

## Consumer price indices

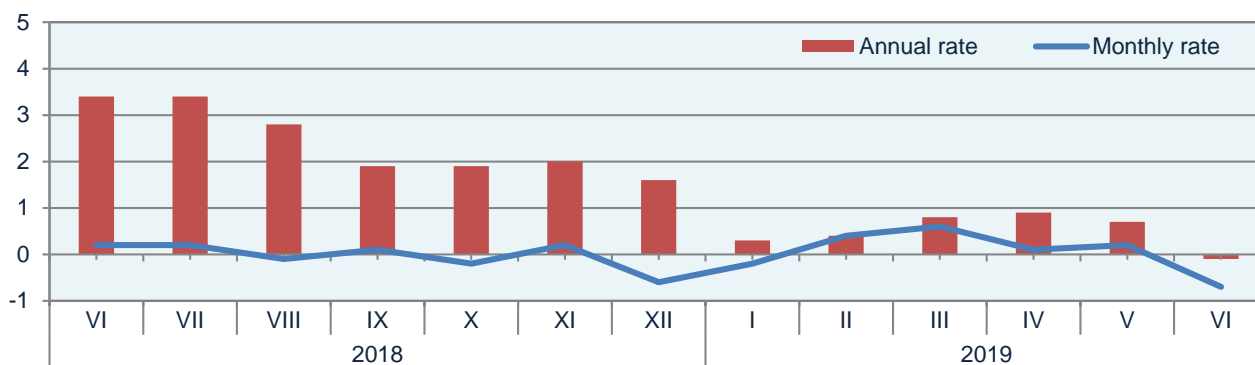
### June 2019

Prices of goods and services for personal consumption, measured by consumer price index, in June 2019, as compared to May 2019, decreased by 0.7% on average. Consumer prices in June 2019, as compared to June 2018, decreased by 0.1%. This was influenced mostly by decrease in prices of: vegetables; garments; electricity; shoes and other footwear; fuels and lubricants for personal transport equipment; solid fuels. Consumer prices in period January-June 2019 compared to the same period of previous year, were higher for 0.5% in average.

Observing by main groups by purpose of consumption, in June 2019, as compared to May 2019, monthly decrease of prices was noticed in the following groups: Clothing and footwear (-4.1%); Housing, water, electricity, gas and other fuels (-1.7%); Transport (-1.0%); Food and non-alcoholic beverages (-0.5%); while increase of prices was recorded in the following groups: Restaurants and hotels (3.7%); Miscellaneous goods and services (0.1%).

Prices of other products and services mostly remained unchanged.

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



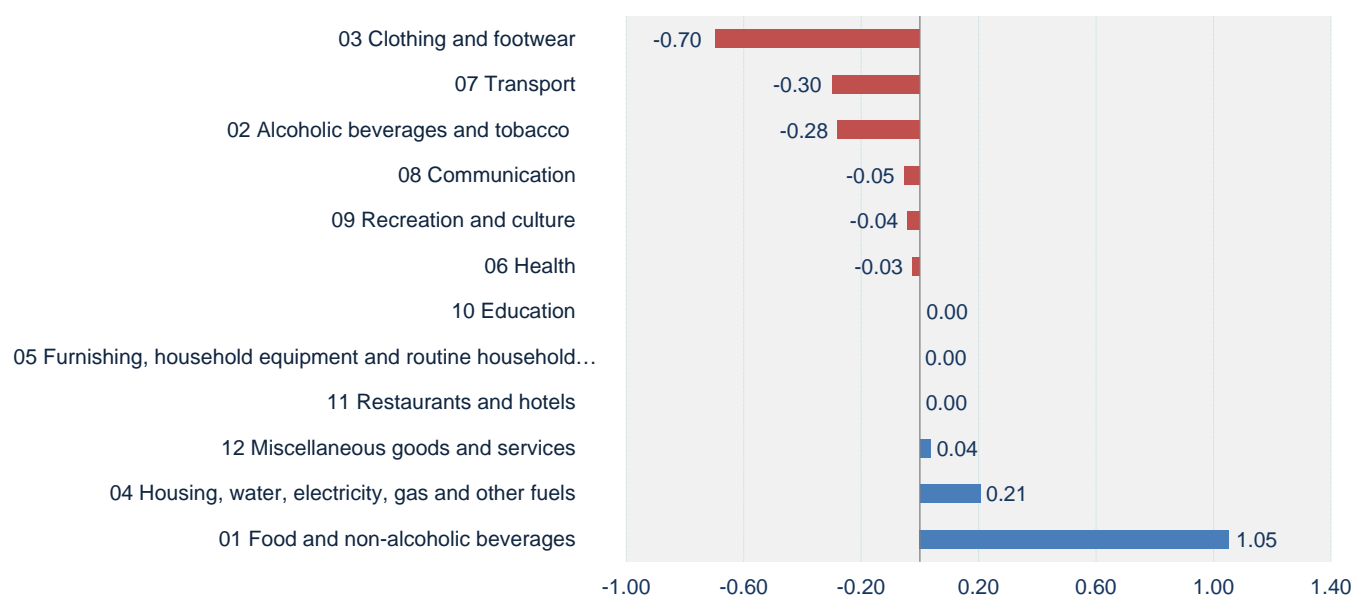
**Table 1. Inflation rate measured by Consumer price indices (CPI)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Annual inflation rate												
2018	2.6	2.7	2.9	2.9	3.1	3.4	3.4	2.8	1.9	1.9	2.0	1.6
2019	0.3	0.4	0.8	0.9	0.7	-0.1	-	-	-	-	-	-
Monthly inflation rate												
2018	1.0	0.3	0.2	0.1	0.3	0.2	0.2	-0.1	0.1	-0.2	0.2	-0.6
2019	-0.3	0.4	0.6	0.1	0.2	-0.7	-	-	-	-	-	-

