
TRENDS IN TELECOMMUNICATIONS PRICES NOV 18

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Changes in telecommunication prices

Executive summary

- In November 2018, telecommunication prices, measured by the sub-index of the Consumer Price Index (CPI), remained unchanged from the previous month. Compared with the corresponding month of the previous year, the variation in prices was -0.02%. The average change in telecommunications prices in the last 12 months was 0.2%, 0.86 percentage points (p.p.) below the CPI (1.06%).
- In terms of international comparisons in the electronic communications sector, in November 2018 the average change in telecommunications prices in Portugal in the last 12 months was the 10th highest among EU countries. The EU average for telecommunications prices showed a more pronounced fall (-0.1%).
- Since April 2011, telecommunication prices have grown more in Portugal than in the EU

Methodological note

a. Sources

- "Consumer Price Index – November 2018" (INE, 2018), available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaques&DESTAQUESdest_boui=315399987&DESTAQUESmodo=2
- "HICP- monthly data" (EUROSTAT, 2018), available at http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=prc_hicp_midx&lang=en.

The methodology used is described at

http://ec.europa.eu/eurostat/statistics-explained/index.php/HICP_methodology

b. Notes

The changes in telecommunication prices presented in this report results from the variation in the "Telephone and fax services" sub-index of the Consumer Price Index (CPI) and the Harmonized Indices of Consumer Prices (HICP), which comprises voice, Internet and subscription TV services acquired on a standalone basis or as part of a bundle of services. The information presented in this report should be complemented by an examination of the characteristics of the offers. This information is available in the reports: "Electronic communications bundles", "Fixed telephone service and nomadic VoIP", "Mobile services", "Internet access service" and "Subscription television service", all available on ANACOM's website.

EU telecommunication prices do not include information concerning the United Kingdom.

1. Changes in telecommunication prices in November 2018

According to Statistics Portugal, in November 2018, telecommunications prices remained unchanged from the previous month.

Compared with the same month of the previous year, the variation in telecommunications prices was -0.02%. This price variation was in 28th position among the 43 subgroups of goods and services considered, sorted in descending order (Table 1).

Table 1 - Change in Consumer Price Index (CPI) and in telecommunications prices

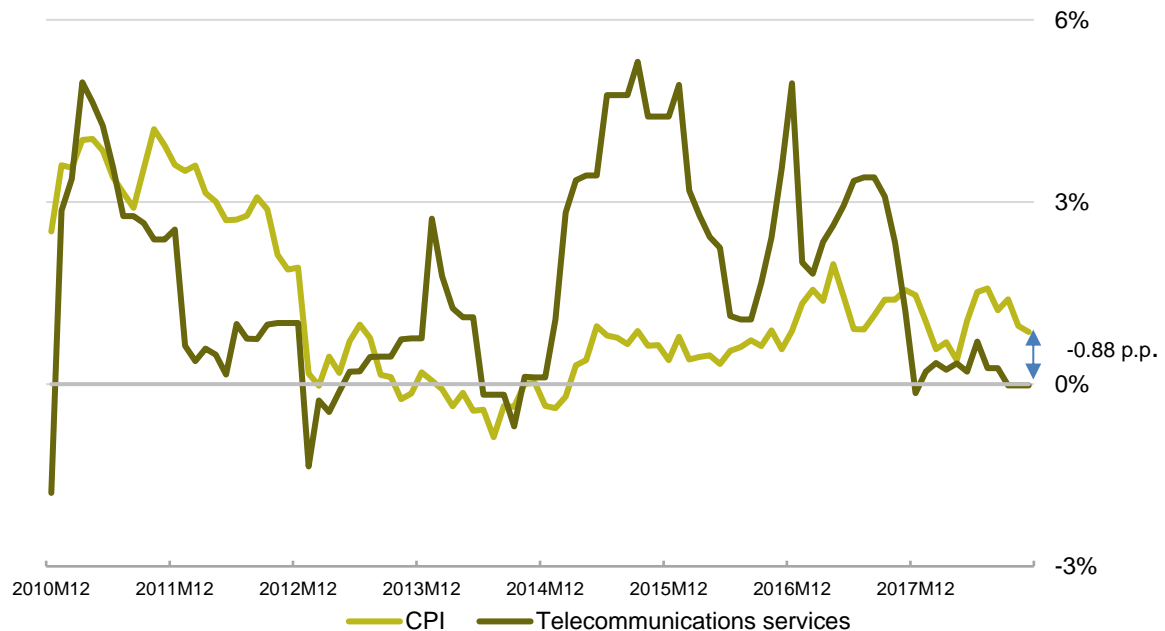
	November 2018			2017
	Year-on-year var.	Average var. in the last 12 months	Var. previous month	Average var. in the last 12 months
CPI	0.86%	1.06%	-0.45%	1.37%
.. Telecommunications	-0.02%	0.20%	0.00%	2.35%
Relative position (descending order among the 43 subgroups of goods and services)	28	28	25	10

Unit: %

Source: Statistics Portugal

Between August 2013 and October 2017, year-on-year growth in telecommunication prices was almost always higher than CPI growth. However, the situation was reversed in November 2017. In November 2018, the deviation from the CPI reached -0.88 p.p. (Graph 1).

