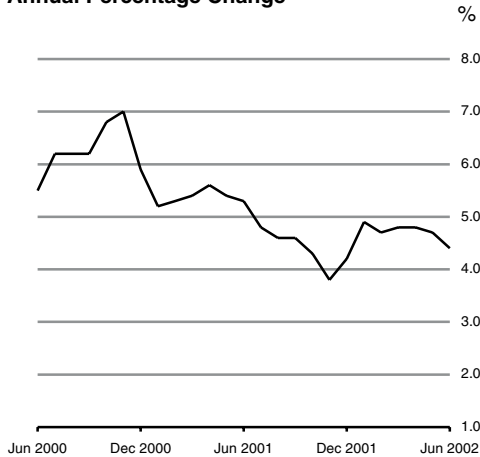




## Consumer Price Index June 2002

**Consumer Price Index - all items**  
**Annual Percentage Change**



**CPI and HICP**

	CPI		HICP	
	% monthly change	% annual change	% monthly change	% annual change
<b>Feb 2002</b>	+ 0.7	+ 4.7	+ 0.6	+ 4.9
<b>Mar 2002</b>	+ 0.9	+ 4.8	+ 0.9	+ 5.1
<b>Apr 2002</b>	+ 0.9	+ 4.8	+ 0.7	+ 5.0
<b>May 2002</b>	+ 0.5	+ 4.7	+ 0.6	+ 5.0
<b>June 2002</b>	+ 0.2	+ 4.4	+ 0.2	+ 4.5

### Annual Inflation falls to 4.4% in June

Consumer Prices in June, as measured by the CPI, increased by 0.2% in the month. This was lower than the monthly increase of 0.5% in June of last year and, as a result, annual inflation fell to 4.4% compared with 4.7% in May.

The EU Harmonised Index of Consumer Prices (HICP) also rose by 0.2% in the month, and was 4.5% higher than June 2001 (see Background Notes for differences between the CPI and the HICP). This compares with an annual rate of 5.0% in the year to May.

The most significant monthly price changes were increases in Housing, Water, Electricity, Gas & Other Fuels (+0.8%), Food & Non Alcoholic Beverages (+0.3%), Recreation & Culture (+0.3%), Restaurants, Hotels & Licensed Premises (+0.3%) and decreases in Communications (-0.5%) and Miscellaneous Goods & Services (-0.3%).

The most notable changes in the year were increases in Miscellaneous Goods & Services (+10.4%), Health (+10.2%), Education (+9.7%), Restaurants, Hotels & Licensed Premises (+7.3%), Recreation & Culture (+7.0%) and Alcoholic Beverages & Tobacco (+5.4%). Clothing & Footwear fell by 2.7%.

The main factors contributing to the monthly change were as follows:

- ◆ Housing, Water, Electricity, Gas & Other Fuels rose with increases in average mortgage interest repayments, higher charges for house maintenance services and increased local authority rents while the price of home heating oil fell marginally.
- ◆ Food & Non Alcoholic Beverage prices were up overall with increases in the prices of fresh fruit, sweets & chocolate, biscuits, lamb, beef, bread, fresh fish & tea while the prices of pork, other meat products, cheese and fresh vegetables fell.
- ◆ Recreation & Culture costs increased with higher charges for package holidays and increases in the price of newspapers, sports & recreation goods, gardening, plants & flowers and veterinary services & other pet costs.
- ◆ Restaurants, Hotels and Licensed Premises rose with increases in the cost of meals out, beer, wine, spirits & soft drinks and higher charges for hotels and guest houses.

The CPI excluding tobacco index for June was 103.0, up 0.2% since May and up 4.3% in the year.

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**Table 1 Consumer Price Index (All Items)**

