# Consumer price indices
## *February 2020*

Prices of goods and services for personal consumption, measured by consumer price index, in February 2020, as compared to January 2020, decreased by 0.1% on average. Consumer prices in February 2020, as compared to February 2019, increased by 0.9%. This was influenced mostly by decrease in prices of: fuels and lubricants for personal transport equipment; solid fuels; non-durable household goods; shoes and other footwear; bread and cereals. Consumer prices in period January-February 2020 compared to the same period of previous year, were higher for 1.2% in average.

Observing by main groups by purpose of consumption, in February 2020, as compared to January 2020, monthly decrease of prices was noticed in the following groups: Transport (-1.8%); Furnishing, household equipment and routine household maintenance (-0.8%); Housing, water, electricity, gas and other fuels (-0.7%); Recreation and culture (-0.1%), while increase of prices was recorded in the following groups: Alcoholic beverages and tobacco (1.6%); Food and non-alcoholic beverages (0.3%); Clothing and footwear (0.2%); Health (0.2%).

Prices of other products and services mostly remained unchanged.

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



**Table 1. Inflation rate measured by Consumer price indices (CPI)**

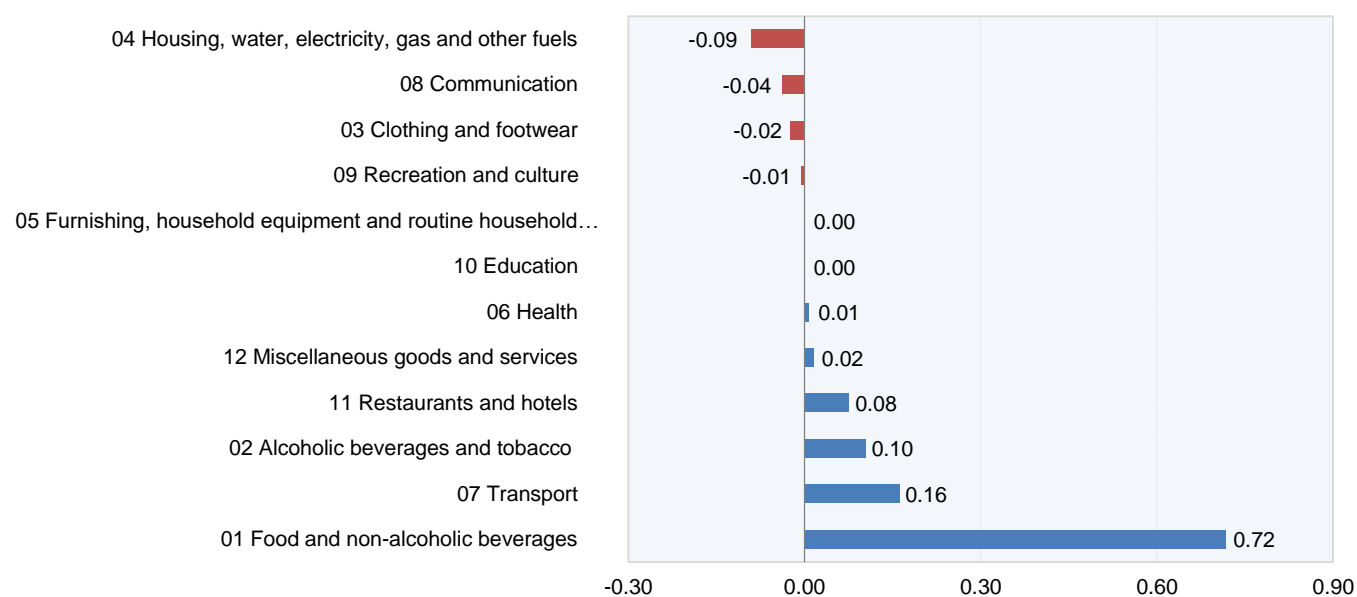| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | **Annual inflation rate** | | | | | | |
| **2019** | 0.3 | 0.4 | 0.8 | 0.9 | 0.7 | -0.1 | -0.4 | -0.2 | -0.2 | 0.5 | 0.5 | 1.0 |
| **2020** | 1.5 | 0.9 | | | | | | | | | | |
| | | | | | | **Monthly inflation rate** | | | | | | |
| **2019** | -0.3 | 0.4 | 0.6 | 0.1 | 0.2 | -0.7 | -0.1 | 0.1 | 0.1 | 0.5 | 0.1 | -0.1 |
| **2020** | 0.1 | -0.1 | | | | | | | | | | |

