

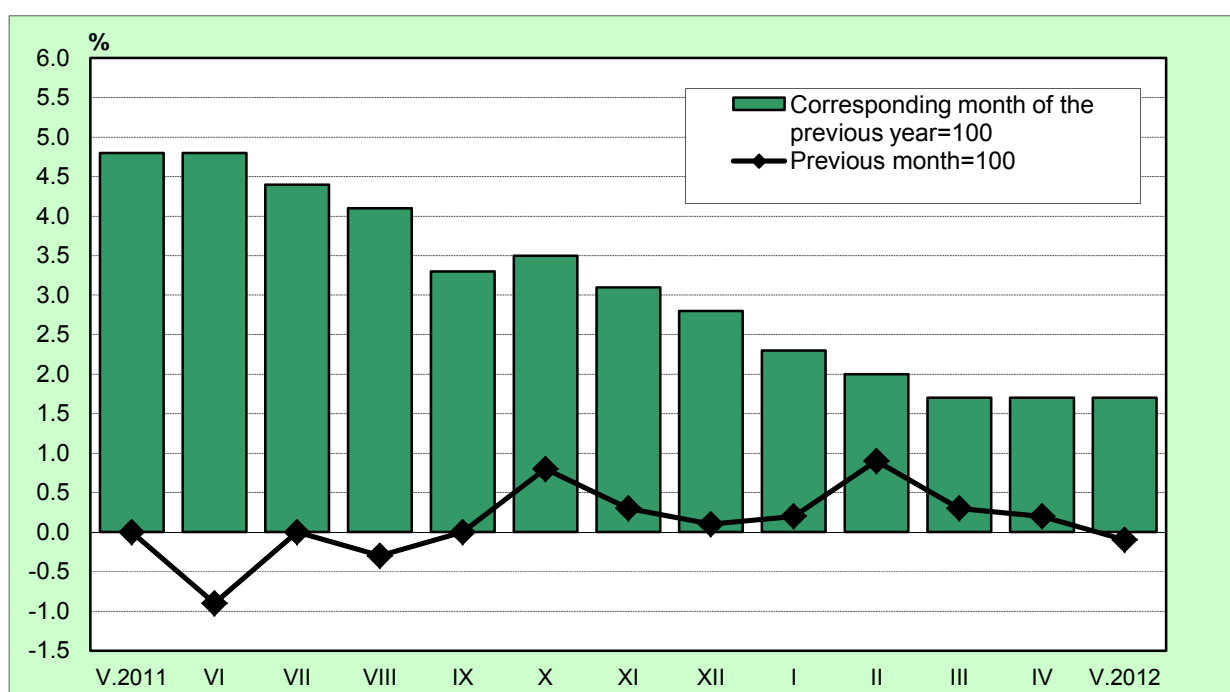


INFLATION AND CONSUMER PRICE INDICES IN MAY 2012

The **consumer price index** (CPI) in May 2012 compared to April 2012 was **99.9%**, i.e. the monthly inflation was **-0.1%**. The inflation rate since the beginning of the year (May 2012 compared to December 2011) has been **1.6%** and the annual inflation in May 2012 compared to May 2011 was **1.7%** (Table 1).

The annual average inflation, measured by CPI, in the last 12 months (June 2011 – May 2012) compared to the previous 12 months (June 2010 - May 2011) was **2.9%**.

Figure 1. Inflation measured by CPI by months



In May 2012 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 **0.2%**;
- Alcoholic beverages and tobacco - the prices have remained at the level of the previous month;
- Clothing and footwear - an increase of **0.3%**;
- Housing (rentals, maintenance and repair), water, electricity, gas and other fuels - a decrease of **0.1%**;
- Furnishings, household equipment and routine maintenance of the house - an increase of **0.2%**;
- Health - an increase of **0.4%**;
- Transport - a decrease of **2.2%**;
- Communications - the prices have remained at the level of the previous month;
- Recreation and culture - a decrease of **0.2%**;
- Education - the prices have remained at the level of the previous month;



- Restaurants and hotels - an increase of **0.1%**;
- Miscellaneous goods and service - the prices have remained at the level of the previous month.

The **harmonized index of consumer prices (HICP)** in May 2012 compared to April 2012 was **99.9%**, i.e. the monthly inflation was **-0.1%**. The inflation rate since the beginning of the year (May 2012 compared to December 2011) has been **1.2%** and the annual inflation in May 2012 compared to May 2011 was **1.8%** (Table 2).

The annual average inflation, measured by HICP, in the last 12 months (June 2011 - May 2012) compared to the previous 12 months (June 2010 – May 2011) was **2.5%**.