Graph 1 – Year -on-year rate of change of CPI and telecommunications prices



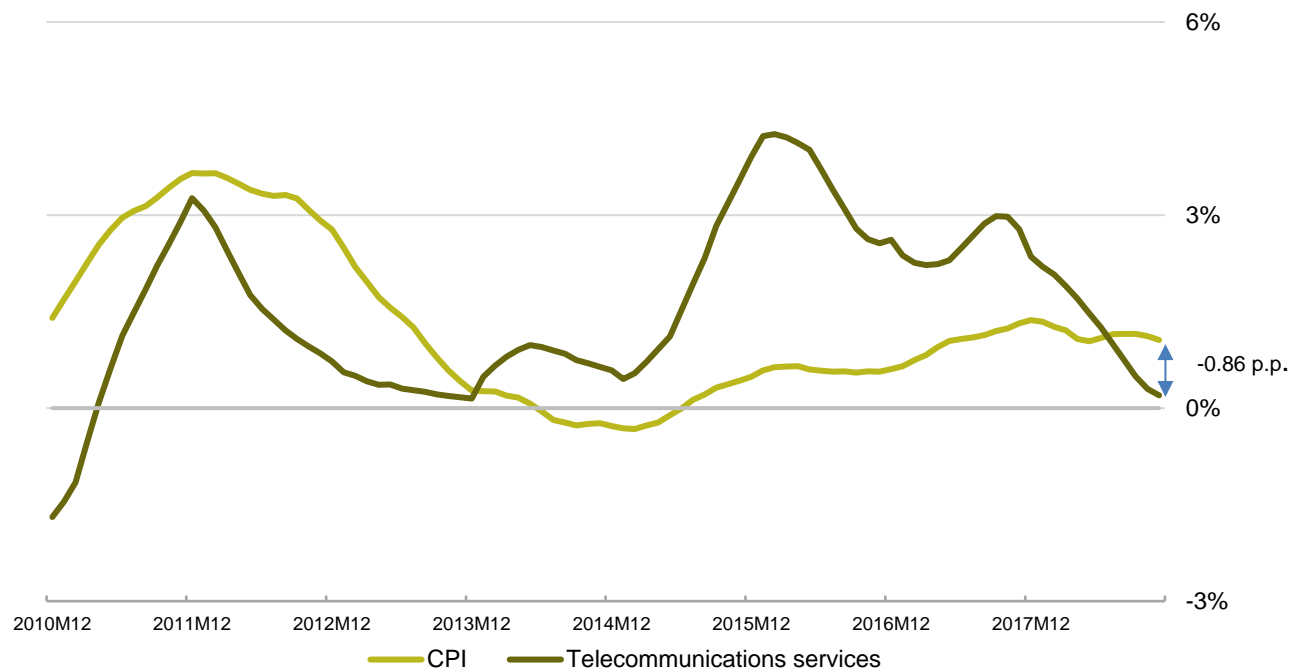
Unit: %

Source: Statistics Portugal

The average price variation of telecommunications in the last 12 months (0.2%) was also in 28th place among the 43 subgroups of goods and services considered, being higher than the price variation for "Clothing" and "Footwear" and lower than the price variation for "Transport services", "Electricity, gas and other fuels" and "Water supply".

The differential between the average change in telecommunications prices and the CPI between December 2017 and November 2018 reached -0.86 pp. This is the largest negative difference between the change in telecommunications prices and the change in the CPI since July 2013. In the 96 months that have elapsed since December 2010, telecommunication prices grew at rates above the CPI in 54 months (Graph 2).

