

Harmonised Index of Consumer Prices (HICP): February 2024

NR 050/2024 Release Date: 18 March 2024

In February 2024, the annual rate of inflation as measured by the HICP was 3.0 per cent, down from 3.7 per cent in January 2024.

Price changes and effects on inflation

The highest annual inflation rates in February 2024 were recorded in Food and non-alcoholic beverages (6.8 per cent) and Education (5.6 per cent). On the other hand, the lowest annual inflation rates were registered in Communication (-9.8 per cent) and Recreation and culture (-1.0 per cent) (Table 1).

Chart 1. Inflation rates



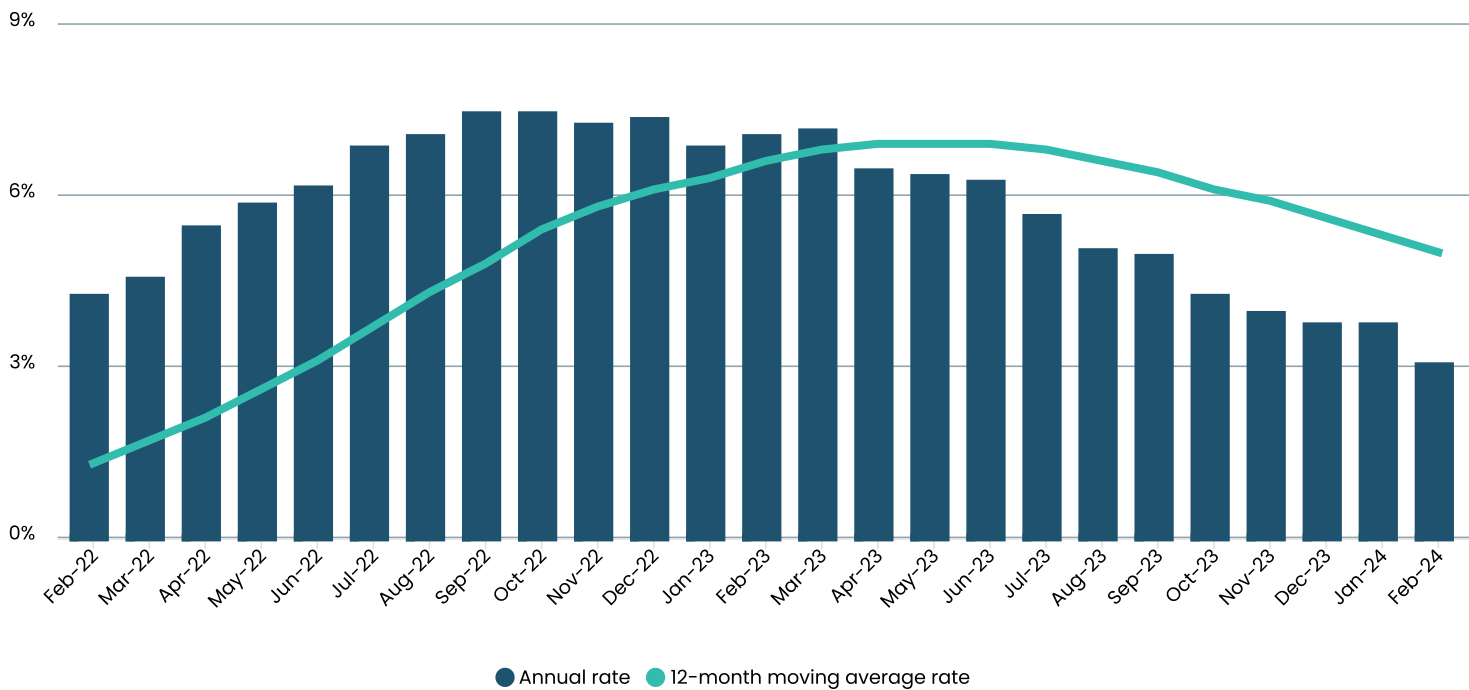


Chart 2 depicts the impact on the annual inflation rate by the 12 ECOICOP main divisions. An impact is a measure showing the change in inflation as a result of the inclusion of an index. Such an impact takes into account both the weight and the annual rate of inflation by division.

