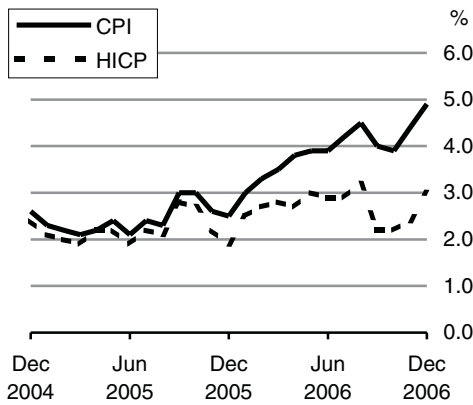




**CPI/HICP - all items**  
**Annual Percentage Change**



## Consumer Price Index

### December 2006

#### CPI and HICP

	CPI		HICP	
	% monthly change	% annual change	% monthly change	% annual change
<b>Aug 2006</b>	+ 0.7	+ 4.5	+ 0.8	+ 3.2
<b>Sep 2006</b>	+ 0.3	+ 4.0	- 0.3	+ 2.2
<b>Oct 2006</b>	-	+ 3.9	-	+ 2.2
<b>Nov 2006</b>	+ 0.3	+ 4.4	-	+ 2.4
<b>Dec 2006</b>	+ 0.3	+ 4.9	+ 0.4	+ 3.0

### Annual Inflation increases to 4.9% in December

Consumer Prices in December, as measured by the CPI, increased by 0.3% in the month. This compares to a decrease of 0.1% in December of last year and as a result, the annual rate of inflation increased to 4.9%, up from 4.4% in November.

The EU Harmonised Index of Consumer Prices (HICP) increased by 0.4% in the month, compared to a decrease of 0.2% in December 2005. The annual rate of inflation, as measured by the HICP, increased from 2.4% in November to 3.0% in December.

The most notable changes in the year were increases in *Housing, Water, Electricity, Gas & Other Fuels* (+21.5%), *Alcoholic Beverages & Tobacco* (+5.1%), *Education* (+4.9%), *Health* (+4.4%) and *Restaurants & Hotels* (+4.2%). There were decreases in *Clothing & Footwear* (-2.1%) and *Furnishings, Household Equipment & Routine Household Maintenance* (-1.4%).

The annual rate of inflation for Services was 8.0% in December, while Goods increased by 1.2% in the year.

The most significant monthly price changes were increases in *Alcoholic Beverages & Tobacco* (+3.8%) and *Housing, Water, Electricity, Gas & Other Fuels* (+0.6%). These increases were partially offset by a decrease in *Miscellaneous Goods & Services* (-0.5%).

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

- ◆ *Alcoholic Beverages & Tobacco* rose due to price increases for cigarettes and other tobacco products. This follows the increase in excise duties as announced in Budget 2007.
- ◆ *Housing, Water, Electricity, Gas & Other Fuels* increased due to higher average mortgage interest repayments, as well as higher prices for home heating oil and house maintenance services.
- ◆ *Miscellaneous Goods & Services* fell due to a decrease in motor insurance premia.

The CPI excluding tobacco index for December was up 0.1% in the month and up 4.7% in the year. The CPI excluding energy products index was up 0.4% since November and increased by 5.0% in the year. The CPI excluding mortgage interest increased by 0.3% in the month and rose by 2.8% in the year.

See overleaf for Annual Review 2006.

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# Rebasing of the Consumer Price Index

In line with international practice, the Irish Consumer Price Index is rebased every five years. The rebasing process involves updating the basket of goods and services used for the purpose of measuring inflation. In addition, the weights of items within the basket are updated based primarily on data collected for the Household Budget Survey.

December 2006 represents the final CPI to be published with the December 2001 base. The index base period and the basket of goods and services, as well as all weights, will be reset at December 2006 with effect from the January 2007 publication.

The rebase will be completed with the publication of the January 2007 CPI release in late February 2007. In addition, detailed methodological documentation outlining the nature of the changes will be prepared. A press conference will be organised for the morning of publication.

## Consumer Price Index Annual Review- 2006

**Annual Average Inflation for 2006 highest in four years** Annual average inflation for the year 2006 was 4.0%. This compares to a rate of 2.5% for 2005. This is the highest annual average rate recorded since 2002 when inflation was 4.6%.

**Annual Inflation ranged between 3.0% and 4.9% during 2006** In January 2006 annual inflation stood at 3.0%, which was the lowest rate recorded during the year. The inflation rate rose in six of the seven subsequent months, rising to 4.5% by August. Subsequently, inflation dropped to 3.9% by October before rising again to 4.4% in November. In December the inflation rate was 4.9%, which was the highest rate of inflation recorded in a month since March 2003.

**Mortgage Interest and Energy Products account for nearly half of overall Inflation** While there were increases in 9 of the 12 main commodity groups during the year a number of specific increases are worth noting:

- Mortgage interest increased by 31.5% during the year. This was due to a sequence of interest rate increases, which entered the CPI in January, April, July, September and November. As a result, while overall inflation was 4.0% for the year, the CPI excluding mortgage interest increased by 2.6% during 2006.
- Energy products rose by 8.2% in the year compared to 12.6% in 2005 and 8.4% in 2004.
- CPI excluding both mortgage interest and energy products rose by 2.1% in 2006.
- As has been typical in recent years, Goods inflation was significantly lower than Services inflation throughout the year. For the year as a whole Goods inflation was 1.2% while Services inflation was 6.2%.

