

Methodological note

DERIVATION OF HICP WEIGHTS FOR 2022

EUROSTAT, DIRECTORATE C — MACRO-ECONOMIC STATISTICS

30 NOVEMBER 2021

Household consumption patterns have been significantly impacted by the COVID-19 pandemic. The Harmonised index of consumer prices (HICP) is designed so that changing household consumption patterns are taken into account through annual weight updates. Each year, the weights in the HICP are updated at the beginning of the year. Consistent with the Laspeyres principle, these weights refer to expenditures made in the previous year and are kept fixed throughout the year.

The legal framework of the HICP specifies how the HICP weights should be derived. In particular, Article 3 of the [Implementing Regulation \(EU\) 2020/1148](#) stipulates that the weights used in the HICP in year t should be based on national accounts data for year $t-2$, and that the corresponding expenditure shares should be reviewed and updated to make them representative of year $t-1$.

In line with this framework, a [guidance note](#) for the compilation of HICP weights in cases of large changes in consumer expenditures was issued by Eurostat in December 2020, which recommends that the HICP weights used in 2021 (t) should be based on the best estimates possible for household consumption expenditure patterns in 2020 ($t-1$). This guidance note discusses methods and data sources to re-estimate the national accounts expenditure data for 2019 ($t-2$) in order to make them representative of 2020 ($t-1$).

The next weight update for the HICP is scheduled to be implemented with the January 2022 index. The approach for the derivation of the 2022 HICP weights will be similar to the approach adopted for the derivation of the 2021 HICP weights. The target is that the HICP weights used in 2022 should be representative for the consumption patterns in 2021.

In practice, the derivation of the 2022 HICP weights will rely on expenditure data from the national accounts for 2020. These expenditure data must be reviewed and updated so to become as representative as possible of 2021. Additional data sources are needed to complement the national accounts data for 2020. At the most detailed product level possible, the expenditures for 2021 can be estimated as follows:

- a. estimate the 2021 expenditure values directly (in which case 2020 data are not used);
- b. multiply the 2020 value by an indicator of the change in expenditure;
- c. multiply the 2020 value by an indicator of the change in volume and an indicator of the change in price.

If the source data underlying these adjustments are only available for the first three quarters of 2021, some estimation technique must be applied for the last quarter of 2021. If these adjustments are done at a higher level than the sub-class level (5-digit ECOICOP), the estimated expenditures for 2021 can be allocated proportionally to the lower levels using the structures from 2020. The guidance note from December 2020 discusses further possible estimation procedures and available data sources.

The price reference period of the HICP in 2022 corresponds to December 2021. That is why the expenditure shares obtained for the year 2021 must be price-updated with an appropriate price change between the average of 2021 and December 2021 in order to obtain HICP weights (see Article 3(c) of Regulation (EU) 2020/1148).

Consistent with the above procedure, the estimates for the total of Household Final Monetary Consumption Expenditure (HFMCE) will also refer to 2021. These data are used to derive the country weights for the calculation of European aggregate HICP indices.

A more detailed description of the weight estimation process for each country is published in the reference metadata available [here](#) (see the concepts 18.1.1.1, 18.1.1.2, 18.1.1.3, 18.1.1.5 and 18.1.1.6). The weights data are published in the tables [prc_hicp_inw](#) (for the item weights) and [prc_hicp_cow](#) (for the country weights).