

Consumer price index (CPI) June 2017

Monthly inflation in June 2017 was -0.1%

Monthly inflation measured by Consumer price index was -0.1% in June 2017, while the annual inflation was 2.1%. This was influenced mostly by decrease in prices of: vegetables; oils and fats; milk, cheese and eggs; fuels and lubricants for personal transport equipment; other appliances, articles and products for personal care, etc. Growth rate of consumer prices in period January-June 2017 compared with the same period of previous year was 2.3%.

Observing the main groups monthly drop of prices was noticed in the following groups: Food and non-alcoholic beverages (-0.8%); Miscellaneous goods and service (-0.3%); Transport (-0.1%), while a growth of prices was recorded in the following groups: Restaurants and hotels (3.2%); Housing, water, electricity, gas and other fuels (0.2%); Furnishing, household equipment and routine household maintenance (0.2%); Health (0.1%); Recreation and culture (0.1%).

Prices of other products and services mostly remained unchanged.

Positive annual inflation rates in June 2017 were observed in the following groups: Restaurants and hotels (4.5%); Transport (4.0%); Alcoholic beverages and tobacco (3.9%); Health (2.8%); Clothing and footwear (2.5%); Housing, water, electricity, gas and other fuels (2.3%); Miscellaneous goods and service (1.9%); Food and non-alcoholic beverages (1.8%), while negative annual inflation rates were observed in the following groups: Furnishing, household equipment and routine household maintenance (-1.1%); Recreation and culture (-0.1%).

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

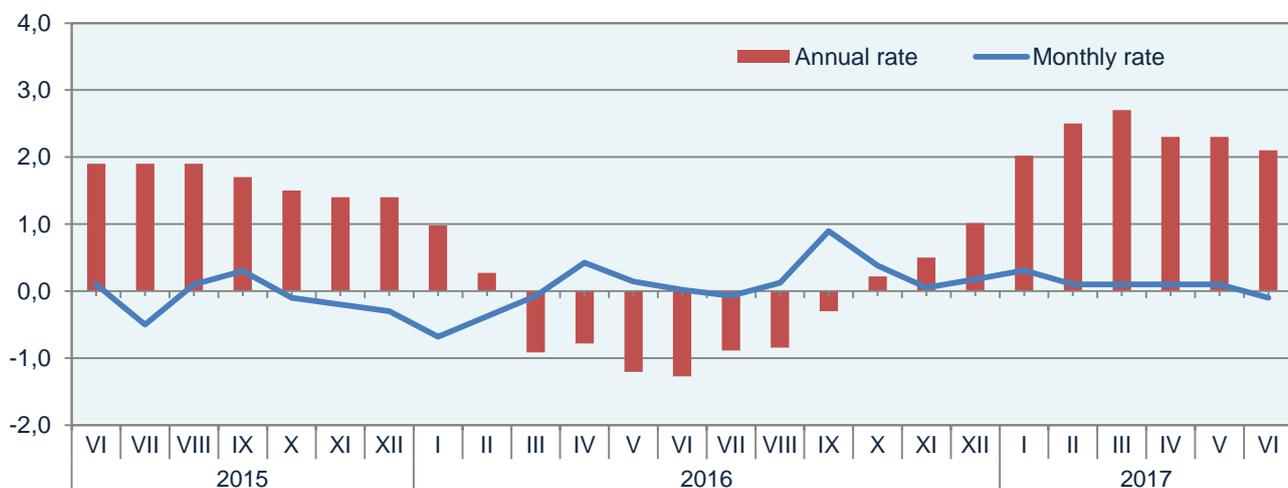


Table 1. Inflation rates measured by CPI, in %

| | Name | Weights ‰ | <u>Jun 2017</u> Ø 2015 | <u>Jun 2017</u> May 2017 | <u>Jun 2017</u> Jun 2016 | <u>Jan-Jun 2017</u> Jan-Jun 2016 |
|-----------|---|---------------|---------------------------|-----------------------------|-----------------------------|-------------------------------------|
| 00 | CPI - total | 1000.0 | 1.5 | -0.1 | 2.1 | 2.3 |
| 01 | Food and non-alcoholic beverages | 351.7 | 0.7 | -0.8 | 1.8 | 2.5 |
| 02 | Alcoholic beverages and tobacco | 38.6 | 7.3 | 0.0 | 3.9 | 3.5 |
| 03 | Clothing and footwear | 85.1 | 3.2 | 0.0 | 2.5 | 1.1 |
| 04 | Housing, water, electricity, gas and other fuels | 155.3 | 1.2 | 0.2 | 2.3 | 1.6 |
| 05 | Furnishing, household equipment and routine household maintenance | 41.2 | -1.6 | 0.2 | -1.1 | -1.8 |
| 06 | Health | 40.9 | 4.9 | 0.1 | 2.8 | 3.2 |
| 07 | Transport | 107.0 | 0.6 | -0.1 | 4.0 | 7.5 |
| 08 | Communications | 49.9 | 0.5 | 0.0 | 0.0 | 0.2 |
| 09 | Recreation and culture | 33.2 | -0.4 | 0.1 | -0.1 | -0.3 |
| 10 | Education | 19.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| 11 | Restaurants and hotels | 31.3 | 8.7 | 3.2 | 4.5 | 3.7 |
| 12 | Miscellaneous goods and services | 46.5 | 0.7 | -0.3 | 1.9 | 0.9 |