**Highest Inflation again in Housing, Water, Electricity, Gas and Other Fuels** Of the twelve COICOP groups, eight showed higher average inflation for 2006 than 2005 with the other four showing lower inflation. The highest rate of inflation was recorded for *Housing, Water, Electricity, Gas & Other Fuels* (+16.1%), caused most notably by higher average mortgage interest repayments (31.5% higher than 2005). In addition, there were higher prices for natural gas (27.8% higher than 2005) and home heating oil (10.4% higher than 2005).

None of the other eleven COICOP groups showed inflation of more than 5% for the year.

**Negative Inflation for three COICOP groups** Only three COICOP groups showed overall negative inflation in 2006. These were *Clothing & Footwear* (-2.0%), *Furnishings, Household Equipment & Routine Household Maintenance* (-1.3%) and *Communications* (-0.5%).

**Annual Average Inflation for HICP higher than the previous two years** The annual average inflation rate for the HICP for 2006 was 2.7% as compared to 2.2% in 2005 and 2.3% in 2004.

**Housing, Water, Electricity, Gas and Other Fuels also show the highest price increases since 2002** Over the period 2002 to 2006, only *Clothing & Footwear* and *Furnishings, Household Equipment & Routine Household Maintenance* showed negative inflation. The highest increases over the period were for *Housing, Water, Electricity, Gas & Other Fuels* (+33.0%), *Education* (+28.4%), *Health* (+26.6%), *Restaurants & Hotels* (+18.6%), *Alcoholic Beverages & Tobacco* (+15.6%) and *Transport* (+15.2%). The overall increase in the Consumer Price Index over this period was 12.7%.

**Groceries Order** There has been a particular focus on the removal of the Groceries Order and its effect on the CPI in 2006. The repeal took effect from March 2006 and the first month in which post Groceries Order prices were collected for the CPI was April. Bearing this in mind, it can nonetheless be seen that items previously covered by the Groceries Order showed an increase of only 0.1% in 2006, while groceries items which were never covered by the Groceries Order increased by 2.4% in the year. This is a reverse of the trend in the three years prior to the repeal of the Groceries Order, where Non-Groceries Order items showed lower inflation than those covered by the Groceries Order.

**Table A Percentage Changes by Category in the CPI and selected Indices**

COICOP Group	Percentage changes				
	Annual				2002-2006 <sup>1</sup>
	2003	2004	2005	2006	
01 Food and Non-Alcoholic Beverages	+ 1.4	- 0.3	- 0.7	+ 1.4	+ 1.8
02 Alcoholic Beverages and Tobacco	+ 9.8	+ 3.5	+ 0.6	+ 1.1	+ 15.6
03 Clothing and Footwear	- 4.0	- 3.5	- 2.8	- 2.0	- 11.8
04 Housing, Water, Electricity, Gas and Other Fuels	- 0.5	+ 4.3	+ 10.4	+ 16.1	+ 33.0
05 Furnishings, Household Equipment and Routine Household Maintenance	- 0.7	- 1.8	- 1.4	- 1.3	- 5.1
06 Health	+ 7.7	+ 6.0	+ 6.2	+ 4.4	+ 26.6
07 Transport	+ 3.3	+ 4.1	+ 3.5	+ 3.4	+ 15.2
08 Communication	+ 1.5	+ 2.7	- 0.2	- 0.5	+ 3.6
09 Recreation and Culture	+ 4.1	+ 1.2	-	+ 1.3	+ 6.7
10 Education	+ 9.1	+ 5.8	+ 6.0	+ 4.9	+ 28.4
11 Restaurants and Hotels	+ 6.3	+ 4.0	+ 3.3	+ 3.9	+ 18.6
12 Miscellaneous Goods and Services	+ 4.7	- 0.6	- 0.1	+ 1.6	+ 5.7
<b>All Items</b>	+ <b>3.5</b>	+ <b>2.2</b>	+ <b>2.5</b>	+ <b>4.0</b>	+ <b>12.7</b>
Goods	+ 2.1	+ 0.9	+ 0.8	+ 1.2	+ 5.0
Services	+ 4.8	+ 3.4	+ 4.0	+ 6.2	+ 19.7
Energy Products	+ 4.0	+ 8.4	+ 12.6	+ 8.2	+ 37.4
CPI excluding Tobacco	+ 3.0	+ 2.1	+ 2.5	+ 4.0	+ 12.1
CPI excluding Housing	+ 4.2	+ 2.1	+ 1.9	+ 2.5	+ 11.1
CPI excluding Mortgage Interest	+ 4.1	+ 2.1	+ 1.9	+ 2.6	+ 11.1
CPI Excluding Energy	+ 3.4	+ 1.8	+ 1.7	+ 3.6	+ 10.8
Groceries Order Items	+ 3.1	+ 0.2	- 0.2	+ 0.1	+ 3.2
Non Groceries Order Items	- 0.1	- 1.9	- 2.2	+ 2.4	- 1.9
<b>HICP</b>	+ <b>4.0</b>	+ <b>2.3</b>	+ <b>2.2</b>	+ <b>2.7</b>	+ <b>11.6</b>

<sup>1</sup>This column presents the overall % change in prices for the period 2002 to 2006

