

## Press Release

### Consumer Price Index

March 2007

#### *Consumer prices up 2.3% in March 2007 on a year earlier*

In March, the goods and services included in the Portuguese Consumer Price Index (CPI) cost on average 2.3% more than in March 2006, 0.1 percentage point (p.p.) lower than in the previous month (see figure 1).

The core inflation index, which excludes energy components and fresh unprocessed food products and intends to reflect price growth trends, rose at a lower rate than the CPI. Compared with March 2006, this index increased 1.9%, 0.4 p.p. lower than the CPI.

The CPI 12-month average rate was 2.9%. On a monthly basis, the CPI increased 1.2%, 0.1 p.p. lower than a year earlier.

The main upward contribution to the CPI monthly rate came from changes in the prices of Clothing and footwear (19.8%). This index division accounted for almost 70% of the overall monthly price variability. The introduction of new Spring and Summer collections was the main driving factor contributing to the observed price rises.

Other upward contribution to the CPI monthly rate came from changes in the prices of Transports (1.2%), accounting for about 15% of the monthly variability. Fuels and lubricants, in particular, cost on average 3.6% more than in February 2007. One should bear in mind that this division stands for the highest weight in the CPI weighting structure (20.1%).

Price decreases were found in Recreation and Culture (-0.9%), Food and non-alcoholic beverages (-0.5%) and Communication (-0.5%). Products related with gardening, vegetables and meat cost on average, respectively, 19.7%, 3.3% and 0.7% less than in the previous month.

In March, the Harmonised Index of Consumer Prices (HICP) for Portugal rose 2.4% when compared with March 2006, 0.1 p.p. higher than the previous month. The HICP increased 1.3% between February and March 2007. The HICP 12-month average rate was 2.9%, 0.1 p.p. lower than in the previous month.

The gap between the Portuguese and the Euro-zone 12-month average rate of change is estimated to have remained unchanged at 0.9 p.p. in February and March 2007 (see figure 2).

Fig. 1 - Consumer price and core inflation indexes (annual rate and 12-month moving average)

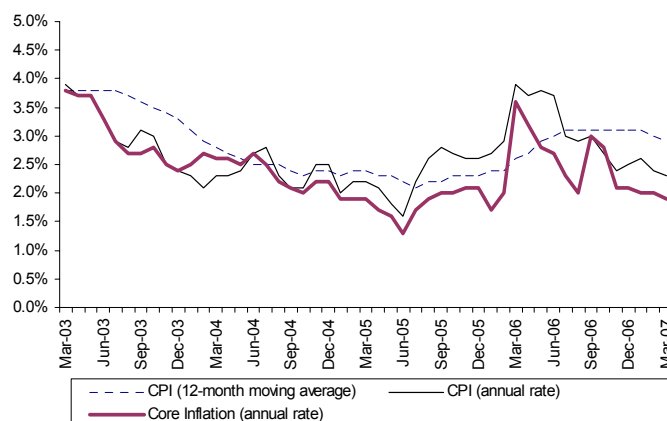
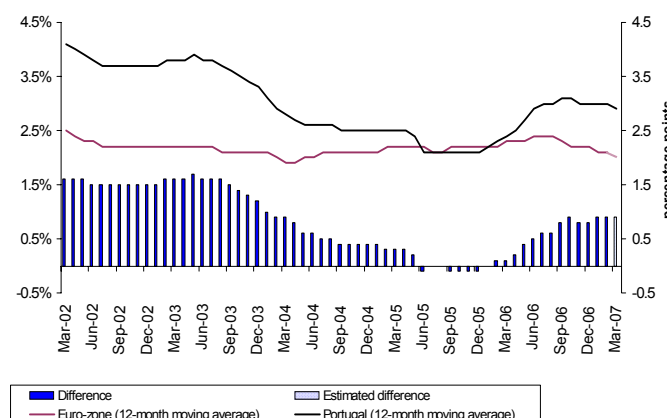


Fig. 2 - Harmonised Index of Consumer Prices (Portugal and the Euro area)



For further information, please contact the 'Unidade de Comunicação e Imagem' mentioned below

The April 2007 CPI/HICP will be released on May 15<sup>th</sup> 2007



## Consumer Price Index

The Consumer Price Index (CPI) is an indicator showing how the prices of a certain basket of goods and services bought by a "typical" consumer change over time. The CPI has been designed to capture price changes and not to measure price levels. Both the consumption pattern and the goods and services included in the CPI basket were derived from the year 2000 Household Budget Survey and are updated annually with the most recent information on prices and quantities. The CPI is compiled through the aggregation of seven regional price indexes and the goods and services included in the index are grouped according to the COICOP classification.

