

1.2. Food, Hotels-Cafés-Restaurants and Health shape January 2024 inflation despite falling electricity and natural gas prices

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Introduction

Headline inflation in Greece in January 2024 reached 3.1%, down from 3.5% in December 2023. Core¹ inflation reached 3.2% in January 2024, slightly higher than the 3.1% of December 2023. Inflation in January was mainly fueled by rising Food prices which had by far the largest positive contribution (1.8 percentage points), corresponding to 58.3% of the increase in the General Index, followed by Hotels-Cafés-Restaurants with a contribution 0.7 pp and Health with 0.4 pp. On the contrary, inflation was held back by the significant negative contribution of the Housing group (-0.38 percentage points) due to the fall in the prices of the Energy group, especially that of natural gas, which was partially offset by the increase in the rentals for dwellings.

In the euro area, based on Eurostat's flash estimates, inflation in January 2024 reached 2.8%, slightly lower than the 2.9% of December. Core inflation reached 3.3%, down from 3.4% in December. The Food, Alcohol and Tobacco group recorded the highest inflation (5.7%), followed by Services (4.0%) and Non-energy industrial goods (2.0%), while the Energy group recorded a negative rate (-6.3%).

1.2.1. Greece

Based on monthly data, the National CPI in January 2024 recorded an annual increase of 3.1% compared to 3.5% in December 2023. Core inflation was also approximately at the same levels, with the CPI recording an increase of 3.2% against 3.1% in January and December, respectively. On a monthly basis, the National CPI decreased by -0.8% m-o-m in January. Similarly,

in January 2024, inflation based on HICP stood at 3.2% and the corresponding core at 3.1%.

The largest contribution to the annual percentage increase of the National CPI in January 2024 was from the group Food and non-alcoholic beverages with 1.8 percentage points, followed by Hotels-Cafés-Restaurants with 0.7 pp and Health with 0.4 pp. The Housing group contained inflation with a negative contribution of -0.38 pp due to the significant reduction in the prices of electricity and especially the natural gas prices, partially offset by the increase in housing rents.

More specifically, the annual increase of the National CPI in January 2024 by 3.1% is a combined result of the following changes in the price indices of the sub-groups of goods and services. More specifically, increases were recorded by:

- 8.3% in the group Food and non-alcoholic beverages. This increase is mainly attributed to the rise in the prices of bread and cereals (2.0%), meat (6.0%), fish (7.7%), milk-cheese and eggs (0.9%), olive oil (67.4%), fruit (14.2%), vegetables (14.4%), sugar-chocolates-sweets-ice creams (6.0%), food n.e.c. (5.8%), coffee-cocoa-tea (5.0%) and mineral water-refreshments-fruit juices (11.7%).
- 2.6% in the group Alcoholic beverages and tobacco. This increase is mainly attributed to the rise in the prices of (not served) alcoholic beverages (6.0%).
- 3.5% in the group Clothing and footwear. This increase is mainly attributed to the rise in the prices of clothing and footwear (3.5%).
- 1.9% in the group Household equipment. This increase is mainly attributed to the rise in the prices of non-durable household articles (3.4%).
- 5.7% in the group Health. This increase is mainly attributed to the rise in the prices of pharmaceutical products (12.7%), medical-dental and paramedical services (5.3%) and hospital care (0.9%).
- 0.2% in the group Transport. This increase, which is mainly attributed to the rise in the prices of new motor cars (0.5%), secondhand motor cars (4.6%), spare parts and accessories for motor cars (5.0%), maintenance and repair of motor cars-motor cycles

