



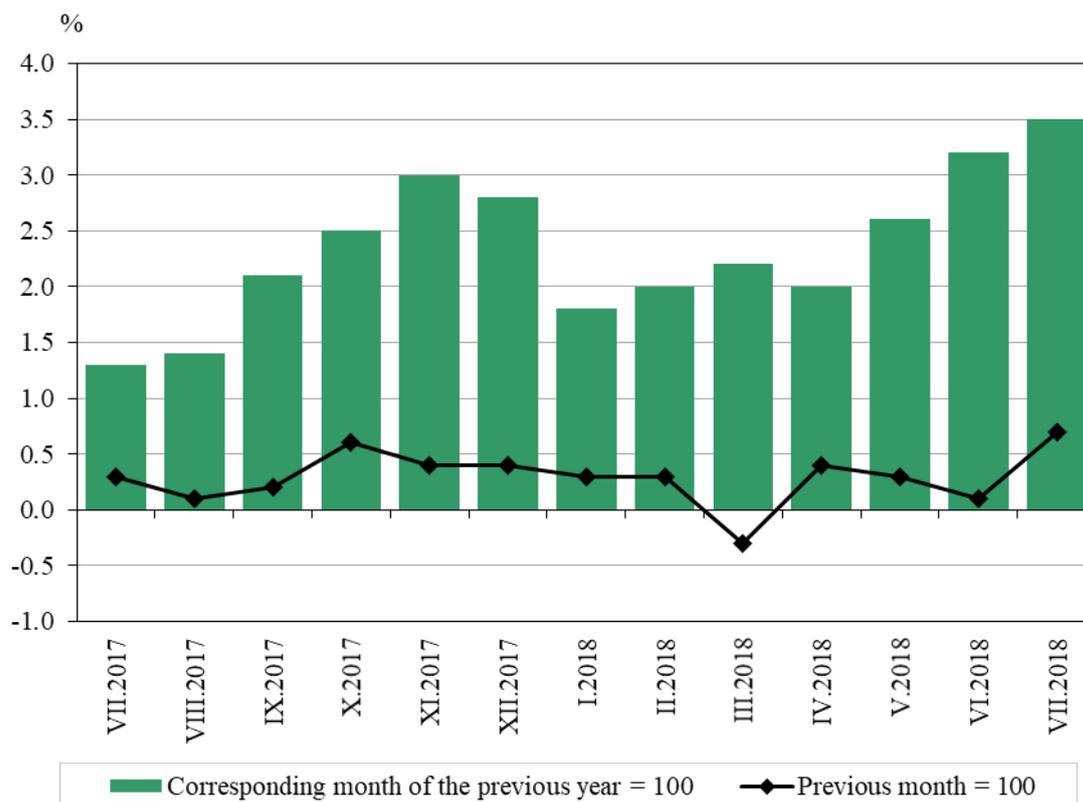
## INFLATION AND CONSUMER PRICE INDICES IN JULY 2018

### Consumer price index (CPI)

The **consumer price index** in July 2018 compared to June 2018 was 100.7%, i.e. the monthly inflation was 0.7%. The inflation rate since the beginning of the year (July 2018 compared to December 2017) has been 1.7% and the annual inflation in July 2018 compared to July 2017 was 3.5% (Figure 1 and Annex, Table 1).

The annual average inflation, measured by CPI, in the last 12 months (August 2017 - July 2018) compared to the previous 12 months (August 2016 - July 2017) was 2.4%.

**Figure 1. Inflation measured by CPI by months**



In July 2018 compared to the previous month the prices of goods and services in the main consumer groups changed as follows:

- Food and non-alcoholic beverages - an increase of 0.1%;
- Alcoholic beverages and tobacco - an increase of 0.6%;
- Clothing and footwear - a decrease of 2.8%;
- Housing, water, electricity, gas and other fuels - an increase of 1.3%;
- Furnishings, household equipment and routine maintenance of the house - an increase of 0.8%;



- Health - a decrease of 0.1%;
- Transport - an increase of 0.7%;
- Communications - an increase of 0.1%;
- Recreation and culture - an increase of 5.6%;
- Education - a decrease of 0.1%;
- Restaurants and hotels - an increase of 2.3%;
- Miscellaneous goods and service - an increase of 0.4%.