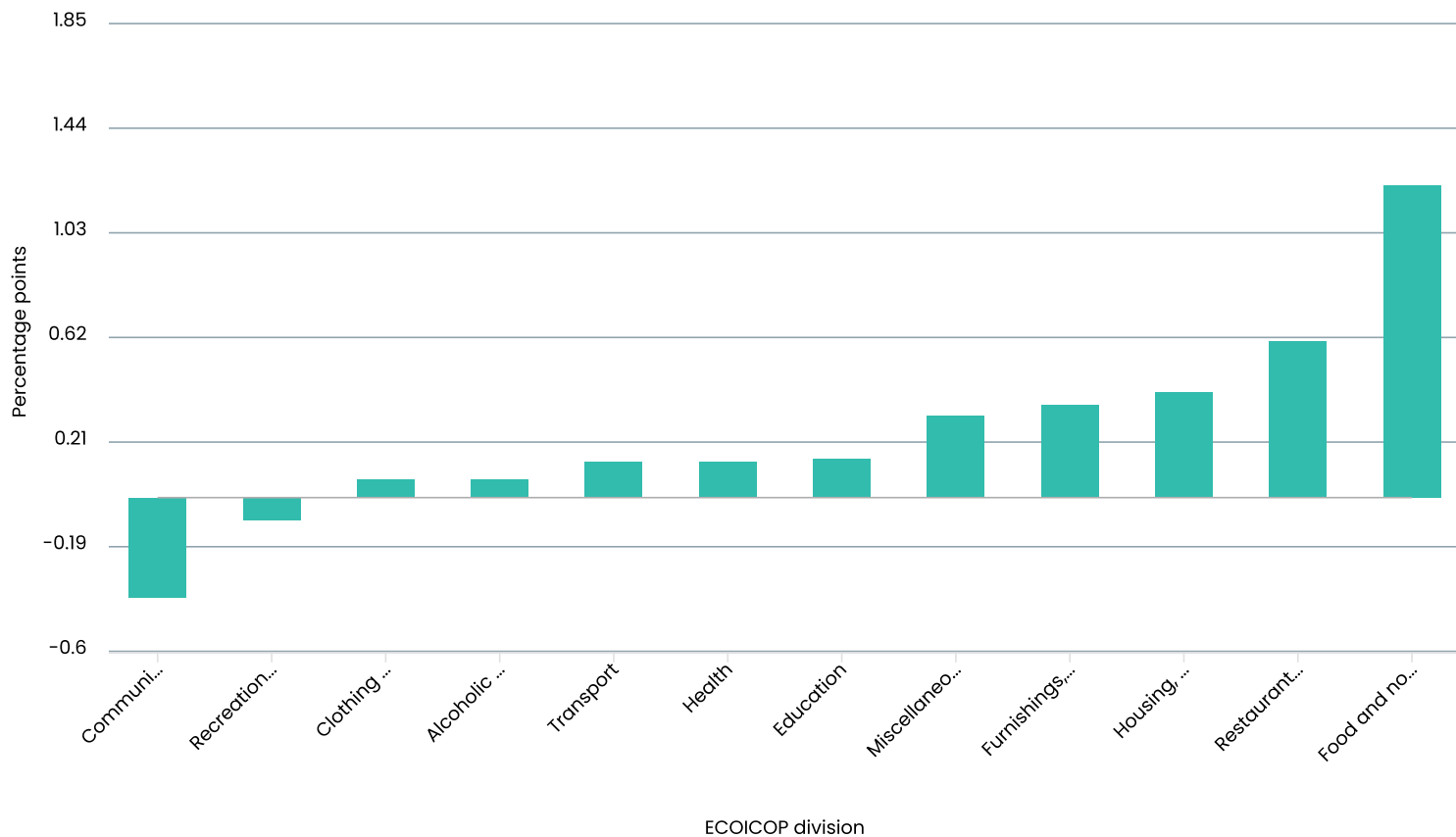
In February 2024, the largest upward impact on annual inflation was registered in the Food and non-alcoholic beverages Index (+1.22 percentage points), largely due to higher prices of milk. The second and third largest impacts were measured in the Restaurants and hotels Index (+0.61 percentage points) and the Housing, water, electricity, gas and other fuels Index (+0.41 percentage points), mainly on account of higher prices of restaurant services and rents, respectively (Chart 2).

The downward impacts on annual inflation were registered in the Communication Index (-0.39 percentage points) and the Recreation and culture Index (-0.09 percentage points), mainly reflecting lower prices of mobile phone services and package holidays, respectively (Chart 2).