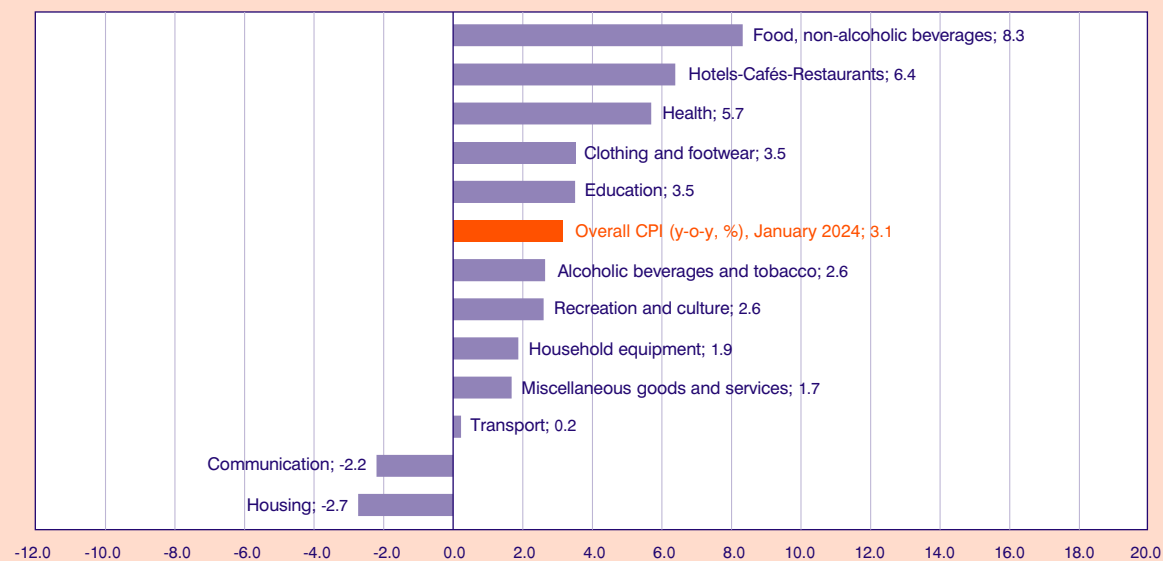
1. The Core Inflation Index is calculated from the Overall Consumer Price Index excluding the divisions of Food and non-alcoholic beverages, Alcoholic beverages and tobacco and Energy prices.

TABLE 1.2.1 Inflation in Greece (%)

	National CPI	CPI (m-o-m, %)	Headline inflation CPI (y-o-y, %)	Core inflation (y-o-y, %)	Harmonized inflation (y-o-y, %)	Core HICP (y-o-y, %)
2023M01	112.0	-0.5	7.0	6.0	7.3	6.5
2023M02	112.3	0.3	6.1	6.6	6.5	6.8
2023M03	113.7	1.2	4.6	6.7	5.4	7.0
2023M04	114.5	0.6	3.0	6.1	4.5	7.2
2023M05	114.9	0.4	2.8	6.7	4.1	7.3
2023M06	115.6	0.6	1.8	4.9	2.8	4.8
2023M07	114.3	-1.1	2.5	5.4	3.5	5.4
2023M08	114.3	0.0	2.7	5.3	3.5	5.4
2023M09	116.3	1.8	1.6	3.9	2.4	4.2
2023M10	117.0	0.6	3.4	3.5	3.8	3.6
2023M11	116.6	-0.4	3.0	3.3	2.9	2.8
2023M12	116.5	-0.1	3.5	3.1	3.7	3.3
2024M01	115.5	-0.8	3.1	3.2	3.2	3.1

Source: ELSTAT, Eurostat.

FIGURE 1.2.1
Annual % changes in National CPI sub-categories (January 2024)



Source: ELSTAT.

TABLE 1.2.2 Annual % changes in National CPI sub-categories, January 2023 – January 2024

