



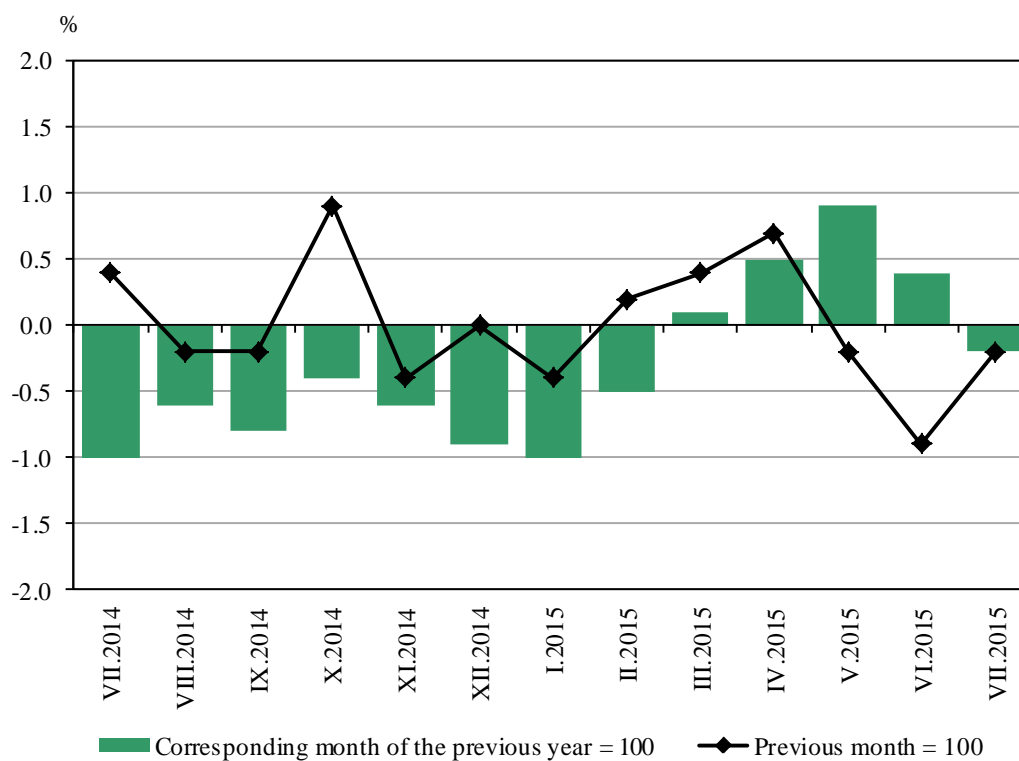
INFLATION AND CONSUMER PRICE INDICES IN JULY 2015

Consumer price index (CPI)

The **consumer price index** in July 2015 compared to June 2015 was 99.8%, i.e. the monthly inflation was -0.2%. The inflation rate since the beginning of the year (July 2015 compared to December 2014) has been -0.3% and the annual inflation in July 2015 compared to July 2014 was -0.2% (Figure 1 and Annex, Table 1).

The annual average inflation, measured by CPI, in the last 12 months (August 2014 - July 2015) compared to the previous 12 months (August 2013 - July 2014) was -0.3%.

Figure 1. Inflation measured by CPI by months



In July 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 1.0%;
- Alcoholic beverages and tobacco - a decrease of 0.1%;
- Clothing and footwear - a decrease of 2.7%;
- Housing (rentals, maintenance and repair), water, electricity, gas and other fuels - a decrease of 0.2%;
- Furnishings, household equipment and routine maintenance of the house - an increase of 0.6%;



- Health - a decrease of 0.4%;
- Transport - an increase of 0.6%;
- Communications - a decrease of 0.1%;
- Recreation and culture - an increase of 4.5%;
- Education - the prices remained at the level of the previous month;
- Restaurants and hotels - an increase of 0.8%;
- Miscellaneous goods and service - an increase of 0.4%.

Harmonized index of consumer prices (HICP)

The **harmonized index of consumer prices** in July 2015 compared to June 2015 was 100.2%, i.e. the monthly inflation was 0.2%. The groups 'Transport' 'Recreation and culture' and 'Restaurants and hotels' had the biggest upward 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 inflation rate since the beginning of the year (July 2015 compared to December 2014) has been -0.2% and the annual inflation in July 2015 compared to July 2014 was -1.0% (Annex, Table 2).

