



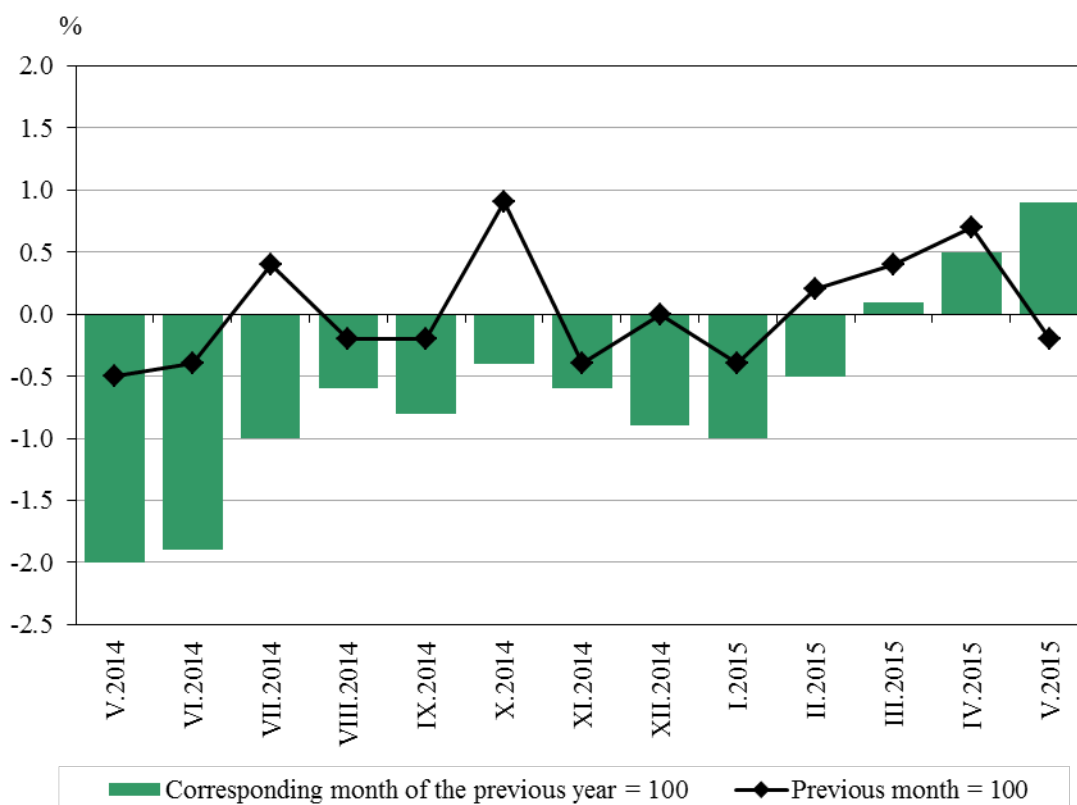
## INFLATION AND CONSUMER PRICE INDICES IN MAY 2015

### Consumer price index (CPI)

The **consumer price index** in May 2015 compared to April 2015 was 99.8%, i.e. the monthly inflation was -0.2%. The inflation rate since the beginning of the year (May 2015 compared to December 2014) has been 0.7% and the annual inflation in May 2015 compared to May 2014 was 0.9% (Figure 1 and Annex, Table 1).

The annual average inflation, measured by CPI, in the last 12 months (June 2014 - May 2015) compared to the previous 12 months (June 2013 - May 2014) was -0.5%.

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



In May 2015 compared to the previous month the prices of goods and services in the main consumer groups changed as follows:

- Food and non-alcoholic beverages - a decrease of 0.9%;
- Alcoholic beverages and tobacco - the prices remained at the level of the previous month;
- Clothing and footwear - an increase of 0.7%;
- Housing (rentals, maintenance and repair), water, electricity, gas and other fuels - a decrease of 0.1%;
- Furnishings, household equipment and routine maintenance of the house - an increase of 0.1%;



- Health - a decrease of 0.2%;
- Transport - an increase of 1.9%;
- Communications - a decrease of 0.2%;
- Recreation and culture - a decrease of 0.6%;
- Education - the prices remained at the level of the previous month;
- Restaurants and hotels - an increase of 0.1%;
- Miscellaneous goods and service - an increase of 0.2%.

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

The **harmonized index of consumer prices** in May 2015 compared to April 2015 was 100.0%, i.e. the monthly inflation was 0.0%. The inflation rate since the beginning of the year (May 2015 compared to December 2014) has been 0.2% and the annual inflation in May 2015 compared to May 2014 was -0.3% (Annex, Table 2).

