

Price indices	2003		2004		
	Dec 2003/ Dec 2002	Φ (Jan 03-Dec 03)/ Φ (Jan 02-Dec 02)	March 04/ Feb 04	March 04/ March 03	Φ (Apr 03-Mar 04)/ Φ (Apr 02-Mar 03)
Consumer prices	104.6	105.6	100.6	103.5	104.9
Goods	103.9	105.0	100.9	102.5	104.2
Fuels and energy	103.6	103.5	100.8	102.2	102.3
Other	104.0	105.3	100.9	102.6	104.6
Services	106.5	106.9	100.1	106.0	106.6
Administered prices¹	104.0	104.4	100.9	105.0	104.4
Energy	103.5	103.5	100.9	102.3	101.9
Other	104.8	106.1	101.1	110.6	109.7
Core inflation					
Trimmean	104.2	105.9	100.2	103.7	105.2
Excluding food and energy	103.7	104.9	100.4	103.2	104.3
Producer prices	102.1	102.5	100.3	103.8	102.6
Intermediate goods	102.5	102.0	100.4	105.4	102.6
Investment goods	98.9	99.6	100.1	100.9	99.4
Consumer goods	102.4	104.1	100.1	102.7	103.5
Inflation in the EU-12					
Consumer prices	102.0	102.1	100.7	101.7	101.9
Excluding food, energy, tobacco, alcohol	101.6	101.8	100.5	101.8	101.7
Producer prices	101.0	101.5	100.1 ²	100.0 ²	101.1 ²

Sources of data: HICP, IPI: SORS, administered prices: calculated by the IMAD, core inflation: calculated by the IMAD, HICP in the EU: Eurostat (preliminary data) and calculated by the IMAD. Notes: numbers do not always round off; ¹figures between years are not fully comparable because of changes introduced to the consumer price index in 2004, ²a figure for the previous month.

March's rise in consumer prices advanced to 0.6% from February's 0.1%, while the first-quarter rise was 1.1%, slightly less than expected in the previous inflation forecast (made in January 2004). This slowdown helped reduce long-term inflation indicators: annual inflation decelerated to 3.5% in March from 4.6% in December last year, while the average inflation rate continued to fall to total 4.9% in March (5.6% in December). Thanks to inflation's relatively fast deceleration in the first quarter, the forecast of this year's inflation has been revised downwards so prices are projected to rise by 3.3% year on year in December 2004 (the 2004 spring forecasts).

March's price rise was again underpinned by **prices influenced by seasonal fluctuations**: higher prices of clothing and footwear added 0.4 of a percentage point to inflation, while higher prices of food and non-alcoholic beverages contributed 0.2 of a percentage point. Another 0.1 of a percentage point came from higher prices of liquid fuels for transport and heating, while inflation was reduced by 0.1 of a percentage point thanks to lower prices in the recreation and culture group.

Inflation continued to slow down in the first quarter as a result of the macroeconomic policy mix adopted last year. In order to prevent excessive price volatility previously caused by administered prices and excise duties, the government continued to pursue the policy of administered prices and excise duties adopted last year which, coupled with the slowing depreciation of the tolar, led to sustained and relatively rapid falls in inflation. Further evidence that this reduction of inflation is sustainable is the **slowdown in the core inflation**, which followed the fall in the total consumer price index.

The **direct contribution of administered prices to inflation**, while rising relatively faster than market-shaped prices, was 0.3 of a percentage point in the first quarter. The counter-cyclical adjustment of excise duties on liquid fuels and the reduction of excise duties helped bring inflation down by 0.2 of a percentage point. The total contribution of these two policies to inflation was lower than in the first quarter of 2003, when it totalled 0.4 of a percentage point.

Graph: **Contribution of individual price groups to inflation**

