

30 April 2020

**Flash estimate of the Consumer Price Index (CPI) and  
of the Harmonised Index of Consumer Prices (HICP)**  
April 2020

**COVID-19's Effects on the April CPI**

- The declaration of the high alert period has led to an unprecedented situation in CPI production for the month of April. This marks the first time that a considerable portion of consumer goods and services are not available for purchase, or are available only over the internet. To this we must add that it has been necessary to carry out price collection entirely by telematic methods.
- While the degree of intensity may vary, the majority of the European Union (EU) countries find themselves in a similar situation. This has led Eurostat to draw up lines of action that all member states must comply with in HICP production, in order to ensure that these indicators are comparable between countries and aggregated at the European level. As is usual, the INE has also adopted these standards in the CPI.

**General CPI/HICP**

- The preliminary data that is presented today using the leading indicator of the CPI places its annual variation at - 0.7% in April, seven tenths below that registered in March. This is primarily influenced by the drop in the prices of Fuels and lubricants, as compared to the increase registered in 2019. For its part, the IPCA decreased its annual rate by seven tenths, standing at - 0.6%.

**COVID-19 Special Groups**

- Due to the home confinement necessitated by COVID-19, the INE has prepared two special aggregations that include the effect on the prices of goods and services that most households have continued to consume in the current situation. Prices for the products included in the *COVID-19 special goods group* increased 1.2% in April, compared to the previous month. On the other hand, *COVID-19 services* decreased 1.4% in April, compared to March.
- The behaviour of food prices is worth noting, with an annual rate that went from 2.5% in March to 4.0% in April. Among these, fresh food reached a rate of 6.9%, three points above that of the previous month, while the annual rate for packaged food stood at 2.2%, six tenths above that of March.
- **The CPI publication scheduled for May 14th will offer a higher level of detail for each of the aspects mentioned.**
- **The effect the high alert period has had on CPI preparation can be consulted in greater detail in the annex on page 4 of this press release.**

## Annual rate trend

### General CPI

According to the flash estimate issued by the INE, the annual inflation of the CPI in April 2020 was -0.7%.

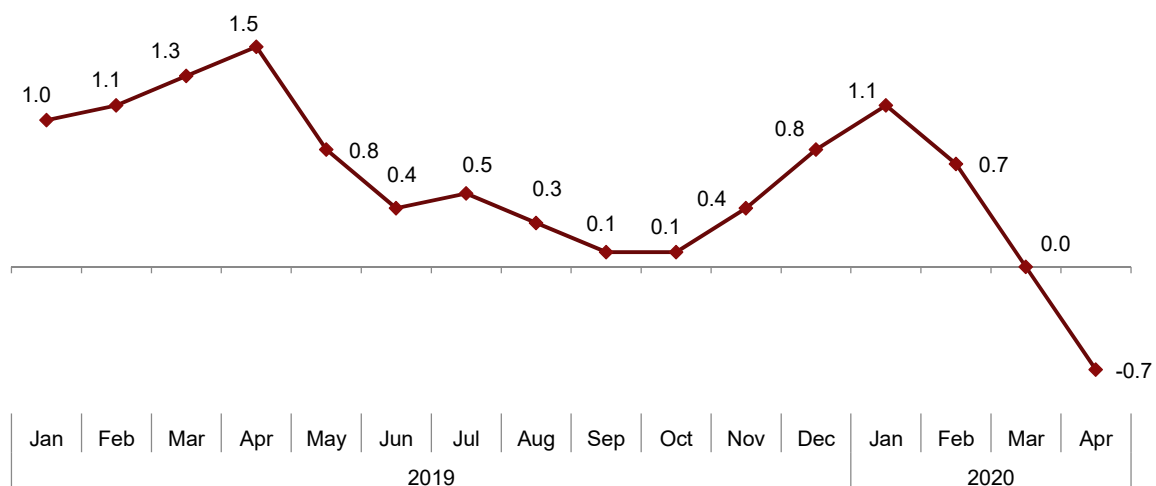
This indicator provides a preview of the CPI that, if confirmed, would imply a decrease of seven tenths in the annual rate, since in March this change was 0.0%.

This behavior highlights the decrease in the prices of *fuels and oil*, compared to the increase recorded in 2019.

In turn, the annual variation of the flash estimate of the HICP in April stands at -0.6%. If confirmed, the annual rate of the HICP would decrease seven tenths with respect to the previous month.

