



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)** **July 2016**

### **Monthly inflation in July 2016 remained stable**

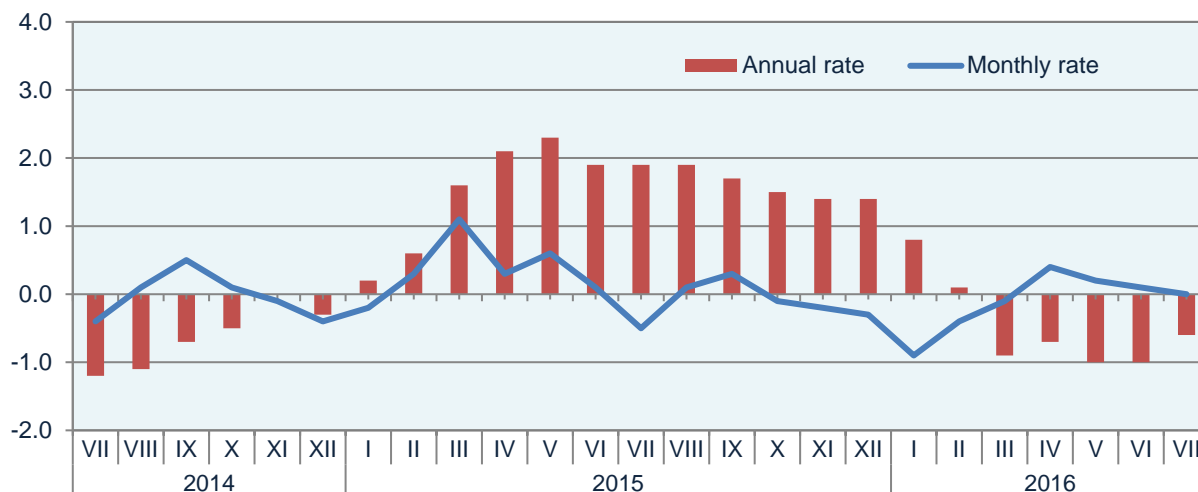
*Monthly inflation measured by Consumer price index was 0.0% in July 2016, while the annual inflation was -0.6%. Growth rate of consumer prices in period Januar-July 2016 compared to the same period of previous year was -0.5%.*

*Observing the main groups monthly growth of prices was noticed in the following groups: Restaurants and hotels (3.3%); Recreation and culture (0.6%); Miscellaneous goods and services (0.2%), while a drop of prices was recorded in the following groups: Clothing and footwear (-1.6%); Furnishing, household equipment and routine household maintenance (-0.3%); Transport (-0.2%).*

*Prices of other products and services mostly remained unchanged.*

*Positive annual inflation rates in July 2016 were observed in the following groups: Alcoholic beverages and tobacco (2.7%); Clothing and footwear (2.5%); Health (2.1%); Restaurants and hotels (1.3%); Communications (0.5%); Recreation and culture (0.1%), while negative annual inflation rates were observed in the following groups: Transport (-6.6%); Furnishing, household equipment and routine household maintenance (-1.1%); Miscellaneous goods and services (-1.0%); Food and non-alcoholic beverages (-0.6%); Housing, water, electricity, gas and other fuels (-0.6%).*

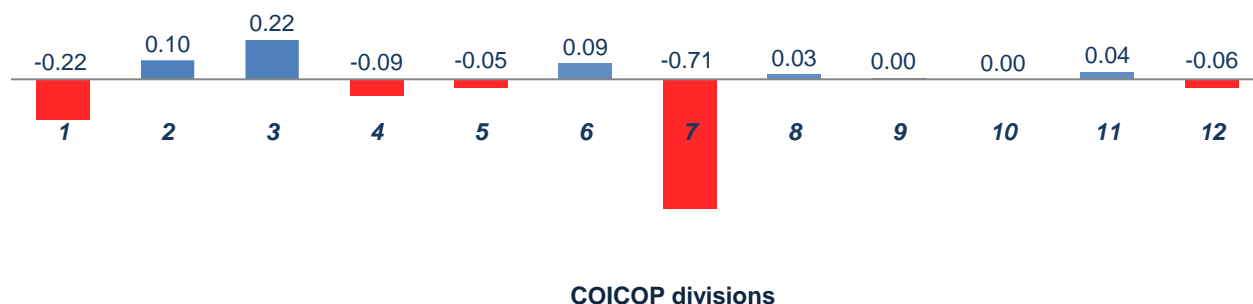
**Chart 1. Annual and monthly rates of inflation (CPI)**



