



EUROPEAN COMMISSION

EUROSTAT

Directorate C: National Accounts, Prices and Key Indicators

Unit C-5: Price statistics; Purchasing Power Parities; Housing Statistics



## **HICP COMPLIANCE MONITORING**

### **INFORMATION NOTE**

### **ON THE HARMONISED INDICES OF CONSUMER PRICES**

### **FOR SWEDEN**

**August 2013**

In the context of compliance monitoring and quality assurance, Eurostat reviewed the HICP for Sweden in December 2011. The statistical practices used to compile the HICP for Sweden have been reviewed against HICP methodology and other guidelines and good practices in the field of consumer price indices.

This report takes account of publicly available information on the CPI and HICP for Sweden and additional information collected by Eurostat prior to, during and following a mission to Statistics Sweden - held on 15 December 2011.

## **I. OVERALL ASSESSMENT**

Statistics Sweden has completed a number of actions in order to improve the Swedish HICP in recent years. Eurostat supports Statistics Sweden's plans to undertake further improvements to the HICP.

The Swedish data pass, all standard HICP validation tests – they are internally consistent and aggregate correctly. The HICP should be considered comparable to the HICP of other EU countries.

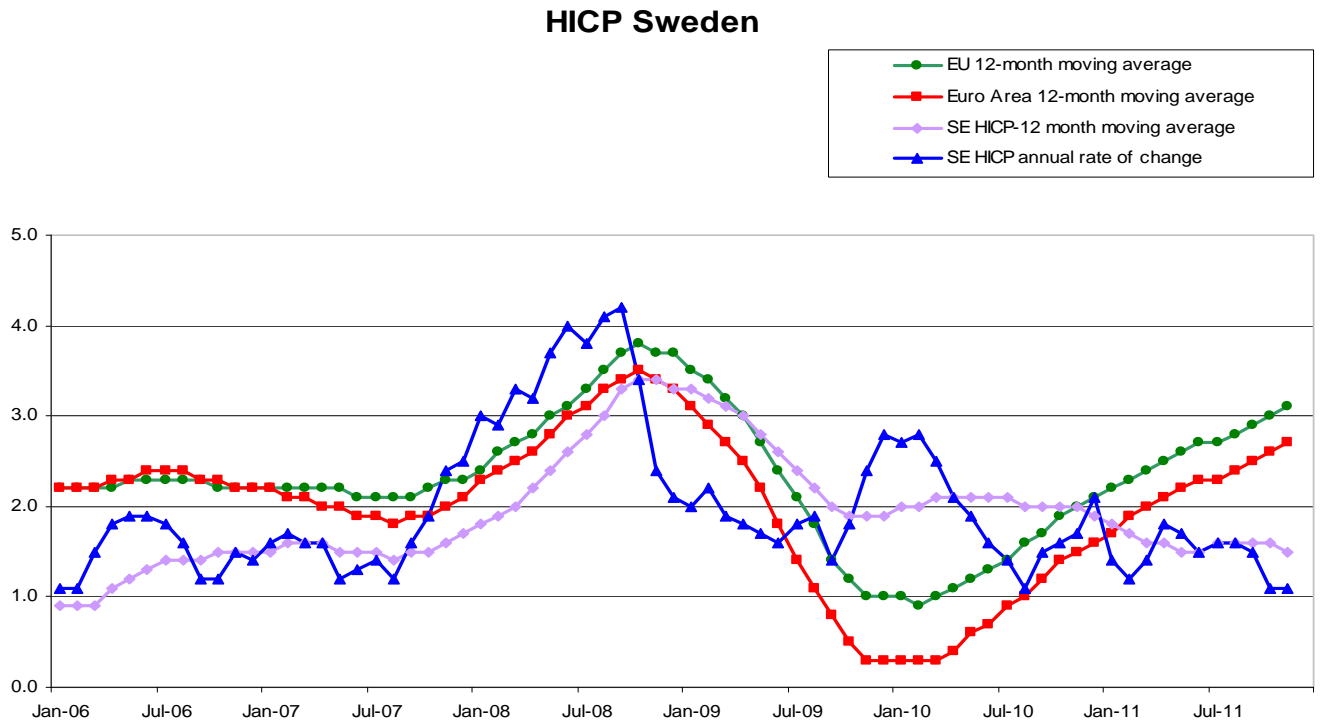
While the reliability of the HICP, in terms of precision and representativeness, appears generally adequate, in few cases the methodology or data used need improvement or further analysis (see Section III). A targeted follow up of these cases will be carried out by Statistics Sweden and Eurostat. Nevertheless, instances of non-compliance with the HICP methodology are unlikely to have a major impact in practice on the HICP annual average rates of change.