**Table 1: CPI/COICOP Index Divisions**

01	Food and non-alcoholic beverages	07	Transports
02	Alcoholic beverages and tobacco	08	Communications
03	Clothing and footwear	09	Recreation and culture
04	Housing, water, electricity, gas and other fuels	10	Education
05	Furnishings, household equipment and routine maintenance of the house	11	Restaurants and hotels
06	Health	12	Miscellaneous goods and services

## Monthly rate

The monthly rate is the change in the index of a certain month compared with the index of the previous month expressed as a percentage. Although up-to-date, this measure can be affected by seasonal and other effects.

## Annual rate

The annual rate is the change in the index of a certain month compared with the index of the same month in the previous year expressed as a percentage. In the presence of a stable seasonal pattern, seasonal effects do not influence this measure.

## 12-month average rate

The 12-month average rate is the change in the average index of one year compared with the average index of the previous year expressed as a percentage. This moving average is less sensitive to transient changes in prices.

## Core inflation index (all items CPI excluding unprocessed food and energy products)

The core inflation index is compiled by excluding unprocessed food and energy products from the all-items CPI. The primary objective of the exclusions is to eliminate some of the CPI components, which are most likely to be affected by temporary "external shocks" and to capture, in this way, the underlying inflation pressures in the economy. Examples of these "external shocks" include, among others, sharp changes in climatic conditions and the supply of raw materials such as oil. The *Serviço de Análise de Conjuntura e Previsão of Departamento de Estatísticas Macroeconómicas* of INE-Portugal releases a core inflation indicator based on a different methodological approach (factorial analysis) and, for this reason, it is possible that differences between the values shown by the two measures exist.

## Harmonised Index of Consumer Prices

The Harmonised Index of Consumer Prices (HICP) is compiled in each member state of the European Union for the purposes of inflation comparisons across EU countries, as required by the Treaty on European Union <sup>1</sup>. This index plays an important role as a guideline for the achievement of the European System of Central Banks primary objective: price stability. In 1998, the European Central Bank adopted the HICP as "the most appropriate price measure" for its definition of price stability in the Euro area <sup>2</sup>.

<sup>1</sup> Article 109j and protocol on the convergence criteria referred to in that article.

<sup>2</sup> "A stability oriented monetary policy strategy for the ESCB". ECB press notice released on 13 October 1998.



