

INFLATION (CPI)

Consumer price indices have a long history in official statistics. They provide a measure of the erosion of living standards through price inflation and are probably one of the best known economic statistics used by the media and general public.

Definition

Consumer price indices (CPI) measure the change in the prices of a basket of goods and services that are typically purchased by specific groups of households. Consumer price indices cover virtually all households except for “institutional” households – people in prisons and military barracks, for example – and, in some countries, households in the highest income group.

The CPI for all items excluding food and energy provides a measure of underlying inflation, which is less affected by short-term fluctuations. The index for food covers food and non-alcoholic beverages but excludes purchases in restaurants. The index for energy covers all forms of energy, including fuels for motor vehicles, heating and other household uses.

Comparability

There are a number of differences in the ways that these indices are calculated. The most important ones concern the treatment of dwelling costs, the adjustments made for

changes in the quality of goods and services, the frequency with which the basket weights are updated, and the index formulae used. In particular, country methodologies for the treatment of owner-occupied housing vary significantly. The European Harmonised Indices of Consumer Prices (HICPs) exclude owner-occupied housing as do national CPIs for Belgium, Chile, Estonia, France, Greece, Italy, Luxembourg, Poland, Portugal, Slovenia, Spain, Turkey, the United Kingdom and most of the countries outside the OECD area. For the United Kingdom, the national CPI is the same as the HICP. The European Union and euro area CPI refer to the HICP published by Eurostat and cover the 28 and 19 countries respectively for the entire period of the time series.

Overview

The annual average inflation rate from 2012-14 has been below 2.5% in all OECD countries except Chile, Iceland, Mexico and Turkey. The CPI for the OECD total dropped from 2.5% in the 3-year average from 2002-04 to 1.9% in the 3-year average from 2012-14. Over the entire period from 2002 to 2014, most OECD countries experienced substantial declines in inflation. By contrast, Japan experienced a substantial increase of inflation after many years of negative and flat rates while Mexico, Turkey, and Iceland all experienced periods or years of high inflation during this period.

Annual inflation rates have been higher for countries outside the OECD area.

Energy prices have been volatile during the whole period (2000-14) and have recorded large swings, with spikes in 2000, 2005, 2008 and 2011 and sharp declines in 2002, 2007 and 2014. Food prices have risen by less than total consumer prices in 2000 and 2010 but for the most recent period, 2014, they have risen faster. When excluding these more volatile items, the underlying consumer price index (i.e. all items excluding food and energy) points to a progressive decline in inflation rates from 2000 to 2010 followed by a slight increase from 2010 onwards.

Sources

- OECD (2015), *Main Economic Indicators*, OECD Publishing.

Further information

Analytical publications

- OECD (2015), *OECD Economic Outlook*, OECD Publishing.
- Brook, A.M. et al. (2004), “Oil Price Developments: Drivers, Economic Consequences and Policy Responses”, *OECD Economics Department Working Papers*, No. 412.

Methodological publications

- OECD et al. (2004), *Consumer Price Index Manual: Theory and Practice*, ILO, Geneva.

Websites

- OECD Main Economic Indicators, www.oecd.org/std/mei.

