

Consumer price index (CPI) March 2012

Monthly inflation in March increased +0.4%, while the annual inflation was +2.7%.

Monthly inflation measured by Consumer price index increased +0.4% in March. This was influenced mostly by the increase in prices of food (vegetables and other food products), fuels and lubricants and tobacco.

When observing the main groups, monthly growth of prices was noticed in the following groups: Food and non-alcoholic beverages (+1.2%); Transport (+1.1%); Alcoholic beverages and tobacco (+0.7%); while a decrease in prices is recorded in groups: Miscellaneous goods and services (-1.6%); Clothing and footwear (-0.8%); Housing, water, electricity, gas and other fuels (-0.7%); Health (-0.3%); Recreation and culture (-0.3%). Prices in the groups: Furnishing, household equipment and routine household maintenance; Communications; Education; Restaurants and hotels remain at the same level as in the previous month.

Positive annual inflation rates in March were observed in the following groups: Alcoholic beverages and tobacco (+25.5%); Housing, water, electricity, gas and other fuels (+8.0%); Health (+5.1%); Miscellaneous goods and services (+3.6%); Food and non-alcoholic beverages (+1.4%); Transport (+1.3%); Communications (+1.0%); while negative annual inflation rates were observed in the following groups: Clothing and footwear (-3.1%); Recreation and culture (-0.9%); Hotels and restaurants (-0.7%); Education (-0.3%); Furnishing, household equipment and routine household maintenance (-0.1%).