## Annexes:

### CPI rate of change (index division and all items CPI)

		Index divisions <sup>(1)</sup>												All-items CPI
		01	02	03	04	05	06	07	08	09	10	11	12	
		Annual average rate												
2004		1.1	3.0	-1.1	3.0	1.6	1.7	3.5	-1.0	2.8	9.3	4.6	2.6	2.4
2005		-0.6	4.8	-1.1	4.4	1.3	0.9	5.8	-0.2	1.6	7.0	2.4	2.2	2.3
2006		2.7	9.7	0.5	3.9	1.0	1.5	5.5	-0.9	1.2	5.2	2.3	3.3	3.1
		Annual rate												
2005	March	-0.5	4.5	-1.4	4.5	1.4	1.1	4.5	1.5	2.7	6.9	2.9	2.3	2.2
	April	-1.2	4.5	-1.3	4.4	1.3	1.0	5.1	1.5	2.1	6.8	2.6	1.9	2.1
	May	-1.0	4.7	-2.1	4.3	1.0	1.1	4.2	1.6	1.5	6.8	2.7	1.8	1.8
	June	-1.3	4.8	-1.9	4.2	1.0	1.0	4.6	-0.9	1.1	6.8	1.4	2.0	1.6
	July	-1.9	4.9	-1.7	4.6	1.1	1.2	6.6	-0.6	1.7	6.8	2.2	2.2	2.2
	August	-0.7	4.8	-0.5	4.6	1.1	1.0	7.1	-0.5	1.5	6.7	2.8	2.1	2.6
	September	-0.4	5.2	0.4	4.6	1.2	0.9	8.3	-0.5	0.6	7.2	2.2	2.2	2.8
	October	-0.4	5.3	0.1	4.6	1.3	0.6	7.5	-1.1	1.0	8.0	1.7	2.2	2.7
	November	0.8	5.3	-0.6	4.1	1.5	0.1	6.3	-1.1	1.2	6.9	2.0	2.1	2.6
December	1.4	5.3	-1.3	3.9	1.5	-0.1	6.2	-1.1	1.4	6.8	2.2	2.0	2.6	
2006	January	1.7	14.5	-11.6	4.0	1.5	0.0	8.2	-1.2	1.2	5.3	2.6	2.3	2.7
	February	1.8	9.1	-6.5	4.4	1.0	0.2	8.4	-1.1	1.3	5.3	2.0	2.4	2.9
	March	1.3	9.4	12.1	4.4	0.7	0.1	7.8	-0.5	1.2	5.7	2.1	2.5	3.9
	April	1.7	9.4	5.4	4.1	0.9	0.5	7.9	-0.7	1.7	5.7	2.6	2.9	3.7
	May	2.6	9.0	0.9	4.1	1.0	0.7	8.5	-0.6	1.9	5.7	2.3	3.6	3.8
	June	3.9	9.2	-0.9	4.1	1.0	0.8	7.4	-0.6	2.2	5.7	2.3	3.6	3.7
	July	3.1	9.3	-2.7	3.8	1.2	0.7	6.1	-0.9	1.6	5.7	2.2	3.5	3.0
	August	3.2	9.5	-3.0	3.8	0.9	1.2	5.2	-0.9	1.0	5.7	1.7	3.3	2.9
	September	3.1	9.3	8.9	3.7	0.9	1.4	2.5	-1.0	0.7	5.9	2.3	3.7	3.0
	October	3.6	9.3	6.4	3.3	0.9	2.7	0.8	-1.0	0.4	4.0	2.5	3.9	2.7
	November	3.3	9.4	-0.6	3.2	0.9	4.3	1.5	-1.0	0.2	4.0	2.6	3.7	2.4
	December	3.1	9.4	-0.9	3.2	0.8	5.5	2.2	-1.3	0.7	4.0	2.2	3.7	2.5
2007	January	4.1	0.8	1.9	3.9	1.5	5.5	1.5	-1.3	0.6	4.0	2.3	3.3	2.6
	February	3.6	0.4	0.7	3.6	1.4	6.0	0.8	-1.1	1.8	3.9	2.5	3.2	2.4
	March	3.1	0.5	1.0	3.5	2.1	6.3	1.7	-1.8	0.1	3.5	2.4	3.1	2.3
Symbols:		f estimated		Po provisional		x not available								
Notes:		(1) The names of the divisions are given in the explanatory notes.												
Source:		INE - Portugal												