Chart 2. Contribution to the annual inflation rate by the 12 ECOICOP main divisions

February 2024





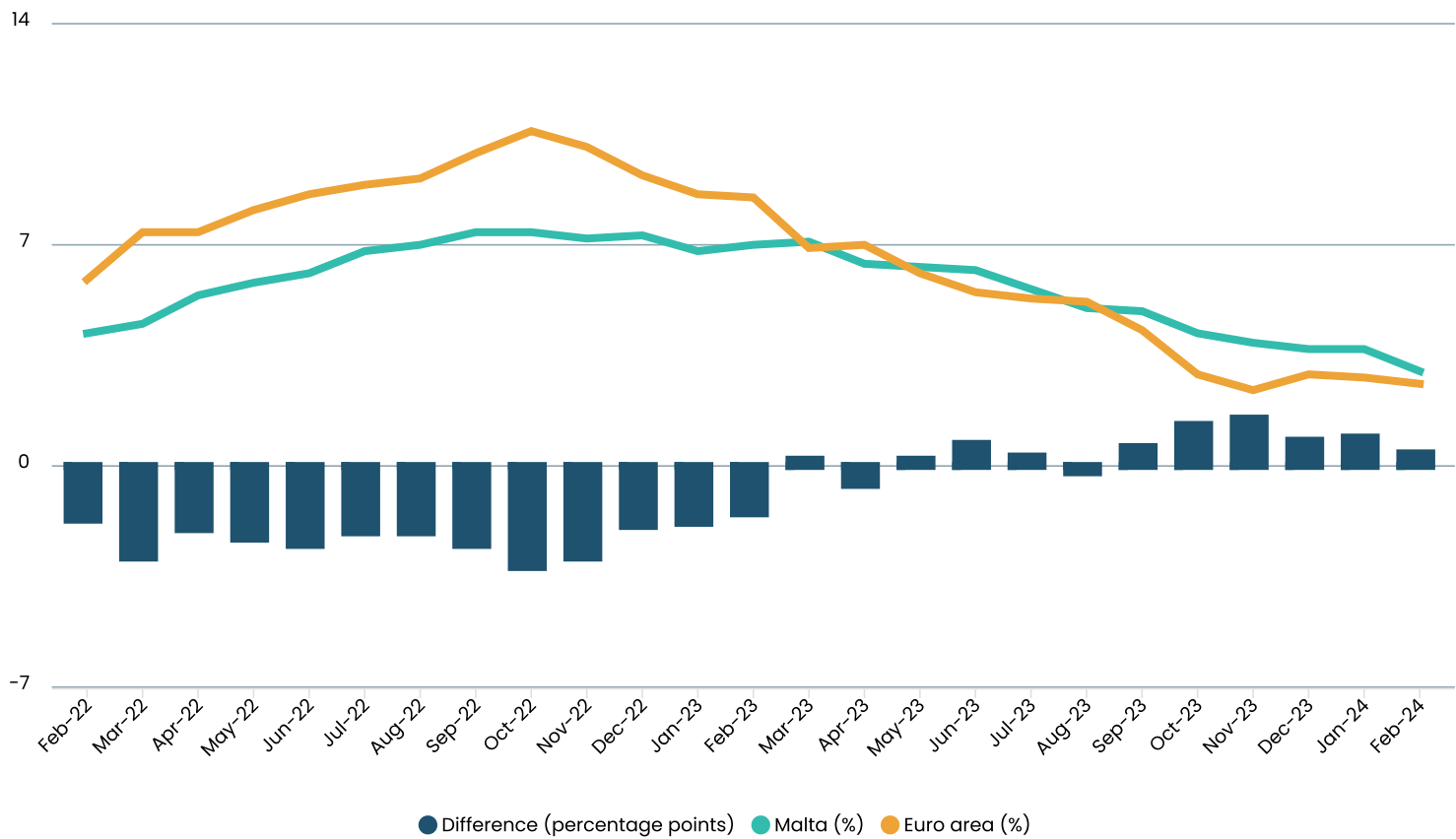
Note: A percentage point is the arithmetic difference between two percentages.

HICP (Malta and euro area)

This section compares the Maltese HICP with the latest data available for the euro area. In February 2024, the annual rate of change registered by the Maltese All-items HICP was 3.0 per cent, 0.4 percentage points higher than the 2.6¹ per cent registered for the euro area (Chart 3).

Chart 3. All-items HICP in Malta and the euro area





¹ The last data point available for the euro area is a flash estimate, which is still provisional.

Source: NSO and Eurostat.