The annual average inflation, measured by HICP, in the last 12 months (June 2014 - May 2015) compared to the previous 12 months (June 2013 - May 2014) was -1.4%.

In terms of HICP, in May 2015 compared to the previous month the prices of goods and services in the main consumer groups changed as follows:

- Food and non-alcoholic beverages - a decrease of 0.8%;
- Alcoholic beverages and tobacco - an increase of 0.1%;
- Clothing and footwear - an increase 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 - a decrease of 0.2%;
- Health - a decrease of 0.2%;
- Transport - an increase of 1.4%;
- Communications - a decrease of 0.2%;
- Recreation and culture - a decrease of 0.6%;
- Education - the prices remained at the level of the previous month;
- Restaurants and hotels - the prices remained at the level of the previous month;
- Miscellaneous goods and service - an increase of 0.5%.

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

The **price index of a small basket** in May 2015 compared to April 2015 was 99.0% and the overall increase since the beginning of the year (May 2015 compared to December 2014) has been 100.9% (Annex, Table 3).

In May 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 - a decrease of 1.8%;
- Non-food products - a decrease 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 May 2015

(Per cent)

Commodity groups	2014 weights	May 2015		
		Previous month = 100	December 2014 = 100	Corresponding month of the previous year = 100
<b>00 Total CPI</b>	<b>100.000</b>	<b>99.8</b>	<b>100.7</b>	<b>100.9</b>
01 Food and non-alcoholic beverages	32.815	99.1	102.7	101.6
02 Alcoholic beverages, tobacco	4.988	100.0	100.3	100.9
03 Clothing and footwear	4.642	100.7	101.0	101.2
04 Housing, water, electricity, gas and other fuels	16.409	99.9	99.4	104.9
05 Furnishing, household equipment and routine maintenance of the house	4.509	100.1	100.3	100.0
06 Health	6.449	99.8	99.7	98.1
07 Transport	9.060	101.9	98.8	93.4
08 Communications	5.367	99.8	100.4	95.7
09 Recreation and culture	5.150	99.4	98.4	105.1
10 Education	0.562	100.0	100.4	102.6
11 Restaurants and hotels	5.282	100.1	100.3	101.1
12 Miscellaneous goods and services	4.768	100.2	100.4	99.8
Foods	34.149	99.1	102.6	101.6
Non-foods	33.552	100.5	100.0	98.0
Catering	4.919	100.2	100.5	100.9
Services	27.380	99.9	99.2	103.1



Table 2

Harmonized indices of consumer prices in May 2015

Commodity groups	2013 weights	May 2015			
		2005 = 100	Previous month = 100	December 2014 = 100	Corresponding month of the previous year = 100
				%	
<b>00 Total HICP</b>	<b>1000.000</b>	<b>142.29</b>	<b>100.0</b>	<b>100.2</b>	<b>99.7</b>
01 Food and non-alcoholic beverages	227.698	156.13	99.2	102.6	101.8
02 Alcoholic beverages, tobacco	71.800	272.94	100.1	100.3	101.0
03 Clothing and footwear	36.155	132.29	100.7	101.0	101.2
04 Housing, water, electricity, gas and other fuels	95.056	145.10	100.0	99.3	105.1
05 Furnishing, household equipment and routine maintenance of the house	67.313	114.22	99.8	100.4	100.0
06 Health	58.404	132.71	99.8	99.9	98.6
07 Transport	177.189	131.72	101.4	97.9	93.6
08 Communications	60.397	85.27	99.8	100.1	96.0
09 Recreation and culture	66.021	101.64	99.4	98.9	101.6
10 Education	10.035	185.24	100.0	100.7	102.9
11 Restaurants and hotels	79.804	166.01	100.0	99.8	101.4
12 Miscellaneous goods and services	50.127	167.21	100.5	100.8	100.0

**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 May 2015**

(Per cent)

Commodity groups	2014 weights	May 2015
		Previous month = 100
<b>Total PISB</b>	<b>100.000</b>	<b>99.0</b>
Food and non-alcoholic beverages	53.554	98.2
Clothing and footwear	4.103	100.3
Housing, water, electricity, gas and other fuels	25.203	99.9
Furnishing, household equipment and routine maintenance of the house	2.378	100.6
Health	7.963	100.1
Transport	1.748	100.0
Communications	0.638	100.0
Recreation and culture	0.620	100.1
Miscellaneous goods and services	3.794	99.4
Foods	53.554	98.2
Non-foods	25.459	99.9
Services	20.987	100.0