Groups of goods and services	2023												2024	
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	
1 Food, non-alcoholic beverages	15.4	14.8	14.3	11.4	11.6	12.2	12.3	10.7	9.4	9.9	9.0	8.9	8.3	
2 Alcoholic goods and tobacco	3.0	2.9	3.7	4.0	3.5	3.4	3.4	3.2	2.5	2.6	2.6	2.2	2.6	
3 Clothing and footwear	6.5	7.1	14.4	5.6	11.8	5.9	5.2	6.9	6.2	3.3	6.4	2.8	3.5	
4 Housing	-0.1	-4.9	-10.4	-13.4	-12.9	-11.7	-11.8	-12.6	-15.0	-2.0	-1.2	-0.5	-2.7	
5 Household equipment	10.6	10.5	11.0	10.9	9.9	7.6	6.4	5.6	3.7	2.8	1.5	1.9	1.9	
6 Health	2.9	5.3	5.6	6.5	7.8	7.7	7.8	5.9	5.6	5.6	5.5	5.5	5.7	
7 Transport	8.1	6.5	1.9	1.4	-3.1	-7.6	-3.7	1.6	3.0	-0.4	-2.7	0.3	0.2	
8 Communication	-1.3	-1.6	-1.9	-1.8	-2.3	-2.7	-2.8	-3.1	-3.1	-3.2	-3.2	-3.2	-2.2	
9 Recreation and culture	3.4	3.5	2.9	3.7	3.3	3.6	3.5	3.3	3.1	3.1	2.8	2.6	2.6	
10 Education	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	3.0	3.5	3.5	3.5	3.5	
11 Hotel-Cafés-Restaurants	7.8	8.1	7.5	8.5	7.4	6.3	6.2	6.1	4.8	4.8	4.7	5.9	6.4	
12 Miscellaneous goods & services	5.4	5.8	6.2	6.4	6.8	4.2	3.6	3.9	2.4	2.7	1.9	1.7	1.7	
General Index	7.0	6.1	4.6	3.0	2.8	1.8	2.5	2.7	1.6	3.4	3.0	3.5	3.1	

Source: ELSTAT.

(4.0%) and tickets for passenger transport by air (11.5%), was partly offset by the decrease in the prices of fuels and lubricants (-3.8%).

- 2.6% in the group Recreation and culture. This increase, which is mainly attributed to the rise in the prices of major durables for recreation (3.1%), small recreational items-flowers-pets (5.1%), cinemas-theatres (7.9%) and package holidays (9.3%), was partly offset by the decrease in the prices of equipment for audiovisual and information processing equipment (-1.7%).
- 3.5% in the group Education. This increase is mainly attributed to the rise in the prices of fees of pre-primary and primary education (4.0%), fees of secondary education (3.6%) and fees of tertiary education (2.8%).

