

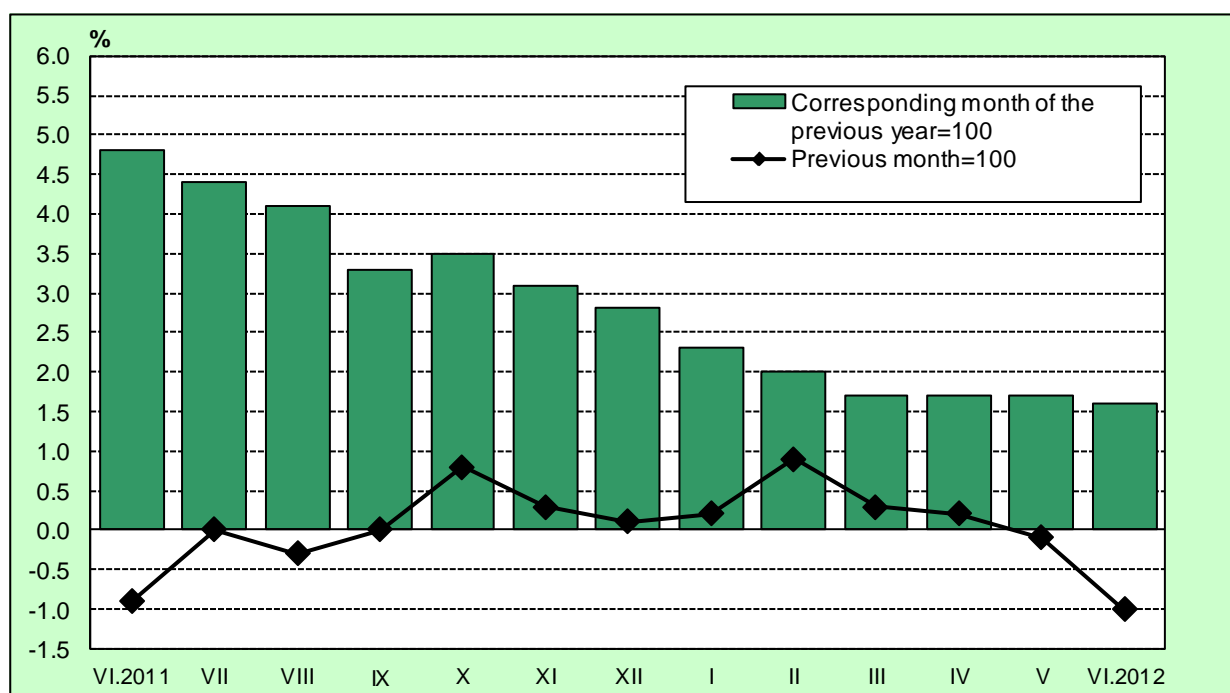


INFLATION AND CONSUMER PRICE INDICES IN JUNE 2012

The **consumer price index** (CPI) in June 2012 compared to May 2012 was **99.0%**, i.e. the monthly inflation was **-1.0%**. The inflation rate since the beginning of the year (June 2012 compared to December 2011) was **0.5%** and the annual inflation in June 2012 compared to June 2011 was **1.6%** (Table 1).

The annual average inflation, measured by CPI, in the last 12 months (July 2011 – June 2012) compared to the previous 12 months (July 2010 - June 2011) was **2.7%**.

Figure 1. Inflation measured by CPI by months



In June 2012 compared to the previous month the prices of goods and services in the main consumer groups have been changed as follows:

- Food and non-alcoholic beverages - a decrease of **2.4%**;
- Alcoholic beverages and tobacco - an increase of **0.1%**;
- Clothing and footwear - a decrease of **0.3%**;
- 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 - a decrease of **0.2%**;
- Health - a decrease of **0.1%**;
- Transport - a decrease of **1.8%**;
- Communications - an increase of **0.1%**;
- Recreation and culture - an increase of **0.5%**;
- Education - the prices have remained at the level of the previous month;



- Restaurants and hotels - an increase of **0.6%**;
- Miscellaneous goods and service - a decrease of **0.2%**.

The **harmonized index of consumer prices (HICP)** in June 2012 compared to May 2012 was **99.5%**, i.e. the monthly inflation was **-0.5%**. The inflation rate since the beginning of the year (June 2012 compared to December 2011) was **0.7%** and the annual inflation in June 2012 compared to June 2011 was **1.6%** (Table 2).

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

In terms of HICP in June 2012 compared to the previous month the prices of goods and services in the main consumer groups have been changed as follows:

- Food and non-alcoholic beverages - a decrease of **1.8%**;
- Alcoholic beverages and tobacco - an increase of **0.2%**;
- Clothing and footwear - a decrease of **0.3%**;
- 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 - the prices have remained at the level of the previous month;
- Transport - a decrease of **1.3%**;
- Communications - an increase of **0.1%**;
- Recreation and culture - the prices have remained at the level of the previous month;
- Education - the prices have remained at the level of the previous month;
- Restaurants and hotels - an increase of **2.0%**;
- Miscellaneous goods and service - an increase of **0.1%**.

