



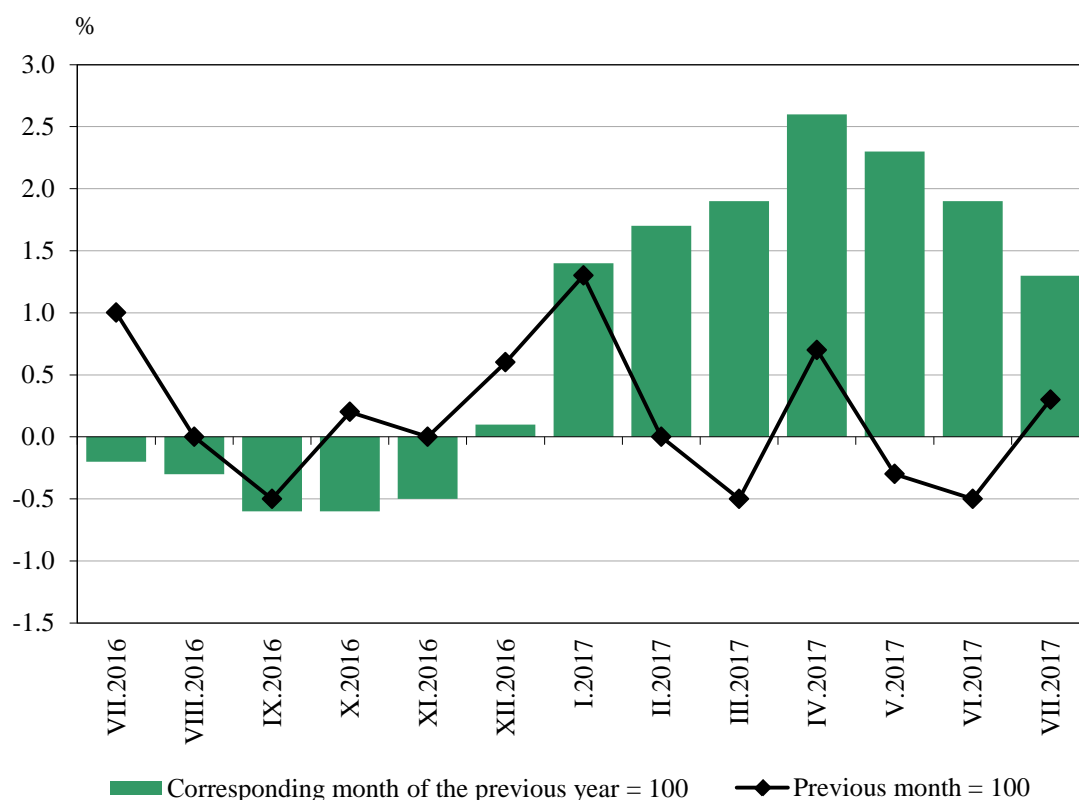
INFLATION AND CONSUMER PRICE INDICES IN JULY 2017

Consumer price index (CPI)

The **consumer price index** in July 2017 compared to June 2017 was 100.3%, i.e. the monthly inflation was 0.3%. The inflation rate since the beginning of the year (July 2017 compared to December 2016) has been 1.0% and the annual inflation in July 2017 compared to July 2016 was 1.3% (Figure 1 and Annex, Table 1).

The annual average inflation, measured by CPI, in the last 12 months (August 2016 - July 2017) compared to the previous 12 months (August 2015 - July 2016) was 0.9%.

Figure 1. Inflation measured by CPI by months



In July 2017 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 0.1%;
- Alcoholic beverages and tobacco - the prices remained at the level of the previous month;
- Clothing and footwear - a decrease of 2.8%;
- Housing, water, electricity, gas and other fuels - an increase of 0.8%;
- Furnishings, household equipment and routine maintenance of the house - an increase of 0.4%;



- Health - the prices remained at the level of the previous month;
- Transport - a decrease of 0.5%;
- Communications - the prices remained at the level of the previous month;
- Recreation and culture - an increase of 7.1%;
- Education - an increase of 0.1%;
- Restaurants and hotels - an increase of 1.0%;
- Miscellaneous goods and service - a decrease of 0.6%.

Harmonized index of consumer prices (HICP)

The **harmonized index of consumer prices** in July 2017 compared to June 2017 was 100.5%, i.e. the monthly inflation was 0.5%. The inflation rate since the beginning of the year (July 2017 compared to December 2016) has been 0.8% and the annual inflation in July 2017 compared to July 2016 was 0.6% (Annex, Table 2).

The annual average inflation, measured by HICP, in the last 12 months (August 2016 - July 2017) compared to the previous 12 months (August 2015 - July 2016) was 0.2%.

In terms of HICP, in July 2017 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 0.1%;
- Alcoholic beverages and tobacco - a decrease of 0.1%;
- Clothing and footwear - a decrease of 2.6%;
- Housing, water, electricity, gas and other fuels - an increase of 0.7%;
- Furnishings, household equipment and routine maintenance of the house - an increase of 0.2%;
- Health - the prices remained at the level of the previous month;
- Transport - an increase of 0.2%;
- Communications - the prices remained at the level of the previous month;
- Recreation and culture - an increase of 3.9%;
- Education - an increase of 0.1%;
- Restaurants and hotels - an increase of 3.2%;
- Miscellaneous goods and service - a decrease of 0.3%.



