
TRENDS IN
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Changes in telecommunication prices

Executive summary

- In March 2019, 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 -0.2%. The average rate of change in telecommunications prices in the last twelve months was 0.13%, 0.86 percentage points (p.p.) below the CPI (0.99%).
- In terms of international comparisons in the electronic communications sector, in March 2019 the average rate of change in the last twelve months for telecommunications prices in Portugal was the 9th highest among EU countries. The EU average for telecommunications prices decreased 0.2%. Since April 2011, telecommunication prices have grown more in Portugal than in the EU.
- According to a study undertaken and published by the European Commission, in February 2018 the prices for mobile phone voice and Internet in Portugal were between 5% and 23% higher than the EU28 average.

Methodological note

a. Sources

- “Consumer Price Index – March 2019” (INE, 2019), available at https://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaque&DESTAQUESdest_boui=352431649&DESTAQUESmodo=2
- “IHPC- monthly data” (EUROSTAT, 2019), 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

- “*Mobile Broadband Prices in Europe 2018*” (European Commission, 2019), available at <https://ec.europa.eu/digital-single-market/en/news/mobile-broadband-prices-went-down-europe-2018>

b. Definitions

- Year-on-year rate of change: compares the level of the variable between the current month and the same month of the previous year. This rate of change, given a stable seasonability pattern, is not effected by oscillations of this nature but may, however, be influenced by effects localised to one (or both) of the months being compared – See <http://smi.ine.pt/VariavelFisica/Detalhes?id=4263&LANG=PT>
- Average rate of change for the last twelve months: compares the average price index for the last twelve months with the twelve months immediately preceding. As a mobile average, this rate of change is less sensitive to sporadic changes in prices. The amount obtained for the month of December has been used as a reference in the plan for social dialogue, and has therefore been linked to the annual inflation rate – See https://www.ine.pt/bddXplorer/htdocs/minfo.jsp?var_cd=0002390&lingua=PT

c. 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.
- Telecommunications prices for the EU from December 2016 differ from those published previously due to alterations carried out by Eurostat. The information up to November 2016 was collected on 16 March 2018. The information from December 2016 was collected on 22 April 2019.

1. Changes in telecommunications prices in March 2019

According to Statistics Portugal, in March 2019, telecommunications prices remained unchanged from the previous month.

Compared with the same month of the previous year, the variation in telecommunications prices was -0.2%. 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

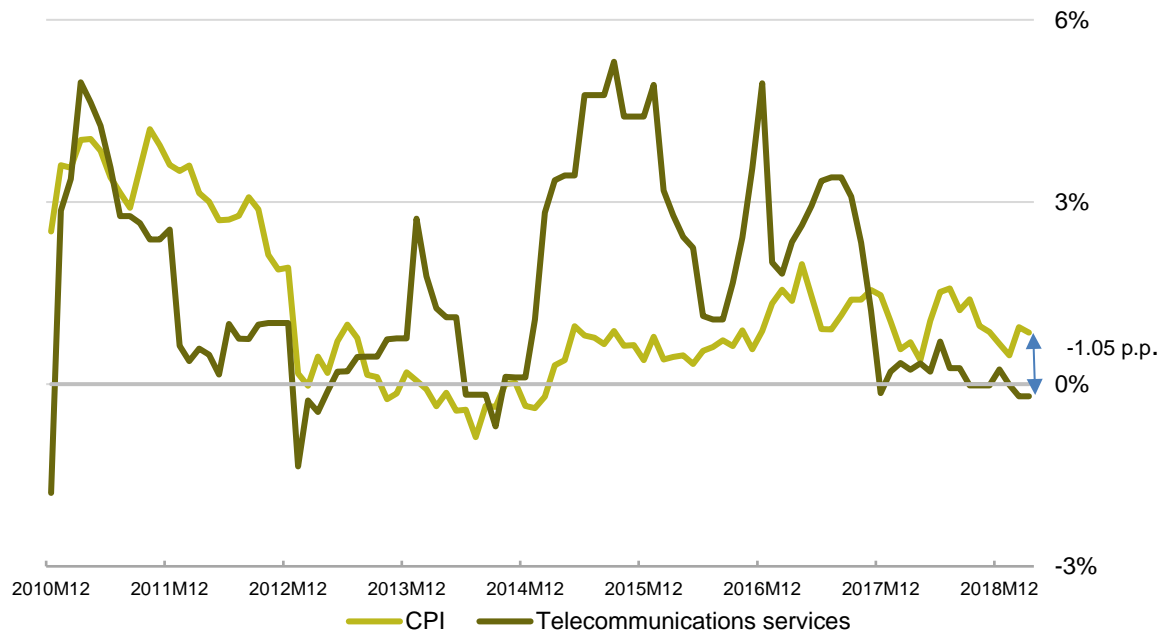
	March 2019			2018 Var. average of the last 12 months
	Year-on-year var.	Average var. in the last 12 months	Var. previous month	
CPI	0.85%	0.99%	1.77%	0.99%
Telecommunications	-0.20%	0.13%	0.00%	0.23%
Relative position (descending order among the 43 subgroups of goods and services)	28	28	25	28

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 March 2019, the deviation from the CPI reached -1.05 p.p. (Graph 1).

