LATEST TRENDS IN CONSUMER PRICES

Consumer prices in the OECD area rose by 0.2 per cent in January, after having remained unchanged in December 1991 (1). In four countries (Japan, Denmark, the Netherlands and Sweden) prices declined for the second consecutive month, while in Norway they remained unchanged for the fourth successive month. In Spain, the seasonal pattern of food price adjustment contributed to a 1.5 per cent increase in consumer prices, while in Austria increases in indirect tax rates accounted for about one-half of a 1.3 per cent rise. Taken over the twelve months, the rate of inflation for the OECD area as a whole dropped from 3.7 per cent in December to 3.2 per cent in January -- the lowest figure since April 1987.

OECD consumer prices excluding food and energy, an indicator of "underlying" inflation, rose by 0.2 per cent in January, compared with 0.1 per cent in December (2). In Japan, prices fell by 0.5 per cent, while in both Europe and North America an increase of 0.3 per cent was recorded. Taken over twelve months, underlying OECD inflation dropped to 3.9 per cent in January from 4.2 per cent in December -- the first time the annual rate has fallen below 4 per cent since August 1988.

Note: As indicated in footnote (b) to the table overleaf, regional price indices are estimated using a weighting system based on private consumption and purchasing power parities of the preceding year. As from the present Press Release, the purchasing power parities have been updated to reflect the results of the 1990 survey of purchasing power parities (previously it was based on the 1985 survey). Average inflation estimates for the historical periods have been brought forward one year to 1970-79 and 1979-88; last month’s Release referred to 1969-78 and 1978-87, respectively.

(1) Excluding Turkey, a high-inflation country. Including Turkey, consumer prices in the OECD area rose by 0.4 per cent in January and by 4.2 per cent taken over twelve months.

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