Price index of a small basket (PISB)

The **price index of a small basket** in July 2017 compared to June 2017 was 100.0% and the overall increase since the beginning of the year (July 2017 compared to December 2016) has been 101.4% (Annex, Table 3).

In July 2017 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 0.3%;
- Non-food products - a decrease of 0.3%;
- Services - an increase of 1.1%.



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 $t - 2$.

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**.



Annex

Table 1

Consumer price indices in July 2017

(Per cent)

| Commodity groups | 2016 weights | July 2017 | | |
|---|----------------|----------------------|---------------------|--|
| | | Previous month = 100 | December 2016 = 100 | Corresponding month of the previous year = 100 |
| 00 Total CPI | 100.000 | 100.3 | 101.0 | 101.3 |
| 01 Food and non-alcoholic beverages | 31.824 | 99.9 | 102.1 | 102.5 |
| 02 Alcoholic beverages and tobacco | 5.295 | 100.0 | 100.5 | 101.2 |
| 03 Clothing and footwear | 4.428 | 97.2 | 96.7 | 98.3 |
| 04 Housing, water, electricity, gas and other fuels | 17.646 | 100.8 | 102.7 | 103.4 |
| 05 Furnishings, household equipment and routine household maintenance | 4.532 | 100.4 | 100.5 | 100.5 |
| 06 Health | 6.900 | 100.0 | 100.4 | 100.2 |
| 07 Transport | 8.551 | 99.5 | 98.9 | 100.4 |
| 08 Communication | 5.443 | 100.0 | 99.6 | 98.4 |
| 09 Recreation and culture | 5.230 | 107.1 | 99.4 | 96.0 |
| 10 Education | 0.609 | 100.1 | 101.5 | 104.8 |
| 11 Restaurants and hotels | 5.006 | 101.0 | 102.1 | 102.4 |
| 12 Miscellaneous goods and service | 4.537 | 99.4 | 99.7 | 99.6 |
| Foods | 33.156 | 99.9 | 102.0 | 102.4 |
| Non-foods | 33.245 | 99.3 | 99.2 | 100.3 |
| Catering | 4.562 | 100.1 | 101.5 | 102.6 |
| Services | 29.038 | 102.2 | 101.9 | 100.8 |



Table 2

Harmonized indices of consumer prices in July 2017

| Commodity groups | 2015 weights | July 2017 | | | |
|---|-----------------|--------------|----------------------|---------------------|--|
| | | 2015 = 100 | Previous month = 100 | December 2016 = 100 | Corresponding month of the previous year = 100 |
| | ‰ | % | | | |
| 00 Total HICP | 1000.000 | 99.85 | 100.5 | 100.8 | 100.6 |
| 01 Food and non-alcoholic beverages | 213.005 | 102.79 | 99.9 | 102.1 | 102.3 |
| 02 Alcoholic beverages and tobacco | 78.826 | 102.52 | 99.9 | 100.3 | 100.9 |
| 03 Clothing and footwear | 37.274 | 97.83 | 97.4 | 96.8 | 98.3 |
| 04 Housing, water, electricity, gas and other fuels | 100.557 | 102.02 | 100.7 | 102.7 | 103.1 |
| 05 Furnishings, household equipment and routine household maintenance | 62.802 | 99.26 | 100.2 | 100.5 | 100.8 |
| 06 Health | 64.089 | 100.19 | 100.0 | 100.4 | 100.2 |
| 07 Transport | 165.537 | 93.48 | 100.2 | 98.6 | 98.3 |
| 08 Communication | 58.796 | 93.58 | 100.0 | 99.4 | 98.1 |
| 09 Recreation and culture | 68.250 | 98.40 | 103.9 | 99.2 | 97.1 |
| 10 Education | 10.251 | 106.26 | 100.1 | 101.5 | 104.8 |
| 11 Restaurants and hotels | 87.048 | 106.51 | 103.2 | 103.6 | 102.3 |
| 12 Miscellaneous goods and service | 53.565 | 100.41 | 99.7 | 101.3 | 101.4 |

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 July 2017

(Per cent)

| Commodity groups | 2016 weights | July 2017 |
|--|----------------|----------------------|
| | | Previous month = 100 |
| Total PISB | 100.000 | 100.0 |
| Food and non-alcoholic beverages | 49.663 | 99.7 |
| Clothing and footwear | 3.661 | 98.3 |
| Housing, water, electricity, gas and other fuels | 29.479 | 100.9 |
| Furnishings, household equipment and routine household maintenance | 2.398 | 99.5 |
| Health | 8.372 | 99.9 |
| Transport | 1.445 | 100.0 |
| Communication | 0.539 | 100.1 |
| Recreation and culture | 0.574 | 100.1 |
| Miscellaneous goods and service | 3.869 | 99.7 |
| Foods | 49.663 | 99.7 |
| Non-foods | 27.572 | 99.7 |
| Services | 22.765 | 101.1 |