**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>1999</b>	Year				+ 1.6	
<b>2000</b>	Year				+ 5.6	
<b>2001</b>	Year				+ 4.9	
<b>2002</b>	Year	102.7			+ 4.6	
<b>2003</b>	Year	106.3			+ 3.5	
<b>2004</b>	Year	108.6			+ 2.2	
<b>2005</b>	Year	111.3			+ 2.5	
<b>2006</b>	Year	115.7			+ 4.0	
<b>2003</b>	January	104.6	123.6	- 0.4	+ 0.4	+ 4.8
	February	105.6	124.8	+ 1.0	+ 1.2	+ 5.1
	March	106.4	125.8	+ 0.8	+ 1.3	+ 4.9
	April	106.7	126.1	+ 0.3	+ 2.0	+ 4.3
	May	106.6	126.0	- 0.1	+ 0.9	+ 3.7
	June	106.6	126.0	-	+ 0.2	+ 3.5
	July	105.8	125.1	- 0.8	- 0.8	+ 3.1
	August	106.5	125.9	+ 0.7	- 0.1	+ 3.2
	September	106.7	126.1	+ 0.2	+ 0.1	+ 2.9
	October	106.6	126.0	- 0.1	+ 0.8	+ 2.3
	November	106.6	126.0	-	+ 0.1	+ 2.2
	December	107.0	126.5	+ 0.4	+ 0.3	+ 1.9
<b>2004</b>	January	106.5	125.9	- 0.5	- 0.1	+ 1.8
	February	107.4	126.9	+ 0.8	+ 0.8	+ 1.7
	March	107.8	127.4	+ 0.4	+ 0.7	+ 1.3
	April	108.2	127.9	+ 0.4	+ 1.6	+ 1.4
	May	108.4	128.1	+ 0.2	+ 0.9	+ 1.7
	June	109.0	128.8	+ 0.6	+ 1.1	+ 2.3
	July	108.7	128.5	- 0.3	+ 0.5	+ 2.7
	August	109.3	129.2	+ 0.6	+ 0.8	+ 2.6
	September	109.4	129.3	+ 0.1	+ 0.4	+ 2.5
	October	109.5	129.4	+ 0.1	+ 0.7	+ 2.7
	November	109.7	129.7	+ 0.2	+ 0.4	+ 2.9
	December	109.8	129.8	+ 0.1	+ 0.4	+ 2.6
<b>2005</b>	January	108.9	128.7	- 0.8	- 0.5	+ 2.3
	February	109.8	129.8	+ 0.8	+ 0.1	+ 2.2
	March	110.1	130.1	+ 0.3	+ 0.3	+ 2.1
	April	110.6	130.7	+ 0.5	+ 1.6	+ 2.2
	May	111.0	131.2	+ 0.4	+ 1.1	+ 2.4
	June	111.3	131.6	+ 0.3	+ 1.1	+ 2.1
	July	111.3	131.6	-	+ 0.6	+ 2.4
	August	111.8	132.1	+ 0.4	+ 0.7	+ 2.3
	September	112.7	133.2	+ 0.8	+ 1.3	+ 3.0
	October	112.8	133.3	+ 0.1	+ 1.3	+ 3.0
	November	112.6	133.1	- 0.2	+ 0.7	+ 2.6
	December	112.5	133.0	- 0.1	- 0.2	+ 2.5
<b>2006</b>	January	112.2	132.6	- 0.3	- 0.5	+ 3.0
	February	113.4	134.0	+ 1.1	+ 0.7	+ 3.3
	March	113.9	134.6	+ 0.4	+ 1.2	+ 3.5
	April	114.8	135.7	+ 0.8	+ 2.3	+ 3.8
	May	115.3	136.3	+ 0.4	+ 1.7	+ 3.9
	June	115.6	136.6	+ 0.3	+ 1.5	+ 3.9
	July	116.0	137.1	+ 0.3	+ 1.0	+ 4.2
	August	116.8	138.1	+ 0.7	+ 1.3	+ 4.5
	September	117.2	138.5	+ 0.3	+ 1.4	+ 4.0
	October	117.2	138.5	-	+ 1.0	+ 3.9
	November	117.6	139.0	+ 0.3	+ 0.7	+ 4.4
	December	118.0	139.5	+ 0.3	+ 0.7	+ 4.9

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

**Table 2 CPI Subindices, December 2006**

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	117.2	137.5	+ 0.1	+ 0.3	+ 4.7
CPI excluding Housing <sup>1</sup>	90.253	115.1	136.6	+ 0.3	+ 0.2	+ 2.7
CPI excluding Mortgage Interest	95.370	115.1	137.0	+ 0.3	+ 0.3	+ 2.8
CPI excluding Energy Products <sup>2</sup>	93.604	116.4	138.5	+ 0.4	+ 1.0	+ 5.0

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

<sup>2</sup> Energy products includes electricity, gas, other domestic and transport fuels.

**Table 3 Consumer Price Commodity Group Indices, December 2006**

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	103.8	126.8	+ 0.3	- 0.2	+ 1.8
02 Alcoholic Beverages and Tobacco	7.498	124.5	160.1	+ 3.8	+ 4.1	+ 5.1
03 Clothing and Footwear	5.052	85.5	66.2	- 0.3	-	- 2.1
04 Housing, Water, Electricity, Gas and Other Fuels	12.331	150.9	168.1	+ 0.6	+ 4.9	+ 21.5
05 Furnishings, Household Equipment and Routine Household Maintenance	4.331	94.5	111.8	+ 0.1	- 0.1	- 1.4
06 Health	2.518	134.6	184.3	+ 0.1	+ 0.5	+ 4.4
07 Transport	13.183	116.6	128.8	+ 0.1	- 2.1	+ 0.7
08 Communications	1.903	104.4	81.1	-	-	- 0.2
09 Recreation and Culture	10.810	110.5	131.2	+ 0.1	+ 0.3	+ 2.5
10 Education	1.547	137.7	209.6	-	+ 3.8	+ 4.9
11 Restaurants and Hotels <sup>1</sup>	17.760	125.6	158.3	+ 0.1	- 0.5	+ 4.2
12 Miscellaneous Goods and Services	8.975	110.7	155.1	- 0.5	- 0.4	+ 1.2
ALL ITEMS	100.000	118.0	139.5	+ 0.3	+ 0.7	+ 4.9
<b>Of which:</b>						
Goods <sup>2</sup>	49.019	106.8	120.8	+ 0.8	- 0.2	+ 1.2
Services <sup>3</sup>	50.981	128.9	160.9	+ 0.1	+ 1.5	+ 8.0
Energy Products	6.396	142.1	157.0	+ 0.4	- 1.9	+ 3.8
Utilities and Local Charges <sup>4</sup>	3.387	143.5	127.4	-	+ 5.4	+ 7.2
Alcohol <sup>5</sup>	11.898	118.7	144.7	- 0.4	- 0.5	+ 1.6
Tobacco	4.399	137.1	187.7	+ 7.3	+ 8.4	+ 9.6