Period		Consumer Price Index		Percentage changes		
		Current base Dec. 2001=100	Former base Nov. 1996=100 <sup>1</sup>	One month	Three months	12 months
				%	%	%
<b>1997</b>	Year		100.7			+ 1.5
<b>1998</b>	Year		103.1			+ 2.4
<b>1999</b>	Year		104.8			+ 1.6
<b>2000</b>	Year		110.7			+ 5.6
<b>2001</b>	Year		116.1			+ 4.9
<b>1999</b>	January		102.8	- 0.8	- 1.2	+ 1.5
	February		103.4	+ 0.6	- 0.3	+ 1.6
	March		103.7	+ 0.3	+ 0.1	+ 1.4
	April		104.2	+ 0.5	+ 1.4	+ 1.4
	May		104.7	+ 0.5	+ 1.3	+ 1.5
	June		105.0	+ 0.3	+ 1.3	+ 1.3
	July		104.6	- 0.4	+ 0.4	+ 1.2
	August		105.2	+ 0.6	+ 0.5	+ 1.4
	September		105.6	+ 0.4	+ 0.6	+ 1.5
	October		105.7	+ 0.1	+ 1.1	+ 1.5
	November		105.9	+ 0.2	+ 0.7	+ 2.1
	December		107.1	+ 1.1	+ 1.4	+ 3.4
<b>2000</b>	January		106.9	- 0.2	+ 1.1	+ 4.0
	February		107.8	+ 0.8	+ 1.8	+ 4.3
	March		108.5	+ 0.6	+ 1.3	+ 4.6
	April		109.3	+ 0.7	+ 2.2	+ 4.9
	May		110.1	+ 0.7	+ 2.1	+ 5.2
	June		110.8	+ 0.6	+ 2.1	+ 5.5
	July		111.1	+ 0.3	+ 1.6	+ 6.2
	August		111.7	+ 0.5	+ 1.5	+ 6.2
	September		112.1	+ 0.4	+ 1.2	+ 6.2
	October		112.9	+ 0.7	+ 1.6	+ 6.8
	November		113.3	+ 0.4	+ 1.4	+ 7.0
	December		113.4	+ 0.1	+ 1.2	+ 5.9
<b>2001</b>	January		112.5	- 0.8	- 0.4	+ 5.2
	February		113.5	+ 0.9	+ 0.2	+ 5.3
	March		114.4	+ 0.8	+ 0.9	+ 5.4
	April		115.4	+ 0.9	+ 2.6	+ 5.6
	May		116.1	+ 0.6	+ 2.3	+ 5.4
	June		116.7	+ 0.5	+ 2.0	+ 5.3
	July		116.4	- 0.3	+ 0.9	+ 4.8
	August		116.8	+ 0.3	+ 0.6	+ 4.6
	September		117.3	+ 0.4	+ 0.5	+ 4.6
	October		117.7	+ 0.3	+ 1.1	+ 4.3
	November		117.6	- 0.1	+ 0.7	+ 3.8
	December		118.2	+ 0.5	+ 0.8	+ 4.2
<b>2002</b>	January	99.8	118.0	- 0.2	+ 0.3	+ 4.9
	February	100.5	118.8	+ 0.7	+ 1.0	+ 4.7
	March	101.4	119.9	+ 0.9	+ 1.4	+ 4.8
	April	102.3	120.9	+ 0.9	+ 2.5	+ 4.8
	May	102.8	121.5	+ 0.5	+ 2.3	+ 4.7
	June	103.0	121.7	+ 0.2	+ 1.6	+ 4.4

<sup>1</sup> Linked to current Consumer Price Index at mid-December 2001

**Table 2 CPI Subindices, June 2002**

COICOP Group	Dec. 2001 base expenditure weights	Consumer Price Index (CPI)		Percentage changes		
		Current base Dec. 2001	Former base Nov. 1996	One month	Three months	12 months
CPI excluding Tobacco	95.601	103.0	120.8	+ 0.2	+ 1.7	+ 4.3
CPI excluding Housing <sup>1</sup>	90.253	103.0	122.3	+ 0.1	+ 1.6	+ 4.8
CPI excluding Mortgage Interest	95.370	102.9	122.5	+ 0.1	+ 1.5	+ 4.8

<sup>1</sup> Housing includes rents, local authority charges, mortgage interest, materials for repairs & decoration and house insurance.

**Table 3 Consumer Price Commodity Group Indices, June 2002**

COICOP Group	Dec. 2001 base expenditure weights	Consumer Price Index (CPI)		Percentage changes		
		Current base Dec. 2001	Former base Nov. 1996	One month	Three months	12 months
01 Food and Non Alcoholic Beverages	14.092	101.8	124.4	+ 0.3	+ 1.4	+ 2.7
02 Alcoholic Beverages and Tobacco	7.498	103.8	133.5	-	+ 1.0	+ 5.4
03 Clothing and Footwear	5.052	97.5	75.5	- 0.2	+ 0.3	- 2.7
04 Housing, Water, Electricity, Gas and Other Fuels	12.331	103.6	115.4	+ 0.8	+ 1.9	+ 0.3
05 Furnishings, Household Equipment and Routine Household Maintenance	4.331	100.1	118.4	+ 0.2	+ 1.1	+ 2.2
06 Health	2.518	105.2	144.0	+ 0.1	+ 2.4	+ 10.2
07 Transport	13.183	103.9	114.8	-	+ 2.9	+ 0.7
08 Communications	1.903	101.4	78.8	- 0.5	+ 0.9	+ 3.2
09 Recreation and Culture	10.810	102.6	121.8	+ 0.3	+ 0.9	+ 7.0
10 Education	1.547	101.7	154.8	-	+ 0.4	+ 9.7
11 Restaurants and Hotels	17.760	105.0	132.3	+ 0.3	+ 1.9	+ 7.3
12 Miscellaneous Goods & Services	8.975	103.4	144.9	- 0.3	+ 1.5	+ 10.4
ALL ITEMS	100.000	103.0	121.7	+ 0.2	+ 1.6	+ 4.4
<b>Of which:</b>						
Energy Products <sup>1</sup>	6.396	106.9	118.1	- 0.6	+ 5.7	+ 1.1
Alcohol <sup>2</sup>	11.898	105.4	128.5	+ 0.1	+ 1.8	+ 7.0
Tobacco	4.399	103.8	142.1	+ 0.1	+ 0.4	+ 5.9

<sup>1</sup> Electricity, gas, other domestic and transport fuels.

