

## Inflation measures for population subgroups

Year 2014

In 2014, the Italian Harmonized Indices of Consumer Prices (HICP), which provide a measure of the effects of inflation on the Italian households, divided in subgroups defined according to the consumption expenditure level, reflect the general slowdown trend of prices.

In the fourth quarter of 2014, inflation rates for population subgroups, varied in a range between -0.2% of the first subgroup (i.e. the 20% of those with the lowest equivalent expenditure) and 0.3% of the last subgroup (the 20% of population with the highest equivalent expenditure). In the same period, headline inflation, as measured by HICP, was 0.1% (Table 1 and Figure 1).

The slowdown of inflation in 2014 (+0.1% in the fourth quarter, down from +0.5% in the first quarter) concerned all household subgroups. The inflation rate for the households with the lower level of expenditure declined to -0.2% in the fourth quarter as compared to 0.4% in the first quarter of the year; in the same time interval, the inflation rate for the last subgroup of households showed a decrease to 0.3%, from 0.5%.

Therefore, the inflation slowdown in 2014 was wider for the households with the lowest level of expenditure, strengthening a trend already emerged in 2013. This dynamics was mainly due to the reduction of prices of Energy and Processed and Unprocessed food, whose weight on the budget of the households with the lowest level of expenditure is twice with respect to the households with the highest level of expenditure.

In detail, in the fourth quarter 2014, for households with lower spending power the more pronounced negative contribution to the inflation rate derived from the prices of Energy (-0.412 percentage points) and, to a lesser extent, from the prices of Services related to communications and of Unprocessed food (-0.042 and -0.040 percentage points, respectively) (Figure 2). The greater positive contributions (more than one-tenth of a percentage point) arise by the prices of Non-energy industrial goods and of Services related to housing. For households with more spending power the highest positive contribution to the inflation rate was due to prices of Non-energy industrial goods, followed by prices of Services relating to recreation, including repair and personal care (respectively 0.178 and 0.171 percentage points), of Services relating to transport and of Services miscellaneous (about a tenth of a point each). Negative contributions derived from the prices of Energy (-0.233 percentage points) and Services related to communications (-0.071 tenths of a point).

The inflationary gap, calculated between the first and the last group of households, which was positive in 2012 – year with marked inflation – and close to zero in 2013, became negative in 2014. In detail, from 2012 to 2014, the inflation for the first subgroup of households declined from 4.2% to zero, while the inflation for the last subgroup of households decreased from 2.9% to 0.4%.

The dynamics in 2013 and 2014 confirm that the households with lower spending power longer benefit from the inflation slowdown, contrary to what happens in inflation speed-up periods.

Overall, in fact, in the period between 2005 and 2014, characterized by five years out of nine with inflation equal to or higher than 2%, the Italian HICP for the households with the lowest level of expenditure increased by 21.8%, compared to 18.2%, observed for the households with the highest level of expenditure, and to 19.3%, observed for the whole population.

**HARMONIZED INDICES OF CONSUMER PRICES FOR POPULATION SUBGROUPS. YEARS 2013-2014, annual rates of change (percentage)**

All-items	2013	2014	2014			
			Q1	Q2	Q3	Q4
1 <sup>st</sup> group	1.3	0.0	0.4	0.1	-0.5	-0.2
2 <sup>nd</sup> group	1.3	0.0	0.3	0.2	-0.4	-0.1
3 <sup>rd</sup> group	1.3	0.1	0.4	0.2	-0.3	0.0
4 <sup>th</sup> group	1.2	0.2	0.5	0.3	-0.1	0.1
5 <sup>th</sup> group	1.2	0.4	0.5	0.6	0.1	0.3
<b>HICP</b>	<b>1.3</b>	<b>0.2</b>	<b>0.5</b>	<b>0.4</b>	<b>-0.1</b>	<b>0.1</b>

FIGURE 1 – HARMONIZED INDICES OF CONSUMER PRICES FOR POPULATION SUBGROUPS. YEARS 2009-2014, annual rates of change (percentage)