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

	Name	Weights ‰	<u>Jun 2019</u> Ø 2015	<u>Jun 2019</u> May 2019	<u>Jun 2019</u> Jun 2018	<u>Jan-Jun 2019</u> Jan-Jun 2018
00	<b>CPI - total</b>	<b>1000.0</b>	<b>4.9</b>	<b>-0.7</b>	<b>-0.1</b>	<b>0.5</b>
01	Food and non-alcoholic beverages	341.1	4.9	-0.5	3.2	3.3
02	Alcoholic beverages and tobacco	40.4	27.1	0.0	-6.8	-6.7
03	Clothing and footwear	86.1	-0.9	-4.1	-7.9	-4.8
04	Housing, water, electricity, gas and other fuels	154.0	2.7	-1.7	1.5	2.1
05	Furnishing, household equipment and routine household maintenance	39.4	0.0	0.0	0.1	-0.1
06	Health	40.8	4.7	0.0	-0.5	-0.4
07	Transport	109.4	6.9	-1.0	-2.6	-0.4
08	Communication	48.5	1.1	0.0	-0.9	-0.9
09	Recreation and culture	32.0	-1.8	0.0	-1.1	-1.4
10	Education	18.7	0.0	0.0	0.0	0.0
11	Restaurants and hotels	47.6	14.9	3.7	0.2	0.1
12	Miscellaneous goods and services	42.0	3.0	0.1	1.0	1.0

**Chart 2. Impacts of divisions on the annual inflation rate (in percentage points), June 2019**



**Table 3. Groups with most important impacts on monthly inflation rate, June 2019**

ECOICOP	Group	Weights ‰	Monthly inflation %	Influence in percentage points
0116	Fruit	20.3	10.7	0.22
1120	Accommodation services	19.0	8.8	0.17
0112	Meat	91.0	0.2	0.02
0111	Bread and cereals	54.3	0.4	0.02
1213	Other appliances, articles and products for personal care	21.3	0.5	0.01
1211	Hairdressing salons and personal grooming establishments	14.0	-0.6	-0.01
0454	Solid fuels	31.0	-1.3	-0.04
0722	Fuels and lubricants for personal transport equipment	51.4	-2.0	-0.11
0321	Shoes and other footwear	37.4	-3.3	-0.13
0451	Electricity	80.2	-2.8	-0.23
0312	Garments	47.9	-4.8	-0.23
0117	Vegetables	33.7	-10.3	-0.35

**Table 4. Groups with most important impacts on annual inflation rate, June 2019**

ECOICOP	Group	Weights ‰	Annual inflation %	Influence in percentage points
0454	Solid fuels	31.0	13.8	0.42
0117	Vegetables	33.7	12.6	0.42
0112	Meat	91.0	2.8	0.23
0111	Bread and cereals	54.3	4.4	0.23
0116	Fruit	20.3	5.8	0.11
1213	Other appliances, articles and products for personal care	21.3	2.6	0.05
0122	Mineral waters, soft drinks, fruit and vegetable juices	11.0	3.8	0.04
0115	Oils and fats	15.3	2.4	0.03
0561	Non-durable household goods	14.3	2.4	0.03
0432	Services for the maintenance and repair of the dwelling	8.9	3.3	0.03
1111	Restaurants, cafes and the like	28.6	0.9	0.02
0721	Spare parts and accessories for personal transport equipment	8.7	2.2	0.02
0211	Spirits	6.8	2.6	0.02
0820	Telephone and telefax equipment	3.6	-11.7	-0.04
0321	Shoes and other footwear	37.4	-4.5	-0.18
0451	Electricity	80.2	-2.8	-0.24
0722	Fuels and lubricants for personal transport equipment	51.4	-4.6	-0.25
0220	Tobacco	27.4	-9.8	-0.27
0312	Garments	47.9	-10.8	-0.53

**Table 5. Inflation rate measured by Harmonised Indices of Consumer Prices (HICP)<sup>1)</sup>**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	Annual inflation rate											
	0.3	0.3	0.7	0,9	0.6	-0.1	-	-	-	-	-	-
2019	Monthly inflation rate											
	-0.2	0.3	0.6	0,2	0.3	-0.2	-	-	-	-	-	-

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.

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