## Table 2. Inflation rates measured by CPI, in %

| | Name | Weights ‰ | Feb 2020 Ø 2019 | Feb 2020 Jan 2020 | Feb 2020 Feb 2019 | Jan-Feb 2020 Jan-Feb 2019 |
|---|---|---|---|---|---|---|
| 00 | CPI - total | 1000.0 | 0.4 | -0.1 | 0.9 | 1.2 |
| 01 | Food and non-alcoholic beverages | 341.1 | 0.8 | 0.3 | 2.1 | 2.4 |
| 02 | Alcoholic beverages and tobacco | 40.4 | 2.5 | 1.6 | 2.6 | 1.8 |
| 03 | Clothing and footwear | 86.1 | 1.8 | 0.2 | -0.3 | 0.4 |
| 04 | Housing, water, electricity, gas and other fuels | 154.0 | 0.3 | -0.7 | -0.6 | -0.3 |
| 05 | Furnishing, household equipment and routine household maintenance | 39.4 | -0.5 | -0.8 | -0.1 | 0.4 |
| 06 | Health | 40.8 | 0.2 | 0.2 | 0.2 | 0.1 |
| 07 | Transport | 109.4 | -0.4 | -1.8 | 1.5 | 2.6 |
| 08 | Communication | 48.5 | -0.4 | 0.0 | -0.8 | -1.0 |
| 09 | Recreation and culture | 32.0 | -0.1 | -0.1 | -0.2 | -0.3 |
| 10 | Education | 18.7 | 0.1 | 0.0 | 0.1 | 0.1 |
| 11 | Restaurants and hotels | 47.6 | -1.7 | 0.0 | 1.6 | 1.2 |
| 12 | Miscellaneous goods and services | 42.0 | -0.2 | 0.0 | 0.4 | 0.4 |

## Chart 2. Impacts of divisions on the annual inflation rate (in percentage points), February 2020



| Division | Impact |
|---|---|
| 04 Housing, water, electricity, gas and other fuels | -0.09 |
| 08 Communication | -0.04 |
| 03 Clothing and footwear | -0.02 |
| 09 Recreation and culture | -0.01 |
| 05 Furnishing, household equipment and routine household… | 0.00 |
| 10 Education | 0.00 |
| 06 Health | 0.01 |
| 12 Miscellaneous goods and services | 0.02 |
| 11 Restaurants and hotels | 0.08 |
| 02 Alcoholic beverages and tobacco | 0.10 |
| 07 Transport | 0.16 |
| 01 Food and non-alcoholic beverages | 0.72 |

## Table 3. Groups with most important impacts on monthly inflation rate,
February 2020

| ECOICOP | Group | Weights ‰ | Monthly inflation % | Influence in percentage points |
|---------|-------|-----------|---------------------|--------------------------------|
| 0117 | Vegetables | 33.7 | 1.8 | 0.06 |
| 0220 | Tobacco | 27.4 | 2.2 | 0.06 |
| 0312 | Garments | 47.9 | 0.6 | 0.03 |
| 0116 | Fruit | 20.3 | 1.3 | 0.03 |
| 0118 | Sugar, jam, honey, chocolate and confectionery | 16.3 | 0.7 | 0.01 |
| 0121 | Coffee, tea and cocoa | 7.7 | 0.8 | 0.01 |
| 0611 | Pharmaceutical products | 25.3 | 0.2 | 0.01 |
| 0111 | Bread and cereals | 54.3 | -0.1 | -0.01 |
| 0321 | Shoes and other footwear | 37.4 | -0.3 | -0.01 |
| 0561 | Non-durable household goods | 14.3 | -1.9 | -0.03 |
| 0454 | Solid fuels | 31.0 | -2.9 | -0.09 |
| 0722 | Fuels and lubricants for personal transport equipment | 51.4 | -3.7 | -0.19 |