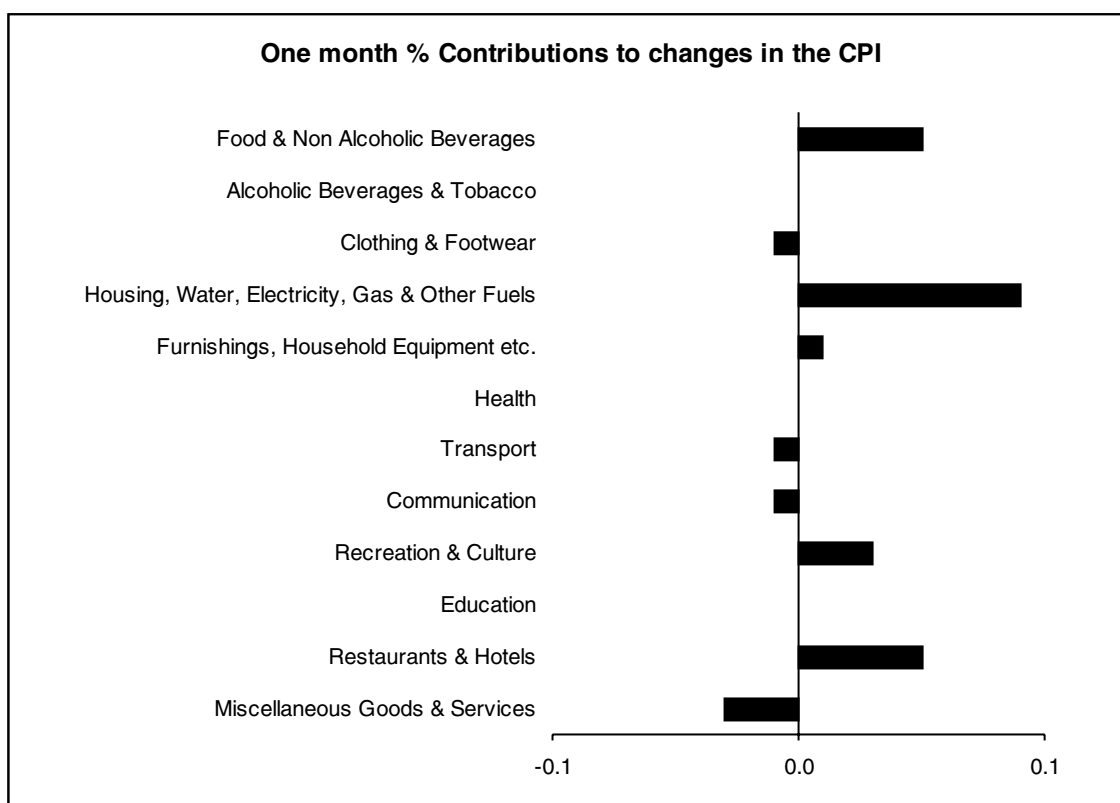
<sup>2</sup> Constitutes part of 02 (see page 12 - off-licence sales) and part of 11 (see page 12 - alcohol consumed in licenced premises) giving a combined index for alcohol.

See Background Notes page 12 for comparison by COICOP groups.

**Table 4 Contributions to changes in the All Items CPI, June 2002**

COICOP Group	Contributions to overall CPI % change	
	One month	12 months <sup>1</sup>
01 Food and Non Alcoholic Beverages	+ 0.05	+ 0.40
02 Alcoholic Beverages and Tobacco	-	+ 0.42
03 Clothing and Footwear	- 0.01	- 0.14
04 Housing, Water, Electricity, Gas and Other Fuels	+ 0.09	+ 0.03
05 Furnishings, Household Equipment and Routine Household Maintenance	+ 0.01	+ 0.10
06 Health	-	+ 0.26
07 Transport	- 0.01	+ 0.10
08 Communications	- 0.01	+ 0.07
09 Recreation and Culture	+ 0.03	+ 0.76
10 Education	-	+ 0.15
11 Restaurants and Hotels	+ 0.05	+ 1.34
12 Miscellaneous Goods & Services	- 0.03	+ 0.91
ALL ITEMS % change	+ 0.2	+ 4.4

