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## Consumer price index (CPI) February 2015

### Monthly inflation in February was 0.3%

Monthly inflation measured by Consumer price index was 0.3% in February 2015, while the annual inflation was 0.6%, up from 0.2% in January. This was influenced mostly by the increase in prices of: vegetables; fuels and lubricants; fruit; electric appliances for personal care and other appliances, articles and products for personal care; milk, cheese and eggs; oils and fats. Consumer prices in period January-February 2015 compared to the same period of the previous year were higher for 0.4%.

When observing the main groups monthly growth of prices was noticed in the following groups: Food and non-alcoholic beverages (0.7%); Transport (0.7%); Miscellaneous goods and services (0.6%), while a drop of prices was recorded in groups: Clothing and footwear (-0.3%); Restaurants and hotels (-0.2%). Prices of other products and services mostly remained unchanged.

Positive annual inflation rates in February were observed in the following groups: Clothing and footwear (3.7%); Health (2.9%); Food and non-alcoholic beverages (2.1%); Recreation and culture (2.1%); Housing, water, electricity, gas and other fuels (1.5%); Alcoholic beverages and tobacco (0.5%); Communications (0.1%), while negative annual inflation rates were observed in the following groups: Transport (-8.1%); Furnishing, household equipment and routine household maintenance (-1.2%); Restaurants and hotels (-1.0%); Miscellaneous goods and services (-0.3%).

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

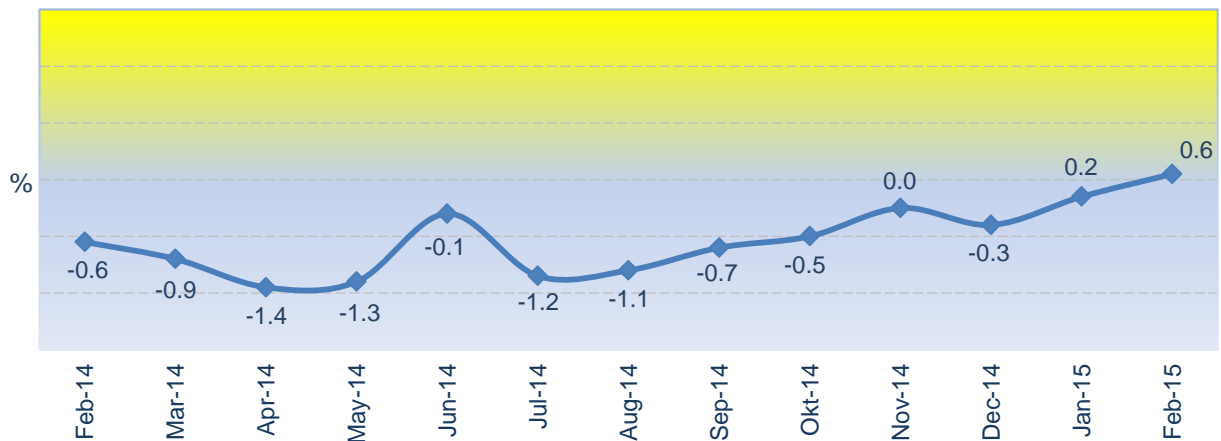
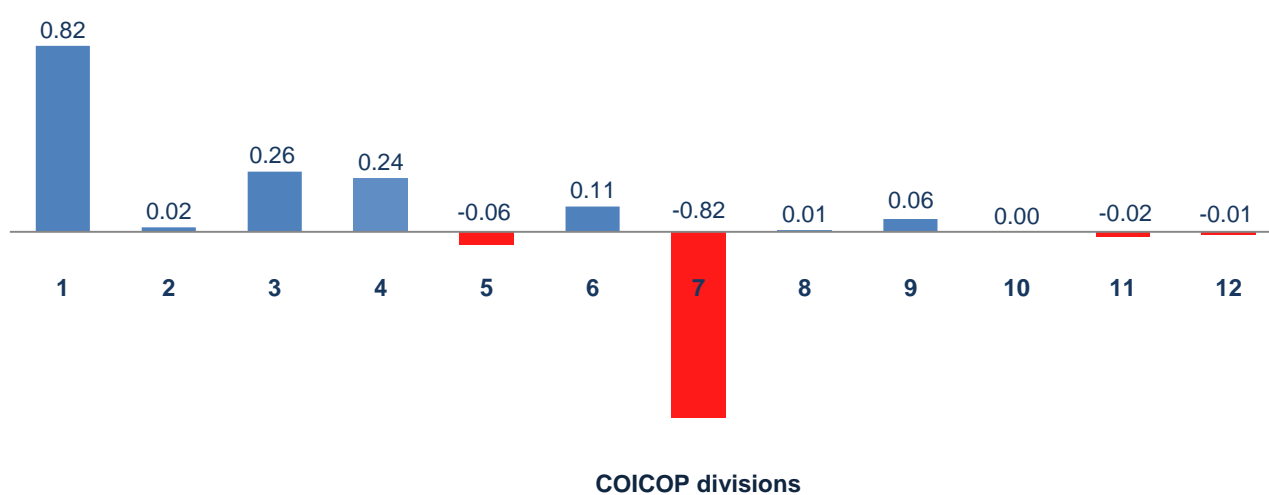


