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1.2. The evolution of the Consumer Price Index (CPI) in Greece and in the Eurozone

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Greece

The Greek headline Consumer Price Index (CPI), from October 2018 to March 2019, follows a relative low trend, which is less than 1.0% annually (see column of Table 1.2.1 and Figure 1.2.1). Additionally, the core[1] of the CPI presents a similar trend during this period. More specifically, the core of the CPI has moved between 0.1% up to 0.6%.

A similar trend was recorded by the Greek harmonized CPI (HCPI) and its core. The only difference between the two cores (HCPI and CPI) is that the rate of the former was a bit higher than the latter. Note that the observed convergence to the same rate of change (0.6%, see Table 1.2.1), in December 2018, was rather an outlier.

Additionally, according to the Hellenic Statistical Authority (ELSTAT), the aforementioned headline inflation rate (0.9%, y-o-y, in March 2019) can be mainly attributed to subsequent price increases in seven (7) main sub-categories, namely:

(a) the “Communication” category (by 6.9%) mainly due to increased fees of telephone services,

(b) the “Transportation” category (by 2.3%) mainly due to price increases in vehicle fuels and lubricants as well as transport airplane tickets,

(c) the “Housing” category (by 1.8%) due to price increases in residential heating and natural gas,

(d) the “Food and non-alcoholic beverages” category (by 1.4%), due to price increases mainly in bread and corn, beef, fresh fish, pork, fresh milk, fresh vegetables and potatoes. Part of this increase was offset by decreases in the prices of poultry, lamb, yogurt, cheese, olive oil, fresh fruits, frozen vegetables and sausages,

(e) the “Alcoholic, drinks and tobacco” category (by 1.3%) basically due to price increases in tobacco,

(f) the “Health” category (by 1.1%) especially due to price increases in pharmaceutical products,

TABLE 1.2.1 Inflation in Greece and in the Eurozone

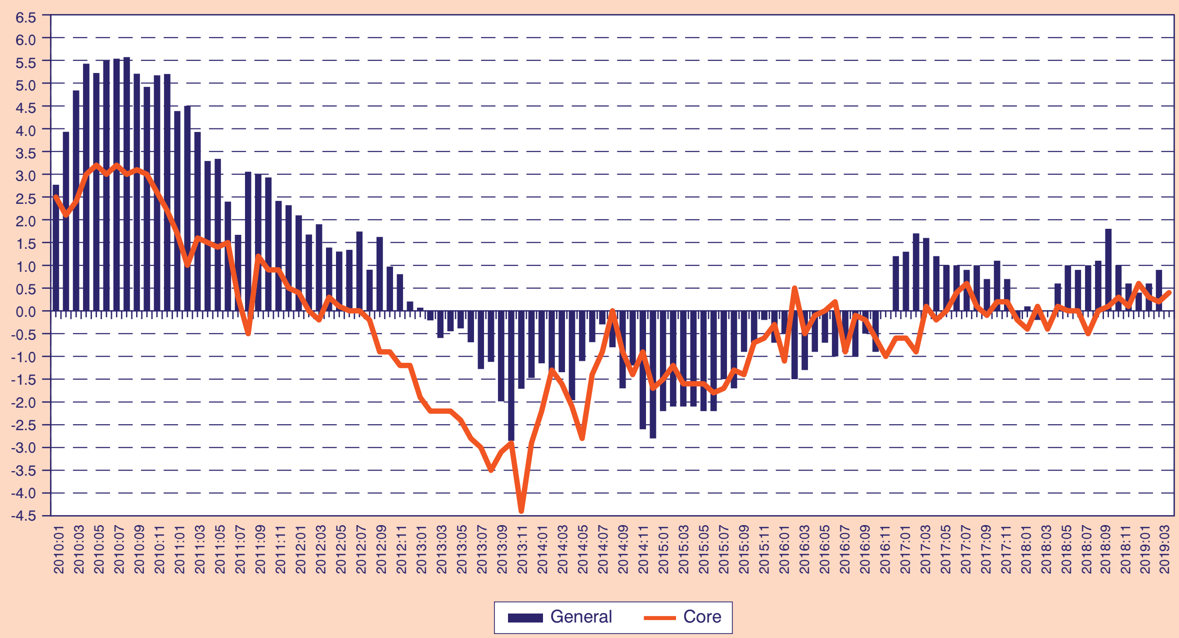
	Headline inflation (Greece)	Core inflation (Greece)	Harmonized inflation (Greece)	Core Harmonized inflation (Greece)	Harmonized inflation (EU19)	Core Harmonized inflation (EU19)
2018M9	1.1	0.1	1.1	0.4	2.1	1.1
2018M10	1.8	0.3	1.8	0.7	2.2	1.2
2018M11	1.0	0.1	1.1	0.5	1.9	1.1
2018M12	0.6	0.6	0.6	0.6	1.6	1.1
2019M1	0.4	0.3	0.5	0.4	1.4	1.2
2019M2	0.6	0.2	0.8	0.5	1.5	1.2
2019M3	0.9	0.4	1.0	NA	NA	NA

Source: ELSTAT, EUROSTAT.