### Annual evolution of the CPI<sup>1</sup>

Overall index. Percentage



<sup>1</sup> The last data refers to the flash estimate

## COVID-19 Effect

In order to offer specific information regarding COVID-19's effect on prices, the INE has created two specific aggregations for basic consumer products during household confinement.

The *COVID-19 special goods group* includes food items, beverages, tobacco, household cleaning products, pet food and personal care products.

The annual rate for this group in the month of April was 3.2%, an increase of more than one point compared to that of March.

The section that stands out the most due to its importance in this aggregation is Food, whose annual rate went from 2.5% to 4.0%. Within this, the annual rate of fresh food increased by three points, to 6.9%, and packaged foods rose six tenths, to 2.2%.

For its part, the *COVID-19 special services group* includes housing and garage rental services, water distribution, sewerage, garbage collection, community expenses, electricity, gas, heating oil, telephone, music and streaming television services, insurance, banking commissions and funeral services.

In April, the annual variation for this special group stands at -4,3%, more than one point below that registered in March.

## **Monthly rate trend**

### ***CPI general***

According to the flash estimate of the CPI, consumer prices registered a variation of 0.3% as compared with March

In turn, the monthly change of the HICP flash estimate in April stood at 0.4%.

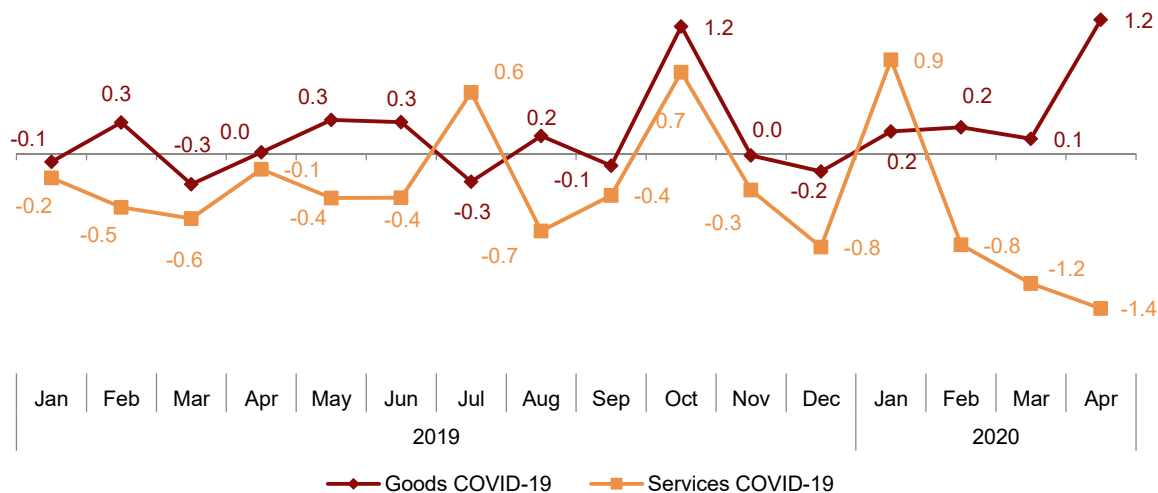
### ***COVID-19 effect***

The products included in the *special group of goods COVID-19* have increased their prices in April by 1.2% compared to the month of March.

Food products increased by 1.4% in April, among them the behaviour of fresh food stands out, whose monthly rate is 2.7%. Packaged food, meanwhile, increased 0.7%.

On the other hand, the services that form part of the *special services group COVID-19* decreased by -1.4% this month compared to the previous month, as a result of the drop in prices of *heating oil and electricity*.

## Evolution of the monthly rate of the CPI in April <sup>1</sup> Special groups of COVID-19. Percentage



<sup>1</sup>The last data refers to flash estimate

### Review and data update

The data released today is an advance of the final CPI and HICP data, which will be published next month. Until then, the results are available in INEbase.

## Informative Annex

### Note regarding COVID-19's impact on the CPI

The declaration of the high alert period due to the health crisis caused by COVID-19 creates an unprecedented challenge in calculating the Consumer Price Index (CPI), since it assumes that part of the shopping basket used for this indicator will cease to be available starting on March 15, 2020. Likewise, the population's confinement prevents INE interviewers from carrying out their price collection work through visits to the establishments in the sample.

All of this has forced INE to change its way of working in record time, with the aim of continuing to provide society with the highest quality indicator possible, even during the exceptional period we are currently experiencing.

Since COVID-19's effect on CPI production is being felt in the majority of European Union countries, the INE is working in conjunction with Eurostat and the statistical offices of the Member States in order to adopt common methodological measures that allow for a quality indicator to be obtained, These are detailed below.

