



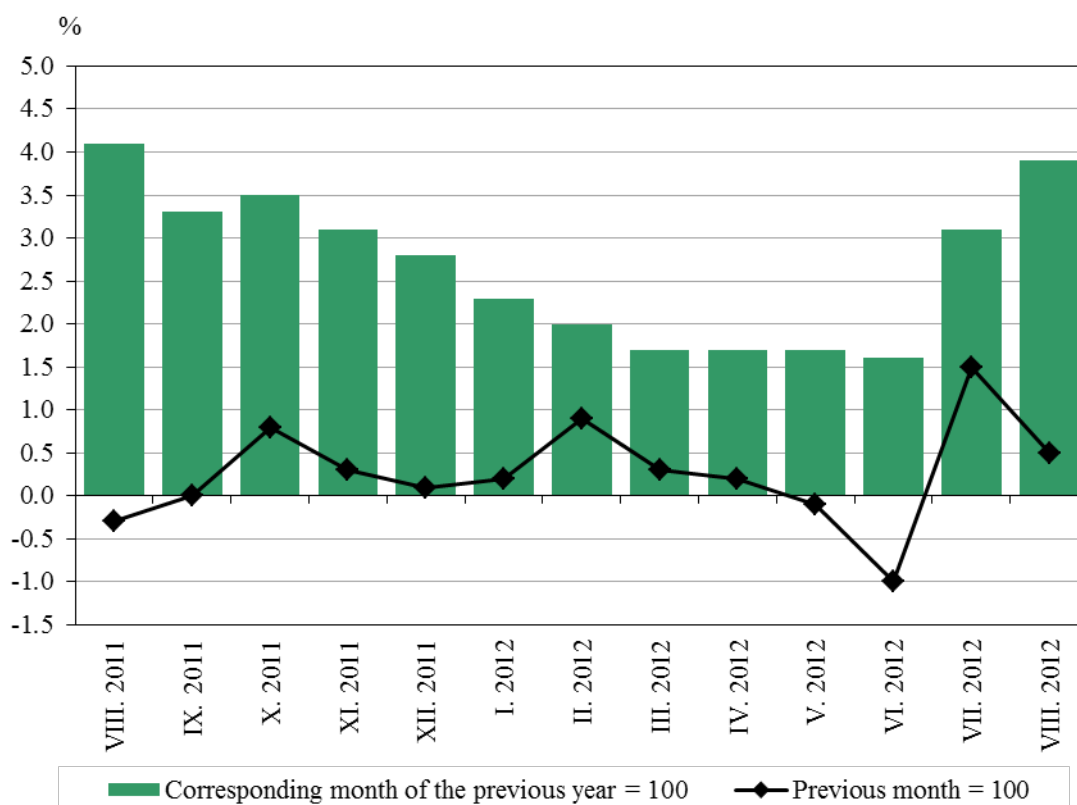
## INFLATION AND CONSUMER PRICE INDICES IN AUGUST 2012

### Consumer price index (CPI)

The **consumer price index** in August 2012 compared to July 2012 was 100.5%, i.e. the monthly inflation was 0.5%. The inflation rate since the beginning of the year (August 2012 compared to December 2011) had been 2.6% and the annual inflation in August 2012 compared to August 2011 was 3.9% (Figure 1 and Annex, Table 1).

The annual average inflation, measured by CPI, in the last 12 months (September 2011 - August 2012) compared to the previous 12 months (September 2010 - August 2011) was 2.5%.

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



In August 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 0.9%;
- Alcoholic beverages and tobacco - an increase of 0.1%;
- Clothing and footwear - a decrease of 3.3%;
- Housing (rentals, maintenance and repair), water, electricity, gas and other fuels - an increase of 0.3%;
- Furnishings, household equipment and routine maintenance of the house - the prices remained at the level of the previous month;
- Health - an increase of 0.1%;



- Transport - an increase of 2.9%;
- Communications - the prices have remained at the level of the previous month;
- Recreation and culture - a decrease of 0.7%;
- Education - an increase of 0.1%;
- Restaurants and hotels - an increase of 0.3%;
- Miscellaneous goods and service - an increase of 0.3%.

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

The **harmonized index of consumer prices** in August 2012 compared to July 2012 was 100.6%, i.e. the monthly inflation was 0.6%. The inflation rate since the beginning of the year (August 2012 compared to December 2011) had been 2.4% and the annual inflation in August 2012 compared to August 2011 was 3.1% (Annex, Table 2).

