

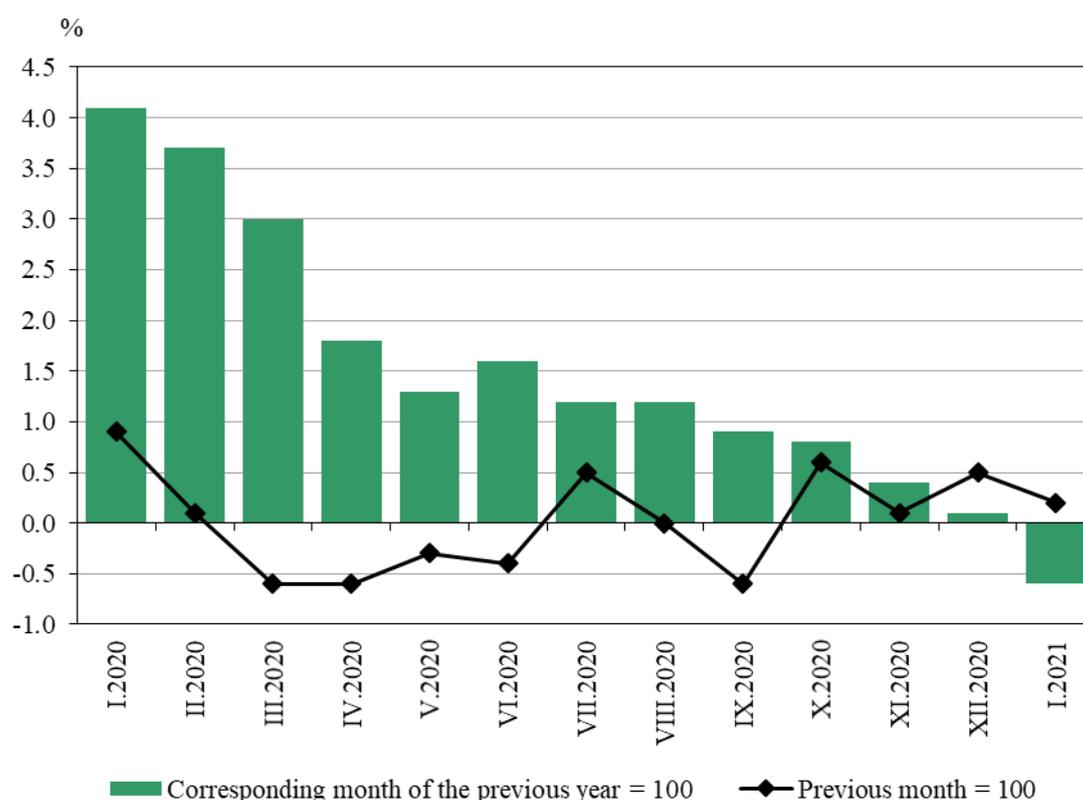
## INFLATION AND CONSUMER PRICE INDICES IN JANUARY 2021

### Consumer price index (CPI)

According to the preliminary data of the NSI, the **consumer price index** in January 2021 compared to December 2020 was 100.2%, i.e. the monthly inflation was 0.2%. The annual inflation in January 2021 compared to January 2020 was -0.6% (Figure 1 and Annex, Table 1).

The annual average inflation, measured by CPI, in the last 12 months (February 2020 - January 2021) compared to the previous 12 months (February 2019 - January 2020) was 1.3%.

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



In January 2021 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 0.4%;
- Alcoholic beverages and tobacco - an increase of 0.4%;
- Clothing and footwear - a decrease of 3.7%;
- Housing, water, electricity, gas and other fuels - the prices remained at the level of the previous month;
- Furnishings, household equipment and routine maintenance of the house - an increase of 0.2%;

- Health - an increase of 0.1%;
- Transport - an increase of 1.2%;
- Communications - an increase of 0.2%;
- Recreation and culture - an increase of 1.3%;
- Education - an increase of 0.5%;
- Restaurants and hotels - an increase of 0.3%;
- Miscellaneous goods and service - a decrease of 0.3%.

### Harmonized index of consumer prices (HICP)

According to the preliminary data of the NSI, the **harmonized index of consumer prices** in January 2021 compared to December 2020 was 100.1%, i.e. the monthly inflation was 0.1%. The annual inflation in January 2021 compared to January 2020 was -0.4% (Annex, Table 2).

The annual average inflation, measured by HICP, in the last 12 months (February 2020 - January 2021) compared to the previous 12 months (February 2019 - January 2020) was 0.9%.

In terms of HICP, in January 2021 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 - an increase of 0.4%;
- Clothing and footwear - a decrease of 3.5%;
- Housing, water, electricity, gas and other fuels - the prices remained at the level of the previous month;
- Furnishings, household equipment and routine maintenance of the house - an increase of 0.3%;
- Health - an increase of 0.1%;
- Transport - an increase of 0.4%;
- Communications - an increase of 0.2%;
- Recreation and culture - an increase of 0.7%;
- Education - an increase of 0.4%;
- Restaurants and hotels - an increase of 0.6%;
- Miscellaneous goods and service - the prices remained at the level of the previous month.

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

According to the preliminary data of the NSI, the **price index of a small basket** in January 2021 compared to December 2020 was 100.3% (Annex, Table 3).

In January 2021 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 0.7%;
- Non-food products - a decrease of 0.1%;
- Services - a decrease 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 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 (NA) data. For calculation of the HICP in 2021, NA data for households' final monetary consumption expenditures (HFMCE) - domestic concept in 2019 is used. NA 2019 data are reviewed and updated to make them representative of year 2020 following Eurostat's methodological guidance on the compilation of HICP weights in case of large changes in consumer expenditures<sup>1</sup>.