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



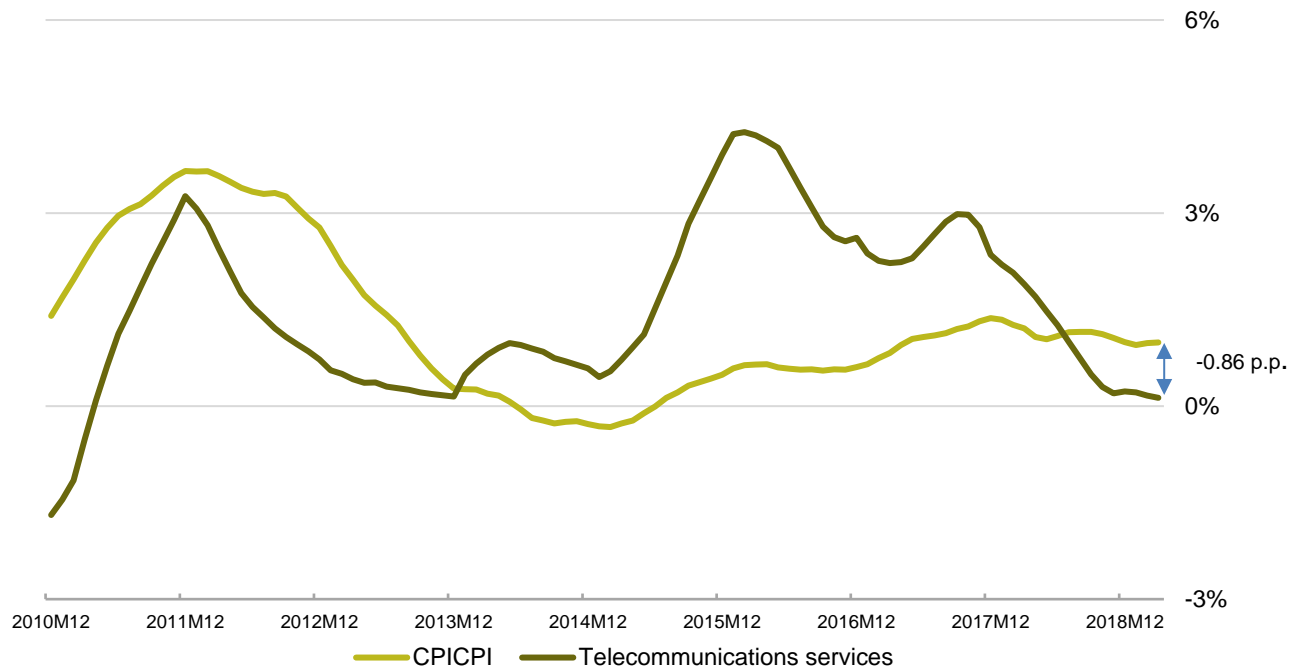
Unit: %

Source: Statistics Portugal

The average rate of change for telecommunications prices in the last twelve months (0.13%) ranked 28th out of the 43 subgroups of goods and services considered, being higher than the rate of change for “Clothing and Footwear” prices and lower than the rate of change for “Transport Services”, “Electricity, gas and other fuels” and “Water supply” prices.

The spread between the average rate of change of the last twelve months and the CPI reached -0.86 p.p. in March 2019. In the 100 months that have elapsed since December 2010, telecommunication prices grew at rates above the CPI in 54 months (Graph 2).

