



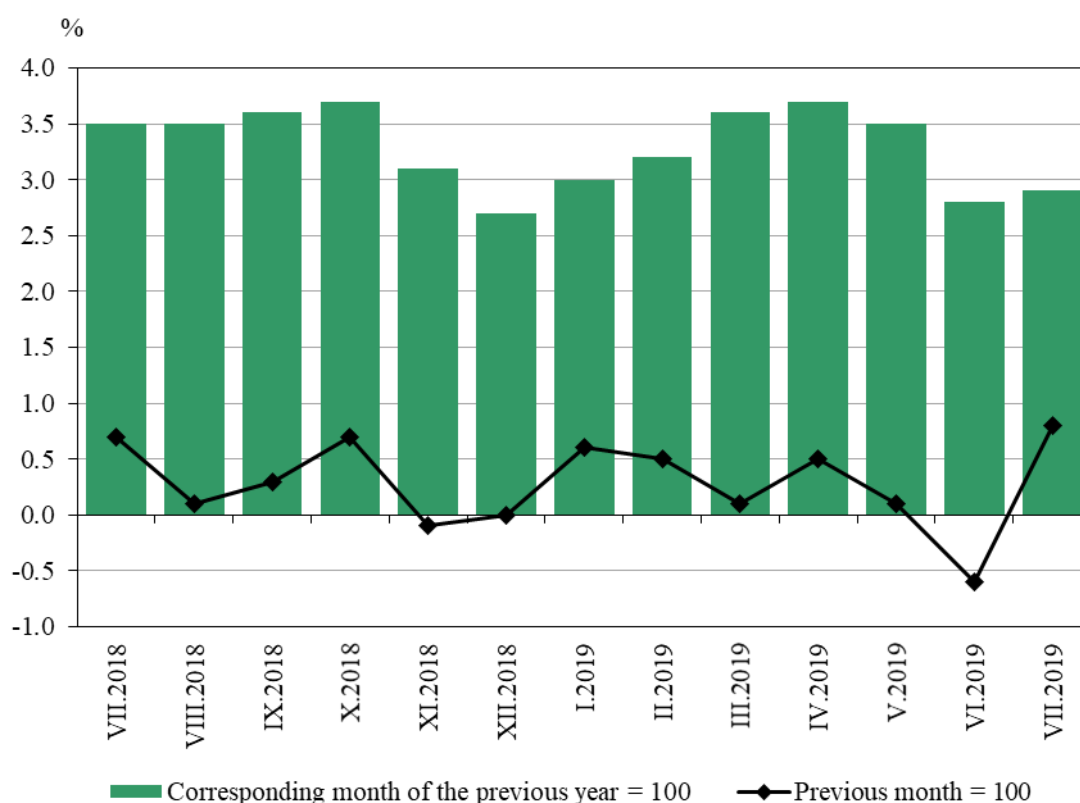
## INFLATION AND CONSUMER PRICE INDICES IN JULY 2019

### Consumer price index (CPI)

The **consumer price index** in July 2019 compared to June 2019 was 100.8%, i.e. the monthly inflation was 0.8%. The inflation rate since the beginning of the year (July 2019 compared to December 2018) has been 2.0% and the annual inflation in July 2019 compared to July 2018 was 2.9% (Figure 1 and Annex, Table 1).

The annual average inflation, measured by CPI, in the last 12 months (August 2018 - July 2019) compared to the previous 12 months (August 2017 - July 2018) was 3.3%.

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



In July 2019 compared to the previous month the prices of goods and services in the main consumer groups changed as follows:

- Food and non-alcoholic beverages - an increase of 0.3%;
- Alcoholic beverages and tobacco - an increase of 0.2%;
- Clothing and footwear - a decrease of 2.9%;
- Housing, water, electricity, gas and other fuels - an increase of 1.2%;
- Furnishings, household equipment and routine maintenance of the house - a decrease of 0.3%;



- Health - an increase of 0.1%;
- Transport - an increase of 0.4%;
- Communications - an increase of 0.2%;
- Recreation and culture - an increase of 6.6%;
- Education - an increase of 0.3%;
- Restaurants and hotels - an increase of 2.8%;
- Miscellaneous goods and service - an increase of 0.5%.

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

The **harmonized index of consumer prices** in July 2019 compared to June 2019 was 101.3%, i.e. the monthly inflation was 1.3%. The inflation rate since the beginning of the year (July 2019 compared to December 2018) has been 2.8% and the annual inflation in July 2019 compared to July 2018 was 2.6% (Annex, Table 2).