<sup>1</sup> Estimated



**Table 5 EU Harmonised Index of Consumer Prices**

Period	HICP		Percentage changes	
	Year 1996=100	One month	12 months	
		%	%	
<b>1996</b> Year	100.0			
<b>1997</b> Year	101.2		+ 1.2	
<b>1998</b> Year	103.4		+ 2.2	
<b>1999</b> Year	106.0		+ 2.5	
<b>2000</b> Year	111.5		+ 5.2	
<b>2001</b> Year	116.0		+ 4.0	
<b>2000</b> January	108.2	- 0.3	+ 4.4	
February	109.1	+ 0.8	+ 4.6	
March	109.8	+ 0.6	+ 5.0	
April	110.5	+ 0.6	+ 5.0	
May	111.3	+ 0.7	+ 5.1	
June	111.9	+ 0.5	+ 5.4	
July	111.9	-	+ 5.9	
August	112.5	+ 0.5	+ 5.7	
September	112.8	+ 0.3	+ 5.5	
October	113.4	+ 0.5	+ 6.0	
November	113.6	+ 0.2	+ 6.0	
December	113.5	- 0.1	+ 4.6	
<b>2001</b> January	112.4	- 1.0	+ 3.9	
February	113.4	+ 0.9	+ 3.9	
March	114.3	+ 0.8	+ 4.1	
April	115.2	+ 0.8	+ 4.3	
May	115.9	+ 0.6	+ 4.1	
June	116.7	+ 0.7	+ 4.3	
July	116.4	- 0.3	+ 4.0	
August	116.7	+ 0.3	+ 3.7	
September	117.1	+ 0.3	+ 3.8	
October	117.7	+ 0.5	+ 3.8	
November	117.5	- 0.2	+ 3.4	
December	118.5	+ 0.9	+ 4.4	
<b>2002</b> January	118.3	- 0.2	+ 5.2	
February	119.0	+ 0.6	+ 4.9	
March	120.1	+ 0.9	+ 5.1	
April	121.0	+ 0.7	+ 5.0	
May	121.7	+ 0.6	+ 5.0	
June	121.9	+ 0.2	+ 4.5	

**Table 6 EU Harmonised Consumer Price COICOP Group Indices, June 2002**  
**Ireland**

Commodity Group COICOP	HICP	Percentage Change		Percentage Contribution
	Current base Year 1996	One month	12 months	One month
		%	%	%
01 Food and Non Alcoholic Beverages	123.9	+ 0.3	+ 2.7	+ 0.06
02 Alcoholic Beverages and Tobacco	134.9	-	+ 5.4	-
03 Clothing and Footwear	75.8	- 0.3	- 2.8	- 0.01
04 Housing, Water, Electricity, Gas and Other Fuels	122.6	+ 0.6	+ 3.8	+ 0.05
05 Furnishings, Household Equipment and Routine Household Maintenance	117.5	+ 0.3	+ 1.7	+ 0.01
06 Health	141.8	+ 0.1	+ 10.2	-
07 Transport	118.1	- 0.1	+ 0.7	- 0.01
08 Communications	78.4	- 0.5	+ 3.2	- 0.01
09 Recreation and Culture	123.1	+ 0.3	+ 7.0	+ 0.04
10 Education	141.8	-	+ 9.7	-
11 Restaurants and hotels	133.8	+ 0.3	+ 7.0	+ 0.06
12 Miscellaneous Goods & Services	133.4	+ 0.2	+ 8.1	+ 0.01
HICP	121.9	+ 0.2	+ 4.5	+ 0.2

<sup>1</sup> Estimated

**Table 7 EU Harmonised Index of Consumer Prices – annual % changes, May 2002**

Country	May 2001 May 2002	April 2001 April 2002	March 2001 March 2002	February 2001 February 2002	January 2001 January 2002	December 2000 December 2001
Austria	1.6 <sup>1</sup>	1.7 <sup>3</sup>	1.7	1.7	2.0	1.8
Belgium	1.4	1.7	2.5	2.5	2.6	2.0
Finland	1.8	2.6	2.6	2.5	2.9	2.3
France	1.5 <sup>1</sup>	2.1	2.2	2.2	2.4	1.4
Germany	1.0	1.6	1.9	1.8	2.3	1.5
Greece	3.8	4.1	4.4	3.8	4.8	3.5
<b>Ireland</b>	<b>5.0</b>	<b>5.0</b>	<b>5.1</b>	<b>4.9</b>	<b>5.2</b>	<b>4.4</b>
Italy	2.4 <sup>1</sup>	2.5	2.5	2.7	2.4	2.2
Luxembourg	1.3	1.9	1.7	2.2	2.1	0.9
Netherlands	3.8 <sup>1</sup>	4.2	4.3	4.5	4.9	5.1
Portugal	3.4	3.5	3.3	3.3	3.7	3.9
Spain	3.7	3.7	3.2	3.2	3.1	2.5
<b>EMU (MUICP)<sup>2</sup></b>	<b>2.0<sup>1</sup></b>	<b>2.4<sup>3</sup></b>	<b>2.5</b>	<b>2.5</b>	<b>2.7</b>	<b>2.0</b>
Denmark	1.9	2.3	2.5	2.4	2.5	2.1
Sweden	1.7	2.2	3.0	2.7	2.9	3.2
United Kingdom	0.8	1.3	1.5	1.5	1.6	1.0
<b>EU-15 (EICP)</b>	<b>1.8<sup>1</sup></b>	<b>2.2<sup>3</sup></b>	<b>2.3</b>	<b>2.3</b>	<b>2.5</b>	<b>1.9</b>

