

Consumer price index (CPI) *July 2018^(p)*

Monthly inflation in July 2018 was 0.2%

Monthly inflation measured by Consumer price index was 0.2% in July 2018, while the annual inflation was 3.4%. This was influenced mostly by increase in prices of: accommodation services; vegetables; meat; fruit; restaurants, cafes and the like; etc. Consumer prices in period January-July 2018 compared to the same period of previous year, were higher for 3.0% in average.

Observing the main groups monthly growth of prices was noticed in the following groups: Restaurants and hotels (4.9%); Food and non-alcoholic beverages (0.5%); Alcoholic beverages and tobacco (0.2%); Health (0.2%), while a drop of prices was recorded in the following groups: Clothing and footwear (-1.0%); Transport (-1.0%); Furnishing, household equipment and routine household maintenance (-0.4%); Recreation and culture (-0.4%); Communication (-0.2%); Miscellaneous goods and service (-0.1%).

Prices of other products and services mostly remained unchanged.

Positive annual inflation rates in July 2018 were observed in the following groups: Alcoholic beverages and tobacco (27.0%); Transport (7.6%); Restaurants and hotels (4.7%); Clothing and footwear (4.1%); Food and non-alcoholic beverages (1.5%); Communication (1.3%); Miscellaneous goods and service (0.5%); Health (0.3%); Furnishing, household equipment and routine household maintenance (0.2%), while negative annual inflation rates were observed in the following groups: Recreation and culture (-0.7%); Housing, water, electricity, gas and other fuels (-0.1%).

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

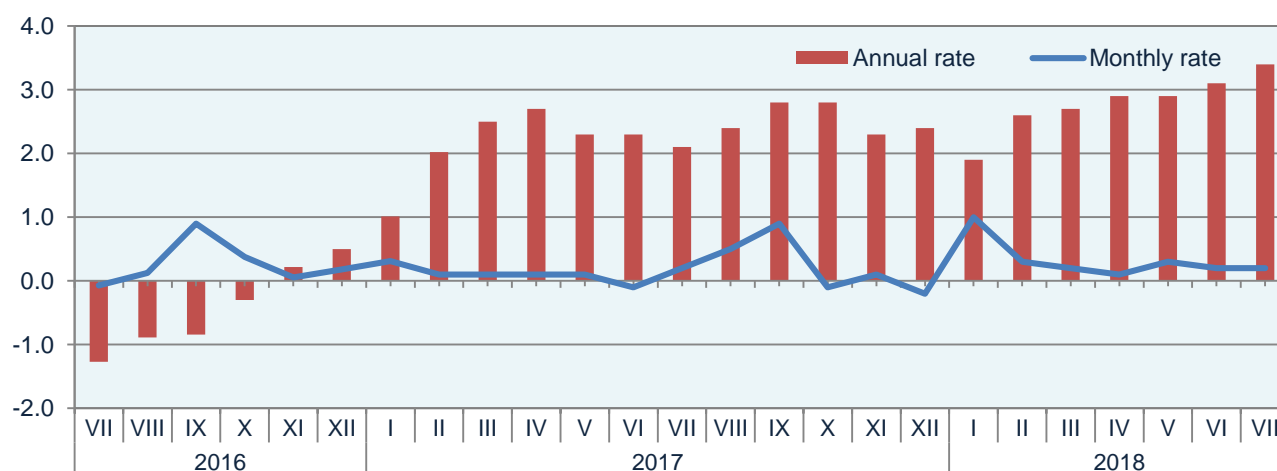


Table 1. Inflation rates measured by CPI, in %

	Name	Weights ‰	<u>Jul 2018</u> Ø 2015	<u>Jul 2018</u> Jun 2018	<u>Jul 2018</u> Jul 2017	<u>Jan-Jul 2018</u> Jan-Jul 2017
00	CPI - total	1000.0	5.2	0.2	3.4	3.0
01	Food and non-alcoholic beverages	341.1	2.1	0.5	1.5	0.0
02	Alcoholic beverages and tobacco	40.4	36.6	0.2	27.0	28.6
03	Clothing and footwear	86.1	6.6	-1.0	4.1	6.4
04	Housing, water, electricity, gas and other fuels	154.0	1.1	0.0	-0.1	0.4
05	Furnishing, household equipment and routine household maintenance	39.4	-0.6	-0.4	0.2	1.1
06	Health	40.8	5.3	0.2	0.3	0.4
07	Transport	109.4	8.7	-1.0	7.6	5.6
08	Communication	48.5	1.8	-0.2	1.3	1.7
09	Recreation and culture	32.0	-1.1	-0.4	-0.7	-0.3
10	Education	18.7	0.0	0.0	0.0	0.0
11	Restaurants and hotels	47.6	20.4	4.9	4.7	6.1
12	Miscellaneous goods and services	42.0	1.9	-0.1	0.5	1.4

