

Consumer price indices

September 2020

Prices of goods and services for personal consumption, measured by consumer price index, in September 2020, as compared to August 2020, increased by 0.7% on average. Consumer prices in September 2020, as compared to September 2019, increased by 0.1% on average. This was influenced mostly by increase in prices of: garments; shoes and other footwear; vegetables; milk, cheese and eggs; solid fuels. Consumer prices in period January-September 2020 compared to the same period of previous year, were lower for 0.1% in average.

Observing the main groups by purpose of consumption, in September 2020, as compared to August 2020, monthly increase of prices was noticed in the following groups: Clothing and footwear (9.1%); Furnishing, household equipment and routine household maintenance (0.6%); Housing, water, electricity, gas and other fuels (0.1%), while decrease of prices was recorded in groups: Restaurants and hotels (-0.6%); Transport (-0.5%).

Prices of other products and services mostly remained unchanged.

Chart 1. Annual and monthly rates of inflation (CPI), in %

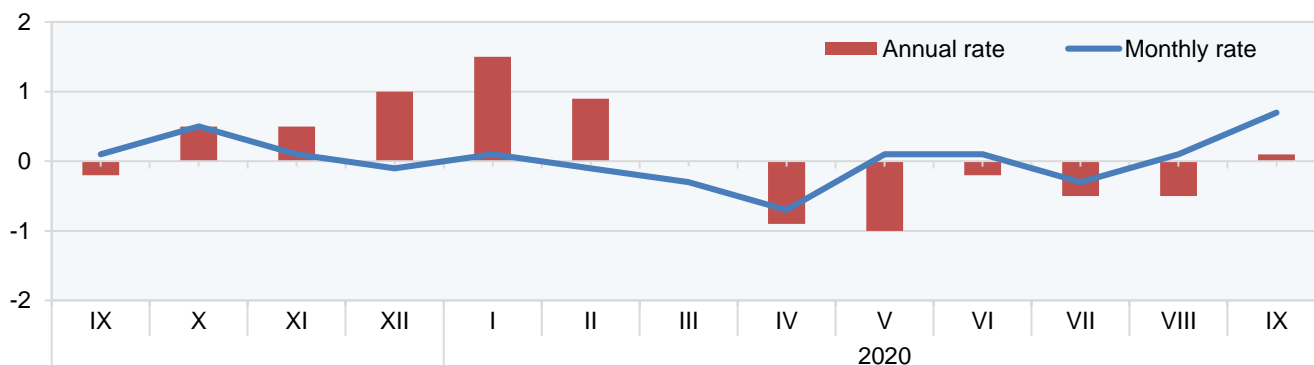


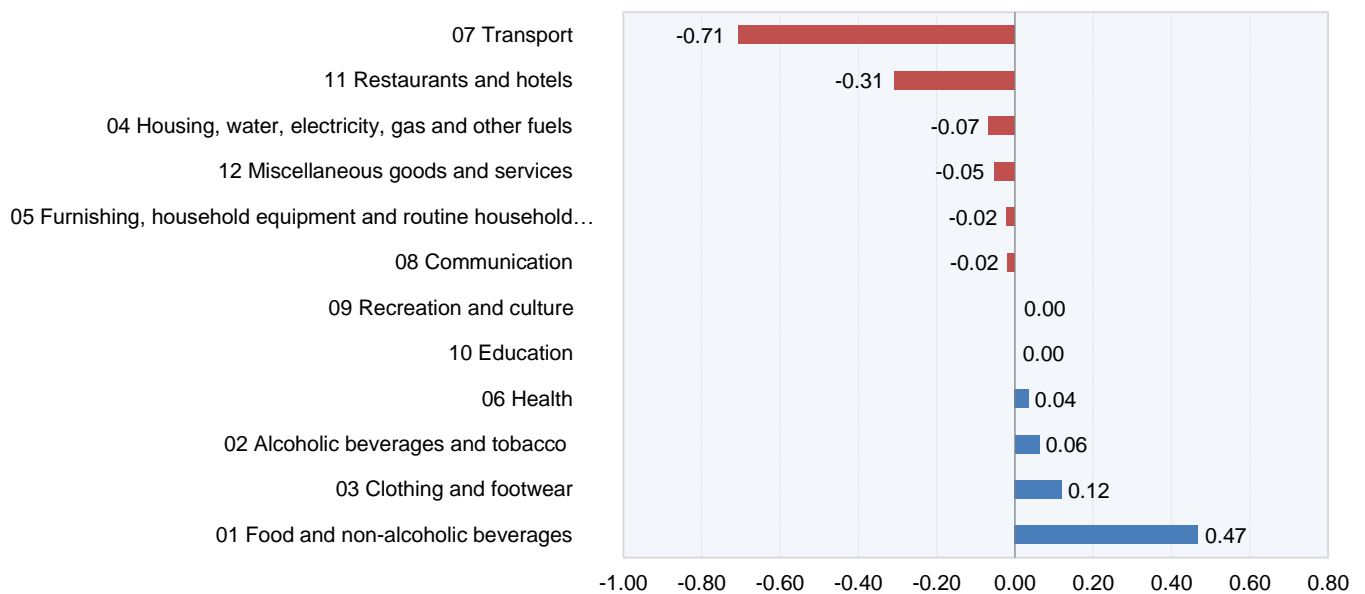
Table 1. Inflation rate measured by Consumer price indices (CPI)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------------------------|------|------|------|------|------|------|------|------|------|-----|-----|------|
| Annual inflation rate | | | | | | | | | | | | |
| 2019 | 0.3 | 0.4 | 0.8 | 0.9 | 0.7 | -0.1 | -0.4 | -0.2 | -0.2 | 0.5 | 0.5 | 1.0 |
| 2020 | 1.5 | 0.9 | 0.0 | -0.9 | -1.0 | -0.2 | -0.5 | -0.5 | 0.1 | | | |
| Monthly inflation rate | | | | | | | | | | | | |
| 2019 | -0.3 | 0.4 | 0.6 | 0.1 | 0.2 | -0.7 | -0.1 | 0.1 | 0.1 | 0.5 | 0.1 | -0.1 |
| 2020 | 0.1 | -0.1 | -0.3 | -0.7 | 0.1 | 0.1 | -0.3 | 0.1 | 0.7 | | | |