The **price index of a small basket (PISB)** in June 2012 compared to May 2012 was **98.6%** and the overall increase since the beginning of the year (June 2012 compared to December 2011) was **100.1%** (Table 3).

In June compared to the previous month the prices of goods and services in the small basket for the 20% households with the lowest income, have changed as follows:

- Food products - a decrease of **2.2%**;
- Non-food products - a decrease of **0.3%**;
- 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: JUNE 2012

(Per cent)

| Commodity groups | 2011 weights - % | June 2012 | | |
|---|------------------------|-------------------------|------------------------|---|
| | | Previous month = 100 | December 2011 = 100 | Corresponding month of the previous year = 100 |
| 00 Total CPI | 100.000 | 99.0 | 100.5 | 101.6 |
| 01 Food and non-alcoholic beverages | 37.201 | 97.6 | 100.2 | 100.9 |
| 02 Alcoholic beverages, tobacco | 5.331 | 100.1 | 100.1 | 100.0 |
| 03 Clothing and footwear | 3.627 | 99.7 | 98.1 | 99.8 |
| 04 Housing, water, electricity, gas and other fuels | 17.142 | 100.0 | 102.1 | 104.9 |
| 05 Furnishing, household equipment and routine maintenance of the house | 3.350 | 99.8 | 99.0 | 98.7 |
| 06 Health | 6.885 | 99.9 | 100.3 | 102.1 |
| 07 Transport | 7.493 | 98.2 | 103.4 | 103.5 |
| 08 Communications | 5.646 | 100.1 | 99.7 | 99.3 |
| 09 Recreation and culture | 3.677 | 100.5 | 97.0 | 96.3 |
| 10 Education | 0.519 | 100.0 | 102.4 | 106.0 |
| 11 Restaurants and hotels | 4.939 | 100.6 | 100.8 | 102.7 |
| 12 Miscellaneous goods and services | 4.190 | 99.8 | 100.0 | 101.2 |
| Foods | 38.505 | 97.7 | 100.2 | 100.9 |
| Non-foods | 29.929 | 99.4 | 100.5 | 101.4 |
| Catering | 4.583 | 100.1 | 100.8 | 102.7 |
| Services | 26.983 | 100.2 | 101.0 | 102.4 |



Table 2

HARMONISED INDICES OF CONSUMER PRICES: JUNE 2012

(Per cent)

| Commodity groups | 2010 - weights - ‰ | June 2012 | | | Corresponding month of the previous year = 100 |
|--|--------------------------|---------------|-------------------------|------------------------|---|
| | | 2005 = 100 | Previous month = 100 | December 2011 = 100 | |
| 00 Total HICP | 1000.000 | 143.13 | 99.5 | 100.7 | 101.6 |
| 01 Food and non-alcoholic beverages | 225.264 | 148.31 | 98.2 | 100.3 | 101.5 |
| 02 Alcoholic beverages, tobacco | 79.498 | 264.30 | 100.2 | 100.2 | 100.2 |
| 03 Clothing and footwear | 32.902 | 130.59 | 99.7 | 98.4 | 100.1 |
| 04 Housing, water, electricity, gas and other fuels | 83.817 | 139.54 | 100.0 | 102.0 | 104.4 |
| 05 Furnishing, household equipment and routine maintenance of the house | 66.344 | 115.19 | 100.0 | 99.9 | 99.6 |
| 06 Health | 61.449 | 143.56 | 100.0 | 102.7 | 109.0 |
| 07 Transport | 193.023 | 143.13 | 98.7 | 102.5 | 102.5 |
| 08 Communications | 66.771 | 91.80 | 100.1 | 99.7 | 99.0 |
| 09 Recreation and culture | 62.115 | 106.45 | 100.0 | 96.3 | 94.6 |
| 10 Education | 8.375 | 171.82 | 100.0 | 102.3 | 106.1 |
| 11 Restaurants and hotels | 69.092 | 159.09 | 102.0 | 100.7 | 102.9 |
| 12 Miscellaneous goods and services | 51.350 | 166.27 | 100.1 | 100.5 | 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: JUNE 2012**

| Commodity groups | 2011 weights - % | (Per cent) |
|--|---------------------|-----------------------------------|
| | | June 2012 Previous month = 100 |
| Total PISB | 100.000 | 98.6 |
| Food and non-alcoholic beverages | 59.316 | 97.8 |
| Clothing and footwear | 2.302 | 99.9 |
| Housing, water, electricity, gas and other fuels | 21.521 | 100.0 |
| Furnishing, household equipment and routine maintenance of the house | 2.570 | 98.4 |
| Health | 6.675 | 99.9 |
| Transport | 1.626 | 100.0 |
| Communications | 1.558 | 100.8 |
| Recreation and culture | 0.574 | 100.0 |
| Miscellaneous goods and services | 3.857 | 100.0 |
| Foods | 59.316 | 97.8 |
| Non-foods | 19.308 | 99.7 |
| Services | 21.376 | 100.1 |