

News Release



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Prices

Harmonised Index of Consumer Prices (HICP): March 2008

In March the Harmonised Index of Consumer Prices increased to 104.83 from 103.66 in February 2008.

In March 2008, the Harmonised Index of Consumer Prices increased by 1.1 per cent over the previous month. This primarily reflected an increase of 6.1 per cent in the Clothing and Footwear Index, due to price increases in garments. The Restaurants and Hotels Index registered an increase of 3.3 per cent, brought about by seasonal price increases in accommodation services. The Food and Non-Alcoholic Beverages Index went up by 0.9 per cent, mainly on account of price increases in fish, vegetables, bread and cereals. An increase of 0.6 per cent was recorded in the Recreation and Culture Index due to price increases in package tours. A rise in the price of visual aid apparatus was the main factor underlying an upward movement of 0.3 per cent in the Health Index. Likewise, price rises in wine and beer brought about an increase of 0.1 per cent in the Alcoholic Beverages and Tobacco Index.

Lower air fares caused the Transport Index to decrease by 0.2 per cent. The Miscellaneous Goods and Services Index dropped by 0.1 per cent, mainly on account of lower prices of personal care products.

In March, the twelve-month moving average rate of inflation stood at 1.5 per cent, whereas the annual rate stood at 4.3 per cent, as shown in Table 4 ■

Theme:
Economy & Finance

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European statistics comparable to data in this News Release are available at:

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>Economy and Finance
>Prices
>Harmonized indices of consumer prices (HICP)

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Table 1. HICP Index by Division
Average 2005=100

Division	Weight	Indices			% change Mar 2008/Mar 2007	% change Mar 2008/Feb 2008
		Mar 2007	Feb 2008	Mar 2008		
Food and non-alcoholic beverages	173.94	103.67	112.29	113.31	9.3	0.9
Alcoholic beverages and tobacco	46.57	101.13	102.38	102.5	1.4	0.1
Clothing and Footwear	69.75	96.07	95.74	101.56	5.7	6.1
Housing, Water, Electricity, Gas & Other Fuels	72.78	108.75	112.41	112.49	3.4	0.1
Furniture, Household Equipment & Routine Maintenance of the House	93.25	102.43	103.32	103.36	0.9	0.0
Health	27.58	106.20	109.36	109.7	3.3	0.3
Transport	144.21	100.83	103.79	103.58	2.7	-0.2
Communication	23.52	100.69	103.64	103.65	2.9	0.0
Recreation and Culture	103.07	100.53	98.91	99.5	-1.0	0.6
Education	10.04	103.25	109.96	109.96	6.5	0.0
Restaurants and Hotels	181.95	92.56	96.39	99.58	7.6	3.3
Miscellaneous Goods and Services	53.34	103.47	104.79	104.68	1.2	-0.1
All Items	1,000.00	100.49	103.66	104.83	4.3	1.1

**Table 2. Harmonised Index of Consumer Prices
Rates of Change (%)**

Division	Weight	Annual rate			Monthly rate		
		Mar 2007	Feb 2008	Mar 2008	Mar 2007	Feb 2008	Mar 2008
Food and Non-alcoholic Beverages	173.94	1.2	9.1	9.3	0.7	0.2	0.9
Alcoholic Beverages and Tobacco	46.57	0.6	1.5	1.4	0.2	0.1	0.1
Clothing and Footwear	69.75	-4.9	9.0	5.7	9.4	4.8	6.1
Housing, Water, Electricity, Gas and Other Fuels	72.78	-1.6	1.8	3.4	-1.5	0.0	0.1
Furniture, Household Equipment & Routine Maintenance of the House	93.25	0.6	0.7	0.9	-0.2	0.0	0.0
Health	27.58	3.0	3.0	3.3	0.0	1.6	0.3
Transport	144.21	-0.9	2.7	2.7	-0.2	-0.3	-0.2
Communication	23.52	0.4	2.9	2.9	0.0	0.0	0.0
Recreation and Culture	103.07	3.0	-1.6	-1.0	0.0	0.5	0.6
Education	10.04	2.7	6.5	6.5	0.0	0.0	0.0
Restaurants and Hotels	181.95	1.5	6.2	7.6	1.9	0.0	3.3
Miscellaneous Goods and Services	53.34	1.4	1.4	1.2	0.2	0.1	-0.1
All Items	1,000.00	0.5	4.0	4.3	0.8	0.4	1.1