Table 2. Inflation rates measured by CPI, in %

| | Name | Weights ‰ | Sep 2020 Ø 2019 | Sep 2020 Aug 2020 | Sep 2020 Sep 2019 | Jan-Sep 2020 Jan-Sep 2019 |
|-----------|-------------------------------------------------------------------|---------------|--------------------|----------------------|----------------------|------------------------------|
| 00 | CPI - total | 1000.0 | 0.0 | 0.7 | 0.1 | -0.1 |
| 01 | Food and non-alcoholic beverages | 341.1 | 1.9 | 0.0 | 1.7 | 1.7 |
| 02 | Alcoholic beverages and tobacco | 40.4 | 3.0 | 0.0 | 3.0 | 2.6 |
| 03 | Clothing and footwear | 86.1 | 2.5 | 9.1 | 4.3 | 1.0 |
| 04 | Housing, water, electricity, gas and other fuels | 154.0 | -0.9 | 0.1 | -0.3 | -0.8 |
| 05 | Furnishing, household equipment and routine household maintenance | 39.4 | -0.6 | 0.6 | -0.7 | -0.8 |
| 06 | Health | 40.8 | 1.5 | 0.0 | 1.6 | 1.1 |
| 07 | Transport | 109.4 | -7.1 | -0.5 | -6.4 | -5.3 |
| 08 | Communication | 48.5 | -0.6 | 0.0 | -0.3 | -0.6 |
| 09 | Recreation and culture | 32.0 | -0.3 | 0.0 | 0.0 | -0.4 |
| 10 | Education | 18.7 | 0.1 | 0.0 | 0.1 | 0.1 |
| 11 | Restaurants and hotels | 47.6 | -2.2 | -0.6 | -4.3 | -2.1 |
| 12 | Miscellaneous goods and services | 42.0 | -0.3 | 0.0 | -0.8 | -0.1 |

**Chart 2. Impacts of divisions on the annual inflation rate (in percentage points),
September 2020**



**Table 3. Groups with most important impacts on monthly inflation rate,
September 2020**

| ECOICOP | Group | Weights ‰ | Monthly inflation % | Influence in percentage points |
|---------|-------------------------------------------------------|--------------|---------------------------|--------------------------------------|
| 0312 | Garments | 47.9 | 10.0 | 0.48 |
| 0321 | Shoes and other footwear | 37.4 | 8.1 | 0.30 |
| 0117 | Vegetables | 33.7 | 2.0 | 0.06 |
| 0114 | Milk, cheese and eggs | 74.1 | 0.3 | 0.02 |
| 0454 | Solid fuels | 31.0 | 0.7 | 0.02 |
| 0520 | Household textiles | 2.8 | 5.8 | 0.02 |
| 0511 | Furniture and furnishings | 8.1 | 0.7 | 0.01 |
| <hr/> | | | | |
| 1120 | Accommodation services | 19.0 | -1.4 | -0.03 |
| 0111 | Bread and cereals | 54.3 | -0.6 | -0.04 |
| 0116 | Fruit | 20.3 | -2.2 | -0.05 |
| 0722 | Fuels and lubricants for personal transport equipment | 51.4 | -1.1 | -0.06 |