The basic lines that make up the new work model are founded on four fundamental elements: telematic price collection (by telephone interview and access to websites), complete coverage of the shopping basket, stability of the weighting structure, and the implementation of statistical methods to estimate the prices of non-commercialized products.

#### Price Collection

The collection of prices by visits to establishments has been suspended. In a normal situation, most of the prices that serve to calculate the CPI are collected through visits by INE surveyors to the establishments that form part of the sample. Since the declaration of the high alert period—which implies the closure of establishments and the population's confinement—it has been necessary to adapt the system and carry out collection by **telephone contact with informants**, or by **obtaining the information over the Internet**.

It is important to note that the change in procedure has required an additional effort by the IPC interviewers, who have carried out operations from their homes, as well as a greater degree of involvement by the informants, whom the INE would like to thank for their collaboration.

#### CPI Coverage

The CPI is calculated from a basket of 479 items, grouped into 219 subclasses. These are then summed to obtain the general CPI, the variation rates of which are presented in this press release.

Most of these items can be purchased even during the state of exception provoked by COVID-19, and they are included them in the calculation for the April CPI. However, a part of the basket services are unavailable for consumption due to their special characteristics. These are, for example, restaurant, bar and cafeteria services, accommodation services (campsites, hotels, apartments), flights, and travel packages.

In these cases, the ECOICOP consumption categories that represent these services have also been kept in the calculation of the CPI, but their prices have been estimated so that the annual rate for the general CPI is only slightly altered.

## Weightings

Just as all the CPI consumption categories have been maintained, regardless of whether the goods and services in question were consumed April, the weighting structure, which is set at the beginning of the year, has also remained unchanged.

## Price Estimation

Prices for the subclasses that have not been commercialized due to the special market situation have been estimated.

In accordance with Eurostat recommendations, this month a specific methodology has thus been added to the estimation methods commonly used when a price is lacking in the CPI. The objective is to obtain a price for these categories that interferes as little as possible in the annual variation rate for the items that have been consumed.

## Interpretation of Results

The annual advance CPI rate published today shows the evolution of the prices for goods and services available in the month of April, compared to the previous year. It is unaffected by the goods and services unavailable due to COVID-19.

## COVID-19 Special Groups

In order to offer information that allows for analysis of the reality resulting from the effects of health regulations, the INE has developed two indicators to determine price evolution for a group of products preferentially consumed by society during confinement.

These aggregations, which have been called *the COVID-19 special goods group* and the *COVID-19 special services group* have been calculated to offer a first approximation in the advance CPI. It will be completed with more detailed information in the dissemination of the definitive April CPI, next May 14.

The goods considered are food, beverages, tobacco, household cleaning products, pet food and personal care products.

On the other hand, the services included are housing and garage rental services, water distribution, sewerage, garbage collection, community expenses, electricity, gas, heating oil, telephone, music and streaming television services, insurance, banking commissions and funeral services.

For a complete time perspective, the *COVID-19 special group* has been calculated for the past 12 months, the results of which are given in a graph in this press release.

## Metodological note

The Consumer Price Index (CPI) is a statistical measure of the evolution of the prices of goods and services consumed by the population that reside in family dwellings in Spain.

In turn, the Harmonised Index of Consumer Prices (HICP) is a statistical indicator whose objective is to provide a common average of the inflation that allows conducting international comparisons

**Type of survey:** continuous on a monthly basis

**Base period:** 2016 (CPI) and 2015 (HICP)

**Reference period of weightings:** year prior to the current year

**Sample of municipalities:** 177

**Number of items:** 480 (CPI) y 479 (HICP).

**Number of observations:** approximately 220,000 prices per month.

**Functional classification:** ECOICOP.

**General method of calculation:** chained Laspeyres

**Collection method:** interviewers in establishments and centralised collection for special items

For further information, please consult the methodology of both indicators in the following link:

[https://www.ine.es/en/metodologia/t25/t2530138\\_16\\_en.pdf](https://www.ine.es/en/metodologia/t25/t2530138_16_en.pdf)

The CPI standardised Methodological report:

<https://www.ine.es/dynt3/metadatos/en/RespuestaDatos.html?oe=30138>

And the HICP standardised Methodological report:

<https://www.ine.es/dynt3/metadatos/en/RespuestaDatos.html?oe=30180>

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For further information see **INEbase:** [www.ine.es/en/](http://www.ine.es/en/) Twitter: [@es\\_ine](https://twitter.com/es_ine)

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