

New reference year 2005=100 for Harmonised Indices of Consumer Prices

Starting from the release of the harmonised indices of consumer prices¹ (HICPs) for January 2006, HICP index levels will be rescaled. A Commission Regulation (Official Journal L 274, 20.10.2005) provides the basis for changing the HICP index reference period to 2005=100 from 1996=100. **Eurostat, the Statistical Office of the European Communities**, plans to publish the January 2006 HICPs on Tuesday 28 February 2006.

The Regulation sets up a new common index reference period for all HICPs as well as establishing a procedure for future updating of the index reference period.

Extensions of HICP coverage, as well as the accession of the ten newest EU Member States, have had the consequence that some HICP sub-indices refer to different index reference periods (since they start at different times). The new common index reference period will improve the relevance and transparency of the presentation of HICPs.

Rounding effects

With this Regulation, and in order to minimise the effects on historic data, the following new rounding procedures will apply:

- Euro-zone, EU and EEA index levels for all COICOP/HICP sub-indices and special aggregates² will be calculated using unrounded data supplied by Member States. From the start of the series, the index levels will be published rounded to two decimals. Rates of change will be calculated from the published index levels and be published rounded to one decimal as hitherto. Comparing the annual rates of change with those using 1996=100, and as a result of rounding effects, some 3-4% of the annual rates will differ by 0.1 percentage points.
- Index levels for individual Member States will be published rounded to either one or two decimals, in line with national practices. Rates of change will continue to be calculated from the published index levels and will be published rounded to one decimal place. For Member States where the index levels are published with one decimal, the annual rates of change may differ from those published in the 1996=100 series in roughly 30-40% of cases, usually by 0.1 percentage points but in some cases by up to 0.3 percentage points. This is a result of rounding effects.

1. Harmonised Indices of Consumer Prices (HICPs) are harmonised inflation figures required under Article 121 of the Treaty of Amsterdam (109j of the Treaty on European Union). Price changes as measured by HICPs, the Monetary Union Index of Consumer Prices (MUICP), the European Index of Consumer Prices (EICP) and the European Economic Area Index of Consumer Prices (EEAICP) are used as measures of inflation in the Member States, in the euro-zone, in the European Union, and in the European Economic Area.

The MUICP is used by, among others, the European Central Bank (ECB) as a main indicator for monetary policy management for the euro-zone.

More information on HICPs can be obtained from the monthly publication *Statistics in focus, Economy and Finance, Harmonized indices of consumer prices*.

2. Eurostat calculates and publishes 34 'Special Aggregates', such as 'HICP all-items excluding energy' and 'HICP all-items excluding energy, food, alcohol and tobacco' for Member States, the euro-zone, the EU and the EEA and candidate countries.

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