**Graph 1. Consumer price index (CPI),
 annual rates**

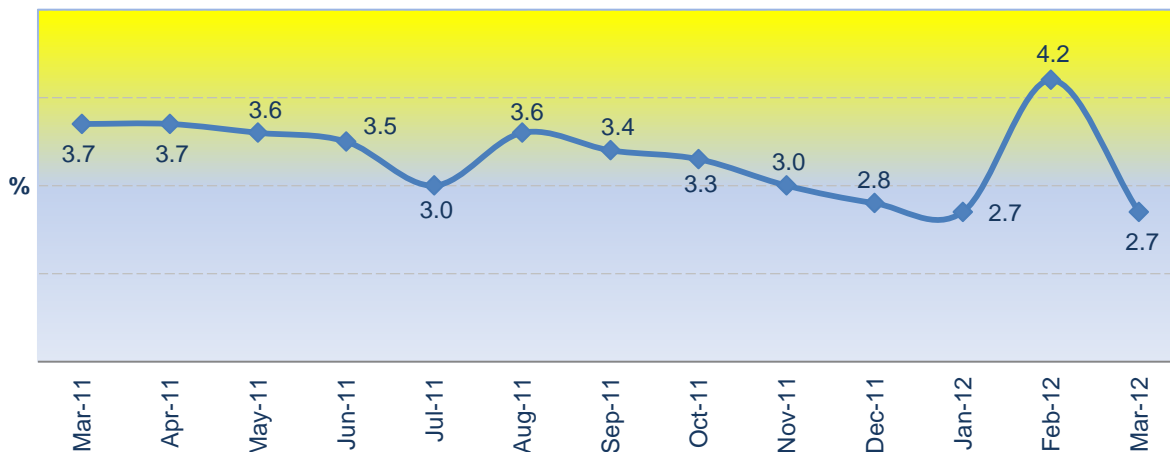


Table 1. Inflation rates measured by CPI, in %

Name	Weights %	Mar 2012 Ø 2011	Mar 2012 Feb 2012	Mar 2012 Mar 2011	Jan-Mar 2012 Jan-Mar 2011
00 CPI - total	1000.0	2.9	0.4	2.7	3.7
01 Food and non-alcoholic beverages	375.5	2.8	1.2	1.4	2.6
02 Alcoholic beverages and tobacco	37.2	16.4	0.7	25.5	24.0
03 Clothing and footwear	76.1	-3.6	-0.8	-3.1	-1.6
04 Housing, water, electricity, gas and other fuels	128.7	7.9	-0.7	8.0	7.4
05 Furnishing, household equipment and routine household maintenance	49.4	-	-	-0.1	-0.1
06 Health	28.0	2.6	-0.3	5.1	7.1
07 Transport	121.6	2.5	1.1	1.3	5.1
08 Communications	55.8	0.4	-	1.0	1.0
09 Recreation and culture	32.1	-0.7	-0.3	-0.9	-0.9
10 Education	21.8	-0.2	-	-0.3	-0.3
11 Restaurants and hotels	29.6	-0.6	-	-0.7	-0.5
12 Miscellaneous goods and services	44.2	2.5	-1.6	3.6	3.9

