



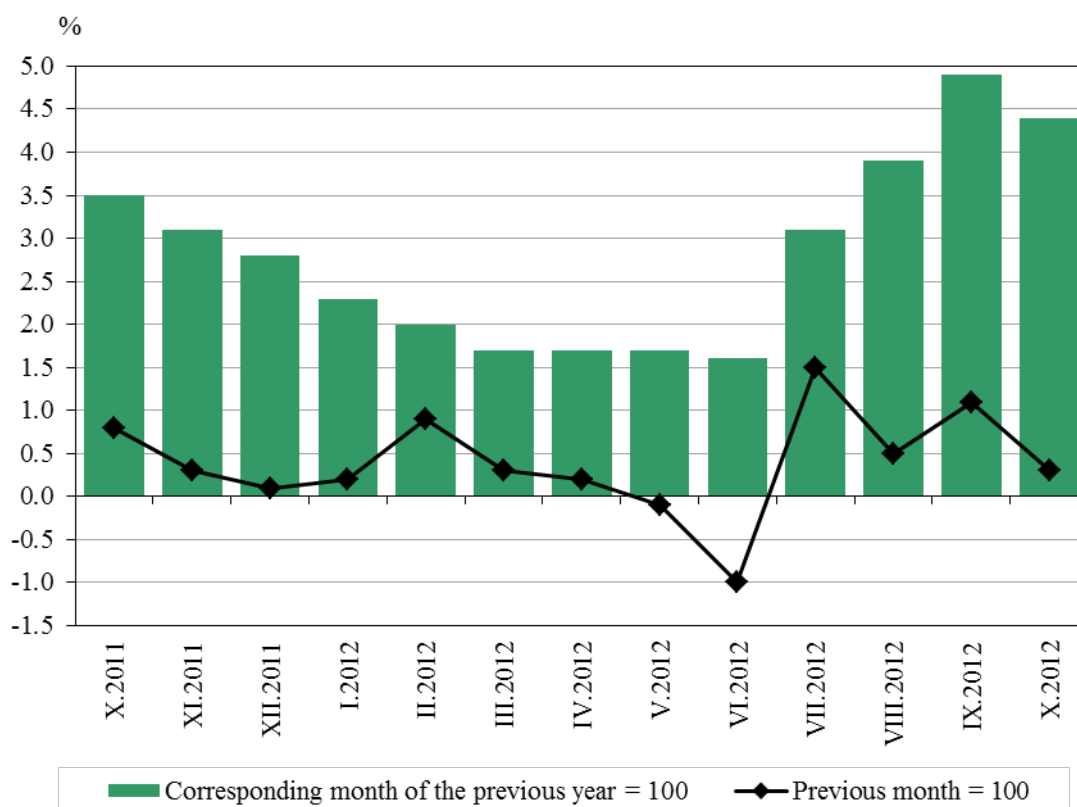
INFLATION AND CONSUMER PRICE INDICES IN OCTOBER 2012

Consumer price index (CPI)

The **consumer price index** in October 2012 compared to September 2012 was 100.3%, i.e. the monthly inflation was 0.3%. The inflation rate since the beginning of the year (October 2012 compared to December 2011) had been 4.0% and the annual inflation in October 2012 compared to October 2011 was 4.4% (Figure 1 and Annex, Table 1).

The annual average inflation, measured by CPI, in the last 12 months (November 2011 - October 2012) compared to the previous 12 months (November 2010 - October 2011) was 2.8%.

Figure 1. Inflation measured by CPI by months



In October 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 0.3%;
- Alcoholic beverages and tobacco - the prices remained at the level of the previous month;
- Clothing and footwear - an increase of 4.7%;
- Housing (rentals, maintenance and repair), water, electricity, gas and other fuels - an increase of 0.4%;



- Furnishings, household equipment and routine maintenance of the house - an increase of 0.5%;
- Health - a decrease of 0.8%;
- Transport - a decrease of 1.7%;
- Communications - a decrease of 0.2%;
- Recreation and culture - an increase of 1.4%;
- Education - an increase of 2.3%;
- Restaurants and hotels - an increase of 0.7%;
- Miscellaneous goods and service - an increase of 0.1%.

Harmonized index of consumer prices (HICP)

The **harmonized index of consumer prices** in October 2012 compared to September 2012 was 99.9%, i.e. the monthly inflation was -0.1%. The group 'Transport' had the biggest downward impact on the total HICP that measures the change in prices of the goods and services, consumed by all households (including foreign households) on the economic territory of the country. Differences between CPI and HICP are due to different coverage of the HICP and CPI in respect of treatment of the consumption by both non-resident and institutional households.

