Montenegro

A DECADE
OF INDEPENDENCE
A MILLENNIUM
OF STATEHOOD
MONTENEGRO
2016

May Montenegro live forever

**Government of Montenegro**
**Statistical Office of Montenegro**

# Release

# Consumer price index (CPI)
# *October 2016*

**Monthly inflation in October 2016 was 0.3%**

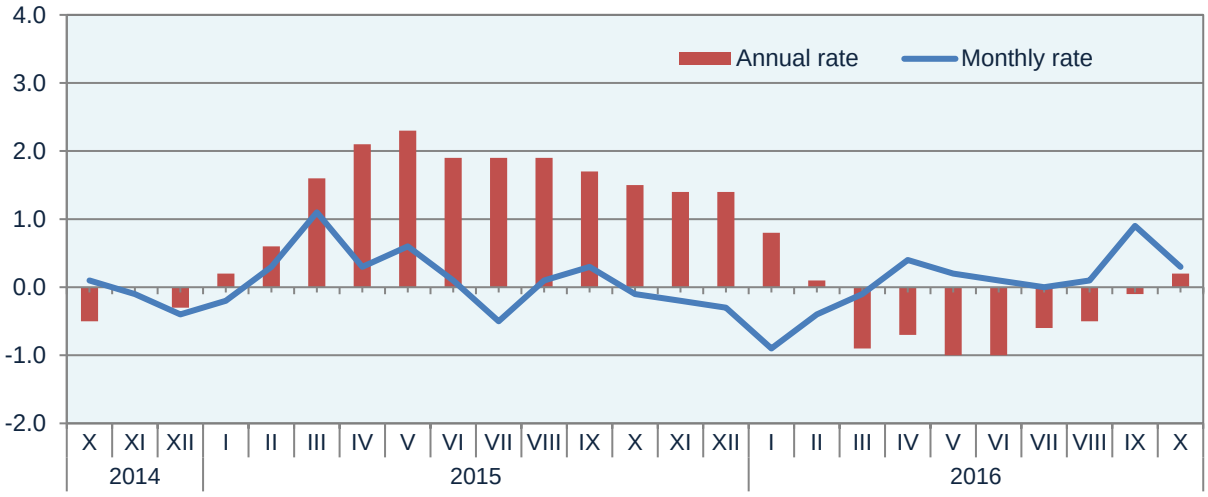
*Monthly inflation measured by Consumer price index was 0.3% in October 2016, while the annual inflation was 0.2%. This was influenced mostly by increase in prices of: fuels and lubricants for personal transport equipment; solid fuels; shoes and other footwear; garments; meat; vegetables; oils nad fats etc.*

*Observing the main groups monthly growth of prices was noticed in the following groups: Clothing and footwear (2.2%); Transport (1.5%); Housing, water, electricity, gas and other fuels (0.9%); Furnishing, household equipment and routine household maintenance (0.1); Health (0.1%), while a drop of prices was recorded in groups: Restaurants and hotels (-2.9%); Food and non-alcoholic beverages (-0.1%).*

*Prices of other products and services mostly remained unchanged.*

*Positive annual inflation rates in October 2016 were observed in the following groups: Clothing and footwear (3.1%); Alcoholic beverages and tobacco (2.7%); Health (2.6%); Restaurants and hotels (2.4%); Housing, water, electricity, gas and other fuels (0.9%); Communications (0.4%); Recreation and culture (0.4%), while negative annual inflation rates were observed in the following groups: Transport (-3.6%); Furnishing, household equipment and routine household maintenance (-1.1%); Food and non-alcoholic beverages (-0.2%); Miscellaneous goods and services (-0.2%).*