Graph 2 – Average change in CPI and telecommunications prices in the last twelve months

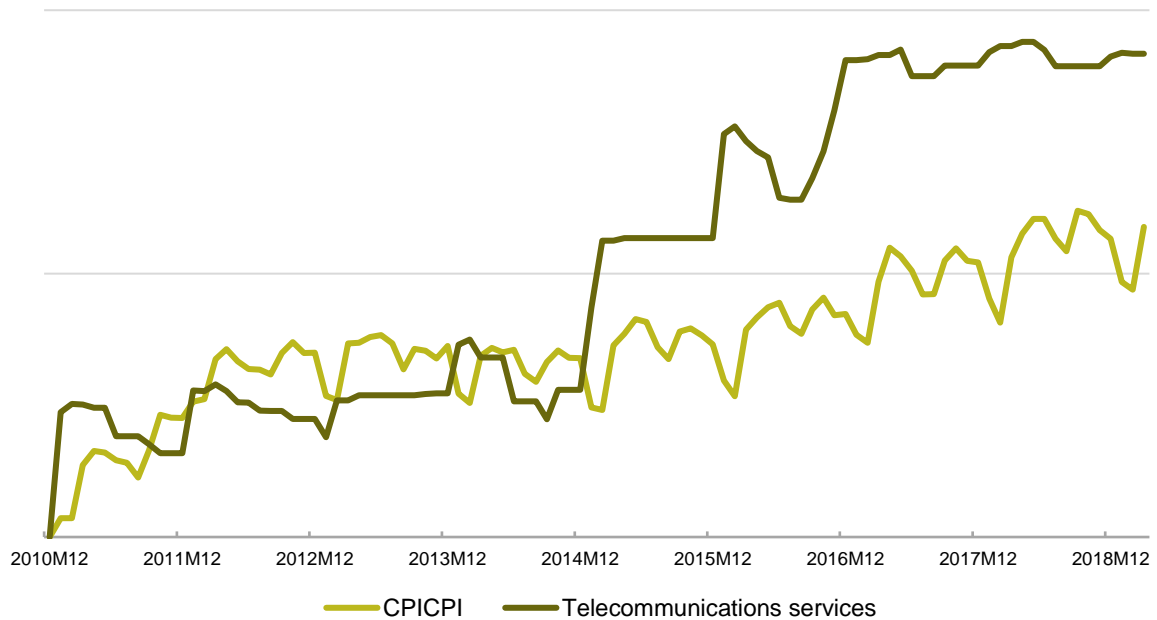


Unit: %

Source: Statistics Portugal

In cumulative terms since the end of 2010, telecommunications prices grew 14.7 p.p, while the CPI increased 9.4 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 March 2019

According to EUROSTAT, in March 2019, the average rate of change in the last twelve months of telecommunications services prices in Portugal was 0.3 p.p. higher than the EU average, with Portugal being the 9th country in terms of highest prices. The countries where prices grew more than in Portugal were: Greece, Spain, Bulgaria, Slovenia, Malta, Latvia, Romania and Slovakia.

On a year-on-year basis, the variation in telecommunications prices in Portugal was the 14th most pronounced among the countries considered (Table 2).

Table 2 – Change in telecommunications prices: Portugal vs EU

	Year-on-year var.	March 2019 Average var. in the last 12 months	Var. previous month	2018 Average var. in the last 12 months
EU	-0.3%	-0.2%	0.0%	-0.2%
Portugal	-0.2%	0.1%	0.0%	0.2%
Deviations PT / EU	0.1 p.p.	0.3 p.p.	0.0 p.p.	0.4 p.p.
<i>Relative position (descending order among 27 countries)</i>	14	9	8	8

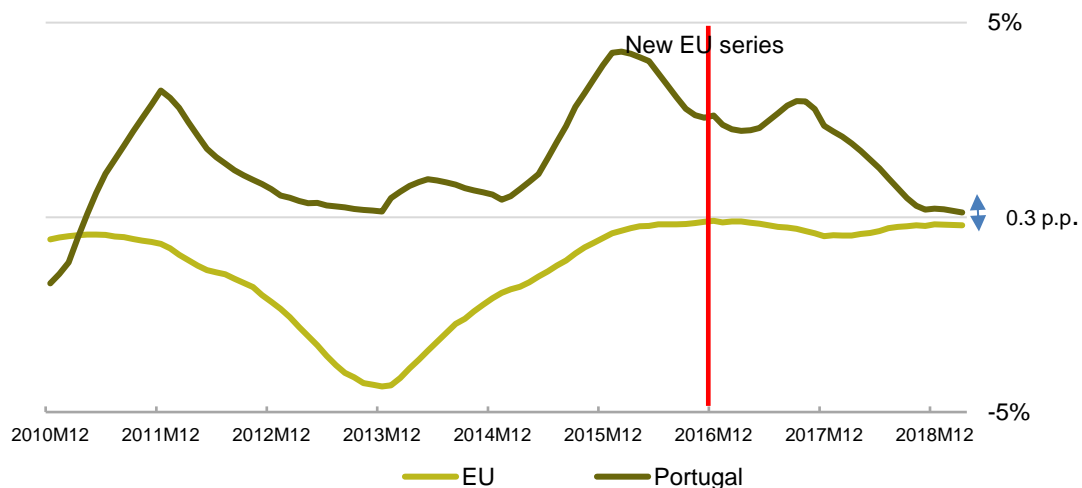
Unit: %, p.p.

