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## Consumer price index (CPI) March 2015

### Monthly inflation in March was 1.1%

Monthly inflation measured by Consumer price index was 1.1% in March 2015, while the annual inflation was 1.6%, up from 0.6% in February. This was influenced mostly by the increase in prices of: fuels and lubricants; vegetables; fruit; garments; shoes and other footwear, repair and hire of footwear; meat etc. Consumer prices in period January-March 2015 compared to the same period of the previous year were higher for 0.8%.

When observing the main groups monthly growth of prices was noticed in the following groups: Clothing and footwear (3.2%); Transport (3.2%); Food and non-alcoholic beverages (1.3%); Alcoholic beverages and tobacco (0.6%); Health (0.6%); Furnishing, household equipment and routine household maintenance (0.4%); Miscellaneous goods and services (0.4%); Recreation and culture (0.3%), while a drop of prices was recorded in group: Restaurants and hotels (-0.2%). Prices of other products and services mostly remained unchanged.

Positive annual inflation rates in March were observed in the following groups: Clothing and footwear (5.8%); Food and non-alcoholic beverages (3.3%); Health (2.7%); Recreation and culture (2.7%); Housing, water, electricity, gas and other fuels (1.6%); Alcoholic beverages and tobacco (1.3%); Miscellaneous goods and services (0.9%); Communications (0.1%), while negative annual inflation rates were observed in the following groups: Transport (-5.2%); Restaurants and hotels (-0.6%); Furnishing, household equipment and routine household maintenance (-0.5%).

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

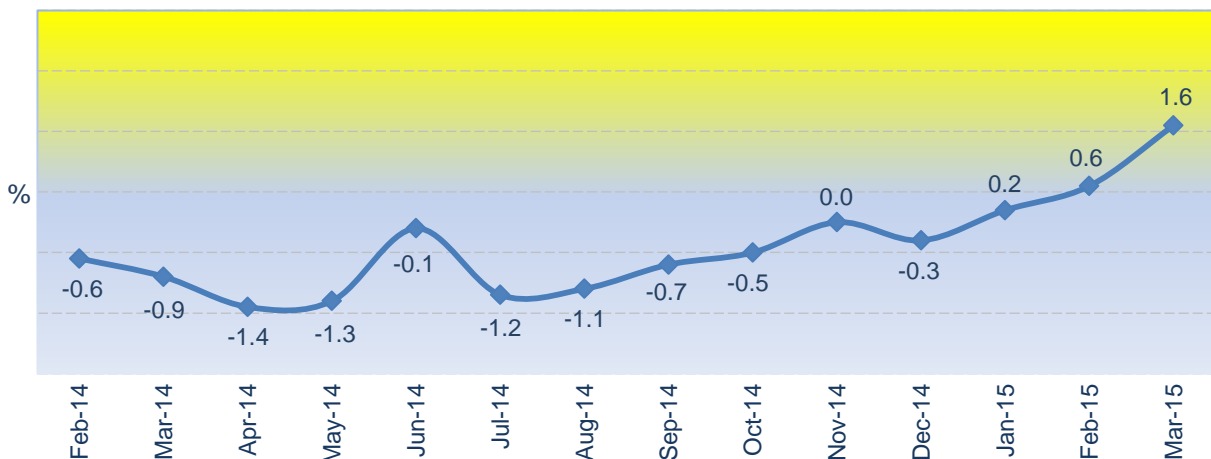
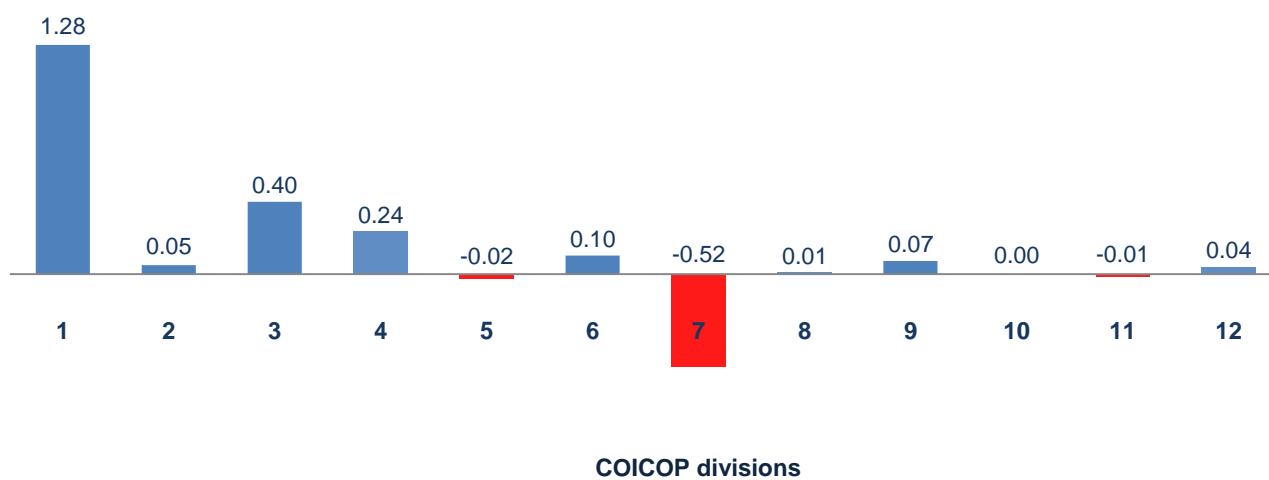


