



# information

## notice

### Comparison between the CPI and the HICP

Both the Consumer Price Index (CPI) and the Harmonised Indices of Consumer Prices (HICP) are designed to measure, in index form, the change in the average level of prices paid for consumer goods and services by all private and institutional households in the country and by foreign tourists while on holiday in Ireland. Both the CPI and the HICP are used to measure consumer inflation.

The similarities and differences between the CPI and the HICP are summarised in Table 1 and Table 2 respectively.

**Table 1: The similarities between the CPI and the HICP**

<b>Similarities</b>	<b>CPI and HICP</b>
<b>Purpose</b>	Both the CPI and HICP measure the change in the average level of prices of a fixed basket of consumer goods and services.
<b>Classification system</b>	COICOP/HICP - Classification of Individual Consumption by Purpose Adapted to the Needs of Harmonised Indices of Consumer Prices (2000).
<b>Reference population</b>	Includes: All private households in the State, foreign tourists on holiday within Ireland (since January 2002) and all institutional households in the State (since January 2013).
<b>Expenditure and source of expenditure data</b>	Only expenditure within Ireland is covered. Prior to January 2013, the primary source of the expenditure data ("weights") was the five yearly Household Budget Survey (HBS). Since January 2013, the primary source of the expenditure data is the annual National Accounts "Household Final Monetary Consumption Expenditure" (HFMCE) data.
<b>Price data</b>	The same basic price data which is collected from the same retail outlets/service providers is used to compile both the CPI and the HICP.
<b>Methodology</b>	The same methodology is used for the CPI and HICP both in compiling and aggregating the component price indices which follow European Union (EU) Regulations that have been developed by Eurostat (the Statistical Office of the EU) in conjunction with the National Statistical Institutes (NSIs) of member states of the EU.

**Table 2: The differences between the CPI and the HICP**

Differences	CPI	HICP
<b>Date of introduction</b>	The first official CPI for the State was compiled in March 1922.	The HICP was launched in 1996.
<b>Measure of consumer price inflation</b>	The CPI is the official measure of inflation in Ireland.	The HICPs enable international comparisons of inflation rates to be made between member states within the European Union (EU).
<b>Inside the scope but excluded from the coverage</b>	02.3 Narcotics 12.2 Prostitution	02.3 Narcotics 12.2 Prostitution Owner-occupied housing: 04.2 Imputed rentals for housing.
<b>Coverage</b>	<p>634 item headings</p> <p>The household charge was introduced to the CPI in April 2012 and subsequently became the local property tax in July 2013. The local property tax is included in the basket under the item 'miscellaneous goods and services', which is part of COICOP 12.7.0.</p> <p>The current basket of goods and services consists of 634 representative items which were predominantly selected as part of the December 2011 rebase. The exception was two new items, water supply and sewage collection, which were introduced in January 2015.</p>	<p>626 item headings</p> <p>The following item headings in the CPI basket of goods and services are excluded from the HICP basket of goods and services:</p> <ul style="list-style-type: none"> <li>• Mortgage interest</li> <li>• Building materials</li> <li>• Motor tax – motor cycle</li> <li>• Motor tax – motor car</li> <li>• House insurance – contents (non-service)</li> <li>• House insurance – dwelling</li> <li>• Motor car insurance (non-service)</li> <li>• Union subscriptions</li> </ul> <p>The Local Property Tax is not included in the HICP.</p>

**Table 2 (cont'd): The differences between the CPI and the HICP**

<p><b>Treatment of Insurance</b></p>	<p>Gross insurance premiums paid by households are included in the following CPI weights:</p> <p>12.5.2 Insurance connected with the dwelling          12.5.3 Insurance connected with health          12.5.4 Insurance connected with transport.</p>	<p>Only the "service charges" for insurance premiums paid by households are included in the following HICP rates:</p> <p>12.5.2 Insurance connected with the dwelling          12.5.3 Insurance connected with health          12.5.4 Insurance connected with transport</p> <p>where the "service charge = gross insurance premiums plus premium supplements minus claims minus changes in the actuarial provisions.</p> <p>Claims paid out by insurance providers on behalf of households are added to the following HICP weights:</p> <p>04.3.1 Materials for the maintenance and repair of the dwelling          04.3.2 Services for the maintenance and repair of the dwelling          06.3.0 Hospital services          07.2.3 Maintenance and repair of personal transport equipment.</p>
<p><b>Base reference period</b></p>	<p>The current base reference period is December 2011=100</p>	<p>The current base reference period is 2015=100</p>

Enquiries to:

CSO, Skehard Road, Cork, T12 X00E, Ireland

LoCall: 1890 313 414 (ROI)  
 0870 876 0256 (UK/NI)

Tel: 021 453 5000  
 01 498 4000

Fax: 021 453 5433

E-mail: [cpi@csso.ie](mailto:cpi@csso.ie)

Internet: <http://www.csso.ie>

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