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**.

**January 2021 price indices are released as preliminary** since they are calculated with the household budget data for the period October 2019 - September 2020. **The final January 2021 consumer price indices**, calculated with the annual 2020 household budget data for the weights, will be released along with the February 2021 data.

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<sup>1</sup> Guidance on the compilation of HICP weights in case of large changes in consumer expenditures, Eurostat, Directorate C, Macro-economic statistics, 03.02. 2020  
<https://ec.europa.eu/eurostat/documents/10186/10693286/Guidance-on-the-Compilation-of-HICP-weights-in-case-of-large-changes-in-consumer-expenditures.pdf>

## Consumer price indices in the context of the COVID-19 crisis

The National CPI, HICP and the PISB for January 2021 have been produced according to Eurostat's methodological guidance on the compilation of the HICP in the context of the COVID-19 crisis, applying the following principles:

- fixed statistical weights used in the calculation of the indices;
- production of all indices according to the ECOICOP classification (European Classification Of Individual Consumption by Purpose);
- minimizing the number of imputed prices and sub-indices where possible;
- estimation of missing price observations by applying imputation methods.

The percentage of missing price observations for January 2021 was 7%, distributed according to ECOICOP main headings as follows:

(Per cent)	
Commodity groups	Missing price observations
<b>00 Total CPI</b>	7
01 Food and non-alcoholic beverages	1
02 Alcoholic beverages and tobacco	1
03 Clothing and footwear	8
04 Housing, water, electricity, gas and other fuels	1
05 Furnishings, household equipment and routine household maintenance	3
06 Health	2
07 Transport	1
08 Communication	2
09 Recreation and culture	11
10 Education	11
11 Restaurants and hotels	47
12 Miscellaneous goods and service	3

The missing price observation's estimation has been carried out by using the imputation methods recommended by Eurostat and agreed with the Member States:

- with the nearest aggregate index (sub-index) in the hierarchical structure of the index (at a product level based on available prices for the same product) - for missing price observations of products that were available on the market;
- carry forward the last observed prices - for some products (e.g. cultural services), where there were reasons to expect that their prices would be the same once the situation would revert back to normal.

Annex

Table 1

Consumer price indices in January 2021 (preliminary data)

(Per cent)

Commodity groups	Weights	January 2021		
		Previous month = 100	December 2020 = 100	Corresponding month of the previous year = 100
<b>00 Total CPI</b>	<b>100.000</b>	<b>100.2</b>	<b>100.2</b>	<b>99.4</b>
01 Food and non-alcoholic beverages	31.981	100.4	100.4	99.6
02 Alcoholic beverages and tobacco	5.274	100.4	100.4	100.7
03 Clothing and footwear	3.698	96.3	96.3	95.8
04 Housing, water, electricity, gas and other fuels	17.340	100.0	100.0	100.3
05 Furnishings, household equipment and routine household maintenance	4.734	100.2	100.2	100.6
06 Health	7.834	100.1	100.1	101.5
07 Transport	9.108	101.2	101.2	91.7
08 Communication	5.496	100.2	100.2	100.0
09 Recreation and culture	4.555	101.3	101.3	101.5
10 Education	0.495	100.5	100.5	105.1
11 Restaurants and hotels	4.870	100.3	100.3	102.8
12 Miscellaneous goods and service	4.615	99.7	99.7	99.7
Foods	33.358	100.4	100.4	99.7
Non-foods	34.436	100.1	100.1	97.3
Catering	4.564	100.1	100.1	103.4
Services	27.642	100.1	100.1	100.8

Table 2

**Harmonized indices of consumer prices in January 2021 (preliminary data)**

Commodity groups	Weights	January 2021			
		2015 = 100	Previous month = 100	December 2020 = 100	Corresponding month of the previous year = 100
		%			
<b>00 Total HICP</b>	<b>1000.000</b>	<b>106.56</b>	<b>100.1</b>	<b>100.1</b>	<b>99.6</b>
01 Food and non-alcoholic beverages	239.896	115.97	100.3	100.3	99.9
02 Alcoholic beverages and tobacco	70.923	110.95	100.4	100.4	100.9
03 Clothing and footwear	37.591	92.97	96.5	96.5	96.5
04 Housing, water, electricity, gas and other fuels	123.308	112.02	100.0	100.0	100.6
05 Furnishings, household equipment and routine household maintenance	66.748	101.45	100.3	100.3	100.7
06 Health	82.400	104.75	100.1	100.1	101.5
07 Transport	125.145	92.50	100.4	100.4	94.9
08 Communication	61.491	91.35	100.2	100.2	99.9
09 Recreation and culture	57.052	106.49	100.7	100.7	100.7
10 Education	16.829	120.75	100.4	100.4	105.0
11 Restaurants and hotels	56.050	118.14	100.6	100.6	100.5
12 Miscellaneous goods and service	62.569	112.77	100.0	100.0	102.4

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 January 2021 (preliminary data)**

(Per cent)

Commodity groups	Weights	January 2021
		Previous month = 100
<b>Total PISB</b>	<b>100.000</b>	<b>100.3</b>
Food and non-alcoholic beverages	50.228	100.7
Clothing and footwear	3.337	97.1
Housing, water, electricity, gas and other fuels	26.600	100.0
Furnishings, household equipment and routine household maintenance	2.334	101.9
Health	10.920	100.1
Transport	1.495	100.2
Communication	0.246	100.0
Recreation and culture	0.575	100.3
Miscellaneous goods and service	4.264	99.7
Foods	50.228	100.7
Non-foods	27.706	99.9
Services	22.066	99.9