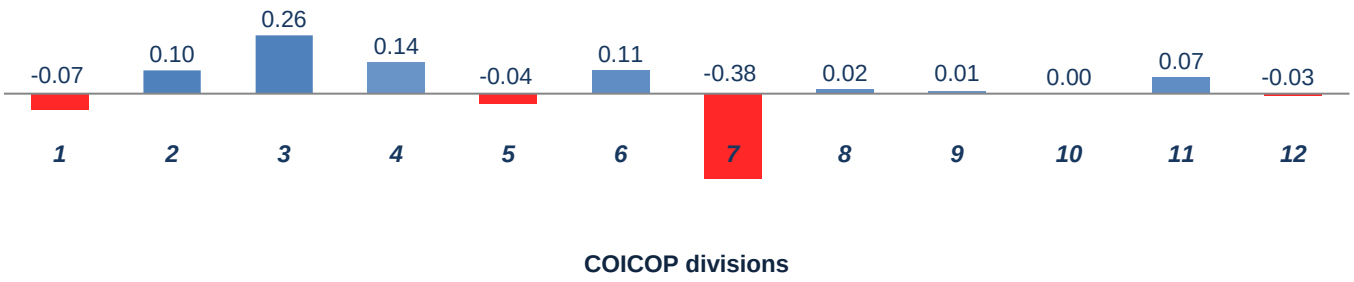
## Chart 1. Annual and monthly rates of inflation (CPI)




## Table 1. Inflation rates measured by CPI, in %

| | Name | Weights ‰ | Oct 2016 Ø 2015 | Oct 2016 Sep 2016 | Oct 2016 Oct 2015 | Jan-Oct 2016 Jan-Oct 2015 |
|---|---|---|---|---|---|---|
| **00** | **CPI - total** | ***1000.0*** | **0.8** | **0.3** | **0.2** | **-0.4** |
| 01 | Food and non-alcoholic beverages | *351.7* | -0.1 | -0.1 | -0.2 | -0.9 |
| 02 | Alcoholic beverages and tobacco | *38.6* | 3.5 | 0.0 | 2.7 | 2.8 |
| 03 | Clothing and footwear | *85.1* | 8.3 | 2.2 | 3.1 | 3.2 |
| 04 | Housing, water, electricity, gas and other fuels | *155.3* | 1.4 | 0.9 | 0.9 | 0.2 |
| 05 | Furnishing, household equipment and routine household maintenance | *41.2* | -0.7 | 0.1 | -1.1 | 0.0 |
| 06 | Health | *40.9* | 2.5 | 0.1 | 2.6 | 1.9 |
| 07 | Transport | *107.0* | -3.4 | 1.5 | -3.6 | -5.7 |
| 08 | Communications | *49.9* | 0.5 | 0.0 | 0.4 | 0.4 |
| 09 | Recreation and culture | *33.2* | 0.3 | 0.0 | 0.4 | 0.1 |
| 10 | Education | *19.3* | 0.0 | 0.0 | 0.0 | 0.0 |
| 11 | Restaurants and hotels | *31.3* | 2.6 | -2.9 | 2.4 | 2.3 |
| 12 | Miscellaneous goods and services | *46.5* | -0.7 | 0.0 | -0.2 | -0.7 |

## Chart 2. Impacts of divisions on the annual inflation rate (in %), October 2016




**COICOP divisions**

## Table 2. Groups with most important impacts on monthly inflation rate, October 2016

| COICOP/ HICP | Group | Weights ‰ | Monthly inflation % | Influence in percentage points |
|---|---|---|---|---|
| 0722 | Fuels and lubricants for personal transport equipment | *47.4* | 3.5 | 0.16 |
| 0454 | Solid fuels | *40.5* | 3.2 | 0.13 |
| 0321 | Shoes and other footwear | *36.2* | 2.7 | 0.10 |
| 0312 | Garments | *48.1* | 1.8 | 0.08 |
| 0112 | Meat | *93.8* | 0.2 | 0.02 |
| 0117 | Vegetables | *35.4* | 0.4 | 0.01 |
| 0115 | Oils and fats | *16.2* | 0.6 | 0.01 |
| 0113 | Fish and seafood | *9.8* | 0.9 | 0.01 |
| 0118 | Sugar, jam, honey, chocolate and confectionery | *16.8* | 0.3 | 0.01 |
| 0119 | Food products n.e.c. | *8.1* | 0.7 | 0.01 |
| 1120 | Accommodation services | *7.7* | -10.2 | -0.08 |
| 0116 | Fruit | *20.1* | -4.8 | -0.10 |

