

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

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The existing trend of the Greek headline Consumer Price Index (CPI), after January 2018, has stopped exhibiting positive changes (see column of Table 1.2.1 and Diagram 1.2.1). Actually, the uninterrupted positive changes experienced between January 2017 and December 2017 ceased to exist after January 2018. More specifically, in January 2018 and up to April 2018, the headline CPI crosses continuously from negative to positive changes on a monthly basis. However, the last recorded CPI change was zero (0.0%, April 2018). On the other hand, the core of the headline CPI exhibited the same behavior, though with a higher variation. Additionally, this behavior was lagged one period (month) with respect to the headline CPI (from December 2017).

A similar fall, like the one of the headline CPI, is recorded by the Greek harmonized CPI (HCPI). The only difference is that this index has exhibited only positive

changes, between 0.2% and 0.5%, from December 2017 onwards. Unlike the headline CPI, its core, with the exception of October 2017 (0.2%), moves steadily with changes between 0.6%-0.8%. This result leaves some optimism for the return of the harmonized CPI, at least in changes similar to the corresponding one of the Eurozone.

Additionally, according to the Hellenic Statistical Authority (ELSTAT), the aforementioned headline inflation rate (0.0%, y-o-y, in April 2018) can be mainly attributed to subsequent price decreases in six (6) main sub-categories, namely:

- the “Food and non-alcoholic beverages” category (by 1.0%), due to price decreases mainly in bread and cereals, beef, pork, poultry, fresh fish, fresh fruits, fresh vegetables and potatoes. Part of this decrease was offset by increases in the prices of coffee and fresh milk,
- the “Clothing and Footwear” category (by 0.4%) due to price decreases for these products,
- the “Housing” category (by 1.2%) due to decreases in rents, electricity bills and gas. Part of this decrease was offset by the increases in the prices of residential heating,
- the “Household equipments” category (by 1.8%) mainly due to decreases in the prices of furniture,

**TABLE 1.2.1 Inflation in Greece and in the Eurozone**

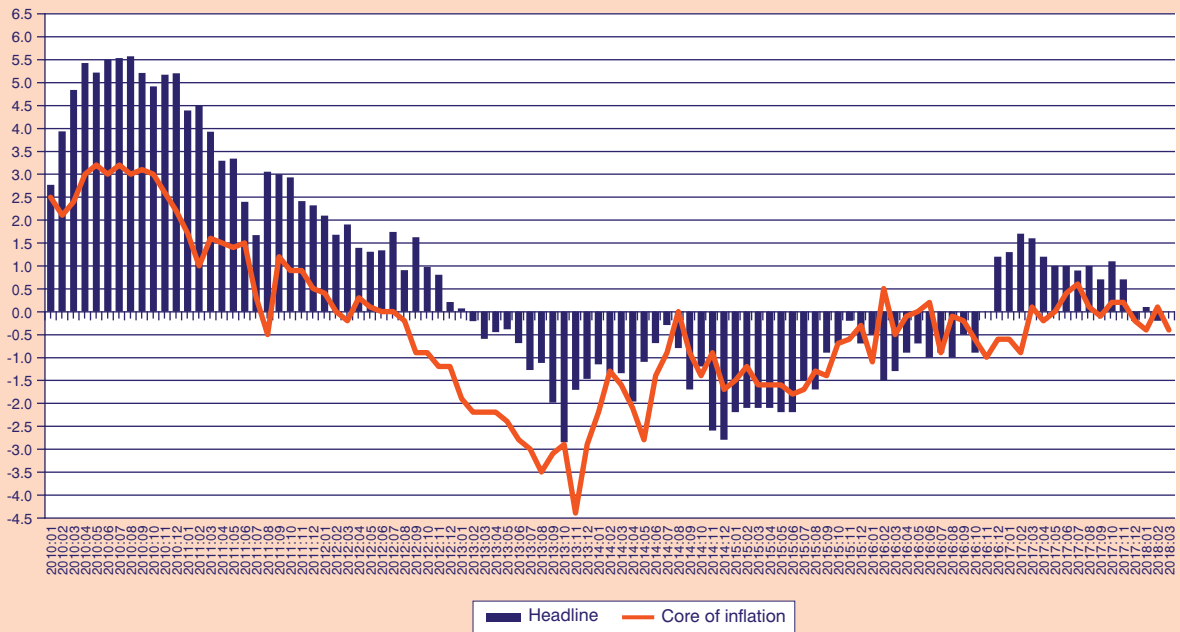
	Headline inflation (Greece)	Core inflation (Greece)	Harmonized inflation (Greece)	Core harmonized inflation (Greece)	Harmonized inflation (EU19)	Core harmonized inflation (EU19)
2017M9	1.0	-0.1	1.0	0.6	1.5	1.3
2017M10	0.7	0.2	0.5	0.2	1.4	1.1
2017M11	1.1	0.2	1.1	0.7	1.5	1.1
2017M12	0.7	-0.2	1.0	0.8	1.4	1.2
2018M1	-0.2	-0.4	0.2	0.6	1.3	1.2
2018M2	0.1	0.1	0.4	0.8	1.1	1.2
2018M3	-0.2	-0.4	0.2	0.6	1.3	1.3
2018M4	0.0	NA	0.5	NA	NA	NA

Source: ELSTAT, EUROSTAT.

