



Montenegro

A DECADE
OF INDEPENDENCE
A MILLENNIUM
OF STATEHOOD
MONTENEGRO
2016



May Montenegro live forever

Government of Montenegro
Statistical Office of Montenegro

Release

Consumer price index (CPI)

May 2016

Monthly inflation in May 2016 was 0.2%

Monthly inflation measured by Consumer price index was 0.2% in May 2016, while the annual inflation was -1.0%. This was influenced mostly by increase in prices of: vegetable; fruit; fuels and lubricants for personal transport equipment; accommodation services; pharmaceutical products; sugar, jam, honey, chocolate and confectionery etc.

Observing the main groups monthly growth of prices was noticed in the following groups: Restaurants and hotels (1.6%); Food and non-alcoholic beverages (1.0%); Health (0.5%); Transport (0.3%); Communications (0.2%), while a drop of prices was recorded in the following groups: Clothing and footwear (-0.9%); Housing, water, electricity, gas and other fuels (-0.9%); Miscellaneous goods and services (-0.8%); Furnishing, household equipment and routine household maintenance (-0.5%); Recreation and culture (-0.3%). Prices of other products and services mostly remained unchanged.

Positive annual inflation rates in May 2016 were observed in the following groups: Restaurants and hotels (3.4%); Clothing and footwear (2.8%); Alcoholic beverages and tobacco (2.6%); Health (2.0%); Communications (0.4%); Furnishing, household equipment and routine household maintenance (0.3%), while negative annual inflation rates were observed in the following groups: Transport (-8.5%); Food and non-alcoholic beverages (-1.6%); Miscellaneous goods and services (-1.5%); Housing, water, electricity, gas and other fuels (-0.2%); Recreation and culture (-0.2%).

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

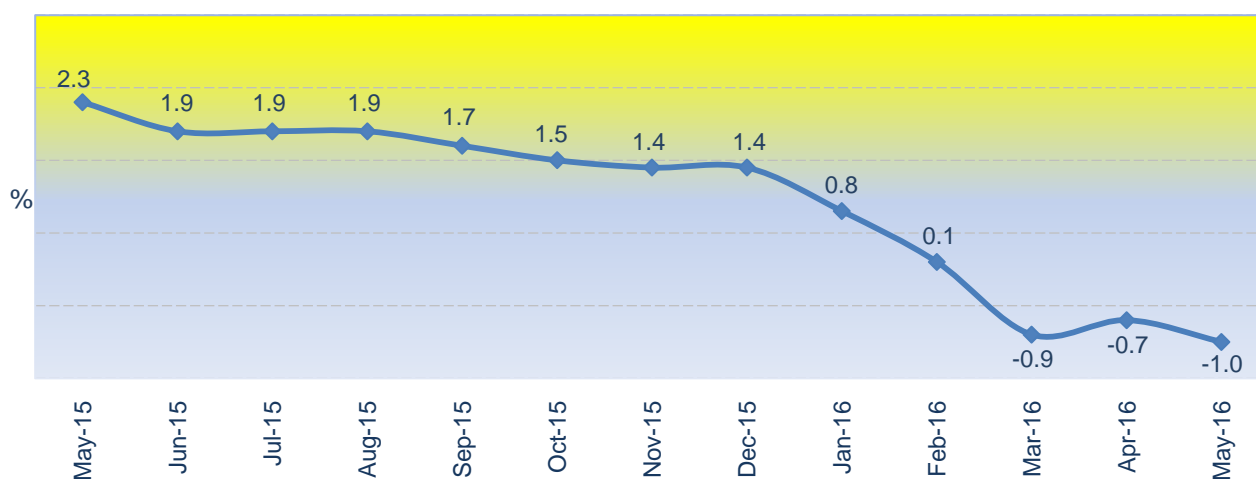


Table 1. Inflation rates measured by CPI, in %

	Name	Weights ‰	<u>May 2016</u> Ø 2015	<u>May 2016</u> Apr 2016	<u>May 2016</u> May 2015	<u>Jan-May 2016</u> Jan-May 2015
00	CPI - total	1000.0	-0.5	0.2	-1.0	-0.4
01	Food and non-alcoholic beverages	351.7	-0.8	1.0	-1.6	-1.1
02	Alcoholic beverages and tobacco	38.6	3.2	0.0	2.6	2.9
03	Clothing and footwear	85.1	2.0	-0.9	2.8	2.8
04	Housing, water, electricity, gas and other fuels	155.3	-0.4	-0.9	-0.2	0.7
05	Furnishing, household equipment and routine household maintenance	41.2	-0.2	-0.5	0.3	1.0
06	Health	40.9	2.0	0.5	2.0	1.5
07	Transport	107.0	-5.1	0.3	-8.5	-5.7
08	Communications	49.9	0.4	0.2	0.4	0.2
09	Recreation and culture	33.2	-0.2	-0.3	-0.2	0.1
10	Education	19.3	0.0	0.0	0.0	0.0
11	Restaurants and hotels	31.3	0.5	1.6	3.4	3.0
12	Miscellaneous goods and services	46.5	-1.6	-0.8	-1.5	-0.6

