United Kingdom

Romania

DATA **HICP** **In Exercises 7–12, use the information below.**
(See Examples 3 and 4.)

The European Central Bank uses the harmonized index of consumer prices (HICP) to measure the average change over time in prices paid by consumers for normal goods and services across countries in the European Union. Unlike the CPI, the HICP excludes owner-occupied housing costs and incorporates rural consumers along with urban consumers in the calculations. The HICP is an internationally comparable measure of inflation.

HICP by Country						
Year	Austria	Germany	Italy	Netherlands	Spain	Sweden
1996	87.2	88.6	81.8	80.4	77.9	87.5
1997	88.2	90.0	83.3	81.9	79.4	89.1
1998	89.0	90.5	85.0	83.4	80.8	90.0
1999	89.4	91.1	86.4	85.1	82.6	90.5
2000	91.2	92.4	88.6	87.1	85.5	91.7
2001	93.3	94.1	90.7	91.5	87.9	94.1
2002	94.8	95.4	93.1	95.1	91.0	95.9
2003	96.1	96.4	95.7	97.2	93.9	98.2
2004	97.9	98.1	97.8	98.5	96.7	99.2
2005	100.0	100.0	100.0	100.0	100.0	100.0
2006	101.7	101.8	102.2	101.7	103.6	101.5
2007	103.9	104.1	104.3	103.3	106.5	103.2
2008	107.3	107.0	108.0	105.5	110.9	106.7
2009	107.7	107.2	108.8	106.6	110.6	108.7

7. Which year is the base year for the HICP?

8. Graph the HICP for Italy from 1996 through 2009. The vertical axis should have a range of 80 to 110. Use the graph to describe the rate of inflation during these years.

9. Graph the HICP for Sweden from 1996 through 2009. The vertical axis should have a range of 80 to 110. Use the graph to describe the rate of inflation during these years.

10. For the years shown, was the pricing for consumer goods and services more stable in Italy or Sweden? Explain your reasoning.

11. Did all the countries shown in the table experience inflation from 1996 to 2009? Explain your reasoning.

12. Discuss the statement. Do you agree with the argument? Explain.

> The HICP can be used to compare developments in inflation between different countries in the European Union, and to calculate inflation for the eurozone as a whole. The national CPIs of various other countries are not suitable for this because of differences in composition.

Portugal

Slovakia

Estonia

Spain

Czech Republic

Germany

Luxembourg

Ireland

Bulgaria

Austria

Cyprus

Hungary

Latvia

Lithuania

The Netherlands

Slovenia

European Union

Sweden

Italy

Poland

Malta

France

Belgium

Finland

Greece

Denmark