



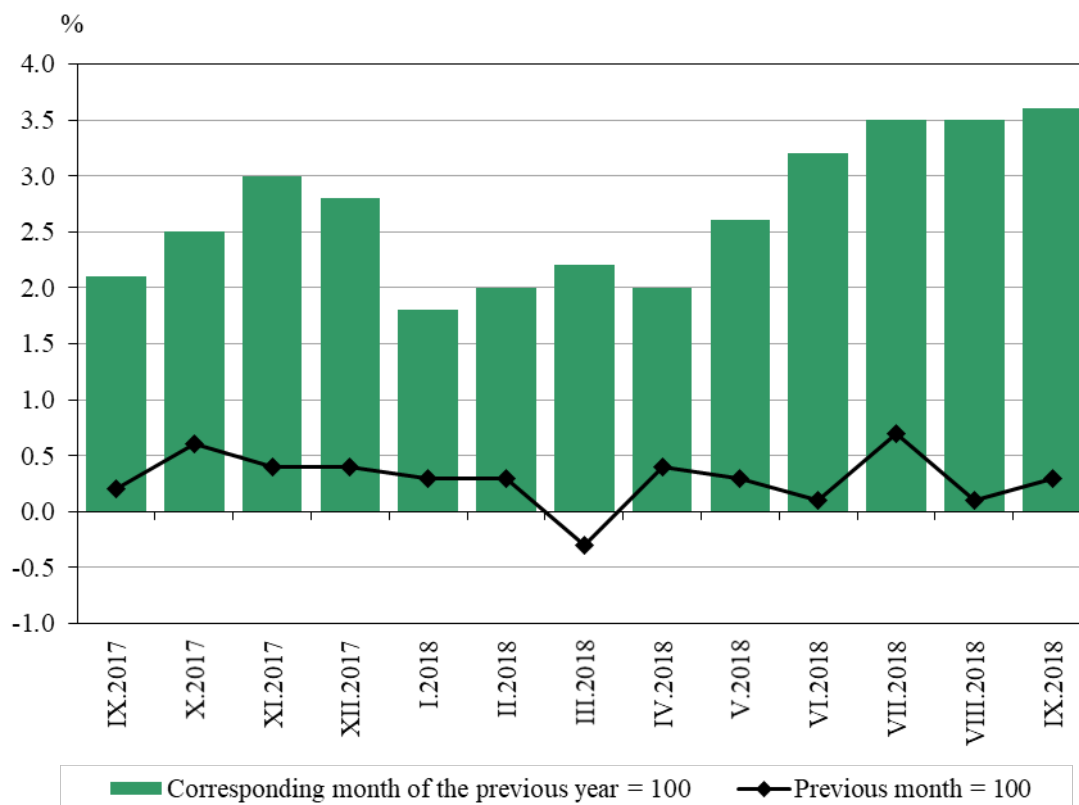
## INFLATION AND CONSUMER PRICE INDICES IN SEPTEMBER 2018

### Consumer price index (CPI)

The **consumer price index** in September 2018 compared to August 2018 was 100.3%, i.e. the monthly inflation was 0.3%. The inflation rate since the beginning of the year (September 2018 compared to December 2017) has been 2.1% and the annual inflation in September 2018 compared to September 2017 was 3.6% (Figure 1 and Annex, Table 1).

The annual average inflation, measured by CPI, in the last 12 months (October 2017 - September 2018) compared to the previous 12 months (October 2016 - September 2017) was 2.7%.

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



In September 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 1.5%;
- Alcoholic beverages and tobacco - an increase of 0.2%;
- Clothing and footwear - a decrease of 0.2%;
- Housing, water, electricity, gas and other fuels - an increase of 0.4%;
- Furnishings, household equipment and routine maintenance of the house - an increase of 0.1%;



- Health - an increase of 0.1%;
- Transport - an increase of 0.5%;
- Communications - the prices remained at the level of the previous month;
- Recreation and culture - a decrease of 5.6%;
- Education - an increase of 1.8%;
- Restaurants and hotels - a decrease of 1.6%;
- Miscellaneous goods and service - a decrease of 0.2%.

### Harmonized index of consumer prices (HICP)

The **harmonized index of consumer prices** in September 2018 compared to August 2018 was 99.7%, i.e. the monthly inflation was -0.3%. The inflation rate since the beginning of the year (September 2018 compared to December 2017) has been 2.5% and the annual inflation in September 2018 compared to September 2017 was 3.6% (Annex, Table 2). The groups 'Recreation and culture' and 'Restaurants and hotels' had the biggest downward impact on the total HICP that measures the change in prices of 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 annual average inflation, measured by HICP, in the last 12 months (October 2017 - September 2018) compared to the previous 12 months (October 2016 - September 2017) was 2.3%.