Graph 2 – Average 12-month change in CPI and telecommunications prices

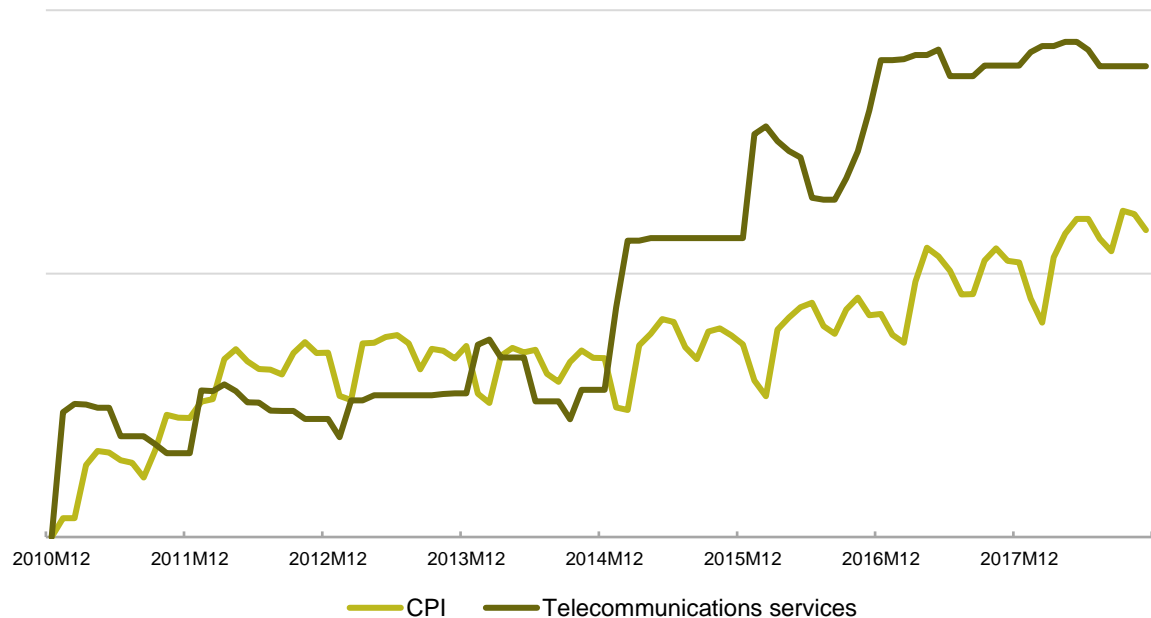


Unit: %

Source: Statistics Portugal

In cumulative terms since the end of 2010, telecommunications prices grew 14.3 p.p, while the CPI increased 9.3 pp. The differential in the changes in the two indices began in 2015 and became more pronounced in 2016, being associated with the "price adjustments" made by the main providers (Graph 3).

Graph 3 – Change in CPI and Telecommunications Prices in Portugal (2010M12 = Base 100)



Unit: index (2010M12 = Base 100)

Source: ANACOM, based on data from Statistics Portugal

2. Changes in telecommunication prices in the EU in November 2018

According to EUROSTAT, in November 2018, the average change in the last 12 months of telecommunications services prices in Portugal was 0.3 p.p. higher than the EU average, with Portugal being the 10th country in terms of highest prices. The countries where prices grew more than in Portugal were: Spain, Greece, Bulgaria, Malta, Romania, Latvia, Slovenia, Sweden and Belgium.

On a year-on-year basis, the variation in telecommunications prices in Portugal was the 12th most pronounced among the countries considered (Table 2).

Table 2 – Change in telecommunications prices: Portugal vs EU

	November 2018			2017
	Year-on-year var.	Average var. in the last 12 months	Var. previous month	Average var. in the last 12 months
EU	-0.4%	-0.1%	-0.4%	-0.9%
Portugal	0.0%	0.2%	0.0%	2.4%
Deviation PT / EU	0.4 p.p.	0.3 pp	0.4 p.p.	3.2 p.p.
<i>Relative position (descending order among 27 countries)</i>	12	10	7	2

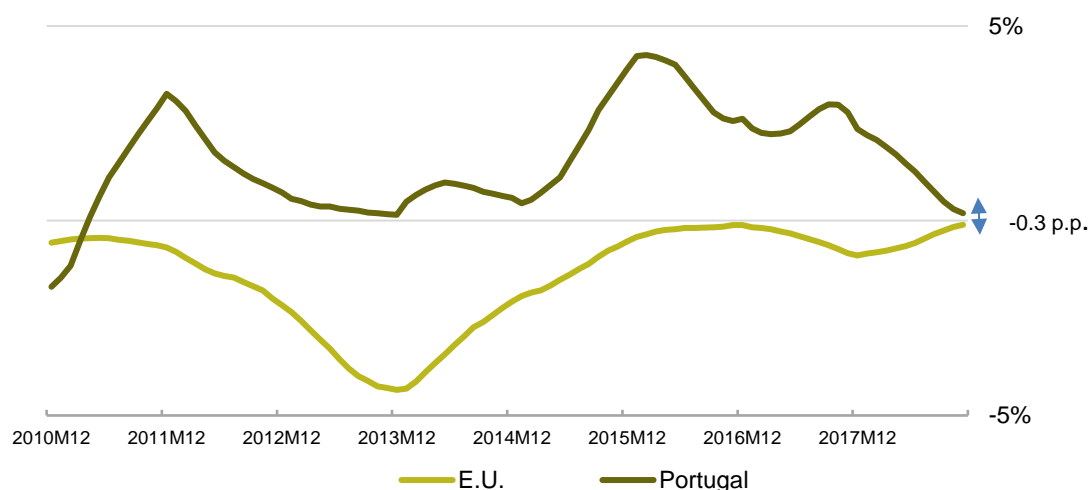
Unit: %, p.p.

