NATIONAL STATISTICS OFFICE • MALTA

NEWS RELEASE

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In February, the annual rate of inflation as measured by the Harmonised Index of Consumer Prices went down to 1.2 per cent, from 1.4 per cent registered in January 2017.

Harmonised Index of Consumer Prices (HICP): February 2017

In February, the monthly rate of inflation rose to 0.4 per cent, up from negative 1.1 per cent in January (Table 2).

The largest upward impacts on annual inflation were registered in the Food and Non-alcoholic Beverages Index (0.73 percentage points), the Furniture, Household Equipment and Routine Maintenance of the House Index (0.28 percentage points) and the Restaurants and Hotels Index (0.20 percentage points). These were mainly due to higher prices of vegetables, home furniture and accommodation services respectively (Table 5).

The Recreation and Culture Index (0.19 percentage points), the Communication Index (0.11 percentage points) and the Clothing and Footwear Index (0.02 percentage points) registered the largest downward impacts on annual inflation, mainly reflecting lower prices for package holidays, mobile phones and garments respectively (Table 5).

The twelve-month moving average rate for February remained at a constant rate of 1.0 per cent (Table 4) ■

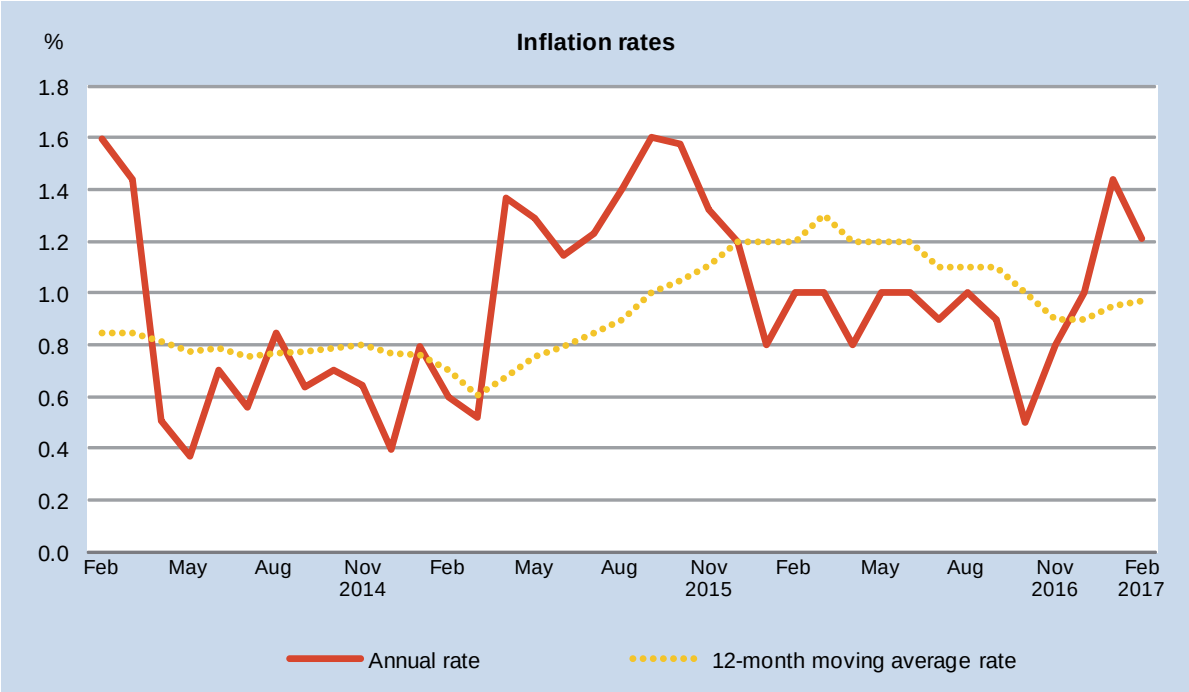

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Table 1. HICP by period and division
*Average 2015=100**

Division	Weight	Indices			Percentage change	
		Feb 2016	Jan 2017	Feb 2017	Annual (Feb 2017/Feb 2016)	Monthly (Feb 2017/Jan 2017)
Food and Non-alcoholic Beverages	**165.55**	100.57	106.11	104.98	4.4	-1.1
Alcoholic Beverages and Tobacco	**37.57**	103.93	105.91	106.15	2.1	0.2
Clothing and Footwear	**56.78**	92.35	91.47	91.87	-0.5	0.4
Housing, Water, Electricity, Gas and Other Fuels	**82.69**	100.95	101.24	101.25	0.3	0.0
Furniture, Household Equipment and Routine Maintenance of the House	**78.46**	101.99	105.58	105.58	3.5	0.0
Health	**43.63**	102.83	102.88	103.18	0.3	0.3
Transport	**139.82**	97.82	97.38	98.22	0.4	0.9
Communication	**37.58**	99.48	96.33	96.67	-2.8	0.4
Recreation and Culture	**101.50**	98.47	96.42	96.62	-1.9	0.2
Education	**18.33**	103.27	108.92	108.92	5.5	0.0
Restaurants and Hotels	**162.65**	88.45	87.36	89.55	1.2	2.5
Miscellaneous Goods and Services	**75.44**	100.45	101.10	100.83	0.4	-0.3
All Items	**1000.00**	**97.69**	**98.47**	**98.87**	**1.2**	**0.4**