HICP rate of change (international comparison)<sup>(1)</sup>

	EU-13 <sup>(2)</sup>	EICP <sup>(3)</sup>	BE	BG	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK	
	Annual average rate																													
2004	2.1	2.0	1.9	6.1	2.6	0.9	1.8	3.0	3.0	3.1	2.3	2.3	2.3	1.9	6.2	1.2	3.2	6.8	2.7	1.4	2.0	3.6	2.5	11.9	3.7	7.5	0.1	1.0	1.3	
2005	2.2	2.2	2.5	6.0	1.6	1.7	1.9	4.1	3.5	3.4	1.9	2.2	2.2	2.0	6.9	2.7	3.8	3.5	2.5	1.5	2.1	2.2	2.1	9.1	2.5	2.8	0.8	0.8	2.1	
2006	2.2	2.2	2.3	7.4	2.1	1.9	1.8	4.4	3.3	3.6	1.9	2.7	2.2	2.2	6.6	3.8	3.0	4.0	2.6	1.7	1.7	1.3	3.0	6.6	2.5	4.3	1.3	1.5	2.3	
	Annual rate																													
2005	March	2.1	2.1	2.8	4.4	1.1	1.3	1.6	4.8	2.9	3.4	2.1	1.9	2.2	2.4	6.6	3.2	3.5	3.3	2.6	1.5	2.4	3.4	2.3	8.7	3.3	2.4	0.9	0.5	1.9
	April	2.1	2.1	2.4	5.3	1.4	1.7	1.4	4.7	3.3	3.5	2.0	2.2	2.1	2.7	7.1	3.2	3.7	3.8	2.0	1.3	2.3	3.1	2.0	10.0	2.7	2.7	1.2	0.4	1.9
	May	2.0	2.0	2.3	5.1	0.9	1.2	1.6	2.9	3.2	3.0	1.7	2.1	2.3	2.1	6.5	1.9	3.7	3.5	2.4	1.0	2.0	2.1	1.8	10.0	2.1	2.4	0.6	0.2	1.9
	June	2.1	2.0	2.7	6.5	1.3	1.7	1.8	3.2	3.2	3.2	1.8	1.9	2.1	1.5	6.6	2.0	3.2	3.7	2.1	1.5	2.0	1.4	0.6	9.7	1.7	2.6	1.0	0.8	2.0
	July	2.2	2.1	2.7	6.0	1.4	1.8	1.8	3.9	3.9	3.3	1.8	2.2	2.1	1.3	6.3	1.9	4.0	3.6	1.7	1.5	2.1	1.5	1.9	9.4	2.0	2.1	0.9	0.7	2.3
	August	2.2	2.2	2.9	7.2	1.4	2.4	1.9	4.2	3.6	3.3	2.0	2.1	2.1	1.5	6.3	2.3	4.3	3.5	2.5	1.6	1.9	1.8	2.5	8.9	1.8	2.1	1.0	1.1	2.4
	September	2.6	2.5	3.0	7.5	2.0	2.3	2.5	4.9	3.8	3.8	2.4	2.7	2.2	2.1	7.4	2.5	4.7	3.6	2.0	1.7	2.6	1.9	2.7	8.5	3.2	2.3	1.1	1.1	2.5
	October	2.5	2.4	2.2	8.2	2.4	1.9	2.3	4.5	3.7	3.5	2.0	2.6	2.6	2.2	7.7	3.0	5.0	3.1	3.0	1.5	2.0	1.6	2.6	8.2	3.2	3.5	0.8	0.9	2.3
	November	2.3	2.3	2.3	8.0	2.2	1.8	2.2	4.0	3.4	3.4	1.8	2.2	2.4	2.0	7.6	2.8	3.6	3.3	4.3	1.6	1.7	1.1	2.5	8.7	2.1	3.6	1.0	1.2	2.1
	December	2.2	2.1	2.8	7.4	1.9	2.2	2.1	3.6	3.5	3.7	1.8	1.9	2.1	1.4	7.1	3.0	3.4	3.3	3.4	2.0	1.6	0.8	2.5	8.7	2.4	3.9	1.1	1.3	1.9
2006	January	2.4	2.3	2.8	7.6	2.4	2.0	2.1	4.7	3.0	4.2	2.3	2.5	2.2	2.0	7.6	3.5	4.1	2.5	2.4	1.8	1.5	0.9	2.7	9.0	2.6	4.1	1.2	1.1	1.9
	February	2.3	2.2	2.8	9.4	2.4	2.1	2.1	4.5	3.1	4.1	2.0	2.7	2.2	2.3	7.0	3.4	3.9	2.3	2.3	1.4	1.5	0.9	3.0	8.6	2.3	4.3	1.3	1.1	2.0
	March	2.2	2.1	2.2	9.1	2.4	1.8	1.9	4.0	3.3	3.9	1.7	2.8	2.2	2.6	6.6	3.1	3.7	2.4	2.9	1.4	1.3	0.9	3.8	8.5	2.0	4.3	1.2	1.5	1.8
	April	2.5	2.3	2.6	8.5	2.3	1.8	2.3	4.3	3.5	3.9	2.0	2.7	2.3	2.5	6.1	3.4	3.5	2.4	3.5	1.8	2.1	1.2	3.7	7.0	2.8	4.4	1.5	1.8	2.0
