



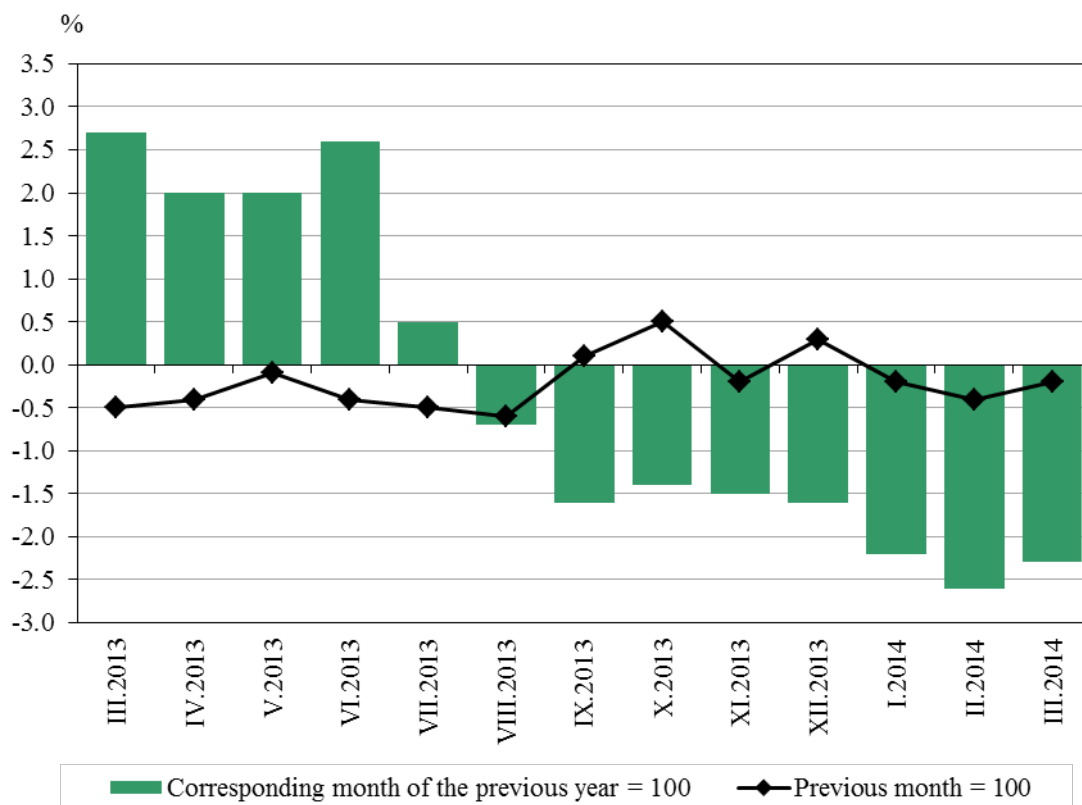
## INFLATION AND CONSUMER PRICE INDICES IN MARCH 2014

### Consumer price index (CPI)

The **consumer price index** in March 2014 compared to February 2014 was 99.8%, i.e. the monthly inflation was -0.2%. The inflation rate since the beginning of the year (March 2014 compared to December 2013) was -0.8% and the annual inflation in March 2014 compared to March 2013 was -2.3% (Figure 1 and Annex, Table 1).

The annual average inflation, measured by CPI, in the last 12 months (April 2013 - March 2014) compared to the previous 12 months (April 2012 - March 2013) was -0.6%.

Figure 1. Inflation measured by CPI by months



In March 2014 compared to the previous month the prices of goods and services in the main consumer groups have changed as follows:

- Food and non-alcoholic beverages - a decrease of 0.3%;
- Alcoholic beverages and tobacco - an increase of 0.1%;
- Clothing and footwear - a decrease of 0.7%;
- Housing (rentals, maintenance and repair), 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 0.1%;
- Health - the prices remained at the level of the previous month;
- Transport - a decrease of 0.6%;



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

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

The **harmonized index of consumer prices** in March 2014 compared to February 2014 was 99.7%, i.e. the monthly inflation was -0.3%. The inflation rate since the beginning of the year (March 2014 compared to December 2013) was -1.2% and the annual inflation in March 2014 compared to March 2013 was -2.0% (Annex, Table 2).

The annual average inflation, measured by HICP, in the last 12 months (April 2013 - March 2014) compared to the previous 12 months (April 2012 - March 2013) was -0.6%.