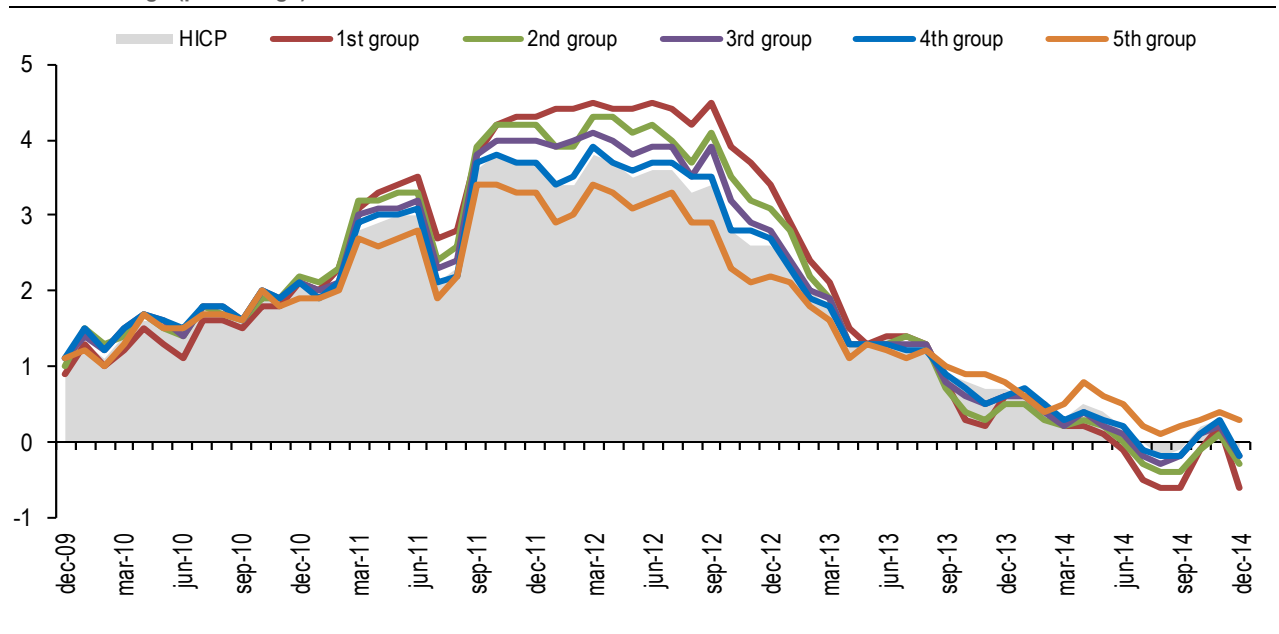


FIGURE 2. CONTRIBUTIONS OF SPECIAL AGGREGATES ON THE ANNUAL RATES OF HARMONIZED INDICES OF CONSUMER PRICES FOR THE 1<sup>ST</sup> AND THE 5<sup>TH</sup> POPULATION SUBGROUPS. IV QUARTER 2014, absolute values