The annual average inflation, measured by HICP, in the last 12 months (August 2018 - July 2019) compared to the previous 12 months (August 2017 - July 2018) was 2.9%.

In terms of HICP, in July 2019 compared to the previous month the prices of goods and services in the main consumer groups changed as follows:

- Food and non-alcoholic beverages - an increase of 0.2%;
- Alcoholic beverages and tobacco - an increase of 0.1%;
- Clothing and footwear - a decrease of 2.6%;
- Housing, water, electricity, gas and other fuels - an increase of 1.1%;
- Furnishings, household equipment and routine maintenance of the house - a decrease of 0.3%;
- Health - an increase of 0.1%;
- Transport - an increase of 1.6%;
- Communications - an increase of 0.2%;
- Recreation and culture - an increase of 3.3%;
- Education - an increase of 0.2%;
- Restaurants and hotels - an increase of 8.8%;
- Miscellaneous goods and service - an increase of 0.2%.

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

The **price index of a small basket** in July 2019 compared to June 2019 was 100.4% and the overall increase since the beginning of the year (July 2019 compared to December 2018) has been 102.0% (Annex, Table 3).

In July 2019 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 - an increase of 0.1%;
- Non-food products - a decrease of 0.1%;
- Services - an increase of 2.0%.



## 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 2019

(Per cent)

Commodity groups	2018 weights	July 2019		
		Previous month = 100	December 2018 = 100	Corresponding month of the previous year = 100
<b>00 Total CPI</b>	<b>100.000</b>	<b>100.8</b>	<b>102.0</b>	<b>102.9</b>
01 Food and non-alcoholic beverages	30.283	100.3	103.3	104.8
02 Alcoholic beverages and tobacco	4.957	100.2	101.0	102.1
03 Clothing and footwear	4.164	97.1	96.9	99.4
04 Housing, water, electricity, gas and other fuels	17.139	101.2	101.6	104.0
05 Furnishings, household equipment and routine household maintenance	4.890	99.7	100.9	100.3
06 Health	6.762	100.1	100.6	100.9
07 Transport	9.736	100.4	104.0	99.2
08 Communication	5.263	100.2	97.3	98.8
09 Recreation and culture	5.478	106.6	100.4	104.3
10 Education	0.441	100.3	101.3	103.0
11 Restaurants and hotels	6.013	102.8	106.4	106.0
12 Miscellaneous goods and service	4.875	100.5	100.9	102.1
Foods	31.550	100.2	103.2	104.7
Non-foods	35.206	99.5	100.5	100.3
Catering	5.363	100.4	103.0	105.2
Services	27.881	103.0	102.3	103.8



Table 2

Harmonized indices of consumer prices in July 2019

Commodity groups	2017 weights	July 2019			
		2015 = 100	Previous month = 100	December 2018 = 100	Corresponding month of the previous year = 100
		%			
<b>00 Total HICP</b>	<b>1000.000</b>	<b>106.13</b>	<b>101.3</b>	<b>102.8</b>	<b>102.6</b>
01 Food and non-alcoholic beverages	218.722	109.95	100.2	103.3	104.7
02 Alcoholic beverages and tobacco	63.672	108.42	100.1	101.0	102.0
03 Clothing and footwear	36.738	96.69	97.4	97.1	99.8
04 Housing, water, electricity, gas and other fuels	109.578	110.18	101.1	101.7	104.0
05 Furnishings, household equipment and routine household maintenance	59.339	100.52	99.7	100.6	100.3
06 Health	72.663	101.32	100.1	100.6	100.9
07 Transport	154.714	99.84	101.6	104.4	100.3
08 Communication	56.326	91.54	100.2	97.3	96.4
09 Recreation and culture	72.406	101.98	103.3	99.9	102.4
10 Education	13.638	112.50	100.2	101.0	102.9
11 Restaurants and hotels	84.977	128.06	108.8	115.2	108.0
12 Miscellaneous goods and service	57.227	108.74	100.2	101.1	104.3

**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 2019**

(Per cent)

Commodity groups	2018 weights	July 2019
		Previous month = 100
<b>Total PISB</b>	<b>100.000</b>	<b>100.4</b>
Food and non-alcoholic beverages	48.694	100.1
Clothing and footwear	3.751	98.2
Housing, water, electricity, gas and other fuels	28.306	101.3
Furnishings, household equipment and routine household maintenance	2.292	101.8
Health	10.456	100.1
Transport	1.408	100.5
Communication	0.287	100.0
Recreation and culture	0.607	100.0
Miscellaneous goods and service	4.199	100.9
Foods	48.694	100.1
Non-foods	29.427	99.9
Services	21.879	102.0