

User oriented quality report

Harmonized Index of Consumer Prices

Generally

The Harmonized Index of Consumer Prices (HICP), together with the national CPI have being compiled in Greece by the Hellenic Statistical Authority (ELSTAT), since 1996.

Purpose and use of the HICPs

The Harmonized Indices of Consumer Prices (HICPs) are compiled by the Member States of E.U. in accordance with EC Regulations, in order to provide comparable data for the international inflation comparisons and, in particular, for the assessment of the convergence criterion, of price stability, in the frame of the European Monetary Union (EMU) requirements.

The HICPs are the basis for compiling the European Index of Consumer Prices (EICP) and the Monetary Union Index of Consumer Prices (MUICP), which provide the official measures of inflation in the EU28 and the Euro-zone (19 Member States), respectively.

It should be noted that the HICP is not a cost of living index and it is not applied by a country for domestic use such as indexation or wage bargaining also it is not intended to replace the national Consumer Price Index.

Legal frame

The Harmonized Indices of Consumer Prices are compiled by the Member States in the frame of the basic Council Regulation (EC) No 2494/95 "for the establishment of Harmonized Indices of Consumer Prices" and of other 19 Council and Commission EC Regulations, which lay down particular implementation measures governing the compilation of HICPs.

Reference period

Month

Base year

2005=100.0, according to (EC) Council Regulation No 1708/05.

Characteristics of the HICPs

The characteristic of the HICPs is that they must be compiled according to several technical measures, as these are defined in the above EC Regulations.

The main technical measures are the use of a common classification of the items (COICOP5/HICP), the selection of the computation formula for the individual indices, the geographical and population coverage of the whole of the country, the item coverage and compilation of specific sub-indices, the minimum standards for price collection and sampling, the adjustments due to quality differences of items, the common treatment of tariffs of Public Utility Services, the common base year (2005=100.0) and retrospective calculations of the indices data from January 1996 onwards.

Geographical and population coverage of the HICPs

The geographical and population coverage of the HICPs is defined by the Council Regulation (EC) No 1688/98, which specifies that the HICP of each Member State should cover all final monetary consumption expenditure which takes place in the economic territory of the Member State.

Classification of items

The classification of items (goods and services) that are included in the index is based on the international classification COICOP (Classification of Individual consumption by Purpose) and, in particular, as this has been adapted to the needs of the HICPs of the EU Member States, thus creating the COICOP5/HICP classification.

Weights of items

The weights of the items of the HICPs are derived on the basis of the consumption expenditure, which takes place in the economic territory of each Member State independently of the consumer category (private households, individuals living in institutions, foreign visitors).

Consequently, the expenditures used for the calculation of the weights of the items entered into the computation of the HICP include the expenditures of private households, the expenditures of foreign visitors and the expenditures of individuals living in collective households, while the expenditures of residents whilst in a foreign country are excluded.

The sources of the expenditure data used for the calculation of the weights of items of HICP are the National Accounts and the Household Budget Survey (HBS) as provided from Regulation 1114/2010.

The weights of the items are updated every January by using the prices of the previous December.

Collected prices

The prices used for the computation of the HICPs are the prices actually faced by households to purchase goods and services in their monetary transactions.

Comparison between the national CPI and the Greek HICP

There are similarities and differences between the national CPI and the Greek HICP.

The main similarities between the two indices are the following:

- Same geographic coverage, given that both indices refer to the whole country.
- Same price collection cities.
- Same item coverage.
- Use of the same classification of items (COICOP5/HICP).
- Same outlets for the price collection.
- Same frequency of price collection
- Same price data.
- Same method of the time series calculation (chain linking)
- Use of the same formula for the computation of the individual indices for the price collection cities (geometric mean).
- Same treatment of the seasonality of items and of reduced and missing prices.
- Same dates of release of the indices.
- Annual updating of the weights and price updating of them to previous December prices.

The main differences between the two indices are the following:

- The HICP reference year is 2005=100.0 and CPI 2009=100.0.
- The HICP covers all consumption expenditure, which take place on the economic territory of Greece independently of the consumer (permanent and non permanent residents), while the national CPI covers only the consumption expenditure of private households which take place on the economic territory of the country and abroad.
- The HICP weights of the items are calculated based on data of the National Accounts and HBS data and CPI calculated using HBS data.

Publication of data

The HICP data are released each month in the anticipated press release, on dates pre-defined from the previous year. These data with base year 2005=100.0 have being published since February 2006 with first reference month January 2006. The time series of the index with base year 2005=100.0 starts in January 1996.

References

More information about the methodology concerning the compilation and calculation of the index and for the time series is available on the ELSTAT website (www.statistics.gr).