

Consumer price index (CPI)¹ January 2016

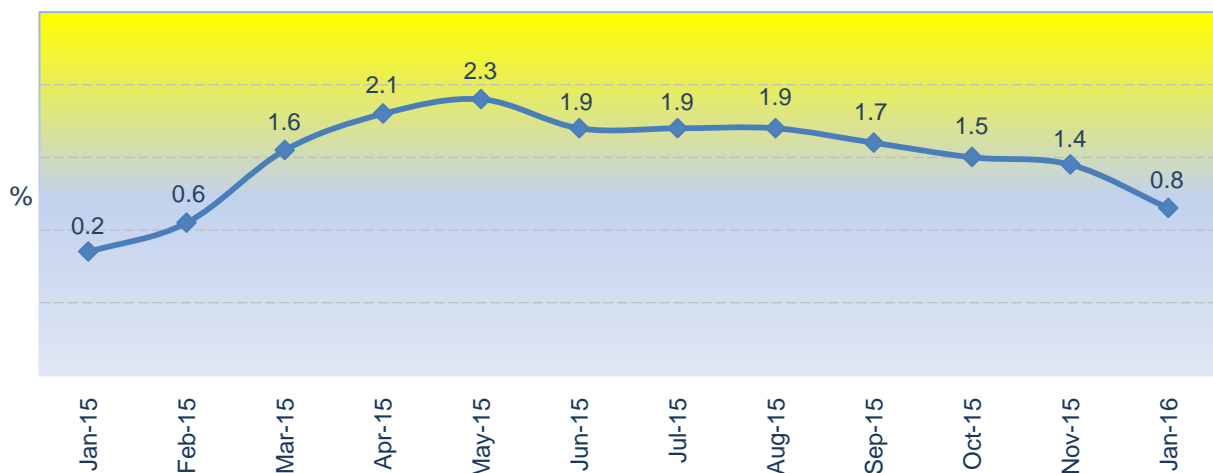
Monthly inflation in January 2016 was -0.9%

Monthly inflation measured by Consumer price index was -0.9% in January 2016, while the annual inflation was 0.8%. This was influenced mostly by decrease in prices of: fuels and lubricants; garments; shoes and other footwear; electricity; fruit; meat; fruit; vegetables etc.

Observing the main groups monthly drop of prices was noticed in the following groups: Clothing and footwear (-5.4%); Transport (-2.4%); Restaurants and hotels (-0.5%), Housing, water, electricity, gas and other fuels (-0.4%); Food and non-alcoholic beverages (-0.3%), while a growth of prices was recorded in the following groups: Furnishing, household equipment and routine household maintenance (0.4%); Miscellaneous goods and services (0.4%); Health (0.2%); Alcoholic beverages and tobacco (0.1%). Prices of other products and services mostly remained unchanged.

Positive annual inflation rates in January were observed in the following groups: Alcoholic beverages and tobacco (3.3%); Restaurants and hotels (2.7%); Clothing and footwear (2.1%); Furnishing, household equipment and routine household maintenance (1.4%); Health (1.4%); Housing, water, electricity, gas and other fuels (1.1%); Food and non-alcoholic beverages (0.9%); Miscellaneous goods and services (0.6%); Recreation and culture (0.2%); Communications (0.1%), while negative annual inflation rate was observed in group Transport (-2.7%).

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



¹ From 1st January 2016 data are produced according to COICOP 5-digit

Table 1. Inflation rates measured by CPI, in %

	Name	Weights ‰	Jan 2016 Ø 2015	Jan 2016 Dec 2015	Jan 2016 Jan 2015	Jan-Dec 2015 Jan-Dec 2014
00	CPI - total	1000.0	-0.7	-0.9	0.8	1.5
01	Food and non-alcoholic beverages	351.7	-0.5	-0.3	0.9	2.9
02	Alcoholic beverages and tobacco	38.6	1.0	0.1	3.3	2.7
03	Clothing and footwear	85.1	-0.6	-5.4	2.1	3.6
04	Housing, water, electricity, gas and other fuels	155.3	0.5	-0.4	1.1	1.9
05	Furnishing, household equipment and routine household maintenance	41.2	0.8	0.4	1.4	0.1
06	Health	40.9	0.8	0.2	1.4	2.5
07	Transport	107.0	-6.4	-2.4	-2.7	-4.2
08	Communications	49.9	0.2	0.0	0.1	0.0
09	Recreation and culture	33.2	0.1	-0.1	0.2	1.7
10	Education	19.3	0.0	0.0	0.0	0.0
11	Restaurants and hotels	31.3	-1.1	-0.5	2.7	2.4
12	Miscellaneous goods and services	46.5	0.3	0.4	0.6	0.0