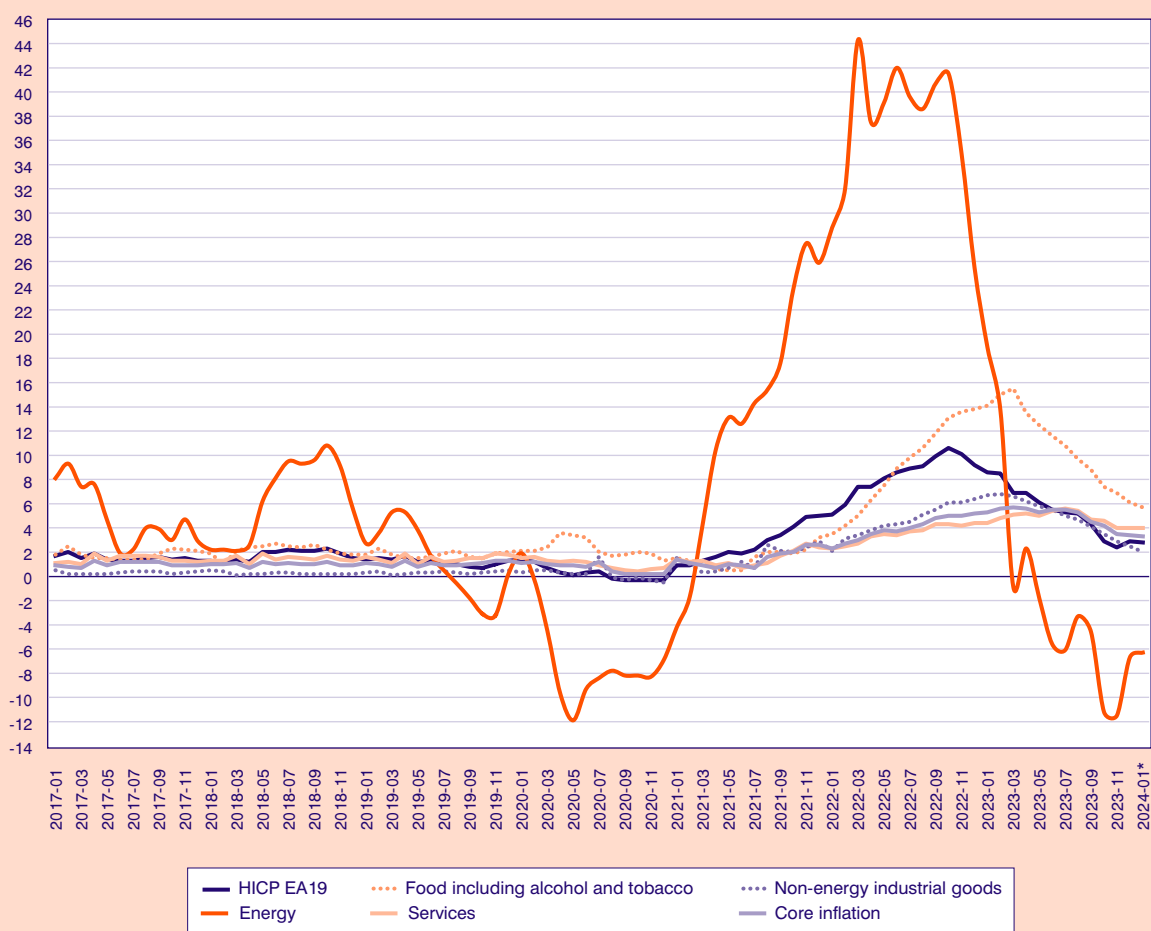
- 6.4% in the group Hotel-Cafés-Restaurants. This increase is mainly attributed to the rise in the prices of restaurants-confectioneries-café-buffets (6.8%).

- 1.7% in the group Miscellaneous goods and services. This increase, which is mainly attributed to the rise in the prices of hairdressing salons and personal grooming establishments (3.3%), private insurance connected with health (14.0%) and motor vehicle insurance (2.1%), was partly offset by the decrease in the prices of other appliances and articles for personal care (-1.2%).

On the other hand, prices decreased in the following groups of goods and services:

- -2.7% in the group Housing. This decrease, which is mainly attributed to the fall in the prices of natural

FIGURE 1.2.2
HICP in the euro area, monthly data, annual % change



Source: Eurostat.

*Flash Estimates.

gas (-60.2%) and electricity (-0.4%), was partly offset by the increase in the prices of rentals for dwellings (3.6%), services for the repair and maintenance of the dwelling (2.4%), heating oil (1.3%) and solid fuels (8.6%).

- -2.2% in the group Communication. This decrease is mainly attributed to the fall in the prices of telephone services (-2.5%).

1.2.2. The euro area

According to Eurostat's flash estimates, in January 2024, inflation in the euro area reached 2.8% against 2.9% in December 2023. The core inflation in January

reached 3.3%, down from 3.4% and 3.5% in December and November 2023, respectively.

The highest annual rate of HICP in the euro area is still recorded in the Food sector (5.7%), followed by the group of Services (4.0%), and the group of Non-energy industrial products (2.0%). On the contrary, the prices in the Energy group fell by -6.3%.

Among the euro area countries, the highest inflation was recorded in Estonia (5.0%), Croatia (4.8%) and Austria (4.3%), while the lowest inflation was recorded in Finland (0.7%), Italy (0.9%) and Lithuania (1.0%). Cyprus (2.0%), Belgium (1.5%), Latvia (1.0%), Lithuania (1.0%), Italy (0.9%) and Finland (0.7%) remain lower or equal to the ECB's inflation target of 2.0% for the second consecutive month.