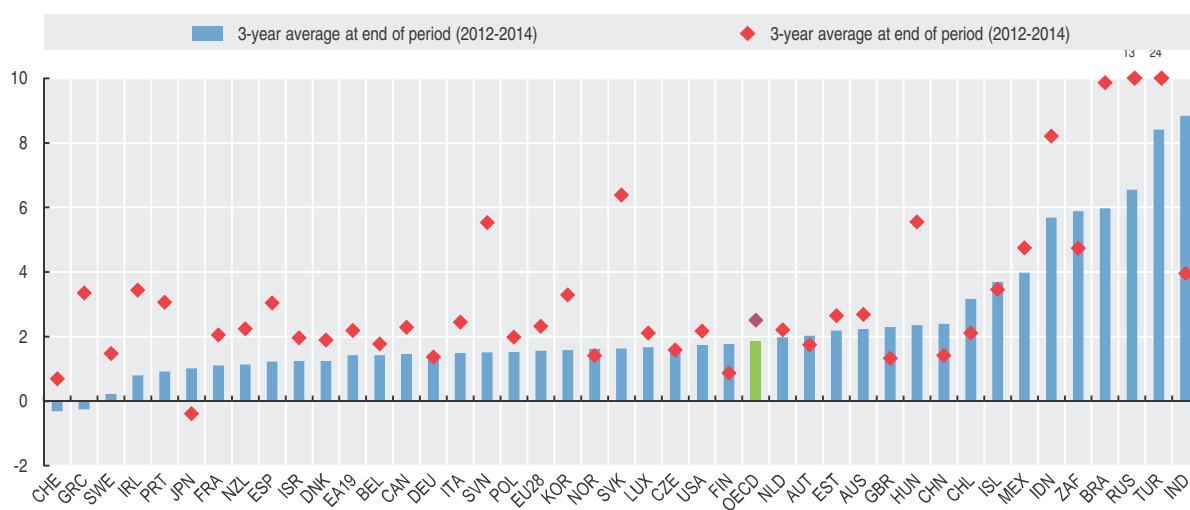


Inflation (CPI)
Annual growth in percentage

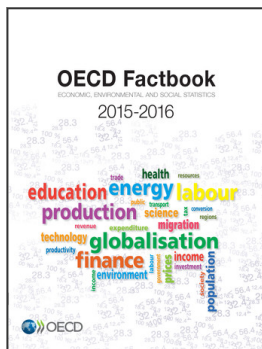
	All items			All items non-food, non-energy			Food			Energy		
	2000	2010	2014	2000	2010	2014	2000	2010	2014	2000	2010	2014
Australia	4.5	2.9	2.5	4.4	2.8	2.6	0.3	1.1	2.8	16.3	8.5	1.2
Austria	2.3	1.8	1.6	1.7	1.4	2.0	0.6	0.5	2.0	10.7	7.6	-2.0
Belgium	2.5	2.2	0.3	1.8	1.5	1.6	0.9	1.7	-0.4	14.4	9.5	-6.2
Canada	2.7	1.8	1.9	1.7	1.3	1.6	1.1	0.9	2.5	16.2	6.6	3.5
Chile	3.8	1.4	4.7	3.1	0.5	3.9	1.1	2.2	7.0	22.0	7.1	6.2
Czech Republic	3.8	1.5	0.4	3.3	1.1	0.4	1.0	1.5	2.0	15.1	3.8	-4.2
Denmark	2.9	2.3	0.6	2.1	1.9	0.9	2.5	0.4	-0.9	11.8	9.0	-0.2
Estonia	4.0	3.0	-0.1	3.9	0.8	1.0	2.4	3.0	0.0	8.0	12.3	-4.0
Finland	3.0	1.2	1.0	2.6	1.2	1.5	1.1	-3.4	0.2	12.6	10.6	-1.7
France	1.7	1.5	0.5	0.5	0.9	0.9	2.2	0.8	-0.8	12.2	9.6	-1.1
Germany	1.4	1.1	0.9	0.9	0.7	1.4	-0.7	1.2	1.0	13.9	4.0	-2.1
Greece	3.2	4.7	-1.3	2.2	3.4	-1.2	1.9	0.1	-1.7	17.2	28.8	-1.8
Hungary	9.8	4.9	-0.2	8.4	3.7	2.3	9.2	2.8	-0.8	17.3	10.8	-6.8
Iceland	5.1	5.4	2.0	4.7	4.7	2.7	4.1	4.2	0.5	11.9	15.5	-1.3
Ireland	5.6	-0.9	0.2	5.6	-1.2	0.8	3.1	-4.6	-2.2	13.6	9.6	-1.5
Israel	1.1	2.7	0.5	0.4	2.6	0.9	2.3	2.5	-1.4	9.5	3.9	-0.3
Italy	2.5	1.5	0.2	2.1	1.6	0.9	1.6	0.2	0.1	11.6	3.5	-3.0
Japan	-0.7	-0.7	2.7	-0.5	-1.2	1.9	-2.3	-0.3	4.2	2.7	2.7	6.5
Korea	2.3	2.9	1.3	1.8	1.8	1.7	0.9	6.4	0.3	9.6	6.5	-0.4
Luxembourg	3.2	2.3	0.6	2.2	1.6	1.3	2.0	0.9	0.6	19.8	10.2	-4.6
Mexico	9.5	4.2	4.0	10.4	4.2	3.2	5.4	3.4	4.8	16.8	5.4	8.4