## Table 4. Groups with most important impacts on annual inflation rate,
February 2020

| ECOICOP | Group | Weights ‰ | Annual inflation % | Influence in percentage points |
|---------|-------|-----------|--------------------|--------------------------------|
| 0112 | Meat | 91.0 | 3.4 | 0.31 |
| 0116 | Fruit | 20.3 | 12.2 | 0.25 |
| 0111 | Bread and cereals | 54.3 | 3.8 | 0.21 |
| 0454 | Solid fuels | 31.0 | 3.5 | 0.11 |
| 0220 | Tobacco | 27.4 | 3.3 | 0.09 |
| 0722 | Fuels and lubricants for personal transport equipment | 51.4 | 1.6 | 0.08 |
| 0114 | Milk, cheese and eggs | 74.1 | 1.1 | 0.08 |
| 0115 | Oils and fats | 15.3 | 5.2 | 0.08 |
| 0732 | Passenger transport by road | 20.5 | 3.3 | 0.07 |
| 1120 | Accommodation services | 19.0 | 3.5 | 0.07 |
| 0321 | Shoes and other footwear | 37.4 | 1.7 | 0.06 |
| 0118 | Sugar, jam, honey, chocolate and confectionery | 16.3 | 2.1 | 0.03 |
| 1213 | Other appliances, articles and products for personal care | 21.3 | 1.0 | 0.02 |
| 0911 | Equipment for the reception, recording and reproduction of sound and pictures | 5.3 | -3.5 | -0.02 |
| 0951 | Books | 3.7 | -5.7 | -0.02 |
| 0820 | Telephone and telefax equipment | 3.6 | -11.4 | -0.04 |
| 0312 | Garments | 47.9 | -1.9 | -0.09 |
| 0117 | Vegetables | 33.7 | -6.1 | -0.20 |
| 0451 | Electricity | 80.2 | -2.8 | -0.22 |

**Table 5. Inflation rate measured by Harmonised Indices of Consumer Prices (HICP)[1]**

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Annual inflation rate** | | | | | | | | | | | |
| **2020** | 1.1 | 0.6 | | | | | | | | | | |
| | **Monthly inflation rate** | | | | | | | | | | | |
| **2020** | -0.3 | -0.1 | | | | | | | | | | |

[1]    More detailed HICP data are available at the following link: Data

# METHODOLOGICAL 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 goods and services basket bought by household for the purposes of satisfying its needs.

**Weights** used for calculation of the consumer price index express a relative importance of selected products and services in total household consumption at the domestic territory.

The list of products and services is regularly updated in order to preserve its representative characteristics regarding structure of consumption and consumers' habits.

**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.

**Monthly inflation rate** represents price changes in the current month as compared to the previous month, in %.

**Annual inflation rate** represents price changes in the current month as compared to the same month of the previous year, in %.

While the consumer price index is mostly used as a general measure of inflation in the national context, the **harmonised index of consumer prices** represents a comparable measure of inflation in the European Union.

**The basic differences between CPI and HICP are:**

**Purpose:** CPI is used to measure the inflation in a country, while HICP is used to measure the inflation in EU.

**Coverage:** CPI covers final consumption of the resident population both in the country and abroad. HICP covers final consumption of the population, both resident and non-resident in a country.

**Weights:** In addition to differences in the coverage, there are differences in weights. The starting point is the final consumption of population but the concepts are different. The national concept is applied for the national CPI and the domestic concept for the HICP**.** The main data source for the calculation of the HICP weight structure at higher aggregation levels are the data obtained from the National Accounts, while the Household Budget Survey data are used at lower aggregation levels, which also represents the main data source for the calculation of the CPI weight structure.

**Classification:** ECOICOP (European Classification of Individual Consumption according to Purpose) is used for both indices.

**List of products and services:** The same list is used for products and services.

**Calculation method:** Laspeyre's type of index is used for the calculation of both indices.

Data are published according Statistical Release Calendar.