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In March 2016, the annual rate of inflation as measured by the Harmonised Index of Consumer Prices stood at 1.0 per cent, unchanged from February 2016.

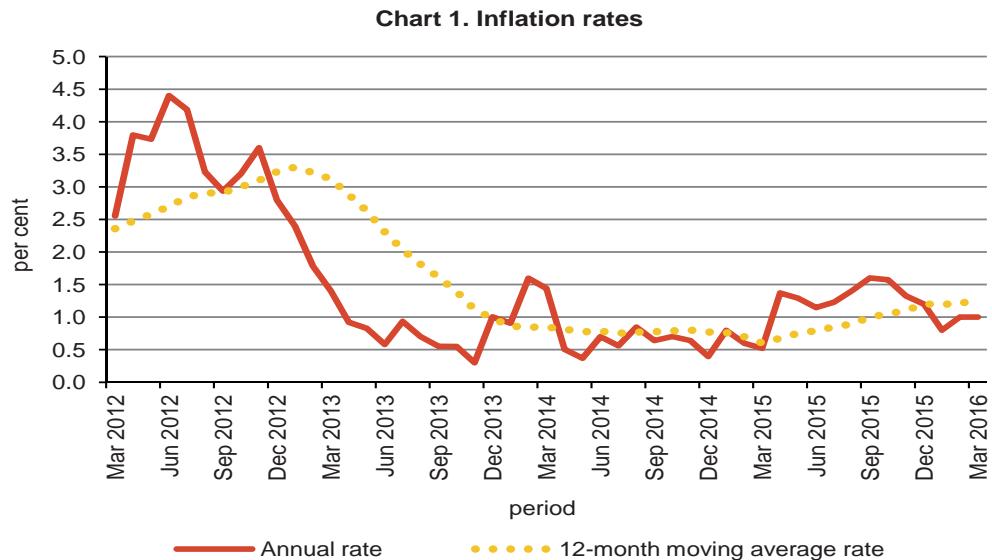
Harmonised Index of Consumer Prices (HICP): March 2016

On a monthly basis, the same rate of 1.0 per cent was registered in March 2016, up from 0.6 per cent registered in February 2016 (Table 2).

The largest upward impacts on annual inflation were registered in the Furniture, Household Equipment and Routine Maintenance of the House Index (0.27 percentage points), the Alcoholic Beverages and Tobacco Index (0.20 percentage points) and the Restaurants and Hotels Index (0.20 percentage points). These were mainly due to higher prices of household appliances, cigarettes and restaurant services (including cafeterias and the like) respectively (Table 5).

The Transport Index (0.15 percentage points) and the Communication Index (0.05 percentage points) registered the largest downward impacts, mainly reflecting lower fuel prices and cheaper mobile phones respectively (Table 5).

The twelve-month moving average rate was 1.3 per cent (Table 4) ■



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

Division	Weight	Indices			Percentage change	
		Mar 2015	Feb 2016	Mar 2016	Annual (Mar 2016/Mar 2015)	Monthly (Mar 2016/Feb 2016)
Food and Non-alcoholic Beverages	166.89	100.06	100.57	101.01	0.9	0.4
Alcoholic Beverages and Tobacco	37.37	98.51	103.93	103.90	5.5	0.0
Clothing and Footwear	59.33	97.75	92.35	97.35	-0.4	5.4
Housing, Water, Electricity, Gas and Other Fuels	81.64	99.85	100.95	100.96	1.1	0.0
Furniture, Household Equipment and Routine Maintenance of the House	76.79	98.65	101.99	102.16	3.6	0.2
Health	43.24	99.33	102.83	102.94	3.6	0.1
Transport	139.90	99.53	97.82	98.44	-1.1	0.6
Communication	37.68	100.71	99.48	99.51	-1.2	0.0
Recreation and Culture	100.48	98.04	98.47	98.03	0.0	-0.4
Education	17.88	97.95	103.27	103.27	5.4	0.0
Restaurants and Hotels	161.90	90.31	88.45	91.38	1.2	3.3
Miscellaneous Goods and Services	76.90	99.70	100.45	100.67	1.0	0.2
All Items	1,000.00	97.64	97.69	98.64	1.0	1.0

* See methodological note 7

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

Division	Weight	Annual			Monthly		
		Mar 2015	Feb 2016	Mar 2016	Mar 2015	Feb 2016	Mar 2016
Food and Non-alcoholic Beverages	166.89	2.5	0.5	0.9	0.0	-0.3	0.4
Alcoholic Beverages and Tobacco	37.37	3.7	5.6	5.5	0.1	0.0	0.0
Clothing and Footwear	59.33	4.0	-0.2	-0.4	5.6	3.0	5.4
Housing, Water, Electricity, Gas and Other Fuels	81.64	-8.9	1.0	1.1	-0.1	0.1	0.0
Furniture, Household Equipment and Routine Maintenance of the House	76.79	-0.6	3.6	3.6	0.2	1.3	0.2
Health	43.24	0.8	3.7	3.6	0.2	1.6	0.1
Transport	139.90	-1.7	-1.8	-1.1	-0.1	0.7	0.6
Communication	37.68	-0.6	-1.0	-1.2	0.2	0.1	0.0
Recreation and Culture	100.48	1.4	1.2	0.0	0.8	0.7	-0.4
Education	17.88	6.4	5.4	5.4	0.0	0.0	0.0
Restaurants and Hotels	161.90	2.0	1.1	1.2	3.2	1.2	3.3
Miscellaneous Goods and Services	76.90	2.7	0.8	1.0	0.1	0.2	0.2
All Items	1,000.00	0.5	1.0	1.0	0.9	0.6	1.0

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
2013	94.67	94.70	95.75	98.50	99.60	100.43	100.52	100.41	99.63	98.96	96.82	97.01
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									

Table 4. Inflation rates by month and year
(%)

Rates over time	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013												
Annual rate	2.4	1.8	1.4	0.9	0.8	0.6	0.9	0.7	0.6	0.5	0.3	1.0
12-month moving average rate	3.3	3.2	3.1	2.9	2.6	2.3	2.0	1.8	1.6	1.4	1.1	1.0
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									
12-month moving average rate	1.2	1.2	1.3									

* See methodological note 7

Table 5. Impact on annual inflation by division *

Division	Weight	Annual rate March 2016	Impact (percentage points) March 2016
Food and Non-alcoholic Beverages	166.89	0.9	0.16
Alcoholic Beverages and Tobacco	37.37	5.5	0.20
Clothing and Footwear	59.33	-0.4	-0.02
Housing, Water, Electricity, Gas and Other Fuels	81.64	1.1	0.09
Furniture, Household Equipment and Routine Maintenance of the House	76.79	3.6	0.27
Health	43.24	3.6	0.16
Transport	139.90	-1.1	-0.15
Communication	37.68	-1.2	-0.05
Recreation and Culture	100.48	0.0	0.00
Education	17.88	5.4	0.10
Restaurants and Hotels	161.90	1.2	0.20
Miscellaneous Goods and Services	76.90	1.0	0.07

* 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	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.

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 2005=100 is discontinued. Commission Regulation 2015/2010 provides the legal basis for updating the HICP reference year from 2005=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