

Glossary: Consumer price index (CPI)

Statistics Explained

The **consumer price index** , abbreviated as **CPI** , measures the change over time in the prices of consumer goods and services acquired, used or paid for by [households](#) . It is an important measure of [inflation](#) in the [European Union \(EU\)](#) .

CPIs aim to cover the whole set of goods and services consumed within the territory of a country by the population. To do this, a representative set is selected; the so-called “consumer basket”. Consumer goods and services include, for example, food and beverages, products for personal hygiene, newspapers and periodicals, expenditure on housing, water, electricity, gas and other fuels, health, transport, communications, education, restaurants and hotels.

Many of these goods and services are [bought frequently or consumed on a daily basis](#) .

CPIs may be used for a wide variety of purposes, including:

- as a guide for monetary policy;
- for the indexation of commercial contracts, wages, social protection benefits or financial instruments;
- as a tool for [deflating](#) the [national accounts](#) or calculating changes in national consumption or living standards.

[Eurostat](#) compiles [harmonised indices of consumer prices \(HICPs\)](#) to allow international comparisons of consumer price inflation. HICPs are used by the [European Central Bank](#) to monitor inflation in the [euro area](#) and to assess inflation convergence, as required under Article 121 of the [Treaty of Amsterdam](#) .

Related concepts

- [Convergence criteria](#)
- [Harmonised index of consumer prices \(HICP\)](#)
- [Inflation rate](#)

Statistical data

- [Consumer prices - inflation](#)