LATEST TRENDS IN CONSUMER PRICES

Consumer prices in the OECD area rose by 0.2 per cent in August after having remained unchanged in July (1). Of the 21 countries for which monthly data are available, six recorded either slight falls or no increase, while among the seven major countries the spread of monthly inflation rates narrowed to within a 0 - 0.3 per cent range. An increase in VAT rates contributed to a 0.9 per cent price rise in Spain. Taken over twelve months, the rate of increase in consumer price inflation in the OECD area as a whole remained unchanged at 3.2 per cent (2).

With food prices rising by 0.4 per cent and energy prices falling by an equal amount (helped by the decline in the dollar exchange rate), the consumer price index excluding these two elements, which is an indicator of "underlying" inflation, increased by 0.2 per cent in August, unchanged from the rate recorded in July (3). The fastest increase occurred in the Netherlands (1 per cent) largely reflecting increases in public sector charges. Measured over twelve months, the underlying rate of OECD-area inflation edged down further to 3.7 per cent in August from 3.8 per cent in July.

(1) This excludes Turkey, a high-inflation country. Including Turkey, the increase amounted to 0.3 per cent.

(2) Including Turkey the year-on-year rate was 4.2 per cent.

(3) Excluding Greece, Iceland, Portugal, Sweden and Turkey, for which data are not available.

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