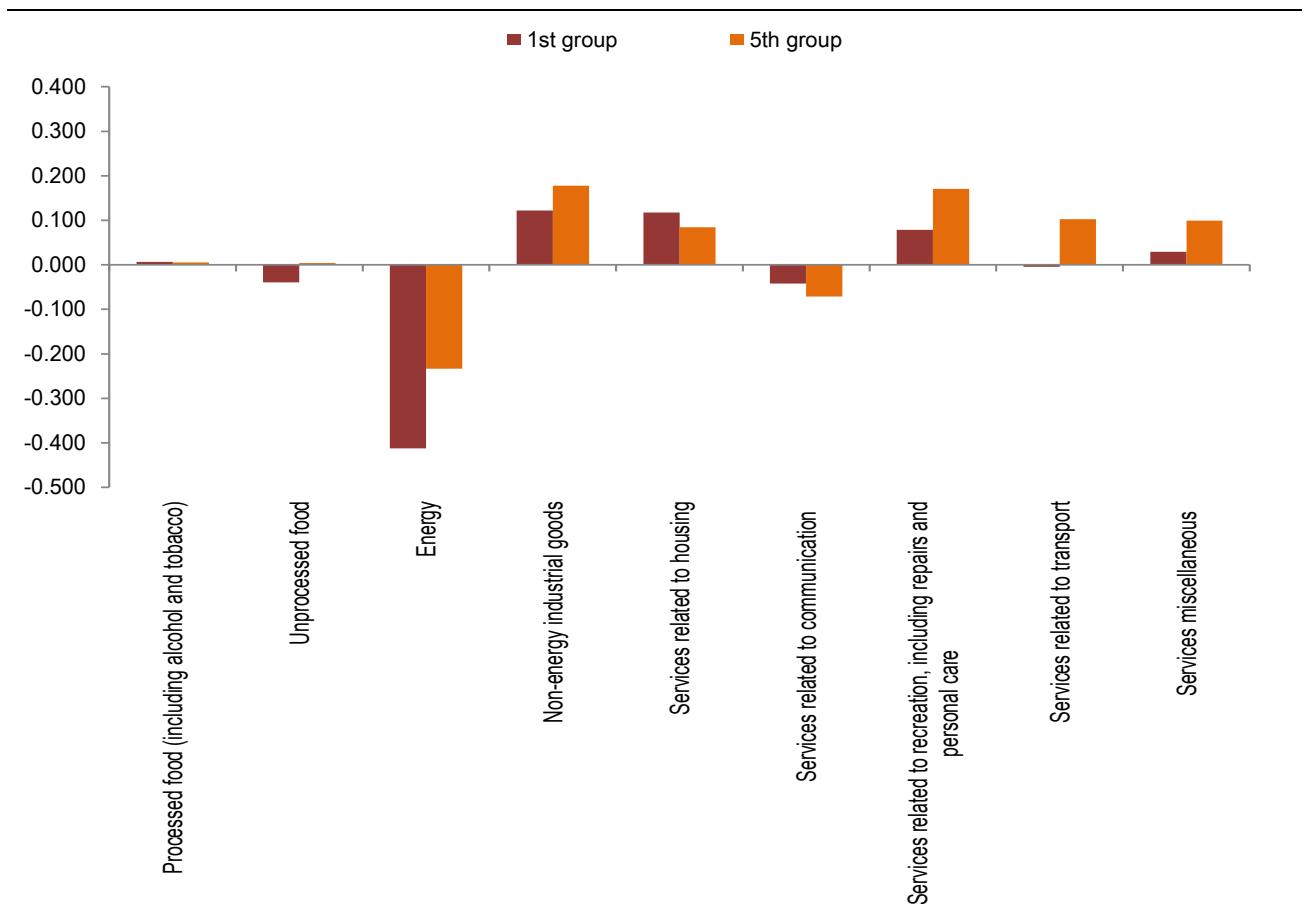


TABLE 1 – HARMONIZED INDICES OF CONSUMER PRICES FOR POPULATION SUBGROUPS. YEARS 2013-2014, annual rates of change (percentage)

