MONTENEGRO
STATISTICAL OFFICE
R E L E A S E
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When using the data please name the source

Consumer price index (CPI)
December 2017(p)

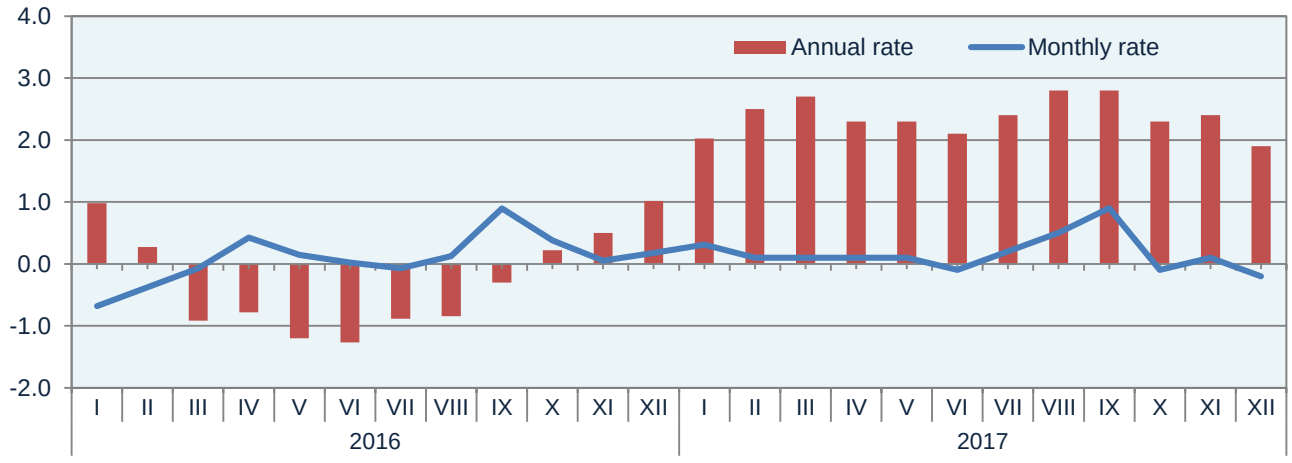
Average annual inflation in 2017 was 2.4%

Monthly inflation measured by Consumer price index was -0.2% in December 2017, while the annual inflation was 1.9%. This was influenced mostly by decrease in prices of: vegetables; meat; garments; shoes and other footwear; milk, cheese and eggs; fruit; furniture and furnishings. Growth rate of consumer prices in period January-December 2017 compared with the same period of previous year was 2.4%.

Observing the main groups monthly drop of prices was noticed in the following groups: Clothing and footwear (-1.4%); Food and non-alcoholic beverages (-0.5%); Furnishing, household equipment and routine household maintenance (-0.2%); Recreation and culture (-0.1%), while a growth of prices was recorded in the following groups: Restaurants and hotels (0.4%); Alcoholic beverages and tobacco (0.2%); Housing, water, electricity, gas and other fuels (0.2%). Prices of other products and services in the following groups: Health; Transport; Communication; Education; Miscellaneous goods and service, mostly remained unchanged.

Positive annual inflation rates in December 2017 were observed in the following groups: Alcoholic beverages and tobacco (14.8%); Transport (6.4%); Restaurants and hotels (5.4%); Clothing and footwear (3.8%); Miscellaneous goods and service (1.9%); Housing, water, electricity, gas and other fuels (0.7%); Health (0.6%); Communication (0.2%), while negative annual inflation rates were observed in the following groups: Recreation and culture (-0.8%); Furnishing, household equipment and routine household maintenance (-0.7%); Food and non-alcoholic beverages (-0.1%).

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



(p) - Preliminary data

Table 1. Inflation rates measured by CPI, in %

	Name	Weights ‰	Dec 2017 Ø 2015	Dec 2017 Nov 2017	Dec 2017 Dec 2016	Jan-Dec 2017 Jan-Dec 2016
00	**CPI - total**	***1000.0***	**2.9**	**-0.2**	**1.9**	**2.4**
01	Food and non-alcoholic beverages	*351.7*	0.1	-0.5	-0.1	1.7
02	Alcoholic beverages and tobacco	*38.6*	19.4	0.2	14.8	8.4
03	Clothing and footwear	*85.1*	10.3	-1.4	3.8	2.4
04	Housing, water, electricity, gas and other fuels	*155.3*	2.7	0.2	0.7	1.6
05	Furnishing, household equipment and routine household maintenance	*41.2*	-1.6	-0.2	-0.7	-1.2
06	Health	*40.9*	5.1	0.0	0.6	2.7
07	Transport	*107.0*	3.4	0.0	6.4	6.8
08	Communication	*49.9*	0.7	0.0	0.2	0.2
09	Recreation and culture	*33.2*	-0.5	-0.1	-0.8	-0.5
10	Education	*19.3*	0.0	0.0	0.0	0.0
11	Restaurants and hotels	*31.3*	7.6	0.4	5.4	4.5
12	Miscellaneous goods and services	*46.5*	1.4	0.0	1.9	1.5