<sup>1</sup> Provisional

<sup>2</sup> MUICP (see Background Notes)

<sup>3</sup> Revised

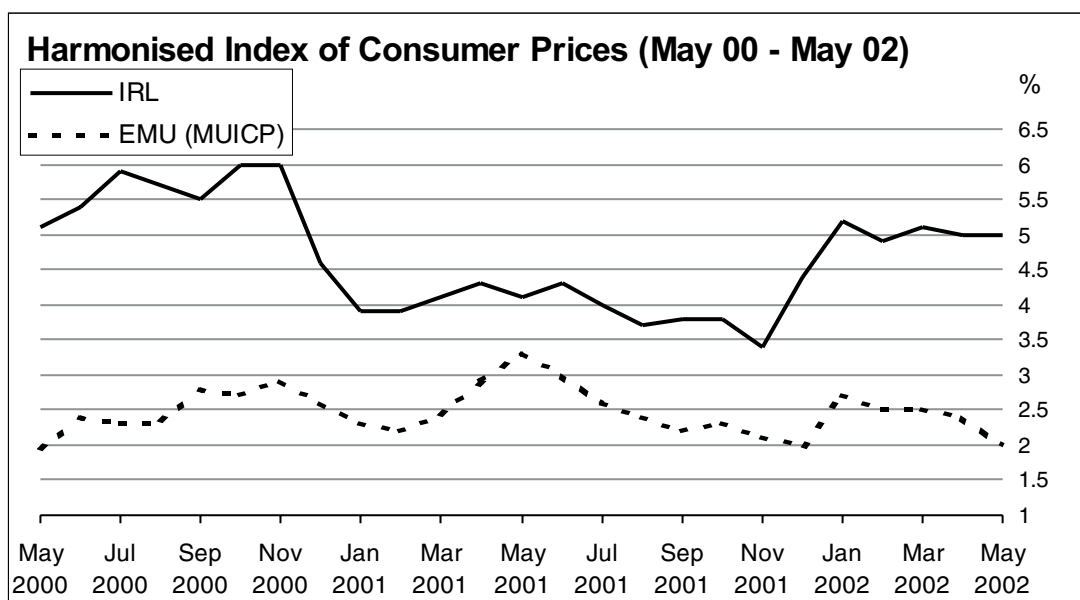
Source: Eurostat

**Table 8 Main Categories of Harmonised Indices of Consumer Prices – annual % changes, May 2002**

COICOP/HICP Group	EUR (MUICP)	EU-15 (EICP)	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
<b>Annual Percentage Rate of Change</b>																	
01 Food and Non-Alcoholic Beverages	2.4 <sup>1</sup>	2.0 <sup>1</sup>	1.9	1.8	0.3	3.6	4.7	1.9 <sup>1</sup>	3.3	3.9 <sup>1</sup>	4.5	2.8 <sup>1</sup>	0.7 <sup>1</sup>	0.7	3.8	2.9	-0.9
02 Alcoholic Beverages and Tobacco	3.9 <sup>1</sup>	3.4 <sup>1</sup>	0.9	-0.8	3.3	11.5	7.5	4.8 <sup>1</sup>	5.6	0.4 <sup>1</sup>	3.8	5.0 <sup>1</sup>	2.9 <sup>1</sup>	4.0	1.7	1.0	2.1
03 Clothing and Footwear	2.4 <sup>1</sup>	1.0 <sup>1</sup>	1.2	1.9	0.9	4.7	6.1	1.3 <sup>1</sup>	-2.6	2.6 <sup>1</sup>	2.0	3.1 <sup>1</sup>	0.8 <sup>1</sup>	3.4	0.0	2.3	-7.2
04 Housing, Water, Electricity Gas and Other Fuels	1.1 <sup>1</sup>	1.3 <sup>1</sup>	-0.1	3.7	0.3	4.1	1.9	1.3 <sup>1</sup>	3.8	0.4 <sup>1</sup>	-0.8	4.6 <sup>1</sup>	0.5 <sup>1</sup>	2.6	2.7	3.1	2.3
05 Furnishings, Household Equipment and Routine Household Maintenance	1.8 <sup>1</sup>	1.6 <sup>1</sup>	2.0	2.1	1.1	1.8	2.0	1.4 <sup>1</sup>	1.7	1.9 <sup>1</sup>	2.0	4.4 <sup>1</sup>	1.6 <sup>1</sup>	2.7	1.5	2.1	0.3
06 Health	2.4 <sup>1</sup>	2.6 <sup>1</sup>	1.5	2.2	0.5	5.4	2.6	1.1 <sup>1</sup>	10.3	3.9 <sup>1</sup>	-5.5	8.5 <sup>1</sup>	2.0 <sup>1</sup>	5.0	5.5	3.7	3.4
07 Transport	0.5 <sup>1</sup>	0.4 <sup>1</sup>	-0.7	0.7	0.3	-2.1	1.2	-0.1 <sup>1</sup>	3.1	1.5 <sup>1</sup>	-3.5	0.0 <sup>1</sup>	0.7 <sup>1</sup>	5.0	-1.6	-0.7	-0.4
08 Communications	-0.9 <sup>1</sup>	-0.4 <sup>1</sup>	-0.4	0.5	0.6	-4.2	-2.2	-0.8 <sup>1</sup>	3.7	-1.5 <sup>1</sup>	-5.3	-1.5 <sup>1</sup>	-0.5 <sup>1</sup>	-0.1	1.5	0.2	1.7