<sup>1</sup> Includes alcoholic beverages consumed on licensed premises.

<sup>2</sup> Non service items usually purchased and transportable from a retail outlet.

<sup>3</sup> Electricity, gas, telecommunications, alcoholic beverages consumed on licensed premises, meals out, housing, rent, mortgage interest repayments, insurance, public transport, entertainment and recreation, education, household services and miscellaneous services including childcare, social protection, package holidays and other services.

<sup>4</sup> Electricity, gas, landline telecommunications and waste collection & disposal charges.

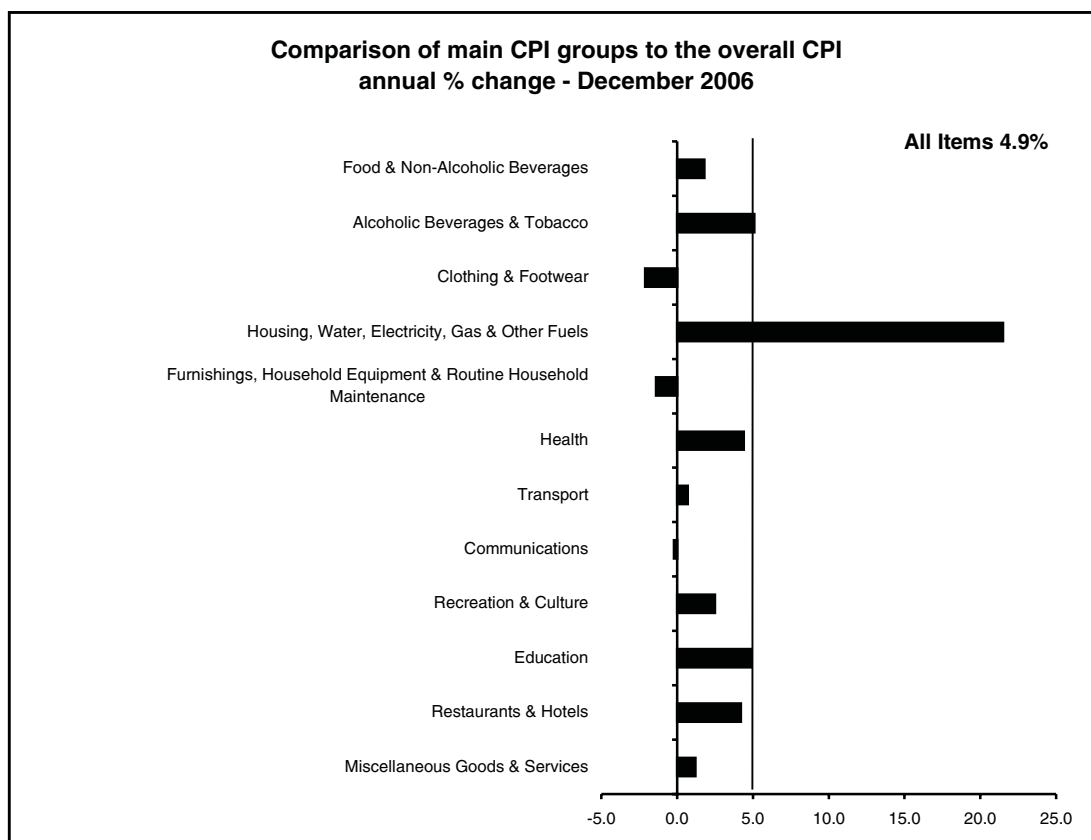
<sup>5</sup> Constitutes part of 02 (see page 12 - off-licence sales) and part of 11 (see page 12 - alcohol consumed on licensed premises) giving a combined index for alcohol.

See Background Notes page 12 for definition of COICOP groups.

**Table 4 Contributions to changes in the All Items CPI, December 2006**

COICOP Group	Contributions to overall CPI % change		
	One month	3 months	12 months
01 Food and Non-Alcoholic Beverages	+ 0.03	- 0.03	+ 0.23
02 Alcoholic Beverages and Tobacco	+ 0.30	+ 0.32	+ 0.40
03 Clothing and Footwear	- 0.01	-	- 0.08
04 Housing, Water, Electricity, Gas and Other Fuels	+ 0.09	+ 0.75	+ 2.92
05 Furnishings, Household Equipment and Routine Household Maintenance	-	-	- 0.05
06 Health	-	+ 0.01	+ 0.13
07 Transport	+ 0.01	- 0.28	+ 0.10
08 Communications	-	-	-
09 Recreation and Culture	+ 0.01	+ 0.03	+ 0.26
10 Education	-	+ 0.07	+ 0.09
11 Restaurants and Hotels	+ 0.01	- 0.10	+ 0.81
12 Miscellaneous Goods and Services	- 0.04	- 0.03	+ 0.11
<b>ALL ITEMS % change</b>	<b>+ 0.3<sup>1</sup></b>	<b>+ 0.7<sup>1</sup></b>	<b>+ 4.9<sup>1</sup></b>

<sup>1</sup> Totals may not equal the sum of the categories due to rounding differences.