The inflation rate since the beginning of the year (October 2012 compared to December 2011) had been 2.7% and the annual inflation in October 2012 compared to October 2011 was 3.0% (Annex, Table 2).

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

In terms of HICP in October 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 0.3%;
- Alcoholic beverages and tobacco - the prices remained at the level of the previous month;
- Clothing and footwear - an increase of 4.1%;
- Housing (rentals, maintenance and repair), water, electricity, gas and other fuels - an increase of 0.2%;
- Furnishings, household equipment and routine maintenance of the house - an increase of 0.2%;
- Health - a decrease of 0.6%;
- Transport - a decrease of 1.8%;
- Communications - a decrease of 0.2%;
- Recreation and culture - an increase of 0.9%;
- Education - an increase of 2.2%;
- Restaurants and hotels - an increase of 0.9%;
- Miscellaneous goods and service - an increase of 0.3%.

Price index of a small basket (PISB)

The **price index of a small basket** in October 2012 compared to September 2012 was 100.2% and the overall increase since the beginning of the year (October 2012 compared to December 2011) had been 105.0% (Annex, Table 3).

In October 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:



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- Food products - an increase of 0.2%;
- Non-food products - an increase of 0.6%
- Services - the prices 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**.



Annex

Table 1

Consumer price indices in October 2012

(Per cent)

Commodity groups	2011 weights	October 2012		
		Previous month = 100	December 2011 = 100	Corresponding month of the previous year = 100
00 Total CPI	100.000	100.3	104.0	104.4
01 Food and non-alcoholic beverages	37.201	100.3	104.7	105.4
02 Alcoholic beverages, tobacco	5.331	100.0	100.3	100.3
03 Clothing and footwear	3.627	104.7	98.1	98.8
04 Housing, water, electricity, gas and other fuels	17.142	100.4	109.8	110.6
05 Furnishing, household equipment and routine maintenance of the house	3.350	100.5	100.6	100.7
06 Health	6.885	99.2	98.9	99.1
07 Transport	7.493	98.3	107.9	106.5
08 Communications	5.646	99.8	99.4	99.1
09 Recreation and culture	3.677	101.4	97.5	99.3
10 Education	0.519	102.3	106.4	106.3
11 Restaurants and hotels	4.939	100.7	102.3	103.3
12 Miscellaneous goods and services	4.190	100.1	100.7	101.0
Foods	38.505	100.3	104.6	105.2
Non-foods	29.929	100.2	102.2	102.2
Catering	4.583	100.6	102.7	103.5
Services	26.983	100.2	105.3	105.8



Table 2

Harmonized indices of consumer prices in October 2012

Commodity groups	2010 - weights	October 2012			
		2005 = 100	Previous month = 100	December 2011 = 100	Corresponding month of the previous year = 100
		%			
00 Total HICP	1000.000	145.98	99.9	102.7	103.0
01 Food and non-alcoholic beverages	225.264	153.87	100.3	104.1	104.9
02 Alcoholic beverages, tobacco	79.498	265.03	100.0	100.5	100.5
03 Clothing and footwear	32.902	130.61	104.1	98.4	99.2
04 Housing, water, electricity, gas and other fuels	83.817	149.20	100.2	109.0	109.7
05 Furnishing, household equipment and routine maintenance of the house	66.344	116.27	100.2	100.8	100.9
06 Health	61.449	140.61	99.4	100.6	100.8
07 Transport	193.023	147.18	98.2	105.4	104.6
08 Communications	66.771	91.34	99.8	99.2	98.8
09 Recreation and culture	62.115	106.09	100.9	96.0	97.3
10 Education	8.375	178.20	102.2	106.1	106.0
11 Restaurants and hotels	69.092	159.56	100.9	101.0	103.1
12 Miscellaneous goods and services	51.350	167.87	100.3	101.5	101.6

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 October 2012

(Per cent)

Commodity groups	2011 weights	October 2012
		Previous month = 100
Total PISB	100.000	100.2
Food and non-alcoholic beverages	59.316	100.2
Clothing and footwear	2.302	101.8
Housing, water, electricity, gas and other fuels	21.521	100.4
Furnishing, household equipment and routine maintenance of the house	2.570	100.4
Health	6.675	99.5
Transport	1.626	100.1
Communications	1.558	99.0
Recreation and culture	0.574	100.2
Miscellaneous goods and services	3.857	100.8
Foods	59.316	100.2
Non-foods	19.308	100.6
Services	21.376	100.0