**Table 1. Inflation rates measured by CPI, in %**

	Name	Weights ‰	<u>Jul 2016</u> <u>Ø 2015</u>	<u>Jul 2016</u> <u>Jun 2016</u>	<u>Jul 2016</u> <u>Jul 2015</u>	<u>Jan-Jul 2016</u> <u>Jan-Jul 2015</u>
00	<b>CPI - total</b>	<b>1000.0</b>	<b>-0.5</b>	<b>0.0</b>	<b>-0.6</b>	<b>-0.5</b>
01	Food and non-alcoholic beverages	351.7	-1.1	0.0	-0.6	-1.1
02	Alcoholic beverages and tobacco	38.6	3.3	0.0	2.7	2.8
03	Clothing and footwear	85.1	-0.4	-1.6	2.5	2.7
04	Housing, water, electricity, gas and other fuels	155.3	-1.1	0.0	-0.6	0.3
05	Furnishing, household equipment and routine household maintenance	41.2	-0.8	-0.3	-1.1	0.4
06	Health	40.9	2.1	0.0	2.1	1.7
07	Transport	107.0	-3.4	-0.2	-6.6	-6.0
08	Communications	49.9	0.4	0.0	0.5	0.3
09	Recreation and culture	33.2	0.2	0.6	0.1	0.0
10	Education	19.3	0.0	0.0	0.0	0.0
11	Restaurants and hotels	31.3	7.7	3.3	1.3	2.4
12	Miscellaneous goods and services	46.5	-1.1	0.2	-1.0	-0.8

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



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

COICOP/ HICP	Group	Weights ‰	Monthly inflation %	Influence in percentage points
0112	Meat	93.8	1.2	0.11
0114	Milk, cheese and eggs	75.6	1.2	0.09
1120	Accommodation services	7.7	9.2	0.07
0111	Bread and cereals	56.6	0.5	0.03
0732	Passenger transport by road	21.1	1.3	0.03
1111	Restaurants, cafes and the like	23.6	0.9	0.02
0951	Books	5.5	3.1	0.02
0116	Fruit	20.1	0.7	0.01
0113	Fish and seafood	9.8	1.0	0.01
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0511	Furniture and furnishings	8.4	-1.2	-0.01
0312	Garments	48.1	-0.6	-0.03
0722	Fuels and lubricants for personal transport equipment	47.4	-1.1	-0.05
0321	Shoes and other footwear	36.2	-2.8	-0.10
0117	Vegetables	35.4	-8.0	-0.28

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

COICOP/ HICP	Group	Weights ‰	Annual inflation %	Influence in percentage points
0312	Garments	48.1	3.5	0.17
0114	Milk, cheese and eggs	75.6	1.5	0.11
0115	Oils and fats	16.2	6.8	0.11
0611	Pharmaceutical products	24.9	3.5	0.09
0220	Tobacco	25.7	3.3	0.08
0113	Fish and seafood	9.8	5.7	0.06
0321	Shoes and other footwear	36.2	1.2	0.04
0111	Bread and cereals	56.6	0.6	0.04
0118	Sugar, jam, honey, chocolate and confectionery	16.8	2.0	0.03
0441	Water supply	11.4	2.9	0.03
0820	Telephone and telefax equipment	3.6	7.7	0.03
0732	Passenger transport by road	21.1	1.1	0.02
1120	Accommodation services	7.7	2.5	0.02
0454	Solid fuels	40.5	0.5	0.02
1211	Hairdressing salons and personal grooming establishments	14.1	1.3	0.02
0721	Spare parts and accessories for personal transport equipment	8.8	2.0	0.02
0119	Food products n.e.c.	8.1	1.9	0.02
0211	Spirits	6.6	2.2	0.01
0122	Mineral waters, soft drinks, fruit and vegetable juices	11.7	0.9	0.01
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0511	Furniture and furnishings	8.4	-2.3	-0.02
0561	Non-durable household goods	15.2	-2.5	-0.04
1213	Other appliances, articles and products for personal care	25.6	-2.8	-0.07
0116	Fruit	20.1	-4.9	-0.10
0451	Electricity	71.1	-2.1	-0.15
0117	Vegetables	35.4	-5.5	-0.20
0112	Meat	93.8	-3.6	-0.33
0722	Fuels and lubricants for personal transport equipment	47.4	-15.5	-0.73

## 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.

Data are published according Data publishing calendar as well as on our website [www.monstat.org](http://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% ( $10 \cdot 5\% = 0.5\%$  - 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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