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

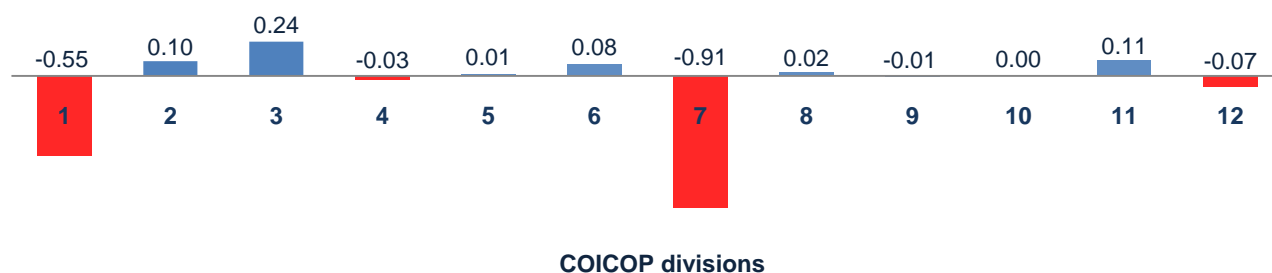


Table 2. Groups with most important impacts on monthly inflation rate, May 2016

COICOP/ HICP	Group	Weights ‰	Monthly inflation %	Influence in percentage points
0117	Vegetables	35.4	6.6	0.23
0116	Fruit	20.1	7.6	0.15
0722	Fuels and lubricants for personal transport equipment	47.4	1.7	0.08
1120	Accommodation services	7.7	6.7	0.05
0611	Pharmaceutical products	24.9	0.8	0.02
0118	Sugar, jam, honey, chocolate and confectionery	16.8	0.6	0.01
0113	Fish and seafood	9.8	1.1	0.01
0820	Telephone and telefax equipment	3.6	2.4	0.01

0112	Meat	93.8	-0.3	-0.03
0114	Milk, cheese and eggs	75.6	-0.4	-0.03
1213	Other appliances, articles and products for personal care	25.6	-1.5	-0.04
0723	Maintenance and repair of personal transport equipment	14.4	-3.1	-0.04
0312	Garments	48.1	-1.3	-0.06
0454	Solid fuels	40.5	-2.9	-0.12

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

COICOP/ HICP	Group	Weights ‰	Annual inflation %	Influence in percentage points
0115	Oils and fats	16.2	8.9	0.14
0321	Shoes and other footwear	36.2	3.4	0.12
0312	Garments	48.1	2.3	0.10
1120	Accommodation services	7.7	11.1	0.08
0220	Tobacco	25.7	3.3	0.08
0611	Pharmaceutical products	24.9	3.2	0.08
0454	Solid fuels	40.5	1.8	0.07
0114	Milk, cheese and eggs	75.6	0.7	0.05
0122	Mineral waters, soft drinks, fruit and vegetable juices	11.7	3.0	0.03
0441	Water supply	11.4	2.9	0.03
0118	Sugar, jam, honey, chocolate and confectionery	16.8	1.5	0.02
0820	Telephone and telefax equipment	3.6	6.2	0.02
1111	Restaurants, cafes and the like	23.6	1.0	0.02
0119	Food products n.e.c.	8.1	2.1	0.02
1211	Hairdressing salons and personal grooming establishments	14.1	1.1	0.02
0211	Spirits	6.6	1.9	0.01
0723	Maintenance and repair of personal transport equipment	14.4	0.9	0.01
0520	Household textiles	2.9	3.6	0.01
0432	Services for the maintenance and repair of the dwelling	8.4	1.2	0.01
<hr style="border-top: 1px dashed black;"/>				
0732	Passenger transport by road	21.1	-0.7	-0.02
0561	Non-durable household goods	15.2	-1.3	-0.02
1213	Other appliances, articles and products for personal care	25.6	-3.5	-0.09
0116	Fruit	20.1	-7.3	-0.15
0451	Electricity	71.1	-2.1	-0.16
0117	Vegetables	35.4	-6.8	-0.24
0112	Meat	93.8	-4.8	-0.46
0722	Fuels and lubricants for personal transport equipment	47.4	-18.5	-0.88

METODOLOGICAL NOTES

Consumer price indices (CPI) are one of the most important macroeconomic 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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