Table 1. HICP indices*Average 2015=100¹*

ECOICOP division	Weight	Indices			Annual rate (%)	Monthly rate (%)
		Feb 2023	Jan 2024	Feb 2024	Feb 2024	Feb 2024
Food and non-alcoholic beverages	180.18	137.70	148.62	147.01	6.8	-1.1
Alcoholic beverages and tobacco	35.25	113.39	114.21	115.51	1.9	1.1
Clothing and footwear	41.38	91.52	91.72	93.37	2.0	1.8
Housing, water, electricity, gas and other fuels	101.77	123.33	128.22	128.26	4.0	0.0
Furnishings, household equipment and routine household maintenance	83.88	119.38	124.08	124.47	4.3	0.3
Health	46.88	116.01	119.23	119.53	3.0	0.3
Transport	123.69	109.12	109.02	110.30	1.1	1.2
Communication	38.56	95.28	86.84	85.98	-9.8	-1.0
Recreation and culture	83.95	112.26	111.06	111.15	-1.0	0.1
Education	27.32	118.71	125.36	125.36	5.6	0.0
Restaurants and hotels	158.11	103.04	106.05	107.02	3.9	0.9
Miscellaneous goods and services	79.03	115.66	119.79	120.34	4.0	0.5
All-items	1,000.00	114.60	117.77	118.06	3.0	0.2

¹ refer to methodological note 8.

Table 2. Inflation rates by year and month

Month	2022		2023		2024	
	Annual rate (%)	12-month moving average rate (%)	Annual rate (%)	12-month moving average rate (%)	Annual rate (%)	12-month moving average rate (%)
January	4.1	1.0	6.8	6.3	3.7	5.3
February	4.2	1.3	7.0	6.6	3.0	5.0
March	4.5	1.7	7.1	6.8		
April	5.4	2.1	6.4	6.9		
May	5.8	2.6	6.3	6.9		
June	6.1	3.1	6.2	6.9		
July	6.8	3.7	5.6	6.8		
August	7.0	4.3	5.0	6.6		
September	7.4	4.8	4.9	6.4		
October	7.4	5.4	4.2	6.1		
November	7.2	5.8	3.9	5.9		
December	7.3	6.1	3.7	5.6		

Methodological Notes

1. Accessing data

HICP and RPI NSO news releases may be accessed from the Prices dedicated [page](#).

Eurostat news releases on HICP may be accessed from Eurostat's [website](#).

2. Overview

The HICP measures monthly price changes in the cost of purchasing a representative basket of consumer goods and services. The HICP is calculated according to rules specified in a series of European Union (EU) regulations that were developed by Eurostat in conjunction with the EU Member States. The HICP is used to compare inflation rates across the EU. A closely related measure of price movements is the Retail Price Index (RPI). A description of the differences between the HICP and the RPI can be found in methodological note 3 of this news release.

Each monthly HICP news release includes three different measures of inflation:

- i. The annual inflation rate measures average price changes between the reference month and the same month of the previous year. Although responsive to recent changes in price levels, this measure can be influenced by one-off effects in either month.
- ii. The monthly inflation rate compares price changes between the reference month and the previous month. This measure can be highly influenced by seasonal effects.
- iii. The 12-month moving average rate overcomes the volatility of the above two rates by comparing the average of the latest 12 indices to the average of the previous 12 indices. This measure is less sensitive to temporary changes in prices.

3. Differences between HICP and RPI

Both indices are compiled using a large and representative selection of more than 500 different goods and services for which price movements are regularly monitored. More than 19,000 separate price quotations are used each month to compile the Index.

The methodology underlying HICP and RPI is similar, yet they differ by the following:

- i. The HICP covers private households, institutional households (such as retirement homes) and foreign visitors to Malta, whereas the RPI captures private households only.
- ii. The population base year of the two indices is different. The HICP is a chain-linked index with the weights reviewed on an annual basis. On the other hand, the RPI is a fixed base index with weights periodically updated in line with the Household Budgetary Survey. Unlike the RPI where the sample of goods and services changes every time the weights are updated, newly significant goods and services can be introduced in the HICP framework on an annual basis.



iii. The coverage of the HICP is based on an international classification system, ECOICOP (European Classification of Individual Consumption by Purpose), whereas the RPI has a different set of codes for each group of items, as listed in the table below.