09 Recreation and Culture	1.9 <sup>1</sup>	1.7 <sup>1</sup>	1.0	0.9	1.8	2.7	3.0	0.4 <sup>1</sup>	7.2	2.8 <sup>1</sup>	3.5	3.9 <sup>1</sup>	2.0 <sup>1</sup>	2.2	1.9	0.6	1.4
10 Education	4.0 <sup>1</sup>	3.9 <sup>1</sup>	3.5	3.8	2.6	3.6	3.7	2.6 <sup>1</sup>	9.7	2.8 <sup>1</sup>	8.0	3.8 <sup>1</sup>	29.9 <sup>1</sup>	6.1	2.6	-27.7	4.9
11 Hotels, Cafes and Restaurants	4.7 <sup>1</sup>	4.4 <sup>1</sup>	5.0	2.3	4.0	8.3	5.8	4.0 <sup>1</sup>	7.2	4.2 <sup>1</sup>	4.2	7.2 <sup>1</sup>	2.6 <sup>1</sup>	5.5	2.2	4.8	3.3
12 Miscellaneous Goods & Services	3.2 <sup>1</sup>	3.1 <sup>1</sup>	2.9	4.8	2.7	3.2	3.6	2.8 <sup>1</sup>	8.2	3.6 <sup>1</sup>	2.1	5.1 <sup>1</sup>	3.2 <sup>1</sup>	5.1	2.2	1.0	2.6
HICP	2.0 <sup>1</sup>	1.8 <sup>1</sup>	1.4	1.9	1.0	3.8	3.7	1.5 <sup>1</sup>	5.0	2.4 <sup>1</sup>	1.3	3.8 <sup>1</sup>	1.6 <sup>1</sup>	3.4	1.8	1.7	0.8

1 Provisional  
2 Estimated

Source: Eurostat



**Table 9 Constant Tax Price Index**

Period	Constant Tax Price Index		Annual percentage CPI Change	
	Current Base Nov. 1996 = 100	Former base Nov. 1989 = 100	Total	Due to indirect tax
			%	%
2000				
January	104.9	120.9	+4.0	+ 1.3
February	105.7	121.8	+4.3	+ 1.2
March	106.3	122.6	+4.6	+ 1.3
April	107.0	123.3	+4.9	+ 1.3
May	107.7	124.2	+5.2	+ 1.3
June	108.4	125.0	+5.5	+ 1.4
July	108.7	125.3	+6.2	+ 1.4
August	109.2	126.0	+6.2	+ 1.3
September	109.6	126.4	+6.2	+ 1.2
October	110.3	127.2	+6.8	+ 1.3
November	110.7	127.8	+7.0	+ 1.3
December	111.0	128.1	+5.9	+ 0.3
2001				
January	110.6	127.6	+5.2	- 0.1
February	111.5	128.7	+5.3	- 0.1
March	112.4	129.7	+5.4	- 0.1
April	113.1	130.6	+5.6	- 0.1
May	113.8	131.4	+5.4	- 0.1
June	114.3	132.0	+5.3	- 0.1
July	114.1	131.8	+4.8	- 0.1
August	114.5	132.2	+4.6	- 0.1
September	114.9	132.6	+4.6	- 0.1
October	115.2	133.0	+4.3	- 0.1
November	115.1	132.9	+3.8	- 0.1
December	115.2	133.0	+4.2	+ 0.5



