

## Consumer price index (CPI) *January 2018<sup>(p)</sup>*

### Monthly inflation in January 2018 was 1.0%

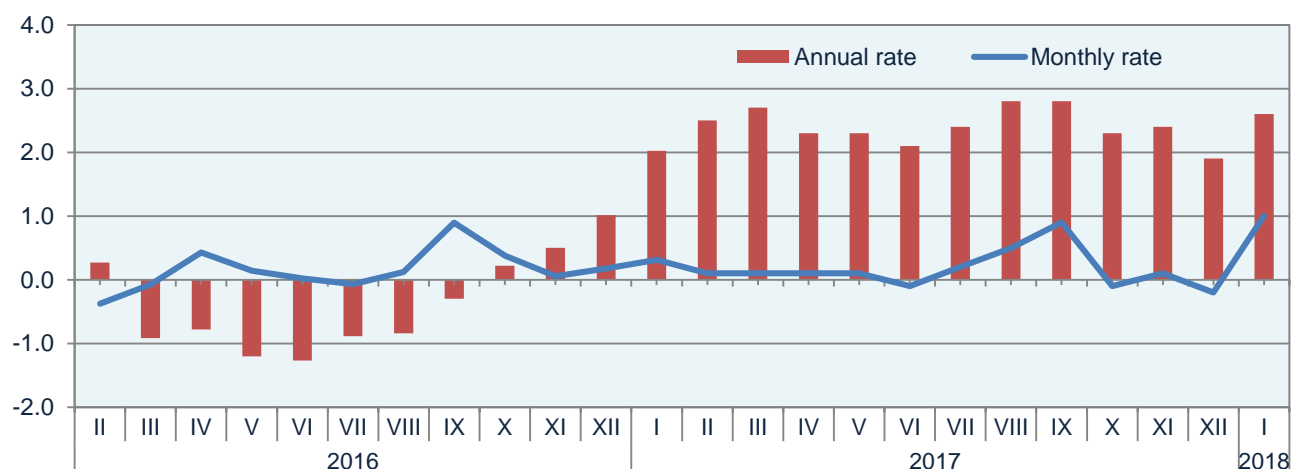
Monthly inflation measured by Consumer price index was 1.0% in January 2018, while the annual inflation was 2.6%. This was influenced mostly by increase in prices of: tobacco; electricity; fuels and lubricants for personal transport equipment; passenger transport by road; telephone and telefax services; mineral waters, soft drinks, fruit and vegetable juices; vegetables; restaurants, cafes and the like; spirits.

The growth of inflation rate was also generated by rising VAT from 19% to 21%.

Observing the main groups monthly growth of prices was noticed in the following groups: Alcoholic beverages and tobacco (13.6%); Transport (2.3%); Communication (1.6%); Restaurants and hotels (1.5%); Housing, water, electricity, gas and other fuels (0.7%); Miscellaneous goods and service (0.2%); Food and non-alcoholic beverages (0.1%); Health (0.1%), while a drop of prices was recorded in the following groups: Clothing and footwear (-4.0%); Furnishing, household equipment and routine household maintenance (-0.1%).

Positive annual inflation rates in January 2018 were observed in the following groups: Alcoholic beverages and tobacco (30.4%); Restaurants and hotels (6.9%); Clothing and footwear (6.3%); Transport (3.9%); Communication (1.8%); Miscellaneous goods and service (1.8%); Health (0.6%); Housing, water, electricity, gas and other fuels (0.4%); while negative annual inflation rates were observed in the following groups: Recreation and culture (-0.8%); Furnishing, household equipment and routine household maintenance (-0.6%); Food and non-alcoholic beverages (-0.5%).

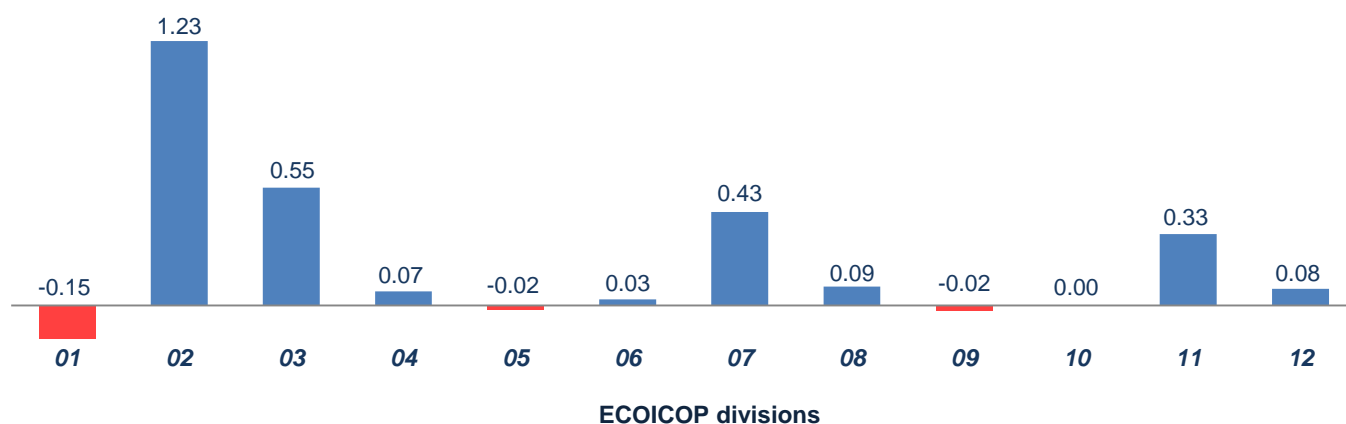
**Chart 1. Annual and monthly rates of inflation (CPI)**