	May	2.5	2.4	2.8	9.0	2.8	2.1	2.1	4.6	3.3	4.1	2.4	3.0	2.3	2.5	7.1	3.6	3.6	2.9	3.5	1.8	2.1	1.5	3.7	7.3	3.4	4.8	1.7	1.9	2.2
	June	2.5	2.4	2.5	8.4	2.3	2.1	2.0	4.4	3.4	4.0	2.2	2.9	2.4	2.6	6.3	3.7	3.9	2.9	3.3	1.8	1.9	1.5	3.5	7.2	3.0	4.5	1.5	1.9	2.5
	July	2.4	2.4	2.4	7.8	2.4	2.0	2.1	4.5	3.9	4.0	2.2	2.9	2.3	2.8	6.9	4.4	3.4	3.2	3.6	1.7	2.0	1.4	3.0	6.2	1.9	5.0	1.4	1.8	2.4
	August	2.3	2.3	2.3	7.0	2.6	1.9	1.8	5.0	3.4	3.8	2.1	3.2	2.3	2.7	6.8	4.3	3.1	4.7	3.0	1.9	2.1	1.7	2.7	6.1	3.1	5.0	1.3	1.6	2.5
	September	1.7	1.9	1.9	5.4	2.2	1.5	1.0	3.8	3.1	2.9	1.5	2.2	2.4	2.2	5.9	3.3	2.0	5.9	3.1	1.5	1.3	1.4	3.0	5.5	2.5	4.5	0.8	1.2	2.4
	October	1.6	1.8	1.7	5.2	0.8	1.4	1.1	3.8	3.1	2.6	1.2	2.2	1.9	1.7	5.6	3.7	0.6	6.3	1.7	1.3	1.3	1.1	2.6	4.8	1.5	3.1	0.9	1.2	2.4
November	1.9	2.1	2.0	5.9	1.0	1.8	1.5	4.7	3.2	2.7	1.6	2.4	2.0	1.3	6.3	4.4	1.8	6.4	0.9	1.6	1.6	1.3	2.4	4.7	2.4	3.7	1.3	1.5	2.7	
December	1.9	2.2	2.1	6.1	1.5	1.7	1.4	5.1	3.2	2.7	1.7	3.0	2.1	1.5	6.8	4.5	2.3	6.6	0.8	1.7	1.6	1.4	2.5	4.9	3.0	3.7	1.2	1.4	3.0	
2007	January	1.8	2.1	1.7	6,8 Rc	1.4	1.8	1.8	5.0	3.0	2.4	1.4	2.9	1.9	1.4	7.1	4.0	2.3	8.4	1.2	1,2 Rc	1,7 Rc	1,6 Rc	2.6	4.1	2.8	2.2	1.3	1.6	2.7
	February	1,8 Po	2,1 Po	1,8	4.6	1.7	1.9	1.9	4.6	3.0	2.5	1.2	2.6	2.1	1.2	7.2	4.4	1.8	9.0	0.8	1,4 Po	1,8 Po	1.9	2.3	3.9	2.3	2.0	1.2	1.7	x
	March	1,9 f	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	2.4	x	x	x	x	x	x	
Symbols:		f estimated Po provisional Rc revised x not available																												
Notes:		(1) From January 2006 onwards: base 100=2005; index rates of change calculated based on indexes rounded up to two decimal places. (2) Member States belonging to the Euro area - includes Slovenia from January 2007. (3) European Index of Consumer Prices: EU-15 until April 2004, EU-25 until December 2006 and EU-27 onwards.																												
Source:		INE-Portugal and Eurostat.																												
Code abbreviations of the Member States:																														
		BE	Bélgica	EE	Estónia	IT	Itália	HU	Hungria	PT	Portugal	SE	Suécia																	
		BG	Bulgária	EL	Grécia	CY	Chipre	MT	Malta	RO	Roménia	UK	Reino Unido																	
		CZ	República Checa	ES	Espanha	LV	Letónia	NL	Países Baixos	SI	Eslovénia																			
		DK	Dinamarca	FR	França	LT	Lituânia	AT	Áustria	SK	Eslováquia																			
		DE	Alemanha	IE	Irlanda	LU	Luxemburgo	PL	Polónia	FI	Finlândia																			