Chart 2. Impacts of divisions on the annual inflation rate (in %), January 2016

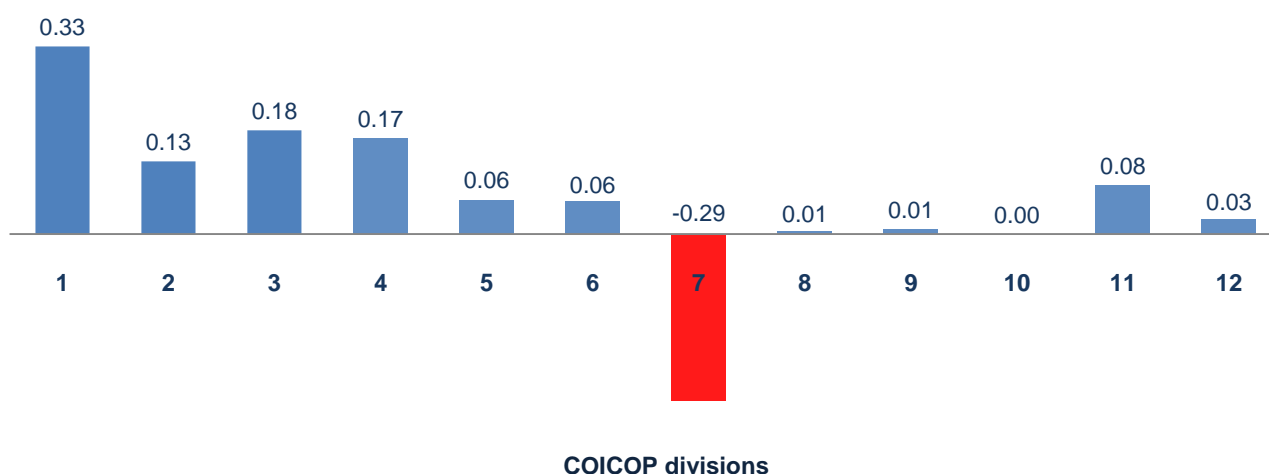


Table 2. Groups with most important impacts on monthly inflation rate, Jan 2016

COICOP/ HICP	Group	Weights ‰	Monthly inflation %	Influence in percentage points
0454	Solid fuels	40.5	1.3	0.05
0114	Milk, cheese and eggs	75.6	0.5	0.04
0441	Water supply	11.4	2.9	0.03
1213	Other appliances, articles and products for personal care	25.6	0.5	0.01
0511	Furniture and furnishings	8.4	1.0	0.01
0443	Sewage collection	2.3	3.6	0.01
0121	Coffee, tea and cocoa	7.6	1.1	0.01
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0117	Vegetables	35.4	-1.3	-0.05
0116	Fruit	20.1	-2.5	-0.05
0112	Meat	93.8	-0.6	-0.06
0451	Electricity	71.1	-2.1	-0.15
0321	Shoes and other footwear	36.2	-5.9	-0.21
0312	Garments	48.1	-5.1	-0.25
0722	Fuels and lubricants for personal transport equipment	47.4	-5.5	-0.26

Table 3. Groups with most important impacts on annual inflation rate, Jan 2016

COICOP/ HICP	Group	Weights ‰	Annual inflation %	Influence in percentage points
0115	Oils and fats	16.2	13.5	0.22
0312	Garments	48.1	4.0	0.19
0441	Water supply	11.4	8.2	0.09
0723	Maintenance and repair of personal transport equipment	14.4	6.2	0.09
0220	Tobacco	25.7	3.4	0.09
0122	Mineral waters, soft drinks, fruit and vegetable juices	11.7	6.7	0.08
0454	Solid fuels	40.5	1.7	0.07
0114	Milk, cheese and eggs	75.6	0.9	0.07
0432	Services for the maintenance and repair of the dwelling	8.4	8.1	0.07
0118	Sugar, jam, honey, chocolate and confectionery	16.8	3.4	0.06
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0321	Shoes and other footwear	36.2	-0.3	-0.01
0116	Fruit	20.1	-1.4	-0.03
0117	Vegetables	35.4	-4.2	-0.15
0451	Electricity	71.1	-2.1	-0.15
0722	Fuels and lubricants for personal transport equipment	47.4	-8.7	-0.41

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% ($10 \times 5\% = 0.5\%$ - 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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