Table 1. Inflation rates measured by CPI, in %

	Name	Weights ‰	Mar 2015 Ø 2014	Mar 2015 Feb 2015	Mar 2015 Mar 2014	Jan-Mar 2015 Jan-Mar 2014
00	<b>CPI - total</b>	<b>1000.0</b>	<b>1.3</b>	<b>1.1</b>	<b>1.6</b>	<b>0.8</b>
01	Food and non-alcoholic beverages	386.4	3.0	1.3	3.3	2.4
02	Alcoholic beverages and tobacco	37.9	0.9	0.6	1.3	0.9
03	Clothing and footwear	70.7	3.6	3.2	5.8	3.8
04	Housing, water, electricity, gas and other fuels	153.1	1.2	0.0	1.6	1.5
05	Furnishing, household equipment and routine household maintenance	46.9	-0.2	0.4	-0.5	-1.0
06	Health	38.2	2.5	0.6	2.7	3.0
07	Transport	101.0	-4.6	3.2	-5.2	-7.3
08	Communications	57.1	0.1	0.0	0.1	0.1
09	Recreation and culture	27.2	1.7	0.3	2.7	2.2
10	Education	15.7	0.0	0.0	0.0	0.0
11	Restaurants and hotels	23.0	-2.0	-0.2	-0.6	-0.8
12	Miscellaneous goods and services	42.8	0.5	0.4	0.9	-0.1

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



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

COICOP/ HICP	Group	Weights ‰	Monthly inflation %	Influence in percentage points
0722	Fuels and lubricants for personal transport equipment	51.0	5.8	0.29
0117	Vegetables	38.4	5.8	0.22
0116	Fruit	22.5	9.8	0.22
0312	Garments	39.3	3.4	0.13
0321/2	Shoes and other footwear, repair and hire of footwear	30.8	2.9	0.09
0112	Meat	104.6	0.7	0.07
0118	Sugar, jam, honey, chocolate and confectionery	18.2	1.3	0.02
0732	Passenger transport by road	18.9	1.2	0.02
0432	Services for the maintenance and repair of the dwelling	7.7	2.6	0.02
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1120	Accommodation services	5.7	-0.9	-0.01
0115	Oils and fats	16.3	-0.4	-0.01
0121	Coffee, tea and cocoa	8.7	-2.5	-0.02
0454	Solid fuels	40.0	-0.7	-0.03
0114	Milk, cheese and eggs	84.3	-1.0	-0.08

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

COICOP/ HICP	Group	Weights ‰	Annual inflation %	Influence in percentage points
0117	Vegetables	38.4	15.2	0.58
0111	Bread and cereals	61.7	6.4	0.40
0312	Garments	39.3	5.8	0.23
0321/2	Shoes and other footwear, repair and hire of footwear	30.8	5.9	0.18
0411/2	Actual rentals paid by tenants and other actual rentals	13.2	10.8	0.14
0112	Meat	104.6	1.1	0.11
0732	Passenger transport by road	18.9	5.8	0.11
0116	Fruit	22.5	3.4	0.08
0451	Electricity	71.6	1.0	0.07
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0531/2	Major household appliances whether electric or not and small electric household appliances	8.5	-0.7	-0.01
1120	Accommodation services	5.7	-1.9	-0.01
0520	Household textiles	3.6	-5.1	-0.02
0121	Coffee, tea and cocoa	8.7	-2.5	-0.02
0722	Fuels and lubricants for personal transport equipment	51.0	-12.5	-0.64

## 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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