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

Period	HICP		Percentage changes	
	Year 2005=100	Year 1996=100	One month	12 months
			%	%
<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>2002</b>	Year	121.5		+ 4.7
<b>2003</b>	Year	126.3		+ 4.0
<b>2004</b>	Year	129.2		+ 2.3
<b>2005</b>	Year	100.0		+ 2.2
<b>2006</b>	Year	102.7		+ 2.7
<b>2003</b>	January	123.9	-	+ 4.7
	February	125.1	+ 1.0	+ 5.1
	March	126.0	+ 0.7	+ 4.9
	April	126.6	+ 0.5	+ 4.6
	May	126.4	- 0.2	+ 3.9
	June	126.5	+ 0.1	+ 3.8
	July	126.0	- 0.4	+ 3.9
	August	126.8	+ 0.6	+ 3.9
	September	127.0	+ 0.2	+ 3.8
	October	127.0	-	+ 3.3
	November	127.0	-	+ 3.3
	December	127.5	+ 0.4	+ 2.9
<b>2004</b>	January	126.7	- 0.6	+ 2.3
	February	127.8	+ 0.9	+ 2.2
	March	128.3	+ 0.4	+ 1.8
	April	128.7	+ 0.3	+ 1.7
	May	129.0	+ 0.2	+ 2.1
	June	129.7	+ 0.5	+ 2.5
	July	129.2	- 0.4	+ 2.5
	August	130.0	+ 0.6	+ 2.5
	September	130.1	+ 0.1	+ 2.4
	October	130.2	+ 0.1	+ 2.5
	November	130.5	+ 0.2	+ 2.8
	December	130.6	+ 0.1	+ 2.4
<b>2005</b>	January	97.9	- 1.0	+ 2.1
	February	98.8	+ 0.9	+ 2.0
	March	99.0	+ 0.2	+ 1.9
	April	99.6	+ 0.6	+ 2.2
	May	99.8	+ 0.2	+ 2.2
	June	100.1	+ 0.3	+ 1.9
	July	100.0	- 0.1	+ 2.2
	August	100.5	+ 0.5	+ 2.1
	September	101.2	+ 0.8	+ 2.8
	October	101.2	-	+ 2.7
	November	101.0	- 0.2	+ 2.2
	December	100.8	- 0.2	+ 1.9
<b>2006</b>	January	100.3	- 0.5	+ 2.5
	February	101.5	+ 1.2	+ 2.7
	March	101.8	+ 0.3	+ 2.8
	April	102.3	+ 0.5	+ 2.7
	May	102.8	+ 0.5	+ 3.0
	June	103.0	+ 0.2	+ 2.9
	July	102.9	- 0.1	+ 2.9
	August	103.7	+ 0.8	+ 3.2
	September	103.4	- 0.3	+ 2.2
	October	103.4	-	+ 2.2
	November	103.4	-	+ 2.4
	December	103.8	+ 0.4	+ 3.0



**Table 6 EU Harmonised Consumer Price COICOP Group Indices, December 2006**  
Ireland

Commodity Group COICOP	HICP		Percentage change		Percentage contribution	
	Current base	Former base	One	12	One	12
	Year 2005	Year 1996	month	months	month	months
			%	%	%	%
01 Food and Non-Alcoholic Beverages	101.6	126.3	+ 0.2	+ 1.8	+ 0.03	+ 0.25
02 Alcoholic Beverages and Tobacco	104.9	161.8	+ 3.9	+ 5.1	+ 0.33	+ 0.44
03 Clothing and Footwear	100.8	66.5	- 0.5	- 2.1	- 0.01	- 0.09
04 Housing, Water, Electricity, Gas and Other Fuels	110.8	160.9	+ 0.3	+ 7.6	+ 0.03	+ 0.68
05 Furnishings, Household Equipment and Routine Household Maintenance	98.8	110.8	+ 0.1	- 1.4	-	- 0.05
06 Health	105.4	181.4	-	+ 4.4	-	+ 0.14
07 Transport	101.9	132.2	+ 0.1	+ 0.8	+ 0.01	+ 0.11
08 Communications	99.5	80.7	-	- 0.3	-	-
09 Recreation and Culture	102.1	132.5	+ 0.1	+ 2.5	+ 0.01	+ 0.28
10 Education	108.3	192.0	-	+ 4.9	-	+ 0.10
11 Restaurants and Hotels	105.1	160.0	+ 0.1	+ 4.3	+ 0.01	+ 0.89
12 Miscellaneous Goods and Services	104.6	153.9	+ 0.2	+ 3.2	+ 0.01	+ 0.19
<b>HICP</b>	<b>103.8</b>	<b>137.1</b>	<b>+ 0.4</b>	<b>+ 3.0</b>	<b>+ 0.4<sup>1</sup></b>	<b>+ 3.0<sup>1</sup></b>
Goods	101.6		+ 0.8	+ 1.2	+ 0.39	+ 0.57
Services	106.0		+ 0.1	+ 4.7	+ 0.04	+ 2.37

<sup>1</sup> Totals may not equal the sum of the categories due to rounding differences.

