

## NEWS IN THE DISSEMINATION OF CONSUMER PRICE INDICES – YEAR 2016

With the dissemination of the final consumer price indexes of January 2016 (scheduled on February 22) some important innovations will be introduced, intended to implement provisions contained in European regulations recently approved or under approval and to improve the accuracy of the measures of inflation.

In particular, from the definitive data of January 2016, the harmonized index of consumer prices (HICP), the consumer price index for the whole nation (NIC) and the consumer price index for blue and white-collar households (FOI) will be disseminated:

- with reference base 2015 = 100;
- adopting the new classification ECOICOP (European Classification of Individual Consumption according to Purpose).

February 3, an information note will be released outlining the news arising from the activities of revision of the basket, of the sampling plans and of the weighting system of the indices, at the same time of the release of provisional data of January 2016 that already incorporate these innovations.

### Updating the reference base year to 2015

As it is known, the consumer price indices are calculated using a chained Laspeyres formula, in which the basket of products and the weighting system are updated annually. Monthly indices for the current year are calculated with reference to December of the previous year (calculation base) and subsequently chained over the period chosen as reference base in order to be able to measure price trends over a period of time longer than a year.

Until the data of December 2015 and the provisional data of January 2016 NIC and FOI, at both national and local level, are expressed with 2010=100 as a reference base year. The HICP, on the other hand, are calculated and published with 2005=100 as a reference base, as established by the Regulation (EC) no 1708/2005 of the 20th October 2005.

Since the final data for the month of January 2016, all three indices (HICP, NIC and FOI) will be expressed in reference base 2015 = 100.

For HICP this innovation reflects the EU Regulation 2015/2010 of the European Commission of 11 November 2015. Istat decided to extend this change also to NIC and FOI thus strengthening the elements of comparability between the three indices and aligning the update of the reference base.

For all the aggregates produced in both the previous classification (COICOP Rev.Istat) and the new (ECOICOP), HICP time series will be produced in the new reference base. For NIC and FOI indices, in order to ensure comparability between the temporal series expressed in the new reference base, and those in the previous base, the corresponding splicing coefficients will be made available.

### Adoption of ECOICOP

Classification of consumption so far used for HICP, NIC and FOI is the international classification COICOP (Classification of Individual Consumption by Purpose), whose hierarchical structure has 3 levels of disaggregation: Divisions, Groups and Classes of product.

The classification ECOICOP, annexed to the new European framework regulation on harmonised indices of consumer prices and the house price index, currently under approval, provides for the introduction of an additional level of detail, the subclasses of product.

Already in 2011, Istat, on the basis of the guidelines that were consolidated at European level, with the COICOP Rev.Istat introduced two further levels of disaggregation, the subclasses of product and consumption segments. Since the final data of January 2016, the subclasses of product that Istat will use to classify HICP, NIC and FOI will be those of ECOICOP: although the reduction from 235 to 227, largely they coincide with those introduced in 2011; only 21 are non-connectable with one of the existing subclasses. Even the segments of consumption, representing an articulation of the subclasses of product developed by Istat, will be made consistent with the ECOICOP and they will decrease from 326 to 300, of which 280 connectable with the previous ones. Consumption segments are in turn divided into product aggregates, which bring together the products of the Istat basket: the news about it will be illustrated in the Information Note of 3 February 2016.

Table 1 shows the new hierarchical structure to the subclasses adopted for the calculation of HICP, NIC and FOI compared with that used for the data published up to December 2015.

TABLE 1. CLASSIFICATION OF HICP, NIC AND FOI: COMPARISON BETWEEN COICOP REV.ISTAT AND ECOICOP

COICOP Rev.Istat <b>year 2015</b>	ECOICOP <b>year 2016</b>
<b>12</b> divisions	<b>12</b> divisions
<b>43</b> product groups	<b>43</b> products groups
<b>101</b> product classes	<b>101</b> product classes
<b>235</b> product subclasses	<b>227</b> product subclasses

Segments of consumption will continue to be the most disaggregated level for which NIC indices referring to the entire national territory will be disseminated. For HICP indices, the level of detail of the dissemination will continue to be, at first, that of the product classes, and then become, during 2016, taking into account the choices made by Eurostat, the one of the product subclasses. FOI national indices will continue to be disseminated for the divisions. At local level (geographical area, region, province), it will continue the publication of NIC indices up to the product groups and of FOI indices, just at provincial level, up to the divisions.

As usual, all the data are available on the Istat data warehouse, I.Stat, in the theme 'prices', subtheme 'consumer prices'.