Graph 2. Impacts of divisions on the annual inflation rate (in %), March 2012

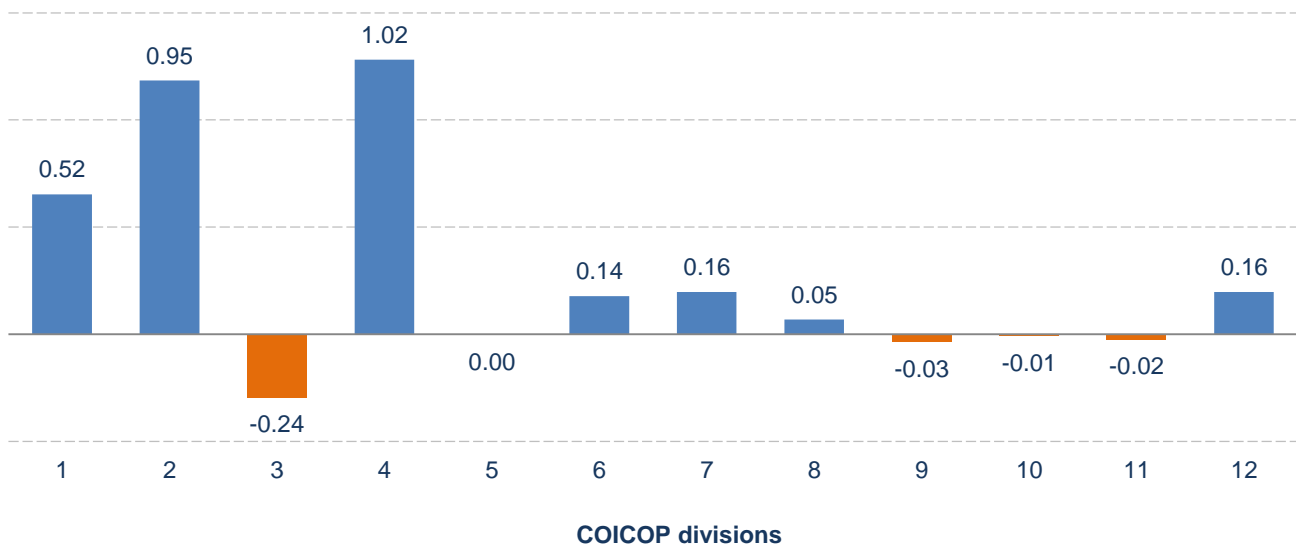


Table 2. Inflation rates presented by divisions, groups measured by CPI, in %

COICOP /HICP	Name	Weights ‰	Mar 2012 Ø 2011	Mar 2012 Feb 2012	Mar 2012 Mar 2011	Jan-Mar 2012 Jan-Mar 2011
00	CPI – total	1000.0	2.9	0.4	2.7	3.7
01	FOOD AND NON-ALCOHOLIC BEVERAGES	375.5	2.8	1.2	1.4	2.6
011	Food	354.6	2.9	1.2	1.4	2.7
012	Non-alcoholic beverages	20.9	1.2	0.5	1.4	1.5
02	ALCOHOLIC BEVERAGES AND TOBACCO	37.2	16.4	0.7	25.5	24.0
021	Alcoholic beverages	15.4	3.7	-0.3	5.3	5.7
022	Tobacco	21.8	25.4	1.3	40.7	37.5
03	CLOTHING AND FOOTWEAR	76.1	-3.6	-0.8	-3.1	-1.6
031	Clothing	44.5	-5.0	-0.9	-4.2	-2.0
032	Footwear	31.6	-1.5	-0.6	-1.7	-1.0
04	Housing, water, electricity, gas and other fuels	128.7	7.9	-0.7	8.0	7.4
041	Actual rentals	11.1	1.1	-	1.1	0.7
043	Maintenance and repair of the dwelling	8.8	-2.1	-	-4.8	-3.8
044	Water supply and miscellaneous services relating to the dwelling	13.9	18.2	-	37.0	37.0
045	Electricity, gas, and other fuels	94.9	7.6	-0.9	5.6	4.8
05	Furnishing, household equipment and routine household maintenance	49.4	-	-	-0.1	-0.1
051	Furniture and furnishings, carpets and other floor coverings	12.6	-1.6	-	-3.1	-3.1
052	Household textiles	2.5	6.1	-	8.8	7.5
053	Household appliances	15.1	-	-	-	-
054	Glassware, tableware and household utensils	1.9	1.1	-	1.8	1.8
055	Tools and equipment for house and garden	1.6	1.6	-	4.5	3.5
056	Goods and services for routine household maintenance	15.7	-0.6	-	-0.7	-0.6
06	HEALTH	28.0	2.6	-0.3	5.1	7.1
061	Medical products, appliances and equipment	20.0	2.7	-0.5	5.8	7.9
062	Out-patient services	8.0	2.5	-	3.1	4.9

07	TRANSPORT	121.6	2.5	1.1	1.3	5.1
071	Purchase of vehicles	13.3	-	-	-	-
072	Operation of personal transport equipment	68.3	3.2	1.9	1.9	4.0
073	Transport services	40.0	2.1	-	0.7	8.7
08	COMMUNICATIONS	55.8	0.4	-	1.0	1.0
081	Postal services	2.1	6.0	-	12.7	12.7
08.x	Telephone and telefax equipment and telephone and telefax services	53.7	0.4	-	0.9	0.9
09	RECREATION AND CULTURE	32.1	-0.7	-0.3	-0.9	-0.9
091	Audio-visual, photographic and information processing equipment	8.3	-1.3	0.2	-2.3	-2.5
092	Other major durables for recreation and culture	0.3	0.2	-	0.4	0.4
093	Other recreational items and equipment, gardens and pets	3.3	-0.1	-	-0.7	-0.6
094	Recreational and cultural services	1.3	0.3	-	0.4	1.0
095	Newspapers, books and stationery	18.9	-0.6	-0.5	-0.5	-0.3
10	EDUCATION	21.8	-0.2	-	-0.3	-0.3
10x	Pre-primary and primary, secondary tertiary and education not definable by level	21.8	-0.2	-	-0.3	-0.3
11	RESTAURANTS AND HOTELS	29.6	-0.6	-	-0.7	-0.5
111	Catering services	20.6	-0.7	-	-0.9	-0.7
112	Accommodation services	9.0	1.1	-	2.2	2.2
12	MISCELLANEOUS GOODS AND SERVICES	44.2	2.5	-1.6	3.6	3.9
121	Personal care	37.2	2.9	-1.4	4.1	4.2
123	Personal effects n.e.c.	3.2	-0.3	-4.9	0.5	4.5
124	Social protection	1.0	-	-	-	-
125	Insurance	0.6	3.9	-	5.4	6.2
126	Financial services n.e.c.	2.0	-	-	-	-
127	Other services n.e.c	0.2	-1.2	-	-2.2	-3.0

Table 3. Groups with most important impacts on monthly inflation rate, March 2012