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 rate of change over the last twelve 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 change in the last twelve months - telecommunications prices Portugal vs EU



Unit: %

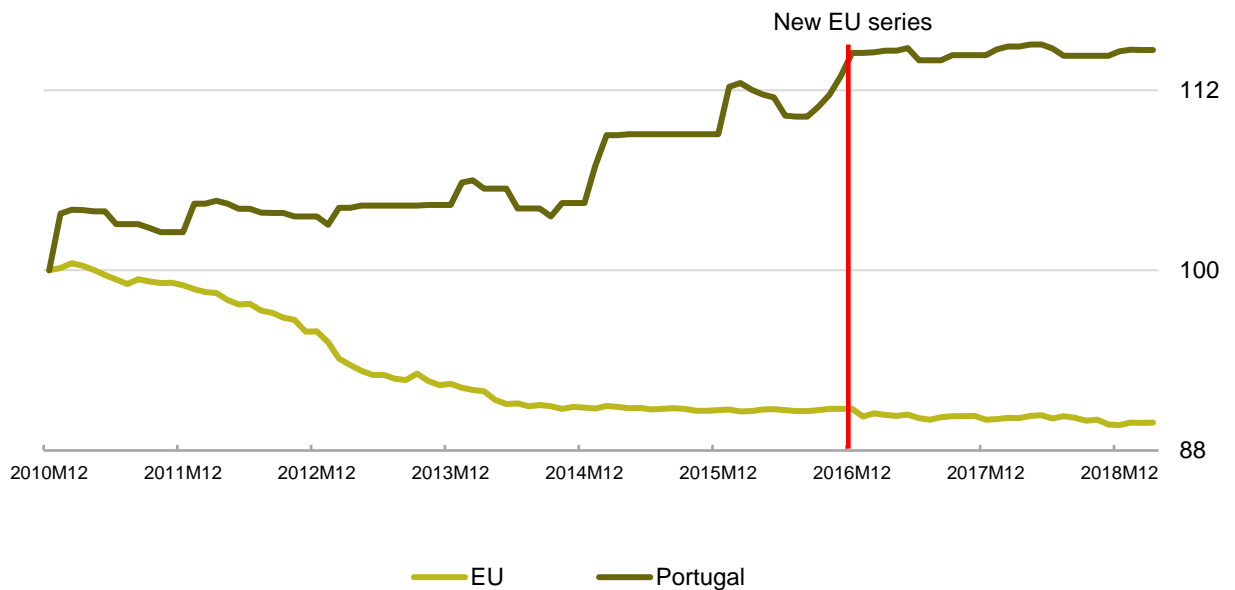
Source: ANACOM, based on data from EUROSTAT

Note 1: 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.

Note 2: Telecommunications prices for the EU from December 2016 differ from those published previously due to alterations carried out by Eurostat. The information up to November 2016 was collected on 16 March 2018. The information from December 2016 was collected on 22 April 2019.

In cumulative terms since the end of 2010, telecommunications prices indices in Portugal and the EU mainly started to differ from the beginning of 2012. Since 2017 the differential has remained 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

Note: Telecommunications prices for the EU from December 2016 differ from those published previously due to alterations carried out by Eurostat. The information up to November 2016 was collected on 16 March 2018. The information from December 2016 was collected on 22 April 2019.

3. International Comparison of mobile broadband prices (MBB)

According to a study undertaken and published by the European Commission, in February 2018 the prices for mobile phone voice and Internet in Portugal were between 5% and 23% higher than the EU28 average (Table 3).

Table 3 – MBB offers through mobile phone (with voice and SMS minutes) – results obtained for Portugal, in euros/PPC

Single play offers	Price Portugal	EU Average	Deviations Portugal compared to the EU average
100 MB + 30 calls	15.0	12.2	+23%
500 MB + 100 calls	17.5	16.6	+5%
1 GB + 300 calls	25.7	22.3	+15%
2 GB + 900 calls	32.5	29.9	+9%
2 GB + 100 calls	21.7	20.1	+8%
5 GB + 100 calls	27.1	25.5	+6%

Units: euros with VAT and PPP, %

Source: EC, *Mobile Broadband Prices, 2018*

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