



EUROPEAN COMMISSION  
EUROSTAT

Directorate C: Macro-economic statistics  
Unit C-4: Price statistics. Purchasing power parities. Housing statistics

Luxembourg, 18 March 2020

## **Compilation of the HICP EU and EEA aggregates following the Brexit**

For the Harmonised Index of Consumer Prices (HICP), Eurostat calculates geographical aggregates for the euro area, the European Union (EU) and the European Economic Area (EEA) for each ECOICOP category and for the special aggregates. The euro area and EU data refer to the respective country compositions at a specific point in time. Changes in the composition of these aggregates are incorporated using a chain index formula.

The HICP is compiled as an annually chain-linked index with December being the link month. As of 1<sup>st</sup> of February 2020, the United Kingdom (UK) is no longer part of the EU. Therefore, the year 2020 is split into two parts. The index for January 2020 is calculated the usual way. From February 2020 onwards, January 2020 is used as a new link month.

Due to the change in the country composition of the EU and EEA aggregates, the indices will be compiled with two different sets of weights: the first one (including the UK) is used in the compilation of the January 2020 index and the second one (excluding the UK) is used in the index from February 2020 onwards. The two set of weights are based on the same input data. However, in order to obtain consistent results, the second set of weights requires a technical price-updating to take account of the price change between December 2019, the usual link month, and January 2020, the new link month (see [Excel](#) for an illustration of the calculations of the fixed and changing composition aggregates).

This procedure ensures in particular that:

- The monthly rates of change for the EU aggregates in January 2020 are the same as those of the fixed composition aggregates with 28 Member States (EU28),
- The monthly rates of change for the EU aggregates from February 2020 onwards are the same as those of the fixed composition aggregates with 27 Member States (EU27\_2020).

During 2020, the annual rates of change of the EU and EEA aggregates reflect changes in the geographical scope. For the derivation of geographically consistent annual rates of change, the fixed composition aggregate EU27\_2020 should be used.

More details on the application of the chain index formula are available in the [HICP methodological manual](#).