Source: EUROSTAT

Note: Information not available for the United Kingdom. The differences between the values for Portugal in Tables 1 and 2 result from the different number of decimal places with which the information is published by Statistics Portugal (CPI) and EUROSTAT (HICP) and the consequent rounding up.

Since April 2011, telecommunications prices have grown more in Portugal than in the EU (in terms of the average change over the last 12 months). This difference has been narrowing; the difference between the growth of telecommunications prices in Portugal and the EU reached a maximum value of +4.9 p.p. in January 2016 and a minimum of +0.3 p.p. in the month being considered (Graph 4).

Graph 4 – Average rate of change over previous 12 months - telecommunications prices: Portugal vs EU



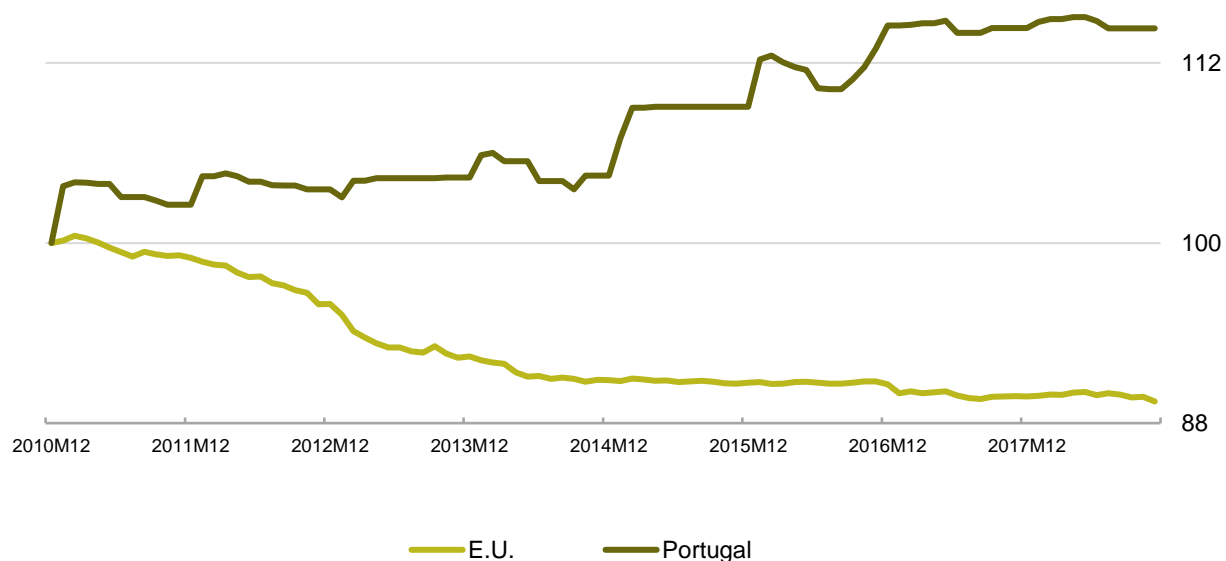
Unit: %

Source: EUROSTAT

Note: From the publication, by EUROSTAT, on 25 February 2016, of data for January 2016, the reference year of the HICP series was changed from 2005 to 2015. There may be differences in the series due to rounding effects.

In cumulative terms since the end of 2010, telecommunication prices increased by 14.3 p.p. in Portugal and decreased by 10.6 p.p. in the EU. Telecommunications prices indices in Portugal and the EU mainly started to differ from the beginning of 2012. Since 2017 the differential has remained almost always between 24 and 25 p.p. (Graph 5).

Graph 5 – Changes in Telecommunications Prices in Portugal and the EU (2010M12 = Base 100)



Unit: index (2010M12 = Base 100)

Source: ANACOM, based on data from EUROSTAT

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