	ECOICOP division	Weight (out of 1000)		RPI group	Weight (out of 100)
1	Food and non-alcoholic beverages	180.18	1	Food (including restaurant services and take-aways)	21.49
2	Alcoholic beverages and tobacco	35.25	2	Beverages and tobacco	5.56
3	Clothing and footwear	41.38	3	Clothing and footwear	6.62
4	Housing, water, electricity, gas and other fuels	101.77	4	Housing	7.90
5	Furniture, household equipment and routine household maintenance	83.88	5	Water, electricity, gas and fuels	3.31
6	Health	46.88	6	Furnishing and household equipment	6.97
7	Transport	123.69	7	Transport and communication	22.10
8	Communication	38.56	8	Personal care and health	8.81
9	Recreation and culture	83.95	9	Recreation and culture (including education)	9.90
10	Education	27.32	10	Other goods and services	7.34
11	Restaurants and hotels	158.11			
12	Miscellaneous goods and services	79.03			
	Total	1000.00		Total	100.00

Apart from the disparities identified above, both the HICP and the RPI:

have the same geographic coverage, implying that both indices refer to the whole country;
 utilise the same price collection methodologies; and,
 utilise the same outlet sample (with some exceptions).

4. Explaining divergences between HICP and RPI inflation

The HICP and RPI price indices bear several similarities and often produce similar inflation estimates. However, in some cases, inherent methodological differences between the two indices, particularly differences in the consumption basket and in the weights given to these products, cause the inflation rates reported by these two measures to diverge.

5. Further information

The HICP is used to compare inflation rates across the EU. 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, 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.

The HICP is published with 2015 as its base year. The previous series with reference 2005=100 has been discontinued. Commission Regulation (EU) No 2015/2010 provides the legal basis for updating the HICP reference year from 2005=100 to 2015=100. It should be noted that the re-basing operation was conducted after rounding all past indices to one decimal place. Therefore, there might be slight

differences when comparing this series with past data due to rounding.

The HICP largely follows National Accounts (NA) concepts of what constitutes household consumption in determining the index scope and mainly uses NA data sources to weight the items in the basket. This makes for increased coherence between the HICP commodity and population coverage and NA principles. As a result, HICP weights are based on the final consumption expenditure of all individuals in the domestic territory, including spending by private households, institutional households and foreign visitors. NA principles have also influenced the classification of goods and services within this index. The basket of consumption items considered for the HICP is reviewed annually in line with NA data collected over a 12-month period in order to obtain an estimate of the average household expenditure. New products are included in the basket of items when achieving a sales volume of over one part per thousand of total consumer expenditure covered by the HICP.

The HICP weighting scheme is annually updated in accordance with Commission Regulation (EU) No 1114/2010. The treatment of seasonal items is in accordance with Commission Regulation (EC) No 330/2009.

The HICP Flash Estimates started being compiled and transmitted to Eurostat on a monthly basis as from January 2017. These refer to tentative HICP indices and are used to provide an insight to users about the annual rates of special aggregates as determined by Eurostat. Eurostat collects data from all European Member States and compiles annual rates of special aggregates for the entire euro area.

Users are advised to consult the NSO before comparing the results of the HICP and the RPI.

More information on the metadata underlying HICP and RPI news releases may be accessed from:

- [Sources and methods](#)
- [Statistical concepts](#)
- [Metadata \(HICP\)](#)
- [Metadata \(RPI\)](#)
- [ECOICOP division classification](#)
- [RPI and HICP manual](#)
- [Eurostat statistical database](#)
- [ECB digital publication on inflation](#)

The euro area mentioned in this release refers to EA11-1999, EA12-2001, EA13-2007, EA15-2008, EA16-2009, EA17- 2011, EA18-2014, EA19-2015, EA20-2023.

6. Weights

The HICP weights for 2024 were compiled using preliminary quarterly consumer expenditure data for 2023 from the NA, complemented with additional data for 2023 from other sources, such as short-term statistics on retail trade and services.

The HICP weights for 2024 show that, compared to the previous year, the divisions to witness the highest increase in weight in absolute terms were Food and non-alcoholic beverages and Restaurants and hotels, while Communication and Alcoholic beverages and tobacco registered the largest decline in weight.

7. Reassessments / revisions

The HICP series is published with base year 2015 according to the latest Eurostat base year revisions as explained in the document which can be accessed through the following [link](#).

Note that the RPI series is published in accordance to the reference base period December 2016.

The data contained in this release is subject to revision. For an updated time-series which includes past data, please refer to the [Statistical Indicators for this domain](#).

8. A detailed news release calendar is available [online](#).

9. References to this news release are to be cited appropriately. For guidance on access and re-use of data please visit our [dedicated webpage](#).

10. For further assistance send your request through our [online request form](#).

