.4p
All-items								
-excl. energy	901.9	2.8p	2.5	2.4	2.4	2.0	2.2p	0.8p
-excl. energy, FoodAlcTob*	706.8	2.0p	1.8	1.7	1.9	1.9	1.9p	1.0p
-excl. energy, unproc. food	825.8	2.7p	2.4	2.3	2.3	1.9	2.2p	0.9p
-excl. energy, seas. food	862.6	2.7p	2.5	2.4	2.4	1.9	2.2p	0.8p
-excl. tobacco	977.4	3.6p	3.3	3.2	3.1	1.9	2.5p	1.0p
Energy	98.1	11.2p	10.4	10.6	9.2	1.8	5.0p	2.3p
FoodAlcTob*	195.0r	5.6p	5.2	4.9r	4.3	2.3	3.5p	0.4p

Source: Eurostat

* FoodAlcTob = Food, alcohol and tobacco

p = provisional

r = revised

Euro area sub-indices with most important impacts

COICOP	March 08 / March 07	Weight (‰) 2008	Rate (%)	Impact (percentage points)
07.22	Fuels for transport	45.7	14.5p	0.51
04.53	Heating oil	9.1	36.1p	0.26
01.14	Milk, cheese and eggs	23.0	14.3p	0.23
01.11	Bread and cereals	25.9r	9.0p	0.14
10.x0	Education	10.4r	9.6p	0.06
01.16	Fruit	12.1	8.0p	0.05
09.11	Audio-visual equipment	5.2	-10.2p	-0.07
09.13	IT equipment	5.1	-14.4p	-0.08
04.11/2	Rents	60.0	1.9p	-0.11
03.12	Garments	50.4	0.8p	-0.15
07.11	Cars	44.2r	0.2p	-0.16
08.2/3	Telecommunications	31.2	-1.7p	-0.16
March 08 / February 08				
03.12	Garments	50.4	7.6p	0.32
07.22	Fuels for transport	45.7	3.5p	0.12
03.21/2	Footwear	14.0	6.8p	0.08
04.53	Heating oil	9.1	6.3p	0.05
07.33	Air transport	5.2	5.2p	0.02
03.13	Clothing accessories	2.1	6.9p	0.01
04.51	Electricity	22.2	0.2p	-0.02
09.33	Gardens, plants and flowers	6.5	-2.0p	-0.02
01.12	Meat	36.8	0.2p	-0.03
11.11	Restaurants and cafés	68.2	0.4p	-0.04
07.11	Cars	44.2r	0.0p	-0.05
04.11/2	Rents	60.0	0.2p	-0.05

Source: Eurostat

p= provisional

r = revised

Measures of inflation

The *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.

The *12-month average rate*⁴ overcomes this volatility by comparing average Harmonized 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.

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

The *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

Harmonized Indices of Consumer Prices (HICPs) are harmonized inflation figures required under Article 121 of the Treaty of Amsterdam (109j of the Treaty on European Union). They are designed for international comparison of consumer price inflation. The focus is on quality and comparability among the indices of different countries as well as on their relative movements.

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 euro area, in the European Union, 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. The HICP is computed as an annual chain index 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 euro area total. 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 *Statistics in focus, Economy and Finance, Harmonized indices of consumer prices*. About 100 MUICP, EICP, EEAICP and HICP sub-indices with corresponding weights are available in Eurostat's database. For technical notes on HICPs see: Eurostat [News Release 21/97](#), 5 March 1997, *Harmonizing the way EU measures inflation*, Eurostat Memo 8/98, 4 May 1998, *New monetary union index of consumer prices (MUICP)*, Eurostat Memo 02/00, 18 February 2000, *Improved EU Harmonized Index of Consumer Prices: Extended coverage and earlier release dates for the HICP*, and the [HICP short guide for users](#). Further details can be found on the HICP section of the Eurostat website: http://epp.eurostat.ec.europa.eu/pls/portal/url/page/PGP_DS_HICP.

Future release dates

Provisional publication dates for the coming months are:

Index for	MUICP flash estimates	HICP News Releases
April 2008	30 April 2008	15 May 2008
May 2008	30 May 2008	16 June 2008
June 2008	30 June 2008	16 July 2008

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, and Cyprus and Malta from 1 January 2008. New Member States are integrated into the MUICP using a chain index formula.
2. The MUICP flash estimate for March 2008, published on 31 March 2008, was 3.5%.
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 30 April 2004, 25 Member States from 1 May 2004 until 31 December 2006 and 27 Member States from 1 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 of 1998, 2000, 2002, 2004, 2006 and 2007 by the Commission to the Council.
5. The German Federal Statistical Office has updated the basket of goods and services and has changed price collection and aggregation practices. A rebased and revised German CPI, implementing those changes, has been published in February 2008. Eurostat in collaboration with the German Federal Statistical Office is undertaking a thorough evaluation of the revised methodology in order to decide whether or not to revise HICP series back to January 2006. The HICP from January 2008 onwards has been compiled by chaining the HICP data for 2008, following the revised methodology, to the previously available HICPs. After the publication of February 2008 HICPs, the German Federal Statistical Office released new figures for 2008 and these are now integrated into Eurostat's results.
6. Switzerland started producing HICPs from January 2008. HICP estimates for 2005-2007 are not fully compliant with HICP methodology.

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