Table 1. Inflation rates measured by CPI, in %

	Name	Weights ‰	Feb 2015 Ø 2014	Feb 2015 Jan 2015	Feb 2015 Feb 2014	Jan-Feb 2015 Jan-Feb 2014
00	<b>CPI - total</b>	<b>1000.0</b>	<b>0.2</b>	<b>0.3</b>	<b>0.6</b>	<b>0.4</b>
01	Food and non-alcoholic beverages	386.4	1.7	0.7	2.1	2.0
02	Alcoholic beverages and tobacco	37.9	0.3	0.0	0.5	0.6
03	Clothing and footwear	70.7	0.4	-0.3	3.7	2.8
04	Housing, water, electricity, gas and other fuels	153.1	1.1	0.0	1.5	1.4
05	Furnishing, household equipment and routine household maintenance	46.9	-0.6	0.0	-1.2	-1.2
06	Health	38.2	1.9	0.0	2.9	3.1
07	Transport	101.0	-7.6	0.7	-8.1	-8.4
08	Communications	57.1	0.1	0.0	0.1	0.1
09	Recreation and culture	27.2	1.4	0.0	2.1	2.0
10	Education	15.7	0.0	0.0	0.0	0.0
11	Restaurants and hotels	23.0	-1.8	-0.2	-1.0	-0.9
12	Miscellaneous goods and services	42.8	0.1	0.6	-0.3	-0.6

Chart 2. Impacts of divisions on the annual inflation rate (in %), Feb 2015



**Table 2. Groups with most important impacts on monthly inflation rate, Feb 2015**

COICOP/ HICP	Group	Weights ‰	Monthly inflation %	Influence in percentage points
0117	Vegetables	38.4	4.0	0.15
0722	Fuels and lubricants for personal transport equipment	51.0	1.5	0.08
0116	Fruit	22.5	3.2	0.07
1212/3	Electric appliances for personal care and other appliances, articles and products for personal care	24.1	1.4	0.03
0114	Milk, cheese and eggs	84.3	0.1	0.01
0115	Oils and fats	16.3	0.4	0.01
1211	Hairdressing salons and personal grooming establishments	12.9	-0.8	-0.01
0312	Garments	39.3	-0.5	-0.02

**Table 3. Groups with most important impacts on annual inflation rate, Feb 2015**

COICOP/ HICP	Group	Weights ‰	Annual inflation %	Influence in percentage points
0111	Bread and cereals	61.7	6.5	0.40
0117	Vegetables	38.4	10.3	0.40
0312	Garments	39.3	3.5	0.14
0411/2	Actual rentals paid by tenants and other actual rentals	13.2	9.8	0.13
0321/2	Shoes and other footwear, repair and hire of footwear	30.8	4.2	0.13
0114	Milk, cheese and eggs	84.3	1.1	0.09
0732	Passenger transport by road	18.9	4.6	0.09
0611	Pharmaceutical products	23.8	3.2	0.08
0451	Electricity	71.6	1.0	0.07
0951	Books	5.5	9.4	0.05
0531/2	Major household appliances whether electric or not and small electric household appliances	8.5	-1.3	-0.01
1212/3	Electric appliances for personal care and other appliances, articles and products for personal care	24.1	-0.4	-0.01
0562	Domestic services and household services	1.9	-8.6	-0.02
1120	Accommodation services	5.7	-3.4	-0.02
1211	Hairdressing salons and personal grooming establishments	12.9	-1.5	-0.02
0520	Household textiles	3.6	-5.9	-0.02
0122	Mineral waters, soft drinks, fruit and vegetable juices	12.5	-2.3	-0.03
0115	Oils and fats	16.3	-9.9	-0.16
0722	Fuels and lubricants for personal transport equipment	51.0	-17.3	-0.88

## 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.

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**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% ( $10 \cdot 5\% = 0.5\%$  - 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% ( $12 \cdot 0.5\% = 0.06\%$  - 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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