

Comparative price levels of 37 European countries in 2020

According to the final data of EUROSTAT, within the purchasing power parity project, the price level indices for consumer goods and services in Montenegro was 57% of the EU average in 2020.

Price levels for consumer goods and services varied significantly across EU member states in 2020. Denmark recorded the highest price level (141% of the EU average), followed by Ireland and Luxembourg (136%), Sweden (130%) and Finland (126%), while the lowest price levels were recorded in Romania (55%), Bulgaria (56%) and Poland (58%).

Among the neighbouring countries, Croatia had the highest price level of consumer goods and services which is 69% of the EU average, while Serbia and Albania record a price level of 58% of the EU average. The price level of consumer goods and services in Bosnia and Herzegovina was on the level of 55% of the European average, while North Macedonia was on the level of 50% of the European average.

Chart 1. Price level index among European countries for household final consumption in 2020 (EU¹=100)

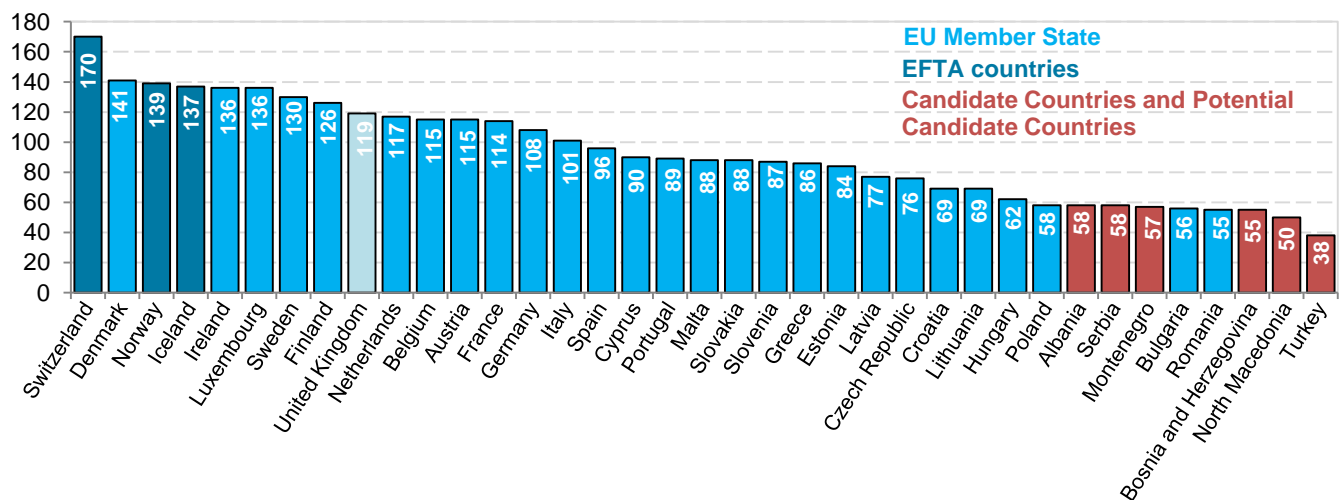


Table 1. Comparative price level indices for consumer goods and services in 2020 (EU¹=100)

Country	Total	Food and non-alcoholic beverages	Alcoholic beverages and tobacco	Clothing	Personal transport equipment	Audio-visual, photographic and information processing equipment	Restaurants and hotels
EU¹	100	100	100	100	100	100	100
Belgium	115	114	111	105	102	108	122
Bulgaria	56	81	61	78	87	93	46
Czech Republic	76	85	79	100	85	90	64
Denmark	141	129	123	130	137	103	154
Germany	108	102	101	99	100	97	103
Estonia	84	96	95	111	86	98	92
Ireland	136	113	187	101	113	101	129
Greece	86	103	97	97	92	106	87
Spain	96	95	87	90	96	100	90
France	114	115	133	107	101	111	121
Croatia	69	94	80	92	92	107	77
Italy	101	109	98	102	103	93	102
Cyprus	90	107	90	96	86	106	87
Latvia	77	95	89	104	89	107	85
Lithuania	69	84	82	102	88	98	72
Luxembourg	136	126	96	111	97	110	124
Hungary	62	80	69	73	82	89	56
Malta	88	114	102	103	100	112	89
Netherlands	117	103	115	106	122	112	108
Austria	115	125	98	103	106	99	117
Poland	58	68	70	85	80	87	75
Portugal	89	98	95	97	108	103	73
Romania	55	66	75	82	86	97	53
Slovenia	87	98	80	97	89	100	86
Slovakia	88	97	79	103	82	98	85
Finland	126	119	158	116	106	100	131
Sweden	130	121	136	125	98	109	138
Iceland	137	129	190	123	111	123	148
Norway	139	151	220	114	124	113	156
Switzerland	170	165	133	126	106	99	169
United Kingdom	119	92	163	85	95	95	103
Montenegro	57	78	67	88	84	104	55
North Macedonia	50	61	48	74	89	95	46
Albania	58	83	69	96	87	110	46
Serbia	58	80	62	93	85	116	54
Turkey	38	57	53	33	89	75	40
Bosnia and Herzegovina	55	75	60	86	83	113	55