In terms of HICP, in September 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 1.3%;
- Alcoholic beverages and tobacco - an increase of 0.2%;
- Clothing and footwear - a decrease of 0.1%;
- Housing, water, electricity, gas and other fuels - an increase of 0.3%;
- Furnishings, household equipment and routine maintenance of the house - an increase of 0.4%;
- Health - the prices remained at the level of the previous month;
- Transport - an increase of 0.2%;
- Communications - a decrease of 0.3%;
- Recreation and culture - a decrease of 2.9%;
- Education - an increase of 1.9%;
- Restaurants and hotels - a decrease of 6.3%;
- Miscellaneous goods and service - an increase of 0.1%.



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

The **price index of a small basket** in September 2018 compared to August 2018 was 101.3% and the overall increase since the beginning of the year (September 2018 compared to December 2017) has been 102.2% (Annex, Table 3).

In September 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 - an increase of 2.2%;
- Non-food products - an increase of 0.8%;
- 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 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 September 2018

(Per cent)

Commodity groups	2017 weights	September 2018		
		Previous month = 100	December 2017 = 100	Corresponding month of the previous year = 100
<b>00 Total CPI</b>	<b>100.000</b>	<b>100.3</b>	<b>102.1</b>	<b>103.6</b>
01 Food and non-alcoholic beverages	31.340	101.5	102.8	103.2
02 Alcoholic beverages and tobacco	5.125	100.2	102.9	103.6
03 Clothing and footwear	4.306	99.8	91.9	98.2
04 Housing, water, electricity, gas and other fuels	18.228	100.4	103.0	104.6
05 Furnishings, household equipment and routine household maintenance	5.100	100.1	101.8	102.2
06 Health	6.671	100.1	100.3	100.3
07 Transport	8.755	100.5	106.0	108.4
08 Communication	5.262	100.0	102.7	102.4
09 Recreation and culture	4.846	94.4	95.4	103.9
10 Education	0.550	101.8	102.5	103.4
11 Restaurants and hotels	5.042	98.4	103.8	105.1
12 Miscellaneous goods and service	4.775	99.8	102.4	102.5
Foods	32.659	101.5	102.7	103.1
Non-foods	34.579	100.4	101.5	103.6
Catering	4.554	100.5	102.7	103.7
Services	28.208	98.6	102.1	104.1



Table 2

**Harmonized indices of consumer prices in September 2018**

Commodity groups	2016 weights	September 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>103.39</b>	<b>99.7</b>	<b>102.5</b>	<b>103.6</b>
01 Food and non-alcoholic beverages	224.645	106.49	101.3	102.5	102.6
02 Alcoholic beverages and tobacco	66.908	106.64	100.2	102.8	103.4
03 Clothing and footwear	36.671	93.64	99.9	92.9	98.5
04 Housing, water, electricity, gas and other fuels	108.800	106.62	100.3	102.8	103.8
05 Furnishings, household equipment and routine household maintenance	58.842	100.37	100.4	101.2	101.4
06 Health	70.318	100.57	100.0	100.3	100.3
07 Transport	163.375	100.53	100.2	104.8	106.1
08 Communication	54.456	94.98	99.7	102.2	101.6
09 Recreation and culture	67.295	97.00	97.1	97.5	102.4
10 Education	12.769	111.46	101.9	102.5	103.5
11 Restaurants and hotels	81.213	112.30	93.7	106.6	108.7
12 Miscellaneous goods and service	54.708	106.93	100.1	105.4	105.7

**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 September 2018**

(Per cent)

Commodity groups	2017 weights	September 2018
		Previous month = 100
<b>Total PISB</b>	<b>100.000</b>	<b>101.3</b>
Food and non-alcoholic beverages	48.993	102.2
Clothing and footwear	3.453	100.3
Housing, water, electricity, gas and other fuels	28.954	100.5
Furnishings, household equipment and routine household maintenance	2.483	100.5
Health	9.836	100.2
Transport	1.341	100.0
Communication	0.394	99.6
Recreation and culture	0.589	106.7
Miscellaneous goods and service	3.957	99.5
Foods	48.993	102.2
Non-foods	28.286	100.8
Services	22.721	100.0