Chart 2. Impacts of divisions on the annual inflation rate (in %), December 2017

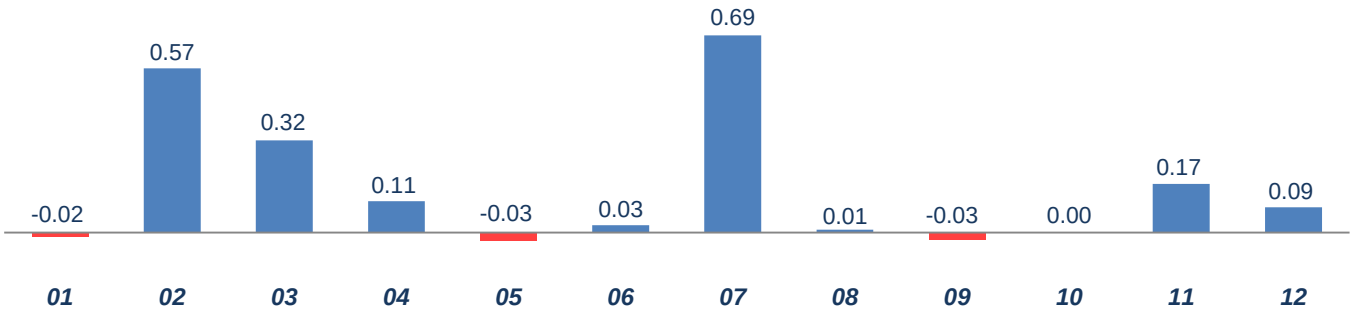


Table 2. Groups with most important impacts on monthly inflation rate, Dec 2017

ECOICOP	Group	Weights ‰	Monthly inflation %	Influence in percentage points
0432	Services for the maintenance and repair of the dwelling	*8.4*	3.0	0.03
1120	Accommodation services	*7.7*	1.6	0.01
0211	Spirits	*6.6*	1.4	0.01
0111	Bread and cereals	*56.6*	0.2	0.01
0122	Mineral waters, soft drinks, fruit and vegetable juices	*11.7*	0.7	0.01
0511	Furniture and furnishings	*8.4*	-0.9	-0.01
0116	Fruit	*20.1*	-0.8	-0.02
0114	Milk, cheese and eggs	*75.6*	-0.4	-0.03
0321	Shoes and other footwear	*36.2*	-1.5	-0.05
0312	Garments	*48.1*	-1.3	-0.06
0112	Meat	*93.8*	-0.7	-0.07
0117	Vegetables	*35.4*	-2.2	-0.08

Table 3. Groups with most important impacts on annual inflation rate, Dec 2017

ECOICOP	Group	Weights ‰	Annual inflation %	Influence in percentage points
0722	Fuels and lubricants for personal transport equipment	*47.4*	14.0	0.66
0220	Tobacco	*25.7*	21.3	0.55
0312	Garments	*48.1*	3.4	0.16
0116	Fruit	*20.1*	8.0	0.16
0321	Shoes and other footwear	*36.2*	4.4	0.16
0451	Electricity	*71.1*	1.8	0.13
1120	Accommodation services	*7.7*	14.4	0.11
0432	Services for the maintenance and repair of the dwelling	*8.4*	9.6	0.08
1111	Restaurants, cafes and the like	*23.6*	2.4	0.06
1213	Other appliances, articles and products for personal care	*25.6*	2.0	0.05
0114	Milk, cheese and eggs	*75.6*	0.6	0.05
0411	Actual rentals paid by tenants and other actual rentals	*13.8*	-2.1	-0.03
0115	Oils and fats	*16.2*	-1.8	-0.03
0111	Bread and cereals	*56.6*	-0.5	-0.03
0113	Fish and seafood	*9.8*	-3.6	-0.04
0122	Mineral waters, soft drinks, fruit and vegetable juices	*11.7*	-3.0	-0.04
0561	Non-durable household goods	*15.2*	-2.7	-0.04
0454	Solid fuels	*40.5*	-1.5	-0.06
0112	Meat	*93.8*	-0.9	-0.09

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.

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*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*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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