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

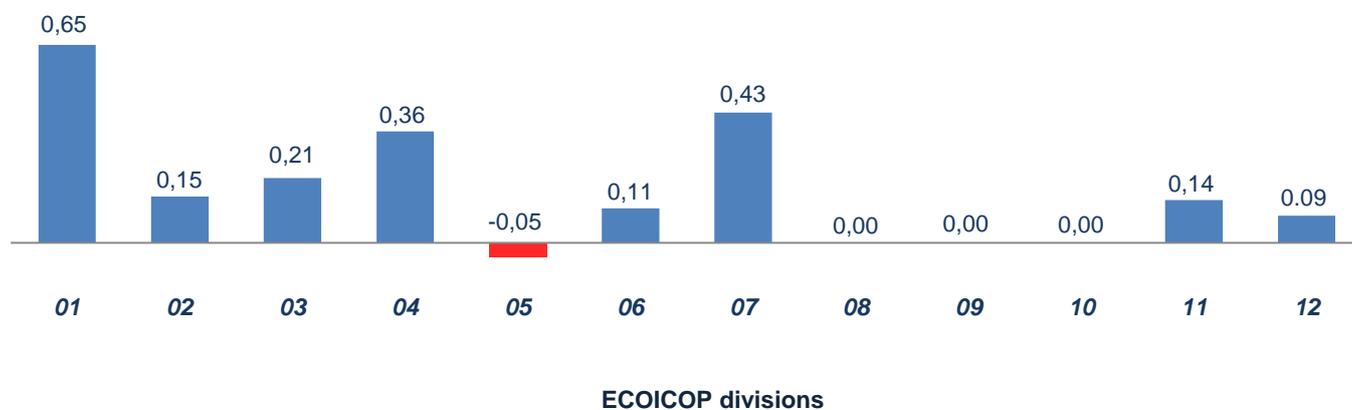


Table 2. Groups with most important impacts on monthly inflation rate, June 2017

| ECOICOP | Group | Weights ‰ | Monthly inflation % | Influence in percentage points |
|---------|---|--------------|---------------------------|--------------------------------------|
| 1120 | Accommodation services | 7.7 | 10.8 | 0.08 |
| 0116 | Fruit | 20.1 | 2.4 | 0.05 |
| 0454 | Solid fuels | 40.5 | 0.9 | 0.04 |
| 0112 | Meat | 93.8 | 0.3 | 0.03 |
| 1111 | Restaurants, cafes and the like | 23.6 | 0.5 | 0.01 |
| <hr/> | | | | |
| 0321 | Shoes and other footwear | 36.2 | -0.2 | -0.01 |
| 0122 | Mineral waters, soft drinks, fruit and vegetable juices | 11.7 | -0.7 | -0.01 |
| 1213 | Other appliances, articles and products for personal care | 25.6 | -0.5 | -0.01 |
| 0722 | Fuels and lubricants for personal transport equipment | 47.4 | -0.3 | -0.01 |
| 0114 | Milk, cheese and eggs | 75.6 | -0.3 | -0.02 |
| 0115 | Oils and fats | 16.2 | -1.5 | -0.02 |
| 0117 | Vegetables | 35.4 | -9.0 | -0.32 |

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

| ECOICOP | Group | Weights ‰ | Annual inflation % | Influence in percentage points |
|---------|---|--------------|--------------------------|--------------------------------------|
| 0722 | Fuels and lubricants for personal transport equipment | 47.4 | 8.5 | 0.40 |
| 0112 | Meat | 93.8 | 4.2 | 0.40 |
| 0114 | Milk, cheese and eggs | 75.6 | 3.9 | 0.30 |
| 0454 | Solid fuels | 40.5 | 5.1 | 0.21 |
| 0116 | Fruit | 20.1 | 9.6 | 0.19 |
| 0312 | Garments | 48.1 | 3.1 | 0.15 |
| 0451 | Electricity | 71.1 | 1.8 | 0.13 |
| 0220 | Tobacco | 25.7 | 4.6 | 0.12 |
| 0611 | Pharmaceutical products | 24.9 | 4.6 | 0.12 |
| 1120 | Accommodation services | 7.7 | 10.9 | 0.08 |
| 0321 | Shoes and other footwear | 36.2 | 1.7 | 0.06 |
| 1213 | Other appliances, articles and products for personal care | 25.6 | 2.1 | 0.05 |
| 0118 | Sugar, jam, honey, chocolate and confectionery | 16.8 | 3.2 | 0.05 |
| 0432 | Services for the maintenance and repair of the dwelling | 8.4 | 6.0 | 0.05 |
| <hr/> | | | | |
| 0911 | Equipment for the reception, recording and reproduction of sound and pictures | 3.4 | -5.2 | -0.02 |
| 0122 | Mineral waters, soft drinks, fruit and vegetable juices | 11.7 | -1.6 | -0.02 |
| 0115 | Oils and fats | 16.2 | -2.4 | -0.04 |
| 0561 | Non-durable household goods | 15.2 | -3.0 | -0.05 |
| 0117 | Vegetables | 35.4 | -8.0 | -0.28 |

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