In terms of HICP, in March 2014 compared to the previous month the prices of goods and services in the main consumer groups have changed as follows:

- Food and non-alcoholic beverages - a decrease of 0.4%;
- Alcoholic beverages and tobacco - the prices remained at the level of the previous month;
- Clothing and footwear - a decrease of 0.5%;
- 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 - the prices remained at the level of the previous month;
- Health - the prices remained at the level of the previous month;
- Transport - a decrease of 0.5%;
- Communications - an increase of 0.1%;
- Recreation and culture - a decrease of 0.6%;
- Education - an increase of 0.2%;
- Restaurants and hotels - a decrease of 0.7%;
- Miscellaneous goods and service - a decrease of 0.3%.

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

The **price index of a small basket** in March 2014 compared to February 2014 was 99.9% and the overall decrease since the beginning of the year (March 2014 compared to December 2013) was 99.9% (Annex, Table 3).

In March 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 0.2%;
- Non-food products - an increase of 0.1%;
- 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  $t-2$ .

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 March 2014

(Per cent)

Commodity groups	2013 weights	March 2014		
		Previous month = 100	December 2013 = 100	Corresponding month of the previous year = 100
<b>00 Total CPI</b>	<b>100.000</b>	<b>99.8</b>	<b>99.2</b>	<b>97.7</b>
01 Food and non-alcoholic beverages	33.015	99.7	100.8	97.8
02 Alcoholic beverages, tobacco	4.856	100.1	100.2	101.2
03 Clothing and footwear	4.228	99.3	93.2	98.6
04 Housing, water, electricity, gas and other fuels	17.334	100.0	98.7	95.2
05 Furnishing, household equipment and routine maintenance of the house	4.180	100.1	99.1	98.6
06 Health	6.476	100.0	97.7	96.2
07 Transport	8.593	99.4	96.4	96.3
08 Communications	5.279	100.1	100.0	100.1
09 Recreation and culture	4.869	98.8	98.6	96.8
10 Education	0.678	100.1	100.3	101.4
11 Restaurants and hotels	6.059	99.9	100.2	102.0
12 Miscellaneous goods and services	4.433	99.8	99.3	100.0
Foods	34.271	99.7	100.8	98.0
Non-foods	31.516	99.7	98.1	97.9
Catering	5.611	100.1	100.3	101.8
Services	28.603	99.8	98.3	96.6



Table 2

**Harmonized indices of consumer prices in March 2014**

Commodity groups	2012 weights	March 2014			
		2005 = 100	Previous month = 100	December 2013 = 100	Corresponding month of the previous year = 100
	‰	%			
<b>00 Total HICP</b>	<b>1000.000</b>	<b>143.16</b>	<b>99.7</b>	<b>98.8</b>	<b>98.0</b>
01 Food and non-alcoholic beverages	230.884	154.47	99.6	100.7	98.0
02 Alcoholic beverages, tobacco	69.453	270.91	100.0	100.2	101.4
03 Clothing and footwear	33.997	124.41	99.5	94.5	99.2
04 Housing, water, electricity, gas and other fuels	87.605	138.11	100.1	98.8	95.7
05 Furnishing, household equipment and routine maintenance of the house	66.964	114.41	100.0	99.4	98.7
06 Health	60.572	134.38	100.0	96.9	95.9
07 Transport	189.910	139.96	99.5	96.4	96.2
08 Communications	60.330	90.67	100.1	99.9	99.4
09 Recreation and culture	62.802	101.77	99.4	98.8	95.7
10 Education	9.428	180.17	100.2	100.4	101.3
11 Restaurants and hotels	78.143	167.01	99.3	100.2	102.9
12 Miscellaneous goods and services	49.911	166.77	99.7	99.1	99.3



**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 in March 2014**

(Per cent)

Commodity groups	2013 weights	March 2014
		Previous month = 100
<b>Total PISB</b>	<b>100.000</b>	<b>99.9</b>
Food and non-alcoholic beverages	55.594	99.8
Clothing and footwear	3.251	100.0
Housing, water, electricity, gas and other fuels	24.954	100.0
Furnishing, household equipment and routine maintenance of the house	2.403	100.6
Health	6.839	100.0
Transport	1.499	99.8
Communications	0.989	100.0
Recreation and culture	0.673	100.2
Miscellaneous goods and services	3.798	100.3
Foods	55.594	99.8
Non-foods	23.373	100.1
Services	21.033	100.0