Source: EUROSTAT

¹ EU represents the European Union of 27 Member States after 1 February 2020.

Table 1. shows the price level indices for 6 important groups of products and services: “Food and non-alcoholic beverages”, “Alcoholic beverages and tobacco”, “Clothing”, “Personal transport equipment”, “Audio-visual, photographic and information processing equipment” and “Restaurants and hotels”.

Observing all countries participating in this project, Switzerland is the most expensive country for two listed groups of products and services: “Food and non-alcoholic beverages” and “Restaurants and hotels”. Products and services in the groups "Motor vehicles" and "Clothing" are most expensive in Denmark, while alcoholic beverages and tobacco are the most expensive in Norway. Iceland is the most expensive country for the group of products "Audio visual equipment and data processing equipment".

Turkey has the lowest price level index for products and services in the following groups: "Food and non-alcoholic beverages", “Clothing”, Audio-visual, photographic and information processing equipment” and “Restaurants and hotels”. Products and services in the group “Personal transport equipment” according to the survey are the cheapest in Poland, while alcoholic beverages and tobacco are the cheapest in North Macedonia.

For the group "Clothing", Montenegro recorded price level index of 88, which is below the EU average, in Serbia the index is higher and amounts (93), while the index was significantly lower in North Macedonia (74), Turkey (33) as well as in some EU member states, Romania (82), Bulgaria (78) and Hungary (73).

Products in the group "Food and non-alcoholic beverages" in Montenegro are 78% of the EU average, and they are slightly expensive than in Bosnia and Herzegovina (75%), North Macedonia (61%), while they are cheaper compared to Croatia and Serbia, in which the price levels for the mentioned group of products are 94% and 80% of the EU27 average.

In Montenegro, price level indices for “Audio-visual, photographic and information processing equipment“ group of products was (104) and it is above EU average, while for "Personal transport equipment” (84) price level index didn't have significant deviations from comparing prices of mentioned group of products in the region.

The lowest price levels in the group “Restaurants and hotels” were recorded in North Macedonia and Albania 46%, while in Montenegro price level for this group of products was 55% of EU average.

METHODOLOGICAL NOTES

The data in this release are calculated by EUROSTAT and OECD as a result of the surveys conducted by these two institutions in cooperation with national statistical institutions within the Purchasing Power Parity (PPP) project.

In total, 6 surveys are conducted, each related to a particular group of product and services. The whole survey cycle takes 3 years and two surveys are conducted per year. The price level indices presented in this release are based on annual national average prices for approx. comparable 2000 products and services, allowing countries to collect prices for a sufficient number of representative products.

Methodological manual on purchasing power parity is available on EUROSTAT's website:

<http://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-RA-12-023>

Purchasing power parities in their simplest form represent price ratio, which show the ratio of prices expressed in national currencies of the same goods and services in different countries.

For example, if the price of a hamburger in France is EUR 2.84, and in the United Kingdom it is GBP 2.20, the PPP for hamburgers between France and United Kingdom is 2.84 EUR to 2.20 GBP or 1.29 EUR to the one pound. In other words, for every pond spent on hamburgers in the United Kingdom, 1.29 EUR would have to be spent in France in order to obtain the same quality and quantity of hamburgers.

Purchasing power parities (PPPs) is a mean of converting national currencies into a common currency that equalizes the purchasing power of different national currencies.

Price level indices provide a comparison of the countries price levels related to the EU average. If the price level index is higher than 100, the country is considered relatively expensive compared to the EU average and if the price index is lower than 100, the country is considered relatively cheaper compared to the EU average.

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