

## HICP sub-indices and harmonisation needs

**Carlo De Gregorio \*, Eurostat**

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If considered at a very detailed level, the HICP sub-indices may assume very heterogeneous behaviours across EU. In several cases, it is reasonable to assume that these differences are not generated by genuine underlying differences in the structure of national markets: they can be justified by the heterogeneity of the methodological approaches adopted nationally to provide the estimates. This mere fact might affect sector analysis, especially if conducted at EU level and for policy reasons. In the last years the harmonisation process has more thoroughly focussed on the methodological approach to estimating the HICP. EC Regulation 1334/2007 is in fact a major step forward a unitary approach to the process of estimating price sub-indices based on a coherent definition of the target population and on explicit sampling design.

This paper suggests a methodology to identify such possible areas where the harmonisation of sampling approaches is more urgently needed, and provides some suggestions for possible intervention in specific areas. For this purpose, a comparative study of the elementary indices by country is here proposed in order to provide an overall evaluation of their dynamics and to propose a measurement of cross country heterogeneity. The paper, in particular, provides a classification of the dynamic behaviour of more than 1.200 HICP series, examined in the period 2004-2008 and broken down by country and COICOP class.

The classification on the one hand provides a tool to describe the range of behaviours which characterise elementary HICPs; on the other hand it helps to identify the sub-indices which show lower degrees of homogeneity across countries and which may thus be deemed as possibly needing harmonisation. A measurement of such heterogeneities is proposed, with the main objective of highlighting the possible areas of methodological harmonisation: the final part of the paper is in particular more specifically dedicated to a deeper look into a few most evident cases of lack of homogeneity .

(\*) the author is senior researcher at ISTAT (the Italian National Statistical Institute, and is at the moment detached at Eurostat, unit G6 (Price statistics). The views expressed in this paper are those of the author and do not necessarily reflect the positions or policies of Eurostat and Istat.