* See methodological note 7

Table 2. HICP by period and division
Percentage change (%)

Division	Weight	Annual			Monthly		
		Feb 2016	Jan 2017	Feb 2017	Feb 2016	Jan 2017	Feb 2017
Food and Non-alcoholic Beverages	**165.55**	0.5	5.2	4.4	-0.3	1.4	-1.1
Alcoholic Beverages and Tobacco	**37.57**	5.6	1.9	2.1	0.0	-1.0	0.2
Clothing and Footwear	**56.78**	-0.2	2.0	-0.5	3.0	-14.5	0.4
Housing, Water, Electricity, Gas and Other Fuels	**82.69**	1.0	0.4	0.3	0.1	0.1	0.0
Furniture, Household Equipment and Routine Maintenance of the House	**78.46**	3.6	4.9	3.5	1.3	1.2	0.0
Health	**43.63**	3.7	1.6	0.3	1.6	0.3	0.3
Transport	**139.82**	-1.8	0.3	0.4	0.7	-1.4	0.9
Communication	**37.58**	-1.0	-3.1	-2.8	0.1	-0.7	0.4
Recreation and Culture	**101.50**	1.2	-1.4	-1.9	0.7	-0.1	0.2
Education	**18.33**	5.4	5.5	5.5	0.0	0.0	0.0
Restaurants and Hotels	**162.65**	1.1	-0.1	1.2	1.2	-2.3	2.5
Miscellaneous Goods and Services	**75.44**	0.8	0.8	0.4	0.2	0.3	-0.3
All Items	**1,000.00**	**1.0**	**1.4**	**1.2**	**0.6**	**-1.1**	**0.4**

Table 3. All Items HICP by month and year

*Average 2015=100**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	95.52	96.21	97.14	99.00	99.97	101.14	101.09	101.26	100.26	99.66	97.45	97.38
2015	96.29	96.75	97.64	100.36	101.26	102.30	102.33	102.68	101.85	101.23	98.74	98.60
2016	97.07	97.69	98.64	101.19	102.24	103.36	103.29	103.72	102.80	101.78	99.50	99.55
2017	98.47	98.87										

Table 4. Inflation rates by month and year

(%)

Rates over time	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014												
Annual rate	0.9	1.6	1.4	0.5	0.4	0.7	0.6	0.8	0.6	0.7	0.6	0.4
12-month moving average rate	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
2015												
Annual rate	0.8	0.6	0.5	1.4	1.3	1.1	1.2	1.4	1.6	1.6	1.3	1.2
12-month moving average rate	0.8	0.7	0.6	0.7	0.8	0.8	0.8	0.9	1.0	1.0	1.1	1.2
2016												
Annual rate	0.8	1.0	1.0	0.8	1.0	1.0	0.9	1.0	0.9	0.5	0.8	1.0
12-month moving average rate	1.2	1.2	1.3	1.2	1.2	1.2	1.1	1.1	1.1	1.0	0.9	0.9
2017												
Annual rate	1.4	1.2										
12-month moving average rate	1.0	1.0										

* See methodological note 7

Table 5. Impact on annual inflation by division *

Division	Weight	Annual rate February 2017	Impact (percentage points) February 2017
Food and Non-alcoholic Beverages	**165.55**	4.4	0.73
Alcoholic Beverages and Tobacco	**37.57**	2.1	0.08
Clothing and Footwear	**56.78**	-0.5	-0.02
Housing, Water, Electricity, Gas and Other Fuels	**82.69**	0.3	0.03
Furniture, Household Equipment and Routine Maintenance of the House	**78.46**	3.5	0.28
Health	**43.63**	0.3	0.02
Transport	**139.82**	0.4	0.06
Communication	**37.58**	-2.8	-0.11
Recreation and Culture	**101.50**	-1.9	-0.19
Education	**18.33**	5.5	0.10
Restaurants and Hotels	**162.65**	1.2	0.20
Miscellaneous Goods and Services	**75.44**	0.4	0.03

* See methodological note 11

Methodological Notes

1. The Harmonised Index of Consumer Prices (HICP) is calculated according to rules specified in a series of European Union Regulations that were developed by Eurostat in conjunction with the EU Member States.