**Table 7 EU Harmonised Index of Consumer Prices - annual % changes, November 2006**

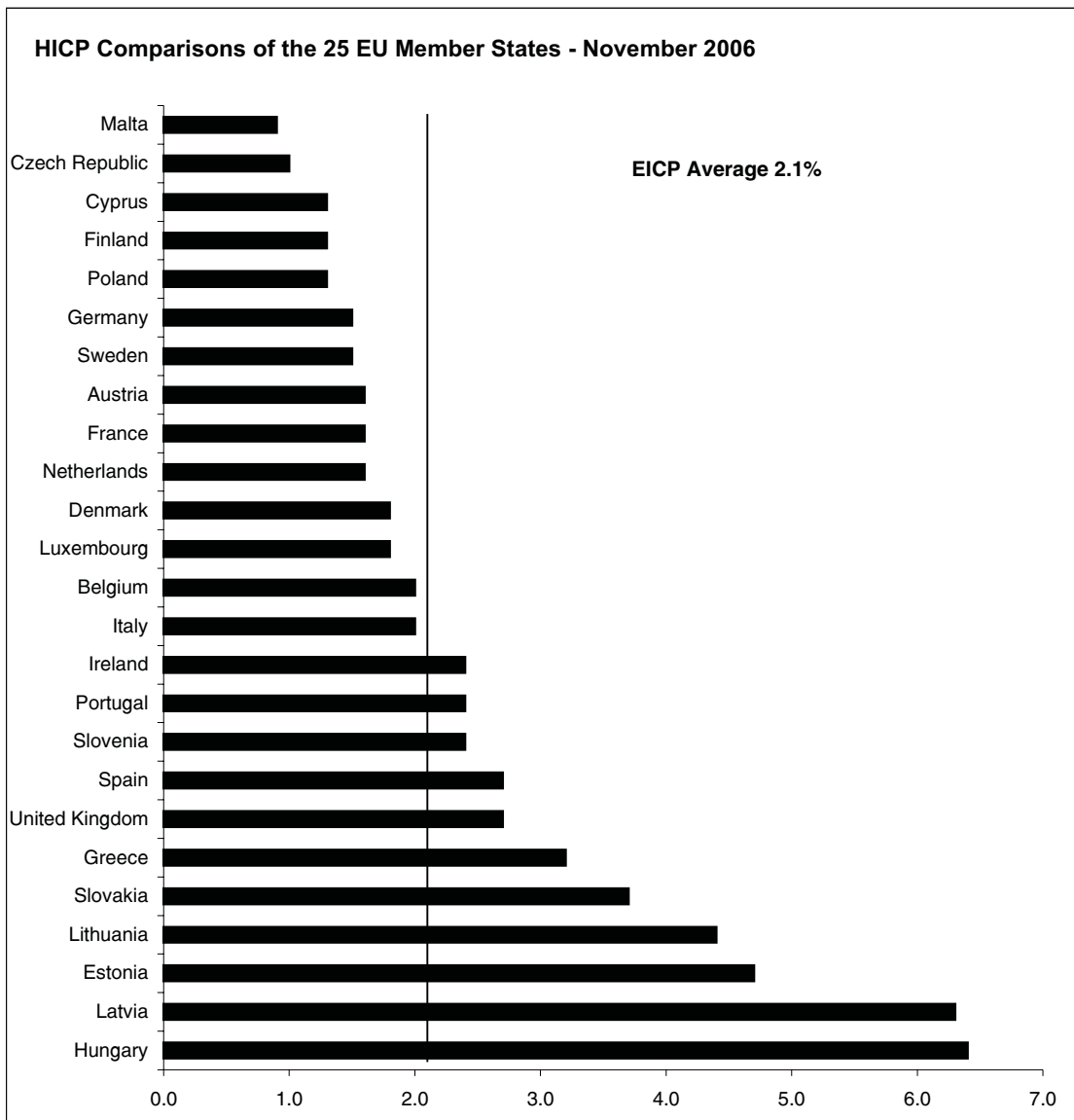
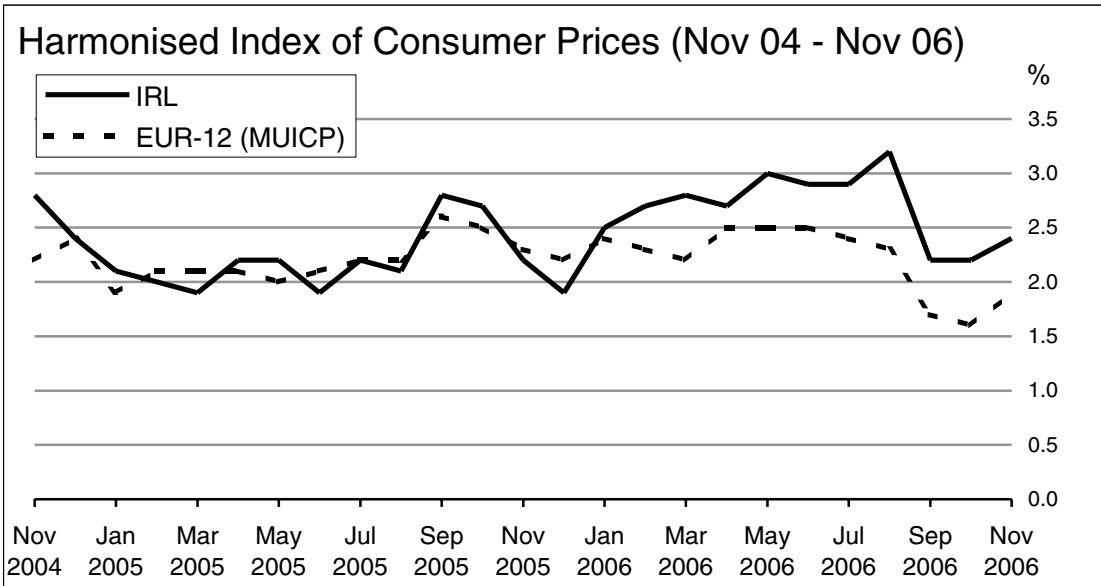
Country	November 2005 November 2006	October 2005 October 2006	September 2005 September 2006	August 2005 August 2006	July 2005 July 2006
Austria	1.6 <sup>1</sup>	1.3 <sup>3</sup>	1.3	2.1	2.0
Belgium	2.0	1.7	1.9	2.3	2.4
Finland	1.3	0.9	0.8	1.3	1.4
France	1.6	1.2	1.5	2.1	2.2
Germany	1.5	1.1	1.0	1.8	2.1
Greece	3.2	3.1	3.1	3.4	3.9
<b>Ireland</b>	<b>2.4</b>	<b>2.2</b>	<b>2.2</b>	<b>3.2</b>	<b>2.9</b>
Italy	2.0	1.9	2.4	2.3	2.3
Luxembourg	1.8	0.6	2.0	3.1	3.4
Netherlands	1.6 <sup>1</sup>	1.3	1.5	1.9	1.7
Portugal	2.4	2.6	3.0	2.7	3.0
Spain	2.7	2.6	2.9	3.8	4.0
<b>Euro Area (MUICP)<sup>2</sup></b>	<b>1.9 <sup>1</sup></b>	<b>1.6</b>	<b>1.7</b>	<b>2.3</b>	<b>2.4</b>
Bulgaria	6.1	5.7	5.6	6.8	7.6
Czech Republic	1.0	0.8	2.2	2.6	2.4
Cyprus	1.3	1.7	2.2	2.7	2.8
Denmark	1.8	1.4	1.5	1.9	2.0
Estonia	4.7	3.8	3.8	5.0	4.5
Hungary	6.4	6.3	5.9	4.7	3.2
Latvia	6.3	5.6	5.9	6.8	6.9
Lithuania	4.4	3.7	3.3	4.3	4.4
Malta	0.9	1.7	3.1	3.0	3.6
Poland	1.3	1.1	1.4	1.7	1.4
Romania	4.7	4.8	5.5	6.1	6.2
Slovakia	3.7	3.1	4.5	5.0	5.0
Slovenia	2.4	1.5	2.5	3.1	1.9
Sweden	1.5	1.2	1.2	1.6	1.8
United Kingdom	2.7	2.4	2.4	2.5	2.4
<b>EICP</b>	<b>2.1 <sup>1</sup></b>	<b>1.8</b>	<b>1.9</b>	<b>2.3</b>	<b>2.4</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, November 2006**