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

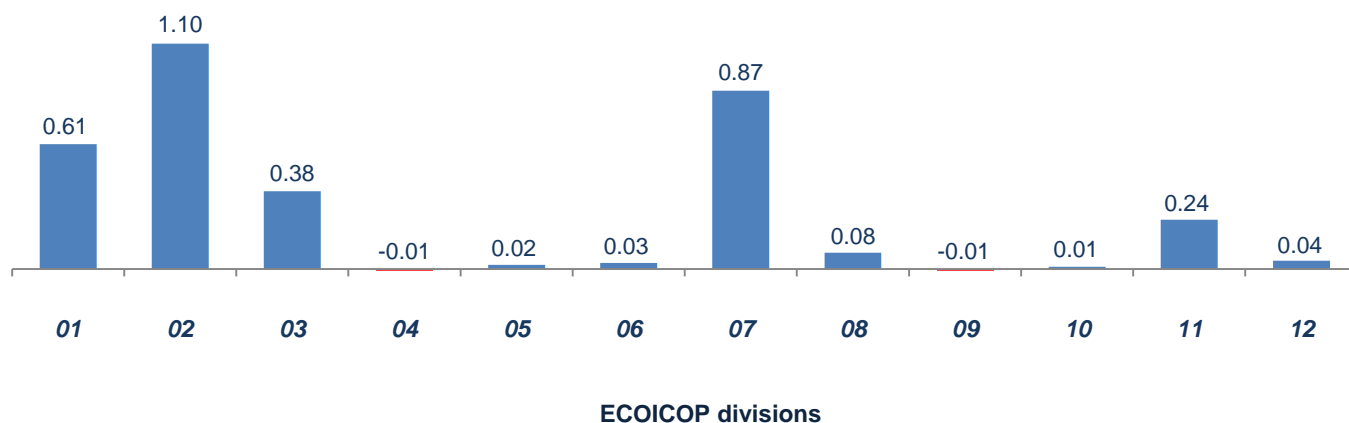


Table 2. Groups with most important impacts on monthly inflation rate, July 2018

ECOICOP	Group	Weights ‰	Monthly inflation %	Influence in percentage points
1120	Accommodation services	19.0	10.2	0.19
0117	Vegetables	33.7	3.5	0.12
0112	Meat	91.0	0.4	0.04
0116	Fruit	20.3	1.2	0.03
1111	Restaurants, cafes and the like	28.6	0.6	0.02
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0820	Telephone and telefax equipment	3.6	-2.0	-0.01
0960	Package holidays	4.2	-1.9	-0.01
0511	Furniture and furnishings	8.1	-1.0	-0.01
0111	Bread and cereals	54.3	-0.3	-0.02
0312	Garments	47.9	-1.7	-0.08
0722	Fuels and lubricants for personal transport equipment	51.4	-2.0	-0.10

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

ECOICOP	Group	Weights ‰	Annual inflation %	Influence in percentage points
0220	Tobacco	27.4	36.5	1.01
0722	Fuels and lubricants for personal transport equipment	51.4	13.3	0.71
0117	Vegetables	33.7	18.1	0.62
0321	Shoes and other footwear	37.4	7.3	0.29
0451	Electricity	80.2	2.6	0.25
0732	Passenger transport by road	20.5	7.1	0.16
0312	Garments	47.9	1.7	0.11
0114	Milk, cheese and eggs	74.1	0.9	0.11
0830	Telephone and telefax services	44.3	1.7	0.10
0211	Spirits	6.8	11.3	0.08
0122	Mineral waters, soft drinks, fruit and vegetable juices	11.0	6.0	0.07
0561	Non-durable household goods	14.3	4.0	0.06
0113	Fish and seafood	9.4	5.4	0.06
1111	Restaurants, cafes and the like	28.6	1.2	0.05
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0531	Major household appliances whether electric or not	6.8	-3.6	-0.02
0911	Equipment for the reception, recording and reproduction of sound and pictures	5.3	-4.6	-0.02
0112	Meat	91.0	-0.8	-0.03
1120	Accommodation services	19.0	-3.2	-0.05
0116	Fruit	20.3	-3.4	-0.06
0454	Solid fuels	31.0	-7.6	-0.22

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 [Statistical Release 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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