Netherlands	2.3	1.3	1.0	1.9	1.7	1.5	0.2	-0.1	-0.1	14.9	-0.3	-1.7
New Zealand	2.6	2.3	1.2	2.4	1.9	1.4	1.1	1.0	0.3	11.0	7.0	1.2
Norway	3.1	2.4	2.0	2.5	0.9	3.1	1.9	0.2	3.1	11.3	15.5	-4.0
Poland	9.9	2.6	0.1	9.3	1.5	0.7	9.7	2.8	-1.0	13.4	6.2	-1.1
Portugal	2.9	1.4	-0.3	2.9	1.0	0.1	2.1	-0.2	-1.3	6.0	9.5	-1.4
Slovak Republic	12.0	1.0	-0.1	11.5	3.1	0.7	5.2	1.6	-0.8	41.8	-2.8	-1.8
Slovenia	8.9	1.8	0.2	7.3	0.2	0.7	-13.8	1.0	-0.3	25.2	13.2	-1.4
Spain	3.4	1.8	-0.2	2.9	0.6	0.0	2.1	-0.8	-0.3	13.3	12.5	-0.8
Sweden	0.9	1.2	-0.2	-0.3	-0.4	0.6	0.0	1.4	0.4	7.2	6.8	-2.6
Switzerland	1.6	0.7	0.0	1.2	0.2	0.0	1.6	-1.1	0.9	18.0	9.2	-1.0
Turkey	54.9	8.6	8.9	58.0	7.2	8.6	46.6	10.6	12.6	56.4	10.5	2.5
United Kingdom	0.8	3.3	1.5	0.1	2.9	1.6	-0.5	3.4	-0.2	7.0	6.1	0.1
United States	3.4	1.6	1.6	2.4	1.0	1.7	2.2	0.3	2.4	16.9	9.5	-0.3
Euro area	2.2	1.6	0.4	1.0	1.0	0.8	1.2	0.4	-0.1	13.4	7.4	-1.9
EU 28	3.5	2.1	0.6	1.2	1.3	0.9	3.9	1.0	-0.2	12.7	7.2	-1.6
OECD	4.0	1.9	1.7	3.4	1.3	1.8	2.3	1.1	2.1	14.7	7.8	0.5
Brazil	7.0	5.0	6.3	..	..	..	5.1	6.1	7.6	..	..	..
China	0.4	3.3	2.0	..	..	..	-2.6	7.2	3.1	..	..	..
India	4.0	12.0	6.4	..	..	..	..	..	..	..	..	..
Indonesia	3.7	5.1	6.4	..	..	..	-4.8	9.4	6.8	..	..	..
Russian Federation	20.8	6.9	7.8	..	..	..	17.8	7.0	10.3	..	..	..
South Africa	5.3	4.1	6.1	..	4.2	5.5	7.8	1.2	8.0	..	14.6	7.2

1 2 <http://dx.doi.org/10.1787/888933336052>

CPI: all items
Average annual growth in percentage



1 2 <http://dx.doi.org/10.1787/888933334865>



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