	00	01	02	03	04	05	06	07	08	09	10	11	12
<b>Annual percentage rate of change</b>													
<b>Euro-zone</b>	1.9 <sup>1</sup>	3.1 <sup>1</sup>	3.0 <sup>1</sup>	0.9 <sup>1</sup>	3.6 <sup>1</sup>	1.1 <sup>1</sup>	1.7 <sup>1</sup>	0.8 <sup>1</sup>	-2.7 <sup>1</sup>	-0.1 <sup>1</sup>	3.5 <sup>1</sup>	2.8 <sup>1</sup>	2.3 <sup>1</sup>
<b>EICP</b>	2.1 <sup>1</sup>	3.4 <sup>1</sup>	2.9 <sup>1</sup>	-0.1 <sup>1</sup>	4.8 <sup>1</sup>	0.7 <sup>1</sup>	1.9 <sup>1</sup>	0.6 <sup>1</sup>	-2.0 <sup>1</sup>	-0.3 <sup>1</sup>	6.0 <sup>1</sup>	3.0 <sup>1</sup>	2.6 <sup>1</sup>
<b>BE</b>	2.0	4.9	1.1	0.5	4.1	1.3	1.5	-0.1	-2.1	-0.3	2.4	2.3	2.7
<b>BG</b>	6.1	4.3	58.0	4.6	2.9	3.0	1.9	2.0	-0.5	1.5	6.2	6.8	6.2
<b>CZ</b>	1.0	0.3	1.7	-5.6	4.5	-1.1	5.7	-2.8	2.0	-0.7	2.2	5.3	2.2
<b>DK</b>	1.8	4.7	1.3	-1.8	2.6	0.7	1.3	1.1	-0.5	0.6	5.0	2.8	1.2
<b>DE</b>	1.5	2.9	3.9	0.1	2.8	0.3	0.9	0.8	-2.2	0.1	3.4	1.9	1.0
<b>EE</b>	4.7	6.1	4.1	3.2	14.9	2.8	3.8	-0.4	-5.5	3.7	5.7	4.6	4.0
<b>EL</b>	3.2	3.6	10.7	3.2	2.4	2.2	2.6	2.1	0.4	3.5	3.8	2.7	3.3
<b>ES</b>	2.7	4.0	1.0	1.3	4.8	2.7	1.5	0.5	-1.5	-0.6	4.4	4.4	4.1
<b>FR</b>	1.6	2.4	0.6	0.7	3.6	0.7	4.2	0.8	-2.8	-1.7	3.6	2.5	2.9
<b>IE</b>	2.4	1.7	0.8	-2.0	6.5	-1.6	4.4	0.1	-0.3	2.4	4.9	4.1	3.0
<b>IT</b>	2.0	2.9	5.0	1.4	4.6	1.6	-0.7	1.3	-4.1	1.3	2.5	2.5	2.8
<b>CY</b>	1.3	5.3	1.0	-2.0	1.6	0.2	3.7	-2.3	-2.3	1.4	5.7	0.6	3.2
<b>LV</b>	6.3	9.2	7.9	0.2	13.8	3.3	6.2	0.3	-4.6	2.1	11.2	9.5	7.3
<b>LT</b>	4.4	7.9	1.1	-3.4	10.7	1.1	6.3	2.1	0.1	0.6	0.2	4.2	5.3
<b>LU</b>	1.8	2.8	3.3	0.5	3.2	1.9	3.0	-0.1	-2.2	1.3	2.4	2.7	2.6
<b>HU</b>	6.4	13.5	7.6	1.0	13.2	-0.1	3.8	1.7	-4.7	2.2	8.3	7.8	3.3
<b>MT</b>	0.9	3.9	0.4	-6.2	4.1	1.3	3.2	-2.8	0.4	0.2	2.7	1.6	2.5
<b>NL</b>	1.6 <sup>1</sup>	2.1 <sup>1</sup>	1.4 <sup>1</sup>	1.2 <sup>1</sup>	4.9 <sup>1</sup>	0.4 <sup>1</sup>	3.9 <sup>1</sup>	0.3 <sup>1</sup>	-5.3 <sup>1</sup>	0.6 <sup>1</sup>	1.2 <sup>1</sup>	2.5 <sup>1</sup>	0.5 <sup>1</sup>
<b>AT</b>	1.6 <sup>1</sup>	2.5 <sup>1</sup>	1.0 <sup>1</sup>	-0.2 <sup>1</sup>	5.0 <sup>1</sup>	0.7 <sup>1</sup>	0.4 <sup>1</sup>	0.5 <sup>1</sup>	-1.4 <sup>1</sup>	-0.7 <sup>1</sup>	7.9 <sup>1</sup>	1.5 <sup>1</sup>	2.5 <sup>1</sup>
<b>PL</b>	1.3	2.1	1.5	-7.2	4.5	0.2	0.9	-2.6	0.5	-2.2	1.0	2.4	4.5
<b>PT</b>	2.4	3.2	9.1	-0.6	3.2	0.9	4.4	1.6	-1.0	-0.3	4.0	2.8	3.9
<b>RO</b>	4.7	0.9	22.8	3.6	12.2	2.0	0.6	1.2	-1.7	3.3	6.8	5.7	3.8
<b>SI</b>	2.4	3.8	4.7	0.9	1.8	3.8	-0.5	0.7	0.6	1.4	1.1	3.9	4.9
<b>SK</b>	3.7	3.3	5.9	-0.2	9.2	0.3	10.6	-2.9	-4.7	2.0	3.6	2.7	3.9
<b>FI</b>	1.3	3.0	1.0	-1.1	2.5	0.5	0.1	0.0	1.2	0.2	1.6	2.2	2.9
<b>SE</b>	1.5	2.1	1.3	0.7	5.8	-1.9	1.0	-0.7	-5.5	0.1	3.6	2.6	2.5
<b>UK</b>	2.7	5.0	2.7	-3.2	11.1	-0.5	3.1	0.8	0.7	-0.7	14.0	3.2	3.5