In terms of HICP in May 2012 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 **0.5%**;
- Alcoholic beverages and tobacco - the prices have remained at the level of the previous month;
- Clothing and footwear - an increase of **0.2%**;
- Housing (rentals, maintenance and repair), water, electricity, gas and other fuels - the prices have remained at the level of the previous month;
- Furnishings, household equipment and routine maintenance of the house - the prices have remained at the level of the previous month;
- Health - an increase of **2.4%**;
- Transport - a decrease of **1.8%**;
- Communications - the prices have remained at the level of the previous month;
- Recreation and culture - a decrease of **0.3%**;
- Education - the prices have remained at the level of the previous month;
- Restaurants and hotels - a decrease of **0.1%**;
- Miscellaneous goods and service - an increase of **0.1%**.

The **price index of a small basket (PISB)** in May 2012 compared to April 2012 was **99.8%** and the overall increase since the beginning of the year (May 2012 compared to December 2011) has been **101.5%** (Table 3).

In May 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 - a decrease of **0.4%**;
- Non-food products - an increase of **0.1%**;
- Services - the prices have remained at the level of the previous month.



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 it is calculated by applying the structure of the final monetary consumption expenditures of the 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 for readiness of Bulgaria to join the euro-zone. HICP, as well as CPI, measures 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 used weights. 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 $t-2$.

The **Price Index of a Small Basket (PISB)** is a measurement of the relative average price changes of 100 socially useful and vital for the living goods and services. The weights of this index reflect the expenditures of the 20% lowest income households. 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 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 having occurred between the current month and the same month of the previous year. The 12-month 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 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-month 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**.



Annexes

Table 1

CONSUMER PRICE INDICES: MAY 2012

(Per cent)

Commodity groups	2011 weights - %	May 2012		
		Previous month = 100	December 2011 = 100	Corresponding month of the previous year = 100
00 Total CPI	100.000	99.9	101.6	101.7
01 Food and non-alcoholic beverages	37.201	100.2	102.6	100.9
02 Alcoholic beverages, tobacco	5.331	100.0	100.0	100.0
03 Clothing and footwear	3.627	100.3	98.4	100.3
04 Housing, water, electricity, gas and other fuels	17.142	99.9	102.2	105.0
05 Furnishing, household equipment and routine maintenance of the house	3.350	100.2	99.2	98.8
06 Health	6.885	100.4	100.4	102.3
07 Transport	7.493	97.8	105.2	104.3
08 Communications	5.646	100.0	99.6	99.1
09 Recreation and culture	3.677	99.8	96.6	96.7
10 Education	0.519	100.0	102.3	106.4
11 Restaurants and hotels	4.939	100.1	100.2	102.5
12 Miscellaneous goods and services	4.190	100.0	100.2	101.6
Foods	38.505	100.2	102.5	100.9
Non-foods	29.929	99.4	101.2	101.9
Catering	4.583	100.1	100.7	102.8
Services	26.983	100.2	100.7	102.4



Table 2

HARMONISED INDICES OF CONSUMER PRICES: MAY 2012

(Per cent)

Commodity groups	2010 - weights - ‰	May 2012			
		2005 = 100	Previous month = 100	December 2011 = 100	Corresponding month of the previous year = 100
00 Total HICP	1000.000	143.87	99.9	101.2	101.8
01 Food and non-alcoholic beverages	225.264	151.05	100.5	102.2	101.7
02 Alcoholic beverages, tobacco	79.498	263.83	100.0	100.0	100.1
03 Clothing and footwear	32.902	130.92	100.2	98.7	100.5
04 Housing, water, electricity, gas and other fuels	83.817	139.55	100.0	102.0	104.4
05 Furnishing, household equipment and routine maintenance of the house	66.344	115.18	100.0	99.8	99.6
06 Health	61.449	143.50	102.4	102.6	109.0
07 Transport	193.023	145.01	98.2	103.9	103.2
08 Communications	66.771	91.71	100.0	99.6	98.9
09 Recreation and culture	62.115	106.49	99.7	96.4	95.2
10 Education	8.375	171.80	100.0	102.3	106.5
11 Restaurants and hotels	69.092	156.03	99.9	98.8	101.9
12 Miscellaneous goods and services	51.350	166.07	100.1	100.4	102.3

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: MAY 2012**

Commodity groups	2011 weights - %	(Per cent)
		May 2012 Previous month = 100
Total PISB	100.000	99.8
Food and non-alcoholic beverages	59.316	99.6
Clothing and footwear	2.302	100.2
Housing, water, electricity, gas and other fuels	21.521	100.0
Furnishing, household equipment and routine maintenance of the house	2.570	101.9
Health	6.675	99.9
Transport	1.626	100.2
Communications	1.558	100.0
Recreation and culture	0.574	100.3
Miscellaneous goods and services	3.857	99.8
Foods	59.316	99.6
Non-foods	19.308	100.1
Services	21.376	100.0