The annual average inflation, measured by HICP, in the last 12 months (September 2011 - August 2012) compared to the previous 12 months (September 2010 - August 2011) was 2.3%.

In terms of HICP in August 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 0.8%;
- Alcoholic beverages and tobacco - an increase of 0.1%;
- Clothing and footwear - a decrease of 2.9%;
- Housing (rentals, maintenance and repair), water, electricity, gas and other fuels - an increase of 0.1%;
- Furnishings, household equipment and routine maintenance of the house - an increase of 0.2%;
- Health - an increase of 0.1%;
- Transport - an increase of 2.2%;
- Communications - the prices remained at the level of the previous month;
- Recreation and culture - a decrease of 0.6%;
- Education - an increase of 0.1%;
- Restaurants and hotels - an increase of 0.4%;
- Miscellaneous goods and service - an increase of 0.2%.

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

The **price index of a small basket** in August 2012 compared to July 2012 was 100.8% and the overall increase since the beginning of the year (August 2012 compared to December 2011) had been 103.1% (Annex, Table 3).

In August 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 - an increase of 1.2%;
- Non-food products - an increase of 0.2%;
- Services - an increase of 0.1%.



## 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 in August 2012

(Per cent)

Commodity groups	2011 weights	August 2012		
		Previous month = 100	December 2011 = 100	Corresponding month of the previous year = 100
<b>00 Total CPI</b>	<b>100.000</b>	<b>100.5</b>	<b>102.6</b>	<b>103.9</b>
01 Food and non-alcoholic beverages	37.201	100.9	101.7	104.0
02 Alcoholic beverages, tobacco	5.331	100.1	100.3	100.6
03 Clothing and footwear	3.627	96.7	93.9	97.9
04 Housing, water, electricity, gas and other fuels	17.142	100.3	108.9	110.3
05 Furnishing, household equipment and routine maintenance of the house	3.350	100.0	99.2	99.1
06 Health	6.885	100.1	100.4	102.1
07 Transport	7.493	102.9	107.9	106.6
08 Communications	5.646	100.0	99.7	99.3
09 Recreation and culture	3.677	99.3	99.2	96.9
10 Education	0.519	100.1	102.5	106.1
11 Restaurants and hotels	4.939	100.3	101.6	102.8
12 Miscellaneous goods and services	4.190	100.3	100.1	101.0
Foods	38.505	100.9	101.7	104.0
Non-foods	29.929	100.5	101.2	102.0
Catering	4.583	100.3	101.3	102.6
Services	26.983	100.0	105.6	106.0



Table 2

**Harmonized indices of consumer prices in August 2012**

(Per cent)

Commodity groups	2010 - weights - ‰	August 2012			
		2005 = 100	Previous month = 100	December 2011 = 100	Corresponding month of the previous year = 100
<b>00 Total HICP</b>	<b>1000.000</b>	<b>145.57</b>	<b>100.6</b>	<b>102.4</b>	<b>103.1</b>
01 Food and non-alcoholic beverages	225.264	150.35	100.8	101.7	103.7
02 Alcoholic beverages, tobacco	79.498	265.05	100.1	100.5	100.9
03 Clothing and footwear	32.902	125.69	97.1	94.7	98.4
04 Housing, water, electricity, gas and other fuels	83.817	148.67	100.1	108.7	109.7
05 Furnishing, household equipment and routine maintenance of the house	66.344	115.63	100.2	100.2	100.5
06 Health	61.449	143.71	100.1	102.8	109.1
07 Transport	193.023	148.28	102.2	106.2	104.9
08 Communications	66.771	91.73	100.0	99.6	99.1
09 Recreation and culture	62.115	107.75	99.4	97.5	94.5
10 Education	8.375	172.15	100.1	102.5	106.2
11 Restaurants and hotels	69.092	161.84	100.4	102.5	103.0
12 Miscellaneous goods and services	51.350	166.70	100.2	100.8	102.0

**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 August 2012**

(Per cent)

Commodity groups	2011 weights	August 2012
		Previous month = 100
<b>Total PISB</b>	<b>100.000</b>	<b>100.8</b>
Food and non-alcoholic beverages	59.316	101.2
Clothing and footwear	2.302	98.9
Housing, water, electricity, gas and other fuels	21.521	100.3
Furnishing, household equipment and routine maintenance of the house	2.570	100.9
Health	6.675	100.0
Transport	1.626	100.3
Communications	1.558	100.0
Recreation and culture	0.574	100.2
Miscellaneous goods and services	3.857	99.8
Foods	59.316	101.2
Non-foods	19.308	100.2
Services	21.376	100.1