Note: NA: No available data.

1. The core does not contain the prices of electricity, natural gas and automobile petrol.

FIGURE 1.2.1
CPI, % change relative to the respective month of the previous years



Source: ELSTAT.

(g) the “Restaurants-Hotels-Cafés” category (by 0.5%) mainly due to the price increases in restaurants, motels, hotels & cafés.

Part of the aforementioned inflation rate was offset by the decrease mainly in the prices of five (5) sub-categories, namely:

(a) the “Clothing and Footwear” category (by 3.5%) due to price decreases of these products,

(b) the “Recreation and culture” category (by 1.7%) mainly due to decreases in the prices of optical and visual equipments, PCs and other repairs,

(c) the “Household equipments & services” category (by 1.4%) mainly due to decreases in prices of furniture and decoration items, household textile products and household equipments,

(d) the “Education” category (by 0.8%) mainly due to reductions in the fees for secondary schools,

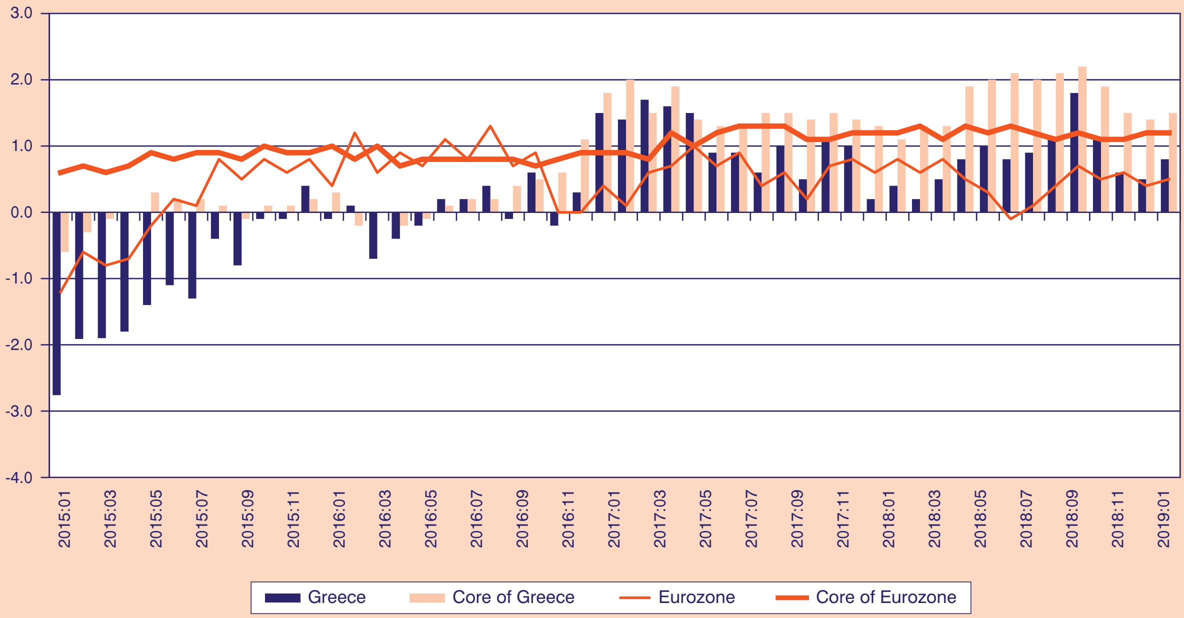
(e) the “Miscellaneous goods and services” category (by 0.5%) basically due to reductions in the prices of personal care products, other personal items and vehicle insurance.

The Eurozone

As regards the change of the harmonized CPI of the euro area (HCPI-EU19), we can report that, from October 2018 up to March 2019, the HCPI-EU19 fell short of reaching the target/objective of the European Central Bank (ECB)[2] (see Figure 1.2.2). At the same time, the core of the HICP-EU19 continues to move steadily with positive rates of around 1.1%-1.2%. Regarding now the issue of convergence between the rate of change of HCPI of both the Eurozone and Greece, during the aforementioned time period, it is observed that their difference was steady around 0.8%-1.0%. For the corresponding core indicators, this difference is even smaller and ranges between 0.5% and 0.8%.

2. The target of the ECB for the HCPI-EU19 is a percentage change of 2.0%.

FIGURE 1.2.2
Harmonized indices of consumer prices, % change relative to the respective month of the previous years



Source: ELSTAT, EUROSTAT.