

31 January 2011

Flash estimates of the Consumer Price Index (CPI) and the Harmonised Index of Consumer Prices (HICP)
January 2011

The annual change of the flash estimate of the CPI stands at 3.3% in the month of January

The annual change of the flash estimate of the HICP is 3.0%

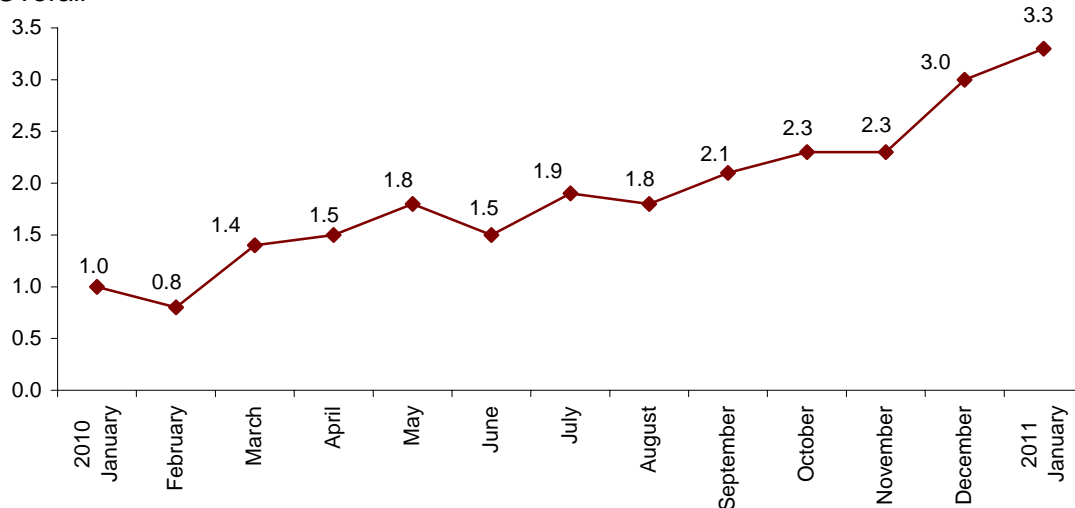
Today, for the first time, the National Statistics Institute (INE) is publishing the flash estimate of the Consumer Price Index (CPI). According to this indicator, the estimated annual inflation of the CPI in January 2011 was 3.3%.

The flash estimate provides a preview of the CPI that, if confirmed, would imply an increase of three tenths in its annual change, since in the month of December, this change was 3.0%.

This was mainly a result of the increase in the prices of *electricity* and *food and non-alcoholic beverages*.

Annual evolution of the CPI, base 2006 ⁽¹⁾

Overall



⁽¹⁾ The last piece of data refers to the flash estimate

In turn, the annual change of the flash estimate of the HICP in January stood at 3.0%. If confirmed, the annual change of the HICP would register an increase of one tenth, with regard to the previous month.

The reason why the INE has decided to begin the dissemination of the flash estimate of the CPI is that, beginning in January 2011, the calculation methods of the CPI and the HICP will differ in the treatment of *clothing and footwear* and *fresh fruit and vegetables*, as a result of the entry into force of EC Commission Regulation no. 330/2009, of 22 April 2009. These methodological differences can make the changes of the two indicators differ more than they have up until now.

The INE, which has already been publishing a flash estimate of the Harmonised Index of Consumer Prices (HICP) since the year 2004, thus offers more complete information regarding the evolution of consumer prices.

As of now, in addition to the indicator used to carry out comparisons with other EU countries, we will have the flash estimate of inflation from a national perspective.

Calculation method and information used

The flash estimate is calculated using the same methodology as that used for the CPI and HICP. The difference between the annual change of the flash estimate and that of these indices lies in the information used.

In the case of the flash estimate, a macrofiltering is carried out of the data collected in the establishments, and different statistical modelling methods are used to estimate that information which is not yet available at the time of publication.

The flash estimate provides information only as a guideline, and therefore, it does not have to coincide with the final data that will be published this coming 15 February.

Informative annex

New methodological treatment of the HICP

The Harmonised Index of Consumer Prices (HICP) is an indicator whose objective is to measure the evolution of consumer prices using the harmonised methodology of the European Union. Its importance therefore lies in the high degree of comparability between EU countries, which increases as the harmonisation process begun in the year 1995 advances.

The new treatment that will be applied in the HICP, in order to take a step further in this process, refers to the methodology used for seasonal articles. Its main characteristics are contained in an EU Regulation that makes its application compulsory in all countries.

Characteristics of the new methodology

The Regulation considers seasonal articles to be those that are no longer available for sale during certain periods of the year, and this situation repeats itself cyclically. The Spanish HICP considers *fresh fruit*, *fresh vegetables* and *clothing and footwear* to be seasonal items.

The methodology that the EU Regulation proposes is based on the estimate of the price in the months in which the seasonal product is not found on the market. This estimate is carried out using the evolution of the prices of those products, in the same category, that are found on the market.

The new methodology implies a significant change, with regard to that which has been applied up until now, and therefore, the implementation of the Regulation as of January 2011 will cause a break in the HICP series. For this reason, the data published for this indicator in 2010 has been revised, applying this new methodology, in accordance with the advice of European regulations, and the annual changes published in 2011 are calculated with this revised data. This information will be available on the INE website (http://www.ine.es/en/welcome_en.htm) when the data for the HICP is published, on 15 February.

For further information see [INEbase-www.ine.es/en/welcome_en.htm](http://www.ine.es/en/welcome_en.htm) All press releases at: www.ine.es/en/prensa/prensa_en.htm

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