## Background Notes – Consumer Price Index

- Definition** The Consumer Price Index is designed to measure the change in the average level of prices (inclusive of all indirect taxes) paid for consumer goods and services by all private households in the country and by foreign tourists holidaying in Ireland.
- Consumer Price Index (CPI)** Over 55,000 prices are collected for a representative basket consisting of 613 headings which cover over 1,000 different items in a fixed panel of retail and service outlets throughout the country on the second Tuesday of each month. The date to which the June index relates is Tuesday, 11<sup>th</sup> June 2002.
- Scope of the Index**
- (i) **Population Coverage:** All private households covering approximately 97% of the total population and the expenditure of foreign tourists within Ireland. It does not include the expenditure of persons in institutions and other non private households. Expenditure which occurs abroad by Irish residents is also excluded. In statistical terms coverage is referred to as the domestic concept.
  - (ii) **Geographic Coverage:** Covers the whole of the Republic of Ireland. Pricing takes place in 86 locations (cities and towns) throughout the country. These sampling points are located in Dublin city and county, the four regional cities of Cork, Limerick, Galway and Waterford, 90% of towns with a population of 10,000 and over, 88% of towns between 5,000 and 9,999 and a smaller proportion below this threshold. The results are weighted to represent the distribution of the population and its related consumer expenditure.
  - (iii) **Item Coverage:** All goods and services bought by the reference population for the purposes of consumption are included in the index. Expenditure on capital assets and investments, gambling and certain other activities are however excluded. Over 1,000 different varieties are priced and then aggregated into 613 item headings and 12 group headings based on the COICOP classification. With each rebase the coverage of goods and services is reviewed to ensure that it continues to be representative of consumer tastes and purchasing practices.
- Price Collection** Personal visits are made to retail outlets by some 200 part-time pricers on a monthly basis. Approximately 51,000 price quotations are gathered in this way. In addition 112 special inquiries covering items such as utility charges and services are conducted by post and telephone. Most prices are collected monthly, some quarterly and others annually. The CSO supplies general specifications to price collectors and collectors are free initially to select a brand and in certain cases, size. This allows for a wide variety of different brands of the same item to be priced throughout the country. Once selected, the same item/brand is priced on a monthly basis in order to ensure matched price quotations. If an item disappears, substitution can occur but that price is excluded until matched prices are available for the same comparable item for two consecutive months. The CSO wishes to put on record its appreciation of the co-operation and assistance it receives from retail outlets and other business concerns.
- CPI Weights** The CPI measures in index form the monthly changes in the cost of purchasing a fixed representative ‘basket’ of consumer goods and services (i.e. Laspeyres formula). The representative share of each item in this basket is proportional to the average amount purchased by all households in the country as determined by the Household Budget Survey and by foreign tourists in this country using estimates of expenditure by tourists across a range of consumer goods and services. Individual items typically purchased by foreign tourists while holidaying in Ireland such as hotel accommodation and meals out have been adjusted to take account of the additional tourist expenditure. Identical items are priced in the same outlet on each occasion so that changes in the cost of this constant basket reflect only pure price changes.

## Background Notes – Consumer Price Index (continued)

**Rebase** The index has been rebased with effect from the current month, the ninth series since the foundation of the State. The index was last rebased in January 1997 (Base Nov 96 = 100) when the monthly CPI series was first introduced.

The rebase of the current CPI resulted in a number of methodological changes:

- The introduction of the Geometric Mean;
- Updating the expenditure weights;
- A revision of the sample of goods and services;
- An update of the sample of areas priced; and
- A move to the COICOP classification.

**Constant Tax Price Index** This index excludes price movements due to changes since the base period in indirect taxation. Even where an existing tax rate (e.g. VAT) remains fixed, a change in the pre-tax price of an item involves a proportionate change in the tax excluded in the final retail price. The effect of such changes are excluded from the Constant-Tax Price Index which keeps the total indirect tax content of prices constant at their base period level.

This index can be used in conjunction with the CPI to determine how much of the overall price change in any period is due to indirect taxation (including ad-valorem effect) and how much is due to all other factors. For this purpose, absolute changes (i.e. index points) in both series, expressed to the same base must be compared.

**Classification** The classification used in the CPI is based on a version of COICOP – COICOP HICP, the Classification of Individual Consumption Expenditure by Purpose. This replaces the former national classification which was used up to December 2001. The COICOP classification breaks consumer expenditure into twelve different categories covering a comprehensive range of consumer goods and services.

**Methodological Details** A full methodological description of the new series is available in the CPI 2001 Introduction to Series booklet.