2. The HICP is used to compare inflation rates across the European Union. It has been used by the European Central Bank (ECB) as the measure of price stability across the euro area since January 1999. Indeed, the HICP was developed in the EU for the purpose of assessing whether prospective members of the European Monetary Union would meet the inflation convergence criterion, and later acting as the measure of inflation used by the ECB to assess price stability in the euro area. The main requirement was for a measure that could be used to make reliable comparisons of inflation rates across EU Member States. Such comparisons are not possible using national consumer price indices due to differences in index coverage and construction.

3. While the methodology of the Retail Price Index (RPI) and the HICP is similar, it differs in the following ways:

   (a) The population base of each index is different. The RPI is representative of private households only. The HICP covers private households, institutional households and foreign visitors to Malta;

   (b) The RPI is a fixed weight and fixed base index while the HICP is a chain index whose weights are reviewed on an annual basis, every January. Additionally, newly significant goods and services can be introduced into the HICP on an annual basis;

   (c) The coverage of the HICP is based on an international classifications system, COICOP (Classification of Individual Consumption by Purpose). The way in which this broadly maps to the RPI groupings is shown in the following table:

	COICOP Division	**RPI Group**
01	Food and non-alcoholic beverages	Food (including take-away food and food consumed in restaurants)
02	Alcoholic Beverages and Tobacco	Beverages and Tobacco
03	Clothing and Footwear	Clothing and Footwear
04	Housing, Water, Electricity, Gas and Other Fuels	Housing Water, Electricity, Gas and Fuels
05	Furniture, Household Equipment and Routine Maintenance of the House	Household Equipment and House Maintenance Costs
06	Health	Personal Care and Health
07 08	Transport Communication	Transport and Communication
09 10	Recreation and Culture Education	Recreation and Culture (including education)
11	Restaurants and Hotels	Restaurants (included under food)
12	Miscellaneous Goods and Services	Other Goods and Services

   This comparison is broad and indicative only. Therefore, users are advised to consult the NSO before comparing the results of these indices at such levels.

4. Apart from the disparities identified in point 3 above, both the RPI and the HICP have the same geographic coverage such that both indices refer to the whole country. In addition to this, both indices utilise the same price collection methodologies in respect of, by and large, the same basket of goods and services. Prices are collected from the same outlets.

5. The RPI and the HICP use different weighting schemes. The RPI weights refer to expenditure by private households and are largely based on data derived from the Household Budgetary Survey (HBS). The HICP weights cover private household expenditure, institutional household expenditure as well as tourism expenditure in Malta. The differences in the underlying weighting schemes between the RPI and the HICP account significantly for the disparities in their results on a monthly basis.

6. The HICP largely follows National Accounts concepts of what constitutes household consumption in determining the index scope, and mainly uses National Accounts data sources to weight the items in the basket. This makes for increased coherence between the HICP commodity and population coverage and National Accounts principles. As a result, HICP weights are therefore based on the final consumption expenditure of all individuals in the domestic territory, including spending by private households, institutional households and foreign visitors. National Accounts principles have also influenced the classification of goods and services within this index.

7. The HICP is being published with 2015 as its base year. The previous series with reference 2010=100 is discontinued. Commission Regulation 2015/2010 provides the legal basis for updating the HICP reference year from 2010=100 to 2015=100. As already indicated, the HICP is a chain index that is subject to review on an annual basis. It should be noted that the re-basing operation was conducted after rounding all past indices to one decimal place as required by Eurostat. Therefore, there might be slight differences when comparing this series with past data due to rounding.

8. The HICP is published by the NSO and Eurostat on a monthly basis. Eurostat also publishes aggregate HICP indices for the euro area countries and the European Union. In aggregating the individual country indices, Eurostat uses weights that are based on each country's share of each relative bloc's total household final consumption expenditure.

9. The HICP weighting scheme is annually updated in accordance with Commission Regulation (EU) No. 1114/2010.

10. The treatment of seasonal items is in accordance with Commission Regulation (EC) No. 330/2009.

11. An impact is a measure showing the change in inflation due to the inclusion of an index. The impact takes into account both the weight and the annual rate of inflation by division.

12. Figures may not add up due to rounding.

13. More information relating to this news release may be accessed at:

    Statistical Concepts: http://nso.gov.mt/metadata/concepts.aspx
    Metadata: http://nso.gov.mt/metadata/reports.aspx?id=9
    Classifications: http://nso.gov.mt/metadata/classificationdetails.aspx?id=COICOP 1999

14. Kindly indicate source when quoting from this release.

15. The advanced news release calendar may be accessed at www.nso.gov.mt