## Table 3. Groups with most important impacts on annual inflation rate, October 2016

| COICOP/ HICP | Group | Weights ‰ | Annual inflation % | Influence in percentage points |
|---|---|---|---|---|
| 0454 | Solid fuels | *40.5* | 6.1 | 0.25 |
| 0321 | Shoes and other footwear | *36.2* | 4.6 | 0.17 |
| 0611 | Pharmaceutical products | *24.9* | 4.2 | 0.11 |
| 0312 | Garments | *48.1* | 1.9 | 0.09 |
| 0114 | Milk, cheese and eggs | *75.6* | 1.2 | 0.09 |
| 0220 | Tobacco | *25.7* | 3.3 | 0.08 |
| 1120 | Accommodation services | *7.7* | 7.6 | 0.06 |
| 0113 | Fish and seafood | *9.8* | 5.2 | 0.05 |
| 0118 | Sugar, jam, honey, chocolate and confectionery | *16.8* | 2.8 | 0.05 |
| 0115 | Oils and fats | *16.2* | 2.3 | 0.04 |
| 0111 | Bread and cereals | *56.6* | 0.6 | 0.03 |
| 0441 | Water supply | *11.4* | 2.9 | 0.03 |
| 1211 | Hairdressing salons and personal grooming establishments | *14.1* | 1.7 | 0.02 |
| 0116 | Fruit | *20.1* | 1.1 | 0.02 |
| 0721 | Spare parts and accessories for personal transport equipment | *8.8* | 2.5 | 0.02 |
| 0820 | Telephone and telefax equipment | *3.6* | 5.6 | 0.02 |
| 0732 | Passenger transport by road | *21.1* | 0.9 | 0.02 |
| 1111 | Restaurants, cafes and the like | *23.6* | 0.5 | 0.01 |
| 0211 | Spirits | *6.6* | 1.7 | 0.01 |
| 0511 | Furniture and furnishings | *8.4* | -1.4 | -0.01 |
| 0561 | Non-durable household goods | *15.2* | -2.7 | -0.04 |
| 0723 | Maintenance and repair of personal transport equipment | *14.4* | -3.1 | -0.04 |
| 1213 | Other appliances, articles and products for personal care | *25.6* | -1.8 | -0.05 |
| 0451 | Electricity | *71.1* | -2.1 | -0.15 |
| 0112 | Meat | *93.8* | -1.7 | -0.16 |
| 0117 | Vegetables | *35.4* | -6.6 | -0.23 |
| 0722 | Fuels and lubricants for personal transport equipment | *47.4* | -8.2 | -0.39 |

## METODOLOGICAL NOTES

**Consumer price indices** (CPI) are one of the most important macroeconomic indicators and the basis for taking decisions in the area of economy and finance. Since January 2009 they are used as *official measure of inflation* in Montenegro.

Consumer price index is used for harmonising wages and salaries in accordance with collective contracts, pensions, and social benefits. Also, it is used for deflating certain macroeconomic aggregates in national accounts statistics and for other purposes.

*Consumer price index* is defined as measure of average price change of fixed good and service basket bought by household for the purposes of satisfying its needs.

*Weights* used for calculating the consumer price index express a relative importance of selected products and services in total household consumption at the domestic territory.

Product list is regularly revised so that its representative status related to consumption structure and consumer habits is preserved.

Data are published according Data publishing calendar.

**The influence of certain groups on inflation rate** indicates how much that group has influenced on the total inflation rate. The influence depends on weights and inflation rate of given group. The weights represents a relative share of household consumption of certain groups or subgroup of products in the total consumption. Consequently, weights have an important role in the calculation of inflation rate. They represent "importance" of certain product group in the total household consumption in certain reference period. For example, if during certain month prices of bread increases for 10%. this will influence for approx. 0.5% (10*5%=0.5% - since the share of bread in the total expenses is 5%). But, if the prices of medicaments increase 12%, this will increase the inflation for 0.06% (12*0.5%=0.06% - since the share of medicaments in the total expenses 0.5%). This simple example indicates how much large influence have weights on the final number presenting the inflation.

***Release No.* 204**

Podgorica, 15 November 2016

***Published and printed by Statistical Office of Montenegro - MONSTAT***

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