

Impact on the Italian Harmonized Price Consumer Index (HICP) of the implementation of the new standards on the treatment of seasonal products

Starting from January 2011, a new method of collection and estimation of seasonal product indices has been adopted, in compliance with the Regulation (EC) no. 330/2009 of 22 April 2009, which lays down minimum standards for the treatment of seasonal products in the Harmonised Index of Consumer Prices (HICP). This methodological innovation has also been introduced for the national indices (Consumer Price Index for the whole nation, NIC, and for blue- and white-collar worker household, FOI). The standards provided for by the aforementioned Regulation apply to the product groups and classes *Fish, Fruit, Vegetables, Clothing and Footwear* and define as *seasonal product* one which, during certain periods of the year (of at least a month), it may not be possible to purchase or is purchased in small or negligible volumes by consumers.

The EC Regulation also establishes that, in a given month, seasonal products shall be deemed to be either *in-season* or *out-of-season*. In accordance with this rule, Istat has introduced a monthly calendar for all 2011, which displays the months when a product of above-mentioned classes or categories is *in-season* or *out-of-season*, and consequently whether its data have to be collected or not.

The estimation of *out-of-season* product indices is carried out adopting a method that is consistent with the standards contained in the aforementioned European Regulation (Counter seasonal estimation approach – Article 2, point 3). The implementation of the new calculation method will bring about a wider indices variability than that one registered in the previous years with consequences on the annual rates of change of indices in 2011. As regards seasonal products of clothing and footwear, the impact will be higher during the starting months of winter and summer sales. The fresh fish products are an exception: for the time being, according to the EC Regulation, the prices are not affected by seasonality.

In order to monitor the impact of the new method introduced on the annual rates of change of the HICP, a simulation is carried out monthly calculating the seasonal product indices with the previous method of missing observation treatment. The simulation results are compared with the annual rates of change of the indices currently calculated using the new method and monthly released.

IMPACT ESTIMATE OF THE IMPLEMENTATION OF THE SEASONAL PRODUCTS REGULATION ON THE ANNUAL RATES OF CHANGE OF HICP January – September 2011

| Impact estimate (a) | HICP | | |
|---------------------|-----------|---------------------------------|-----------------------|
| | All-items | Divisions | |
| | | Food and non-alcoholic beverage | Clothing and footwear |
| 2011 | | | |
| January | -0.4 | 0.3 | -5.2 |
| February | -0.4 | 0.4 | -5.9 |
| March | 0.0 | 0.2 | -0.5 |
| April | 0.0 | -0.1 | 0.1 |
| May | 0.1 | 0.2 | 0.2 |
| June | 0.1 | 0.1 | 0.1 |
| July | -0.8 | -0.6 | -8.6 |
| August | -0.9 | -0.8 | -9.2 |
| September | -0.1 | -0.8 | -0.2 |

(a) Difference between the annual rate of change of the published monthly index (new method) and the annual rate of change of the index calculated using the previous method

The impact estimate will be updated on a monthly basis throughout 2011 in conjunction with the release of HICP final data.