Table 3. All Items HICP
Average 2005=100

Month	2005	2006	2007	2008
January	96.05	98.33	99.49	103.28
February	96.67	98.93	99.72	103.66
March	97.14	100.00	100.49	104.83
April	100.65	104.16	103.04	
May	101.27	104.83	103.76	
June	101.27	104.57	103.96	
July	101.35	104.96	104.72	
August	101.66	104.66	105.28	
September	101.66	104.86	105.81	
October	102.60	104.30	105.92	
November	99.79	100.71	103.62	
December	99.87	100.62	103.69	

Table 4. Inflation Rates

per cent

	Month	12-month moving average rate	Annual rate
2005	January	2.6	1.9
	February	2.7	2.5
	March	2.7	2.6
	April	2.6	2.0
	May	2.5	2.4
	June	2.4	2.1
	July	2.3	1.7
	August	2.3	2.5
	September	2.2	2.0
	October	2.2	3.0
	November	2.4	4.3
	December	2.5	3.4
2006	January	2.6	2.4
	February	2.6	2.3
	March	2.6	2.9
	April	2.7	3.5
	May	2.8	3.5
	June	2.9	3.3
	July	3.1	3.6
	August	3.1	3.0
	September	3.2	3.1
	October	3.1	1.7
	November	2.8	0.9
	December	2.6	0.8
2007	January	2.5	1.2
	February	2.4	0.8
	March	2.2	0.5
	April	1.8	-1.1
	May	1.4	-1.0
	June	1.1	-0.6
	July	0.7	-0.2
	August	0.5	0.6
	September	0.4	0.9
	October	0.3	1.6
	November	0.5	2.9
	December	0.7	3.1
2008	January	0.9	3.8
	February	1.2	4.0
	March	1.5	4.3
	April		
	May		
	June		
	July		
	August		
	September		
	October		
	November		
	December		

Explanatory Notes

1. The format of the HICP News Release has been revised in the light of the needs expressed by our users. This new format is expected to be more user friendly apart from furnishing more relevant information. One of the major changes we have implemented is the illustration of tables containing the linked indices instead of the original indices. The former, as the name suggests, preserves the time trend by linking all indices to a common base year. Moreover, this new format contains more graphical illustrations to aid our users in interpreting the time trends.
2. The Harmonised Index of Consumer Prices (HICP) is calculated according to rules specified in a series of European Union Regulations that were developed by the EU statistical office - Eurostat - in conjunction with the EU Member States.
3. The HICP is used to compare inflation rates across the European Union. Since January 1999 the European Central Bank (ECB) has also used it as the measure of price stability across the Euro area. Indeed, the HICP was developed in the EU for the purpose of assessing whether prospective members of European Monetary Union would meet the inflation convergence criterion and then of acting as the measure of inflation used by the European Central Bank to assess price stability in the euro area. The main requirement therefore 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.
4. While the methodology of the Retail Prices 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 weights and fixed base index while the HICP is a chain index whose weights are reviewed on an annual basis, in January of each year. In addition to this, newly significant goods and services are 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 consumptions by purpose). The way in which this broadly maps to the RPI groupings is shown in the following table:

	COICOP Divisions	RPI Group
01	Food and non-alcoholic beverages	Food (including take-away food and food consumed in restaurants)
02	Alcohol and tobacco	Beverages and tobacco
03	Clothing and footwear	Clothing and footwear
04	Housing and household services	Housing Water, electricity, gas and fuels
05	Furniture and household goods	Household equipment and house maintenance costs
06	Health	Personal care and health
07	Transport	Transport and communication
08	Communication	
09	Recreation and culture	Recreation and culture (including education)
10	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.

5. Apart from the disparities identified in point 3 above, both the RPI and the HICP have the same geographic coverage in that both indices refer to the whole country. In addition to this, both indices utilize 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.
6. 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. 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.
7. The types of goods and services that in principle should be included in the index are known as the scope of the price index. 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 expenditures 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.
8. Whereas the HICP is subject to revisions, the RPI is, by convention, revised in rare and exceptional circumstances.
9. The HICP is being published with 2005 as its base year. However, 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 1 decimal place as prescribed by Eurostat. This means that there might be slight differences when comparing this new series with the past due to rounding.
10. The HICP is published in Malta by the NSO on a monthly basis. Eurostat will also publish it on a monthly basis. However, the latter also publishes aggregate HICP indices for the Monetary Union 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.
11. The figures included in this news release might not match exactly the figures published by Eurostat due to rounding.
12. The EU-25 figures are provisional.