### **Harmonized index of consumer prices (HICP)**

The **harmonized index of consumer prices** in July 2018 compared to June 2018 was 101.0%, i.e. the monthly inflation was 1.0%. The inflation rate since the beginning of the year (July 2018 compared to December 2017) has been 2.5% and the annual inflation in July 2018 compared to July 2017 was 3.6% (Annex, Table 2).

The annual average inflation, measured by HICP, in the last 12 months (August 2017 - July 2018) compared to the previous 12 months (August 2016 - July 2017) was 1.9%.

In terms of HICP, in July 2018 compared to the previous month the prices of goods and services in the main consumer groups changed as follows:

- Food and non-alcoholic beverages - the prices remained at the level of the previous month;
- Alcoholic beverages and tobacco - an increase of 0.5%;
- Clothing and footwear - a decrease of 2.6%;
- Housing, water, electricity, gas and other fuels - an increase of 1.2%;
- Furnishings, household equipment and routine maintenance of the house - an increase of 0.6%;
- Health - the prices remained at the level of the previous month;
- Transport - an increase of 0.7%;
- Communications - an increase of 0.2%;
- Recreation and culture - an increase of 3.0%;
- Education - a decrease of 0.1%;
- Restaurants and hotels - an increase of 7.1%;
- Miscellaneous goods and service - an increase of 0.2%.

### **Price index of a small basket (PISB)**

The **price index of a small basket** in July 2018 compared to June 2018 was 100.3% and the overall increase since the beginning of the year (July 2018 compared to December 2017) has been 100.9% (Annex, Table 3).

In July 2018 compared to the previous month the prices of goods and services in the small basket for the 20% households with the lowest income changed as follows:

- Food products - the prices remained at the level of the previous month;
- Non-food products - an increase of 0.1%;
- Services - an increase of 1.4%.



## Methodological notes

The **consumer price index (CPI)** is the official measure of inflation in the Republic of Bulgaria. It measures the total relative price change of goods and services used by households for private (non-production) consumption and is calculated by applying the structure of the final monetary consumption expenditures of Bulgarian households. The main source of information for the expenditures is the household budget survey in the country. CPI in year  $t$  is calculated with the expenditures structure of year  $t-1$ .

The **Harmonized Index of Consumer Prices (HICP)** is the comparable measure of inflation across EU Member states. It is one of the criteria of price stability and readiness of Bulgaria to join the euro-zone. HICP, as well as CPI, measure the total relative price change of goods and services. Both indices are calculated using the same basket of goods and services, but differ with respect to the weights used. HICP is calculated through the use of weights, which reflect the individual and the collective consumption of all households (incl. institutional and foreign households) on the economic territory of the country. The main source of information for HICP weights is the national accounts data. HICP in year  $t$  is calculated with the weights of year  $t-2$ .

In compliance with Regulation (EC) No 2015/2010 since January 2016 the base year for HICP has been changed and the all indices have been calculated and published at 2015 as a base year. The time series have been recalculated according to the new base year and have been posted on the NSI website (www.nsi.bg).

The **Price Index of a Small Basket (PISB)** is a measurement of the relative average price changes of 100 socially useful and vital for living goods and services. The weights of this index reflect the expenditures of the 20% lowest household's incomes. The source of weights information is the Households Budget Survey in the country. This index in year  $t$  is calculated with the weights of year  $t-1$ .

The **chain** consumer price indices measure the price change in the current month compared to the previous month. The chain consumer price indices are used as a measure of **monthly inflation**.

The **12-month** consumer price indices measure the price changes occurring between the current month and the same month of the previous year. The 12-months consumer price indices are used as a measure of **annual inflation**.