COICOP/ HICP	Group	Weights ‰	annual inflation %	influence in percentage points
011	Food	354.6	1.2	0.29
072	Operation of personal transport equipment	68.3	1.9	0.13
022	Tobacco	21.8	1.3	0.03
012	Non-alcoholic beverages	20.9	0.5	0.01
091	Audio-visual, photographic and information processing equipment	8.3	0.2	0.00

095	Newspapers, books and stationery	18.9	-0.5	-0.01
123	Personal effects n.e.c.	3.2	-4.9	-0.02
032	Footwear	31.6	-0.6	-0.02
031	Clothing	44.5	-0.9	-0.04
121	Personal care	37.2	-1.4	-0.05
045	Electricity, gas and other fuels	94.9	-0.9	-0.09

Table 4. Groups with most important impacts on annual inflation rate, March 2012

COICOP/ HICP	Group	Weights ‰	annual inflation %	influence in percentage points
022	Tobacco	21.8	40.7	0.89
045	Electricity, gas and other fuels	94.9	5.6	0.53
044	Water supply and miscellaneous services relating to the dwelling	13.9	37.0	0.51
011	Food	354.6	1.4	0.34
121	Personal care	37.2	4.1	0.15
072	Operation of personal transport equipment	68.3	1.9	0.13
061	Medical products, appliances and equipment	20.0	5.8	0.12
021	Alcoholic beverages	15.4	5.3	0.08
08.x	Telephone and telefax equipment and telephone and telefax services	53.7	0.9	0.05
012	Non-alcoholic beverages	20.9	1.4	0.03
081	Postal services	2.1	12.7	0.03
073	Transport services	40.0	0.7	0.03

10x	Pre-primary and primary, secondary, post-secondary non-tertiary, tertiary education, and education not definable by level	21.8	-0.3	-0.01
095	Newspapers, books and stationery	18.9	-0.5	-0.01
056	Goods and services for routine household maintenance	15.7	-0.7	-0.01
111	Catering services	20.6	-0.9	-0.02
091	Audio-visual, photographic and information processing equipment	8.3	-2.3	-0.02
051	Furniture and furnishings, carpets and other floor coverings	12.6	-3.1	-0.04
043	Maintenance and repair of the dwelling	8.8	-4.8	-0.04
032	Footwear	31.6	-1.7	-0.05
031	Clothing	44.5	-4.2	-0.19

METHODOLOGICAL NOTES

Consumer price indices (CPI) are the most important short-term indicators and the basis for taking decisions in the area of economy and finance. Since January 2009 they are used as *official measure of inflation* in Montenegro.

Consumer price index is used for harmonising wages and salaries in accordance with collective contracts, pensions, and social benefits. Also, it is used for deflating certain macroeconomic aggregates in national accounts statistics and for other purposes.

Consumer price index is defined as measure of average price change of fixed good and service basket bought by household for the purposes of satisfying its needs.

Weights used for calculating the consumer price index express a relative importance of selected products and services in total household consumption at the domestic territory.

Product list is regularly revised so that its representative status related to consumption structure and consumer habits is preserved.

The data are published on 15th in a month for the previous month, as well as via our website www.monstat.org

The influence of certain groups on inflation rate indicates how much that group has influenced on the total inflation rate. The influence depends on weights and inflation rate of given group. The weights represents a relative share of household consumption of certain groups or subgroup of products in the total consumption. Consequently, weights have an important role in the calculation of inflation rate. They represent "importance" of certain product group in the total household consumption in certain reference period. For example, if during certain month prices of bread increases for 10%, this will influence for approx. 0.5% ($10 \times 5\% = 0.5\%$ - since the share of bread in the total expenses is 5%). But, if the prices of medicaments increase 12%, this will increase the inflation for 0.06% ($12 \times 0.5\% = 0.06\%$ - since the share of medicaments in the total expenses 0.5%). This simple example indicates how much large influence have weights on the final number presenting the inflation.

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