	weights	2013	2014	2014			
				Q1	Q2	Q3	Q4
<b>All-items</b>							
1°group	1,000,000	1.3	0.0	0.4	0.1	-0.5	-0.2
2°group	1,000,000	1.3	0.0	0.3	0.2	-0.4	-0.1
3°group	1,000,000	1.3	0.1	0.4	0.2	-0.3	0.0
4°group	1,000,000	1.2	0.2	0.5	0.3	-0.1	0.1
5°group	1,000,000	1.2	0.4	0.5	0.6	0.1	0.3
<b>HICP</b>	<b>1,000,000</b>	<b>1.3</b>	<b>0.2</b>	<b>0.5</b>	<b>0.4</b>	<b>-0.1</b>	<b>0.1</b>
<b>Goods</b>							
1°group	695,493	1.4	-0.4	0.1	-0.3	-0.8	-0.5
2°group	638,632	1.2	-0.4	-0.1	-0.2	-0.7	-0.5
3°group	599,803	1.0	-0.4	-0.1	-0.2	-0.7	-0.5
4°group	555,728	1.0	-0.3	0.0	-0.2	-0.6	-0.5
5°group	533,780	0.9	0.0	0.0	0.3	-0.3	-0.1
<b>HICP</b>	<b>574,561</b>	<b>1.0</b>	<b>-0.2</b>	<b>0.0</b>	<b>-0.1</b>	<b>-0.6</b>	<b>-0.3</b>
<b>Processed food (including tobacco)</b>							
1°group	211,197	1.5	0.5	1.0	0.6	0.3	0.1
2°group	172,033	1.5	0.5	1.0	0.6	0.3	0.0
3°group	147,086	1.5	0.5	1.0	0.6	0.3	0.0
4°group	123,351	1.5	0.5	1.0	0.5	0.3	0.0
5°group	80,809	1.6	0.5	1.1	0.7	0.3	0.0
<b>HICP</b>	<b>122,565</b>	<b>1.5</b>	<b>0.5</b>	<b>1.1</b>	<b>0.6</b>	<b>0.3</b>	<b>0.1</b>
<b>Unprocessed food</b>							
1°group	149,191	2.8	-0.8	0.3	-1.5	-1.7	-0.2
2°group	118,413	2.8	-0.7	0.3	-1.5	-1.6	-0.1
3°group	102,610	2.8	-0.7	0.3	-1.5	-1.5	-0.1
4°group	84,130	2.8	-0.7	0.3	-1.5	-1.5	-0.1
5°group	54,896	2.7	-0.7	0.3	-1.6	-1.5	0.1
<b>HICP</b>	<b>84,386</b>	<b>2.7</b>	<b>-0.7</b>	<b>0.3</b>	<b>-1.5</b>	<b>-1.5</b>	<b>0.0</b>
<b>Energy</b>							
1°group	147,790	0.2	-2.6	-2.6	-1.6	-3.6	-2.8
2°group	121,122	-0.1	-3.0	-2.9	-1.8	-3.7	-3.3
3°group	106,579	-0.3	-3.1	-3.1	-1.8	-3.7	-3.6
4°group	92,918	-0.4	-3.1	-3.2	-1.9	-3.7	-3.8
5°group	64,187	-0.3	-3.0	-3.0	-1.7	-3.5	-3.6
<b>HICP</b>	<b>91,084</b>	<b>-0.2</b>	<b>-3.0</b>	<b>-3.0</b>	<b>-1.8</b>	<b>-3.7</b>	<b>-3.5</b>
<b>Non-energy industrial goods</b>							
1°group	187,315	1.1	0.9	1.2	0.9	0.9	0.7
2°group	227,064	0.8	0.7	0.9	0.7	0.6	0.4
3°group	243,528	0.6	0.5	0.7	0.7	0.4	0.3
4°group	255,329	0.6	0.5	0.6	0.6	0.3	0.3
5°group	333,888	0.6	0.5	0.3	0.8	0.3	0.5
<b>HICP</b>	<b>276,526</b>	<b>0.6</b>	<b>0.5</b>	<b>0.5</b>	<b>0.8</b>	<b>0.4</b>	<b>0.5</b>
<b>Services</b>							
1°group	304,507	1.2	0.7	1.0	0.9	0.1	0.6
2°group	361,368	1.4	0.6	1.0	0.7	0.2	0.7
3°group	400,197	1.5	0.8	1.1	1.0	0.3	0.8
4°group	444,272	1.6	0.7	1.0	0.9	0.3	0.8
5°group	466,220	1.7	0.9	1.1	1.0	0.6	0.8
<b>HICP</b>	<b>425,439</b>	<b>1.6</b>	<b>0.8</b>	<b>1.1</b>	<b>1.0</b>	<b>0.4</b>	<b>0.8</b>
<b>Services related to housing</b>							
1°group	101,484	2.9	3.6	5.1	5.0	3.1	1.3
2°group	82,569	2.4	2.7	3.8	3.7	2.2	1.1
3°group	78,779	2.3	2.6	3.5	3.4	2.3	1.2
4°group	82,836	2.2	2.2	2.9	2.9	2.0	1.1
5°group	78,754	2.0	1.9	2.4	2.3	1.8	1.1
<b>HICP</b>	<b>81,759</b>	<b>2.2</b>	<b>2.3</b>	<b>3.1</b>	<b>3.0</b>	<b>2.1</b>	<b>1.1</b>
<b>Services related to communication</b>							
1°group	41,214	-4.8	-5.6	-6.6	-7.5	-7.2	-1.1
2°group	32,953	-4.9	-6.5	-7.4	-8.2	-8.1	-2.2
3°group	27,182	-5.0	-6.6	-7.6	-8.3	-8.2	-2.1
4°group	24,246	-5.2	-7.6	-8.6	-9.1	-9.2	-3.2
5°group	17,739	-5.4	-8.3	-9.3	-9.7	-9.8	-4.0
<b>HICP</b>	<b>24,406</b>	<b>-5.1</b>	<b>-7.2</b>	<b>-8.2</b>	<b>-8.8</b>	<b>-8.7</b>	<b>-2.9</b>
<b>Services related to recreation, including repairs and personal care</b>							
1°group	81,430	1.6	1.2	1.2	1.4	1.1	0.9
2°group	131,037	1.6	0.9	1.3	1.0	0.6	0.8
3°group	157,048	1.6	1.0	1.1	1.2	0.8	0.9
4°group	176,892	1.5	0.9	1.1	1.1	0.6	0.9
5°group	179,645	1.4	0.9	1.0	1.1	0.6	0.9
<b>HICP</b>	<b>162,239</b>	<b>1.5</b>	<b>0.9</b>	<b>1.1</b>	<b>1.1</b>	<b>0.6</b>	<b>0.9</b>
<b>Services related to transport</b>							
1°group	52,088	2.4	-0.2	0.2	-0.1	-0.9	-0.1
2°group	69,069	2.8	0.6	1.0	0.7	0.0	0.5
3°group	72,944	2.8	0.8	1.4	1.0	0.2	0.7
4°group	91,789	2.9	1.0	1.7	1.2	0.2	1.0
5°group	100,529	3.1	1.4	1.7	1.6	1.2	1.0
<b>HICP</b>	<b>86,459</b>	<b>2.9</b>	<b>1.1</b>	<b>1.5</b>	<b>1.3</b>	<b>0.6</b>	<b>0.9</b>
<b>Services miscellaneous</b>							
1°group	28,291	2.0	1.2	1.4	1.4	1.2	1.0
2°group	45,740	2.0	1.3	1.4	1.5	1.2	1.1
3°group	64,244	2.0	1.3	1.5	1.5	1.3	1.1
4°group	68,509	2.0	1.3	1.4	1.4	1.3	1.1
5°group	89,553	2.1	1.3	1.4	1.4	1.3	1.1
<b>HICP</b>	<b>70,576</b>	<b>2.1</b>	<b>1.3</b>	<b>1.4</b>	<b>1.4</b>	<b>1.3</b>	<b>1.1</b>

**For more detailed information, please refer to the Italian version**

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