



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 GREECE

June 2013

In the context of compliance monitoring and quality assurance, Eurostat reviewed the Harmonised Indices of Consumer Prices (HICP) for Greece in July 2011. The statistical practices used to compile the HICP for Greece 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 national Consumer Price Indices (CPI) and HICP for Greece and additional information collected by Eurostat prior to, during and following a mission to the Statistical Office of Greece (ELSTAT) – held on 21 July 2011.

I. OVERALL ASSESSMENT

ELSTAT has completed some actions in order to improve the Greek HICP in recent years. Eurostat supports ELSTAT's plans to undertake further improvements to the HICP.

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. The Greek data pass, from January 2008 onwards, all standard HICP validation tests – they are internally consistent and aggregate correctly. Their HICP should be considered broadly comparable to the HICPs of other EU countries.

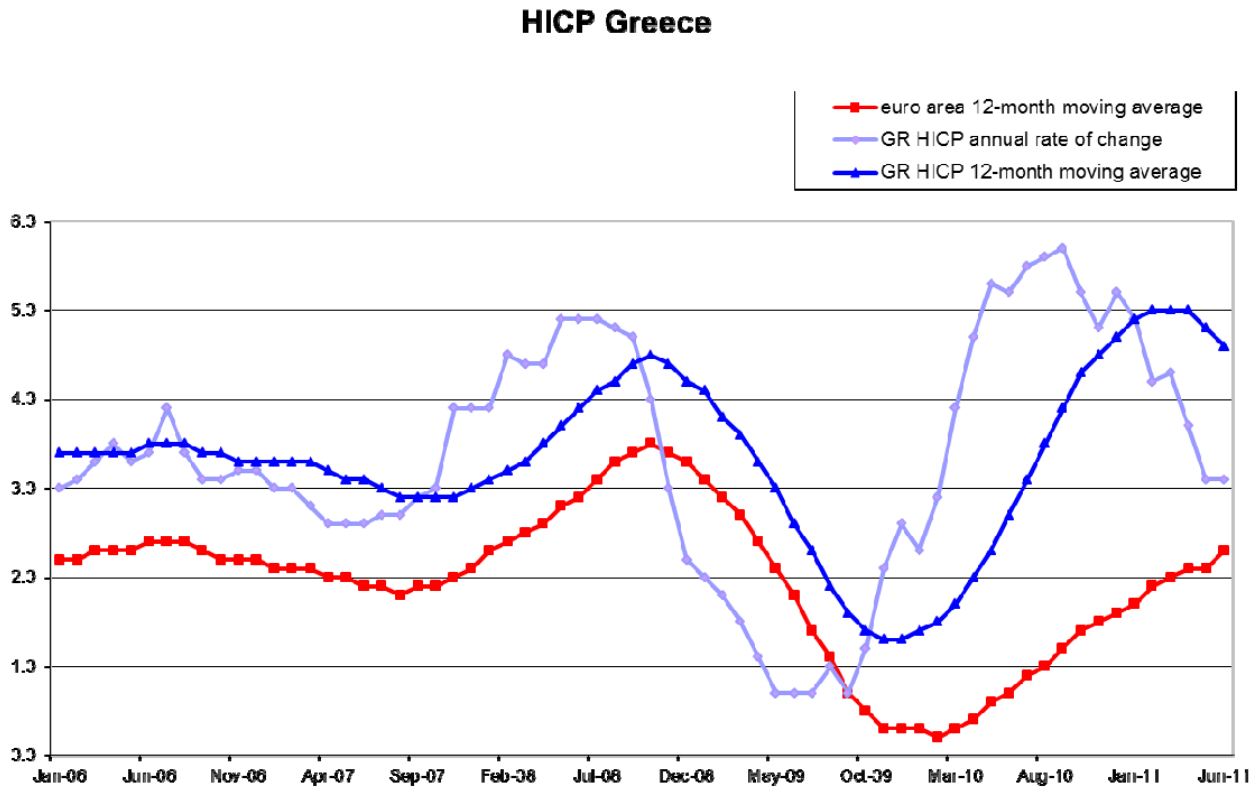
While the reliability of the HICP, in terms of precision and representativeness, appears generally adequate, in some cases the methodology or data used need improvement or further analysis (see Section III). A follow up of these cases will be carried out by ELSTAT and Eurostat.

II. RECENT PRICE DEVELOPMENTS

The focus of Eurostat's 2011 assessment on price developments was on those sub-indices 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 January 2010 came from fuels for transport, heating oil, tobacco, road transport, spirits due to an increase in indirect taxes. At the same time, significant downward impacts came in particular from garments, restaurants and cafes, education, meat, telecommunications, fruit, pharmaceutical products and rents as a result of weak demand.

In June 2011, the annual inflation rate for Greece was 3.1 %. This was above the euro area average of 2.7 % and the same as the EU average of 3.1 %. The Figure 1 shows the development in the 12-month moving average rate of change and the annual rate of change for Greece, together with the euro area 12-month moving rate from January 2006 onwards.

Figure 1:



III. FINDINGS AND RECOMMENDATIONS

For most sub-indices both the methodology and practices appear compliant with HICP requirements, and the movements in both prices and weights in recent periods correctly reflect economic determinants. Weights are currently updated every year, and the item weights for 2011 refer to the year 2008.

The most important differences between the HICP and the national CPI for Greece concern differences in population coverage, item weights and use of data sources for calculating the weights, and different frequency of renewal and updating of the weights of items. However, there are no differences in the sample of goods and services between HICP and CPI in Greece.

According to ELSTAT, the main methodological changes introduced recently concerned the implementation of the Commission Regulation (EC) No 330/2009 on the treatment of seasonal items and Commission Regulation (EC) No 1114/2010 concerning minimum standards for HICP weightings. Concerning seasonal items, class-confined seasonal weights were introduced for clothing and footwear. In the calculation of HICP weights, the data reference period was changed to year t-2 (instead of year t-3).

Eurostat welcomes the plans of ELSTAT:

- To include diesel fuel into the sample of goods and services;
- To explore the possibilities of applying explicit quality adjustment methods;
- To modernise the index production process.

Eurostat recommends that:

- ELSTAT regularly monitor the implementation of Regulation no 330/2009 on seasonal items in relation to fruit and vegetables and the variability of their seasonal weights;
- ELSTAT explore and assess the practical aspects necessary in order to include expenditure on second hand cars in the HICP;
- In the case of telecommunication services, ELSTAT conduct research with the aim of improving the approach by extending the coverage of the index and taking better account of consumers switching among service packages;
- ELSTAT review the method for price-updating of yearly weights for detailed COICOP levels where yearly expenditure figures are not available;
- ELSTAT closely monitor the importance of seasonally available flights and accommodation services and include them as necessary;
- ELSTAT continue to ensure a systematic approach in order to include newly significant products and outlets into the sample and regularly assess such an approach;
- ELSTAT continue to ensure the treatment of reduced prices in line with the existing legislation;
- ELSTAT elaborate on the relevance of insurances connected to the dwelling for the Greek HICP.