## **II. RECENT PRICE DEVELOPMENTS**

The focus of Eurostat's 2011 assessment on price developments was on those headings which had shown the most significant impacts on the 12-month moving average rate of change. The most significant upward impacts on the HICP in October 2011 came from fuels for transport, electricity, coffee, tea and cocoa, restaurants and cafes, milk, cheese and eggs and rents. At the same time, significant downward impacts came in particular from audio-visual equipment, IT equipment, furniture and telecommunications.

In November 2011, the annual inflation rate for Sweden was 1.1 %. This was below the euro area average of 3.0 % and below the EU average of 3.4 %. Figure 1 shows the development in the 12-month moving average rate of change for Sweden, the euro-area and the European Union, together with the annual rate of change for Sweden, from January 2006 onwards.

Figure 1:



### III. FINDINGS AND RECOMMENDATIONS

For most headings both the methodology and data appear compliant with HICP requirements, and the movements in both prices and weights in recent periods correctly reflect economic determinants.

Sweden has been compliant with the new standards of HICP weightings. The weights are updated every year on the basis of National Accounts data. The reference period for weights is year  $t-2$ . No change of the method was necessary upon entry into force of the Commission Regulation (EC) No 1114/2010.

Sweden has implemented the Commission Regulation (EC) No 330/2009 on the treatment of seasonal items. The implementation required some minor methodological changes which had a negligible impact on the all-items HICP in most parts of 2011.

The most important difference between the HICP and the national CPI for Sweden lies in the different purposes of the two indices. Resulting from this, upper level aggregation of the national CPI deviates from HICP rules. The main differences in the coverage between the HICP and the national CPI concern hospital services, elderly care, other financial services n.e.c and services charged in proportion to transaction values (all included in HICP but excluded from CPI) and user capital costs of owner-occupied housing (OOH), cost of housing co-operatives and games of chance (all included in CPI but excluded from HICP).

Statistics Sweden has reengineered and modernised its index production system starting with 2010. This action has contributed to substantial improvements in the quality of the Swedish CPI/HICP statistics.

Statistics Sweden has been continuing research on the exploitation of scanner data and their inclusion in index calculation.

Eurostat welcomes plans of Statistics Sweden to transmit separate figures for goods and services telecommunication as well as for minor repairs of the dwelling and to carry out research on the separation of foreign business expenditure from tourist expenditure.

**Eurostat recommends that:**

- Statistics Sweden investigates price developments and availability of products showing seasonal patterns such as seeds, spring flowers and autumn flowers and treats them in line the standards for seasonal items if appropriate.
- Statistics Sweden reviews the index calculation practice used for telecommunications and computers in order to limit chain drifting effects.
- Statistics Sweden reassures that the requirements related to the treatment of insurances are met.
- Statistics Sweden re-examines its practice to take into account reduced prices into the index calculation.
- Statistics Sweden checks the representativity of its product sample, in particular for those product groups where scanner data of a single chain is included.
- Statistics Sweden makes efforts to extend the coverage of other services n.e.c.
- Statistics Sweden makes sure that financial intermediation services are excluded from HICP calculation.
- Statistics Sweden elaborates on its methods for rentals and on the possibilities to separate expenditures for rentals and services related to the dwelling.
- While there is not yet a legal obligation, Statistics Sweden considers the contribution to the calculation of HICP Administered Prices.