Note: NA: Data not available.

**DIAGRAM 1.2.1**

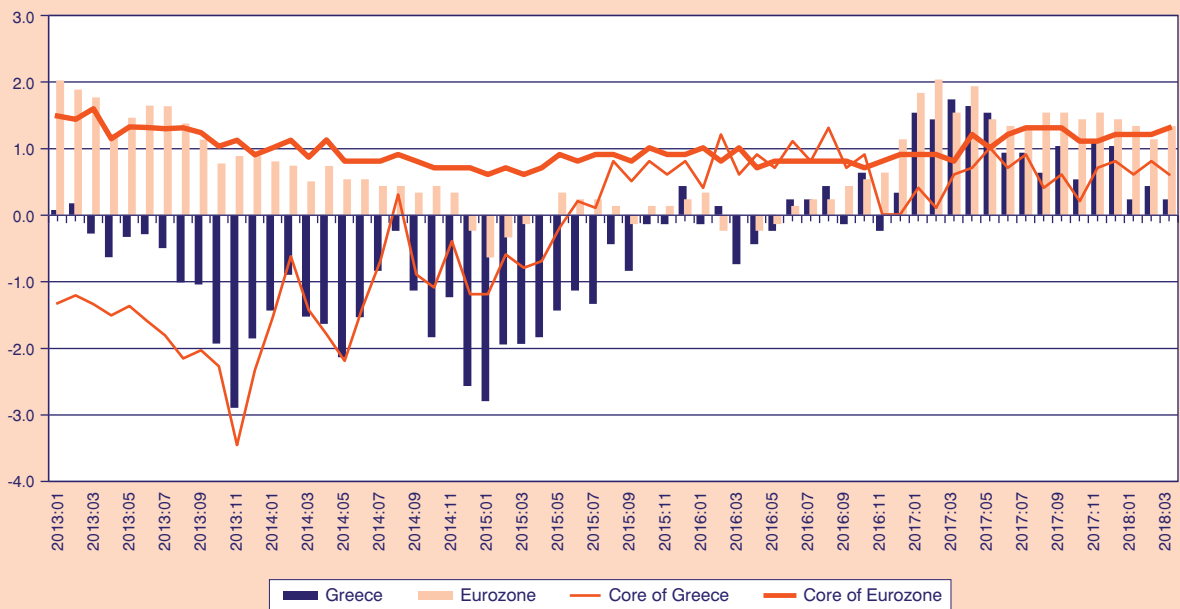
**CPI, % change relative to the respective month of the previous years**



Source: ELSTAT.

**DIAGRAM 1.2.2**

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



Source: ELSTAT, EUROSTAT.

household textile products and in household consumption items,

- (e) the “Recreation and culture” category (by 1.3%) mainly due to decreases in the prices of audio and visual equipments of PCs as well as other durable recreation goods and services,
- (f) the “Miscellaneous goods and services” category (by 1.3%) basically due to reductions in the prices of personal care products.

Part of the aforementioned zero inflation rate was offset by the increase in the prices mainly of six (6) sub-categories, namely:

- (a) the “Alcoholic, drinks and tobacco” category (by 3.3%) basically due to price increases in tobacco,
- (b) the “Health” category (by 0.1%) especially due to price increases in pharmaceutical products, hospitals and clinics. Part of this increase was offset by the decreases in prices of dentistry services.
- (c) the “Transportation” category (by 1.6%) mainly due to increases in the prices of airplane tickets, gasoline, and petrol. Part of this increase was offset by the decreases in the prices of the maintenance and repair of personal transport equipments,

- (d) the “Communication” category (by 3.3%) mainly due to increased fees for telephone services,
- (e) the “Education” category (by 0.2%) mainly due to increases in the fees for secondary schools,
- (f) the “Restaurants-Hotels-Cafés” category (by 1.4%) mainly due to increases in their prices.

As regards to the harmonized CPI of the euro area (HCPI-EU19), we can report that in the last several (9-10) months it has been moving with an upward trend, ranging from 1.3% to 1.5% (1.3%, March 2018). This inflationary rate is not far from the ECB target rate (almost 2.0%). During the same period, the core inflation of HCPI-EU19 (which does not include unprocessed food and energy) has also continued to move with an upward trend, ranging from 1.1% to 1.3%.

On the other hand, from Diagram 1.2.2, we can observe that after December 2017 and up to now (April 2018) the Greek HCPI has been moving with a percentage rate which deviates from that of the HCPI-EU19 one. The core, however, appears with a smaller difference from the corresponding rate of the Eurozone (see Diagram 1.2.2). In conclusion and based on the evidence of the last few months (from January 2018 onwards), we infer that the rates of change of the Greek HCPI and its core are deviating from the corresponding Eurozone’s rates.