Press Release

Flash estimates of the Consumer Price Index (CPI) and the Harmonised Index of Consumer Prices (HICP)
June 2011

The annual change of the flash estimate of the CPI stands at 3.2% in the month of June

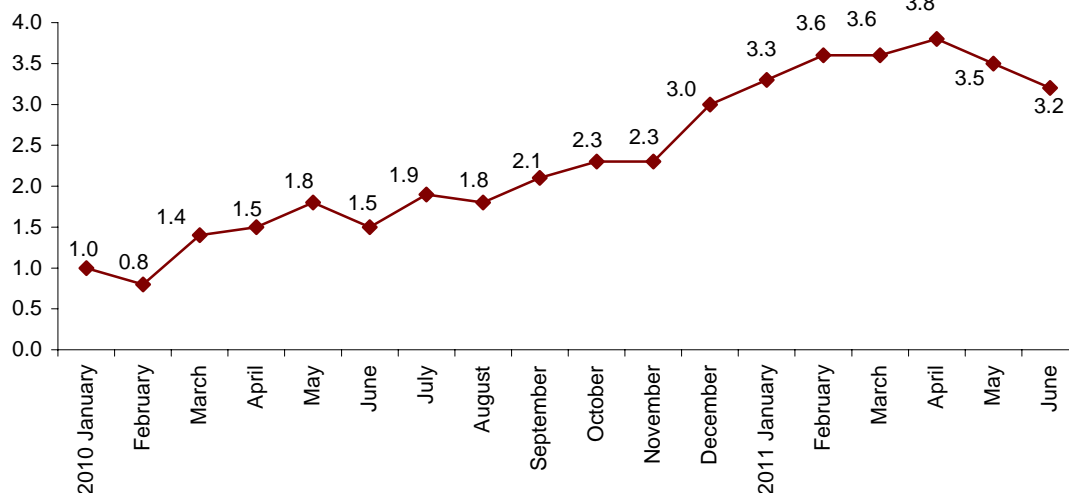## The annual change of the flash estimate of the HICP is 3.0%

According to the flash estimate issued by the INE, the annual inflation of the CPI in June 2011 was expected to be 3.2%.

This indicator provides a preview of the HICP that, if confirmed, would imply a decrease of three tenths in the annual change, since in May this change was 3.5%.

Worth noting in this result was the increase in the prices of *tobacco* and *food and non-alcoholic beverages*.

Annual evolution of the CPI, base 2006 [1]
Overall

[1] The last piece of data refers to the flash estimate

In turn, the annual change of the flash estimate of the HICP in June stood at 3.0%. If confirmed, the annual change of the HICP would register a decrease of four tenths, as compared with the previous month.

The INE began the dissemination of the flash estimate of the CPI in January 2011, due to the fact that, as of said date, the calculation methodologies of the CPI and the HICP differ in the treatment of *clothing and footwear* and *fresh fruit and vegetables*, as a result of the coming into force of EC Commission Regulation No. 330/2009, of 22 April 2009. These methodological differences can make the changes of the two indicators differ more than they had up until then.

The INE, which had been publishing a flash estimate of the Harmonised Index of Consumer Prices (HICP) since the year 2004, thus offers more complete information regarding the evolution of consumer prices.

Therefore, in addition to the indicator used to carry out comparisons with other EU countries, we will have the flash estimate of inflation from a national perspective.

Calculation method and information used

The flash estimate is calculated using the same methodology as that used for the CPI and HICP. The difference between the annual change of the flash estimate and that of these indices lies in the information used.

In the case of the flash estimate, macrofiltering is carried out of the data collected in the establishments, and different statistical modelling methods are used to estimate that information which is not yet available at the time of publication.

The flash estimate provides information only as a guideline, and therefore, it does not have to coincide with the final data that will be published this coming 14 June.

Informative annex

New methodological treatment of the HICP

The Harmonised Index of Consumer Prices (HICP) is an indicator whose objective is to measure the evolution of consumer prices using the harmonised methodology of the European Union. Its importance therefore lies in the high degree of comparability between EU countries, which increases as the harmonisation process begun in the year 1995 advances.

The new treatment that is applied in the HICP, in order to take a step further in this process, refers to the methodology used for seasonal items. Its main characteristics are contained in an EU Regulation that makes its application compulsory in all countries.

Characteristics of the new methodology

The Regulation considers seasonal items to be those that are no longer available for sale during certain periods of the year, and this situation repeats itself cyclically. The Spanish HICP considers *fresh fruit*, *fresh vegetables* and *clothing and footwear* to be seasonal items.

The methodology that the EU Regulation proposes is based on the estimate of the price in the months in which the seasonal product is not found on the market. This estimate is carried out using the evolution of the prices of those products, in the same category, that are found on the market.

The new methodology implies a significant change, with regard to that which had been applied previously, and therefore, the implementation of the Regulation as of January 2011 has caused a break in the HICP series. For this reason, the data published for this indicator in 2010 has been revised, applying this new methodology, pursuant to the advice of European regulations, and the annual changes published in 2011 are calculated with this revised data. This information is available on the INE website (**http://www.ine.es/en/welcome_en.htm**).

For further information see **INEbase-www.ine.es/en/welcome_en.htm**   All press releases at: **www.ine.es/en/prensa/prensa_en.htm**

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