Consumer price indices **over December of the previous year** measure the accumulated changes in prices of the current month with respect to December of the previous year. Consumer price indices over December of the previous year are used as measures of the **inflation since the beginning of the year**. In December of each year, the 12-months index is equal to the index over December of the previous year.

The **annual average** consumer price indices measure the average price change during the 12 months of the current year compared to the average price change during the 12 months of the previous year. The annual average consumer price indices are used as a measure of the **annual average inflation**.



Annex

Table 1

Consumer price indices in July 2018

(Per cent)

Commodity groups	2017 weights	July 2018		
		Previous month = 100	December 2017 = 100	Corresponding month of the previous year = 100
<b>00 Total CPI</b>	<b>100.000</b>	<b>100.7</b>	<b>101.7</b>	<b>103.5</b>
01 Food and non-alcoholic beverages	31.340	100.1	101.1	102.8
02 Alcoholic beverages and tobacco	5.125	100.6	102.6	103.9
03 Clothing and footwear	4.306	97.2	95.7	98.5
04 Housing, water, electricity, gas and other fuels	18.228	101.3	102.2	104.9
05 Furnishings, household equipment and routine household maintenance	5.100	100.8	101.8	101.9
06 Health	6.671	99.9	100.1	100.2
07 Transport	8.755	100.7	104.8	109.5
08 Communication	5.262	100.1	102.3	102.1
09 Recreation and culture	4.846	105.6	100.6	101.9
10 Education	0.550	99.9	100.7	103.1
11 Restaurants and hotels	5.042	102.3	105.1	105.8
12 Miscellaneous goods and service	4.775	100.4	102.0	102.6
Foods	32.659	100.1	101.1	102.7
Non-foods	34.579	100.0	101.4	104.2
Catering	4.554	100.4	102.1	103.6
Services	28.208	102.2	102.8	103.6



Table 2

Harmonized indices of consumer prices in July 2018

Commodity groups	2016 weights	July 2018			
		2015 = 100	Previous month = 100	December 2017 = 100	Corresponding month of the previous year = 100
		%			
<b>00 Total HICP</b>	<b>1000.000</b>	<b>103.41</b>	<b>101.0</b>	<b>102.5</b>	<b>103.6</b>
01 Food and non-alcoholic beverages	224.645	105.04	100.0	101.1	102.2
02 Alcoholic beverages and tobacco	66.908	106.31	100.5	102.5	103.7
03 Clothing and footwear	36.671	96.90	97.4	96.2	99.0
04 Housing, water, electricity, gas and other fuels	108.800	105.92	101.2	102.1	103.8
05 Furnishings, household equipment and routine household maintenance	58.842	100.24	100.6	101.1	101.0
06 Health	70.318	100.41	100.0	100.1	100.2
07 Transport	163.375	99.56	100.7	103.8	106.5
08 Communication	54.456	94.93	100.2	102.1	101.4
09 Recreation and culture	67.295	99.57	103.0	100.1	101.2
10 Education	12.769	109.36	99.9	100.6	102.9
11 Restaurants and hotels	81.213	118.62	107.1	112.6	111.4
12 Miscellaneous goods and service	54.708	104.22	100.2	102.7	103.8

**Table 3**

**Price indices of 100 socially useful and vital for the living goods and services in the small basket for the 20% lowest income households in July 2018**

(Per cent)

Commodity groups	2017 weights	July 2018
		Previous month = 100
<b>Total PISB</b>	<b>100.000</b>	<b>100.3</b>
Food and non-alcoholic beverages	48.993	100.0
Clothing and footwear	3.453	98.1
Housing, water, electricity, gas and other fuels	28.954	101.3
Furnishings, household equipment and routine household maintenance	2.483	100.5
Health	9.836	100.0
Transport	1.341	100.2
Communication	0.394	99.6
Recreation and culture	0.589	100.5
Miscellaneous goods and service	3.957	100.3
Foods	48.993	100.0
Non-foods	28.286	100.1
Services	22.721	101.4