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Bonos and Obligaciones del Estado indexed to European inflation. HIPC Rebasing

The Harmonized Index of Consumer Prices excluding Tobacco for the Eurozone, published by Eurostat on a monthly basis (HICPxT) is the reference index for the Bonos and Obligaciones del Estado indexed to European inflation[1].

Eurostat recently announced that, starting with the release of January 2016 data on 25 February 2016, HICPxT Index levels will be rescaled such that the reference year will change from the current base (2005=100) to a new 2015=100 base.

Whenever the base is changed, a Rebasing Key (C_{RB}) is required to convert values from the old to the new base. The key ensures a smooth transition for the series of the Indexation Coefficients.

The Rebasing Key will be calculated by applying the following formula:

$$C_{RB} = \frac{IE^{Base2015}_{Dec2015}}{IE^{Base2005}_{Dec2015}}$$

Where:

$IE^{Base2015}_{Dec2015}$ is the Eurostat Index of December 2015 (ie the EUR – Excluding Tobacco-Non revised Consumer Price Index) expressed in the new 2015 = 100 base.

$IE^{Base2005}_{Dec2015}$ is the Eurostat Index of December 2015 (ie the EUR – Excluding Tobacco-Non revised Consumer Price Index) expressed in the old 2005 = 100 base.

With the rebasing key, it is possible to rebase from 2005 to 2015 = 100 any daily inflation reference ($IR_{d,m}$):

$$IR^{Base2015}_{d,m} = IR^{Base2005}_{d,m} x\ C_{RB}$$

Please note that the coefficients calculated in the previous base, up to the coefficients for March 1st 2016, will not be modified. The new basic reference (daily inflation reference on the first day of interest and inflation accrual) will be truncated to six decimal places and rounded to the nearest fifth decimal and will apply to the coefficients calculated from March 2nd 2016 onwards.

[1] For further information about the characteristics of Bonos and Obligaciones del Estado indexed to European inflation please click on the following link:
https://www.tesoro.es/sites/default/files/estadisticas/varios/IndexBonds.pdf