<sup>1</sup> Provisional

Source: Eurostat

**COICOP/HICP Code**

<b>00</b>	HICP (all items index)	<b>06</b>	Health
<b>01</b>	Food and non-alcoholic beverages	<b>07</b>	Transport
<b>02</b>	Alcoholic beverages and tobacco	<b>08</b>	Communications
<b>03</b>	Clothing and footwear	<b>09</b>	Recreation and culture
<b>04</b>	Housing, water, electricity, gas and other fuels	<b>10</b>	Education
<b>05</b>	Furnishings, household equipment and routine household maintenance	<b>11</b>	Restaurants and hotels
		<b>12</b>	Miscellaneous goods and services

## 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 December index relates is Tuesday, 12 December 2006.
- 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 December 2001, 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.

**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.

**Goods and Services** The consumer basket can be split into two constituent parts - goods and services according to the following definitions.

**Goods** Goods are defined as non service items usually purchased and transportable from a retail outlet - the basket excluding services.

**Services** Services include electricity, gas, telecommunications and other public utilities, alcoholic beverages consumed on licensed premises, meals out, accommodation services, public transport, medical fees, insurances, education fees, hairdressing & other personal services, childcare & social protection, entertainment & recreation services, mortgage interest & rents, package holidays and other miscellaneous services.

**Utilities and Local Charges** Includes electricity, gas, landline telecommunications and local authority service charges.

## 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 9% of the Irish CPI expenditure weighting, are excluded from the HICP:
- ◆ mortgage interest
  - ◆ building materials
  - ◆ union subscriptions
  - ◆ motor car tax
  - ◆ motor car insurance (non-service)
  - ◆ dwelling insurance (non-service)
  - ◆ motor cycle 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).
- Calculating percentage changes in the index** The movement of the CPI, HICP and their subindices are expressed as percentage changes, rather than changes in index points, because index point changes are affected by the level of the index in relation to its base period, whereas percentage changes are not. The example below illustrates the computation of index point and percentage changes.

Index point change	
CPI	106.7
Less previous index	103.7
Equals index point change	3.0
Percentage change	
Index point difference	3.0
Divided by the previous index	103.7
Equals	0.0289
Results multiplied by 100	0.0289 x 100
Equals percentage change	2.9

## 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.