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

|    | Name  | Weights<br>‰  | <u>Jan 2018</u><br>Ø 2015 | <u>Jan 2018</u><br>Dec 2017 | <u>Jan 2018</u><br>Jan 2017 | <u>Jan 2018</u><br>Ø 2017 |
|----|---|---------------|---------------------------|-----------------------------|-----------------------------|---------------------------|
| 00 | <b>CPI - total</b>  | <b>1000.0</b> | <b>3.9</b>                | <b>1.0</b>                  | <b>2.6</b>                  | <b>1.8</b>                |
| 01 | Food and non-alcoholic beverages                                  | 341.1         | 0.2                       | 0.1                         | -0.5                        | -0.6                      |
| 02 | Alcoholic beverages and tobacco                                   | 40.4          | 35.6                      | 13.6                        | 30.4                        | 21.7                      |
| 03 | Clothing and footwear   | 86.1          | 5.9                       | -4.0                        | 6.3                         | 0.8                       |
| 04 | Housing, water, electricity, gas and other fuels                  | 154.0         | 3.4                       | 0.7                         | 0.4                         | 1.4                       |
| 05 | Furnishing, household equipment and routine household maintenance | 39.4          | -1.7                      | -0.1                        | -0.6                        | -0.4                      |
| 06 | Health  | 40.8          | 5.2                       | 0.1                         | 0.6                         | 0.3                       |
| 07 | Transport   | 109.4         | 5.9                       | 2.3                         | 3.9                         | 4.0                       |
| 08 | Communication   | 48.5          | 2.2                       | 1.6                         | 1.8                         | 1.7                       |
| 09 | Recreation and culture  | 32.0          | -0.5                      | 0.0                         | -0.8                        | -0.2                      |
| 10 | Education   | 18.7          | 0.0                       | 0.0                         | 0.0                         | 0.0                       |
| 11 | Restaurants and hotels  | 47.6          | 9.1                       | 1.5                         | 6.9                         | 2.1                       |
| 12 | Miscellaneous goods and services                                  | 42.0          | 1.6                       | 0.2                         | 1.8                         | 0.7                       |

**Chart 2. Impacts of divisions on the annual inflation rate (in %),  
January 2018**



**Table 2. Groups with most important impacts on monthly inflation rate, Jan 2018**

| ECOICOP | Group   | Weights<br>‰ | Monthly<br>inflation<br>% | Influence in<br>percentage<br>points |
|---------|---|--------------|---------------------------|--------------------------------------|
| 0220    | Tobacco   | 27.4         | 17.7                      | 0.49                                 |
| 0451    | Electricity   | 80.2         | 2.6                       | 0.23                                 |
| 0722    | Fuels and lubricants for personal transport equipment   | 51.4         | 2.3                       | 0.13                                 |
| 0732    | Passenger transport by road                             | 20.5         | 5.6                       | 0.12                                 |
| 0830    | Telephone and telefax services                          | 44.3         | 1.7                       | 0.09                                 |
| 0122    | Mineral waters, soft drinks, fruit and vegetable juices | 11.0         | 6.6                       | 0.08                                 |
| 0117    | Vegetables  | 33.7         | 1.5                       | 0.06                                 |
| 1111    | Restaurants, cafes and the like                         | 28.6         | 0.9                       | 0.03                                 |
| 0211    | Spirits   | 6.8          | 3.7                       | 0.03                                 |
| 0531    | Major household appliances whether electric or not      | 6.8          | -1.3                      | -0.01                                |
| 0116    | Fruit   | 20.3         | -0.7                      | -0.01                                |
| 0454    | Solid fuels   | 31.0         | -1.3                      | -0.03                                |
| 0112    | Meat  | 91.0         | -0.7                      | -0.04                                |
| 0321    | Shoes and other footwear                                | 37.4         | -1.4                      | -0.04                                |
| 1120    | Accommodation services                                  | 19.0         | -2.6                      | -0.04                                |
| 0312    | Garments  | 47.9         | -6.0                      | -0.28                                |

**Table 3. Groups with most important impacts on annual inflation rate, Jan 2018**

| ECOICOP | Group   | Weights<br>‰ | Annual<br>inflation<br>% | Influence in<br>percentage<br>points |
|---------|---|--------------|--------------------------|--------------------------------------|
| 0220    | Tobacco   | 27.4         | 42.8                     | 1.17                                 |
| 0321    | Shoes and other footwear  | 37.4         | 9.4                      | 0.35                                 |
| 0722    | Fuels and lubricants for personal transport equipment                         | 51.4         | 4.7                      | 0.24                                 |
| 1120    | Accommodation services  | 19.0         | 11.3                     | 0.21                                 |
| 0451    | Electricity   | 80.2         | 2.6                      | 0.21                                 |
| 0312    | Garments  | 47.9         | 4.0                      | 0.19                                 |
| 0116    | Fruit   | 20.3         | 8.1                      | 0.16                                 |
| 0732    | Passenger transport by road   | 20.5         | 5.7                      | 0.12                                 |
| 1111    | Restaurants, cafes and the like   | 28.6         | 3.3                      | 0.10                                 |
| 0561    | Non-durable household goods   | 14.3         | -2.0                     | -0.03                                |
| 0113    | Fish and seafood  | 9.4          | -3.2                     | -0.03                                |
| 0911    | Equipment for the reception, recording and reproduction of sound and pictures | 5.3          | -6.6                     | -0.03                                |
| 0454    | Solid fuels   | 31.0         | -3.6                     | -0.11                                |
| 0112    | Meat  | 91.0         | -1.3                     | -0.12                                |
| 0117    | Vegetables  | 33.7         | -6.4                     | -0.21                                |

## 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% ( $10 \times 5\% = 0.5\%$  - 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.

The last published data are considered **preliminary**, and becomes final within the defined deadline, as foreseen by the Statistical Release Calendar.

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