**Table 4. Groups with most important impacts on annual inflation rate,
September 2020**

| ECOICOP | Group | Weights ‰ | Annual inflation % | Influence in percentage points |
|---------|-------------------------------------------------------------------------------|--------------|--------------------------|--------------------------------------|
| 0312 | Garments | 47.9 | 6.9 | 0.33 |
| 0112 | Meat | 91.0 | 2.1 | 0.18 |
| 0116 | Fruit | 20.3 | 8.9 | 0.18 |
| 0220 | Tobacco | 27.4 | 3.3 | 0.09 |
| 0117 | Vegetables | 33.7 | 2.1 | 0.07 |
| 0732 | Passenger transport by road | 20.5 | 3.3 | 0.07 |
| 0114 | Milk, cheese and eggs | 74.1 | 0.8 | 0.06 |
| 0611 | Pharmaceutical products | 25.3 | 2.2 | 0.05 |
| 0321 | Shoes and other footwear | 37.4 | 1.3 | 0.05 |
| 0115 | Oils and fats | 15.3 | 2.5 | 0.04 |
| 0118 | Sugar, jam, honey, chocolate and confectionery | 16.3 | 1.7 | 0.03 |
| 0960 | Package holidays | 4.2 | 5.5 | 0.02 |
| 0211 | Spirits | 6.8 | 2.9 | 0.02 |
| <hr/> | | | | |
| 0561 | Non-durable household goods | 14.3 | -1.9 | -0.03 |
| 1213 | Other appliances, articles and products for personal care | 21.3 | -1.7 | -0.04 |
| 0432 | Services for the maintenance and repair of the dwelling | 8.9 | -4.2 | -0.04 |
| 0911 | Equipment for the reception, recording and reproduction of sound and pictures | 5.3 | -8.1 | -0.04 |
| 1120 | Accommodation services | 19.0 | -9.5 | -0.18 |
| 0722 | Fuels and lubricants for personal transport equipment | 51.4 | -14.5 | -0.75 |

Table 5. Inflation rate measured by Harmonised Indices of Consumer Prices (HICP)¹⁾

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-------------|-------------------------------|------|------|------|------|------|------|------|------|-----|-----|-----|
| | Annual inflation rate | | | | | | | | | | | |
| 2020 | 1.1 | 0.6 | -0.2 | -1.1 | -1.3 | -1.0 | -1.6 | -1.6 | -0.9 | | | |
| | Monthly inflation rate | | | | | | | | | | | |
| 2020 | -0.3 | -0.1 | -0.2 | -0.6 | 0.1 | 0.1 | -0.3 | 0.1 | 0.4 | | | |

¹⁾ More detailed HICP data are available at the following link: [Data](#)

METHODOLOGICAL 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 goods and services basket bought by household for the purposes of satisfying its needs.

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

The list of products and services is regularly updated in order to preserve its representative characteristics regarding structure of consumption and consumers' habits.

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.

Monthly inflation rate represents price changes in the current month as compared to the previous month, in %.

Annual inflation rate represents price changes in the current month as compared to the same month of the previous year, in %.

While the consumer price index is mostly used as a general measure of inflation in the national context, the **harmonised index of consumer prices** represents a comparable measure of inflation in the European Union.

The basic differences between CPI and HICP are:

Purpose: CPI is used to measure the inflation in a country, while HICP is used to measure the inflation in EU.

Coverage: CPI covers final consumption of the resident population both in the country and abroad. HICP covers final consumption of the population, both resident and non-resident in a country.

Weights: In addition to differences in the coverage, there are differences in weights. The starting point is the final consumption of population but the concepts are different. The national concept is applied for the national CPI and the domestic concept for the HICP. The main data source for the calculation of the HICP weight structure at higher aggregation levels are the data obtained from the National Accounts, while the Household Budget Survey data are used at lower aggregation levels, which also represents the main data source for the calculation of the CPI weight structure.

Classification: ECOICOP (European Classification of Individual Consumption according to Purpose) is used for both indices.

List of products and services: The same list is used for products and services.

Calculation method: Laspeyre's type of index is used for the calculation of both indices.

Data are published according [Statistical Release Calendar](#).

Published by the Statistical Office of Montenegro (MONSTAT)
81000 Podgorica, IV Proleterske 2, Phone: (+382) 20 230-811. Fax: (+382) 20 230-814

The release prepared by:

Miroslav PEJOVIC

contact@monstat.org