## Background Notes – Harmonised Index of Consumer Prices

- Introduction** The EU-Harmonised Index of Consumer Prices is calculated in each Member State of the European Union. The purpose of this index is to allow the comparison of consumer price trends in the different Member States.
- Comparison with CPI** The methodology now adopted for the construction of the national CPI is identical to that recommended for the HICP. Thus the two indexes only differ in respect of the coverage of certain goods and services and the definition of insurance. The current EU reference base period (Year 1996 = 100) is however retained for ease of comparison with other EU countries.
- Excluded Items** The following items, constituting approximately 8% of the Irish CPI expenditure weighting, are excluded from the HICP:
- |                       |                                     |
|-----------------------|-------------------------------------|
| ◆ mortgage interest   | ◆ motor car insurance (non-service) |
| ◆ building materials  | ◆ dwelling insurance (non-service)  |
| ◆ union subscriptions | ◆ motor cycle tax                   |
| ◆ motor car tax       |                                     |
- Weights** The expenditure weighting system used in the HICP is the same as that used for the CPI excluding the items listed above. In addition the weights of House Insurance (Buildings) and Health Insurance differ because of definition. Taking all these factors into account the HICP expenditure covers just under 91% of total CPI expenditure.
- Monetary Union Index of Consumer Prices (MUICP)** The MUICP is calculated as a weighted average of HICPs of the 12 countries participating in Stage III of Economic and Monetary Union (EMU). Country weights are computed every year reflecting the country's share of private final domestic consumption expenditure in the EMU total.
- Classification System** The coverage of the indices is based on the international classification system, COICOP (classification of individual consumption by purpose).

## Background Notes – COICOP Classification

Prior to the introduction of the current series in January 2002 the CPI used a national classification while the HICP used COICOP/HICP. To ensure greater comparability CPI and the HICP now both use the COICOP/HICP classification (Classification of Individual Consumption by Purpose - adapted for the purposes of the EU HICP).

The COICOP classification is based on 12 main subgroups.

<b>01 Food and Non Alcoholic Beverages</b>	Food and non alcoholic beverages purchased in supermarkets, small shops, speciality shops and petrol station forecourt outlets. It excludes meals out which are covered under <b>11 Restaurants and Hotels</b> .
<b>02 Alcoholic Beverages and Tobacco</b>	Includes alcoholic beverages purchased in off licences and supermarkets but excludes alcohol consumed on or within a licensed premises which is classified under <b>11 Restaurants and Hotels</b> .
<b>03 Clothing and Footwear</b>	Mens, ladies and childrens clothing and footwear, sports and leisurewear and services such as laundry and dry cleaning, shoe repair, dress hire and alteration.
<b>04 Housing, Water, Electricity, Gas and Other Fuels</b>	This group covers rents, mortgage interest repayments, local authority service charges, goods and services for maintaining, decorating and repairing dwellings and domestic energy products such as electricity, gas and solid fuels.
<b>05 Furnishings, Household Equipment and Routine Household Maintenance</b>	This category covers household items such as furniture, carpets and other floor coverings, house textiles and soft furnishings, household electrical appliances, and other household items such as utensils, tools, garden equipment and non-durable items for cleaning, washing and other day to day household activity. Also included in this category are domestic services such as cleaning and other services.
<b>06 Health</b>	Health includes medical products, appliances and equipment, hospital charges and out patient services supplied by doctors, dentists, opticians, practitioners of alternative and complimentary medicine and paramedical services.
<b>07 Transport</b>	Includes the purchase of new and second hand vehicles, spare parts, car maintenance, fuels and lubricants, public transport and services such as parking, motor association subscriptions, car wash, toll charges, driving tests, licences and car hire.
<b>08 Communications</b>	Post and telecommunications.
<b>09 Recreation and Culture</b>	All goods and services connected with recreation and culture and includes items such as audio visual and photographic equipment, computers, music and videos, sports and recreation goods, games and toys, items connected with gardening and pets, recreational, sporting and cultural activities and events, newspapers and other reading material, package holidays and other items connected with recreation and culture.
<b>10 Education</b>	Covers all aspects of education including primary, secondary, third level and other education and training such as night courses, play schools and examination fees.
<b>11 Restaurants and Hotels</b>	This category covers the following areas: meals in restaurants and hotels; fast food and take-aways; cafes; canteens; alcohol consumed on or within a licensed premises and accommodation services supplied by hotels, guesthouses and hostels.
<b>12 Miscellaneous Goods and Services</b>	This remaining category covers a wide range of items including hairdressing and other grooming; goods for hygiene, hair and body care; personal goods such as jewellery, handbags and wallets; childcare and other social protection services; insurance, financial services and other services including funerals, weddings, legal and professional services.