Harmonised indices of consumer prices and house price index

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Opinion of the European Central Bank (ECB) on a proposal for a regulation of the European Parliament and the Council on harmonised indices of consumer prices and repealing Council Regulation (EC) No 2494/95.

On 17 December 2014, the ECB received a request from the European Parliament for an opinion on this proposal. On 26 January 2015, the ECB was consulted on the same proposal by the Council of the European Union.

The proposed regulation lies within the ECB's fields of competence as the ECB is a key user of HICP statistics. Harmonised indices of consumer prices are important indicators in the context of monetary policy. They are of crucial importance to the ECB's primary objective of maintaining price stability in the euro area.

The ECB supports the efforts undertaken by the European Commission (Eurostat) concerning the review and modernisation of the Union legal framework for compilation of HICP statistic.

It made the following remarks:

Consultation of the ECB: the ECB is to be consulted on any implementing and delegated acts, which the Commission may adopt under the revised legal framework for the HICP. The proposed regulation should reflect the ECB's competence to be consulted on implementing and delegated acts adopted under the proposed regulation.

Use of delegated and implementing acts:

Regarding the Commission's power to adopt delegated acts, the ECB considers the threshold below which there is no obligation for Member States to provide sub-indices of harmonised indices, and the list of sub-indices that need not be produced by Member States to be essential elements of the proposed regulation. These items are fundamental to ensure sound and harmonised consumer price indices. These issues should be decided and laid down in the proposed regulation.

The ECB supports the proposed Article 5(1) in connection with Article 2(q) on the collection of information about 'administered prices' as part of the 'basic information' that should be provided with reference to HICPs (and HICPs at constant tax rates). For indices that refer to, or exclude administered prices, the ECB would welcome if the Commission would provide guidance ensuring the harmonised definition and application of these concepts in an implementing act.

Methodological issues:

Article 4(2)(b) of the proposed regulation introduces a wider margin for systematic differences in annual growth rates of the owner-occupied housing price index (OOH-price index) and of the house price index (HPI) that may result from deviations from the concepts or methods laid down in the proposed Regulation. While Commission Regulation (EU) No 93/2013 is silent on this issue, the ECB strongly suggests applying the standard of 0.1 percentage points that is used for assessing the comparability of sub-indices.

The production of sub-indices at intervals less frequent than required by the proposed regulation should remain subject to prior approval by the Commission (Eurostat).