The annual average inflation, measured by HICP, in the last 12 months (August 2014 - July 2015) compared to the previous 12 months (August 2013 - July 2014) was -1.3%.

In terms of HICP, in July 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 - a decrease of 0.2%;
- Clothing and footwear - a decrease of 2.3%;
- Housing (rentals, maintenance and repair), water, electricity, gas and other fuels - a decrease of 0.3%;
- Furnishings, household equipment and routine maintenance of the house - an increase of 0.3%;
- Health - a decrease of 0.3%;
- Transport - an increase of 0.5%;
- Communications - a decrease of 0.2%;
- Recreation and culture - an increase of 3.0%;
- Education - an increase of 0.1%;
- Restaurants and hotels - an increase of 2.6%;
- Miscellaneous goods and service - an increase of 0.4%.



Price index of a small basket (PISB)

The **price index of a small basket** in July 2015 compared to June 2015 was 99.3% and the overall decrease since the beginning of the year (July 2015 compared to December 2014) has been 98.8% (Annex, Table 3).

In July 2015 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 1.1%;
- Non-food products - a decrease of 0.3%;
- 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 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 July 2015

(Per cent)

Commodity groups	2014 weights	July 2015		
		Previous month = 100	December 2014 = 100	Corresponding month of the previous year = 100
00 Total CPI	100.000	99.8	99.7	99.8
01 Food and non-alcoholic beverages	32.815	99.0	99.4	99.1
02 Alcoholic beverages, tobacco	4.988	99.9	100.2	100.9
03 Clothing and footwear	4.642	97.3	98.0	100.1
04 Housing, water, electricity, gas and other fuels	16.409	99.8	99.1	103.8
05 Furnishing, household equipment and routine maintenance of the house	4.509	100.6	100.2	100.1
06 Health	6.449	99.6	98.6	97.6
07 Transport	9.060	100.6	99.2	92.6
08 Communications	5.367	99.9	100.1	99.5
09 Recreation and culture	5.150	104.5	102.7	101.9
10 Education	0.562	100.0	100.4	102.6
11 Restaurants and hotels	5.282	100.8	101.5	101.3
12 Miscellaneous goods and services	4.768	100.4	100.3	99.9
Foods	34.149	99.0	99.4	99.1
Non-foods	33.552	99.7	99.3	97.6
Catering	4.919	100.2	100.8	101.2
Services	27.380	100.9	100.2	102.7



Table 2

Harmonized indices of consumer prices in July 2015

Commodity groups	2013 weights	July 2015			
		2005 = 100	Previous month = 100	December 2014 = 100	Corresponding month of the previous year = 100
	%	%			
00 Total HICP	1000.000	141.77	100.2	99.8	99.0
01 Food and non-alcoholic beverages	227.698	151.61	99.1	99.7	99.5
02 Alcoholic beverages, tobacco	71.800	272.62	99.8	100.2	100.9
03 Clothing and footwear	36.155	128.87	97.7	98.4	100.3
04 Housing, water, electricity, gas and other fuels	95.056	144.66	99.7	99.0	103.8
05 Furnishing, household equipment and routine maintenance of the house	67.313	114.13	100.3	100.3	100.1
06 Health	58.404	131.55	99.7	99.0	98.2
07 Transport	177.189	132.03	100.5	98.2	92.8
08 Communications	60.397	84.93	99.8	99.7	99.1
09 Recreation and culture	66.021	104.29	103.0	101.5	100.4
10 Education	10.035	185.35	100.1	100.8	102.9
11 Restaurants and hotels	79.804	172.38	102.6	103.6	101.8
12 Miscellaneous goods and services	50.127	167.48	100.4	101.0	100.3



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 July 2015

(Per cent)

Commodity groups	2014 weights	July 2015
		Previous month = 100
Total PISB	100.000	99.3
Food and non-alcoholic beverages	53.554	98.9
Clothing and footwear	4.103	98.6
Housing, water, electricity, gas and other fuels	25.203	100.0
Furnishing, household equipment and routine maintenance of the house	2.378	101.2
Health	7.963	99.6
Transport	1.748	100.0
Communications	0.638	100.0
Recreation and culture	0.620	100.1
Miscellaneous goods and services	3.794	99.7
Foods	53.554	98.9
Non-foods	25.459	99.7
Services	20.987	99.9