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Consumer price indices

March 2020

Prices of goods and services for personal consumption, measured by consumer price index, in March 2020, as compared to February 2020, decreased by 0.3% on average. Consumer prices in March 2020, as compared to March 2019, remained at the same level on average. This was influenced mostly by decrease in prices of: fuels and lubricants for personal transport equipment; solid fuels; garments; mineral waters, soft drinks, fruit and vegetable juices; non-durable household goods. Consumer prices in period January-March 2020 compared to the same period of previous year, were higher for 0.8% in average.

Observing by main groups by purpose of consumption, in March 2020, as compared to February 2020, monthly decrease of prices was noticed in the following groups: Transport (-3.0%); Housing, water, electricity, gas and other fuels (-1.1%); Furnishing, household equipment and routine household maintenance (-0.3%); Clothing and footwear (-0.2%); Recreation and culture (-0.2%); Alcoholic beverages and tobacco (-0.1%); Restaurants and hotels (-0.1%), while increase of prices was recorded in the following groups: Food and non-alcoholic beverages (0.7%); Health (0.7%); Miscellaneous goods and services (0.1%).

Prices of other products and services mostly remained unchanged.

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

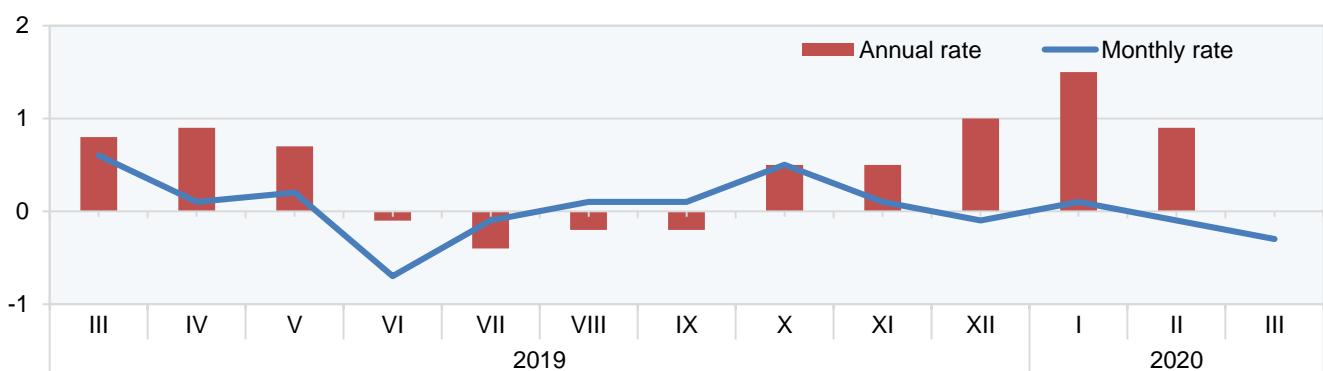


Table 1. Inflation rate measured by Consumer price indices (CPI)

Table 2. Inflation rates measured by CPI, in %

	Name	Weights %	Mar 2020 Ø 2019	Mar 2020 Feb 2020	Mar 2020 Mar 2019	Jan-Mar 2020 Jan-Mar 2019
00	CPI - total	1000.0	0.1	-0.3	0.0	0.8
01	Food and non-alcoholic beverages	341.1	1.5	0.7	1.5	2.1
02	Alcoholic beverages and tobacco	40.4	2.4	-0.1	2.5	2.0
03	Clothing and footwear	86.1	1.6	-0.2	-0.8	0.0
04	Housing, water, electricity, gas and other fuels	154.0	-0.8	-1.1	-1.5	-0.7
05	Furnishing, household equipment and routine household maintenance	39.4	-0.8	-0.3	-0.4	0.1
06	Health	40.8	0.9	0.7	0.7	0.3
07	Transport	109.4	-3.4	-3.0	-3.3	0.6
08	Communication	48.5	-0.4	0.0	-0.6	-0.8
09	Recreation and culture	32.0	-0.3	-0.2	-0.6	-0.4
10	Education	18.7	0.1	0.0	0.1	0.1
11	Restaurants and hotels	47.6	-1.7	-0.1	1.2	1.2
12	Miscellaneous goods and services	42.0	-0.1	0.1	0.1	0.3

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

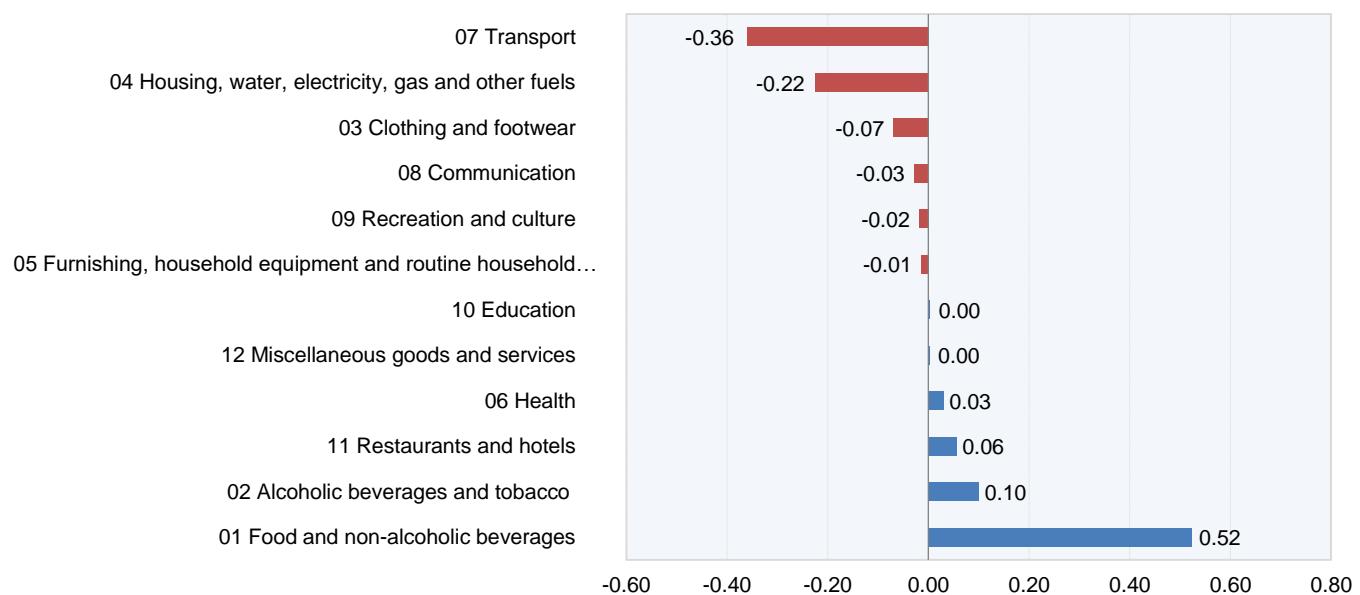


Table 3. Groups with most important impacts on monthly inflation rate,
March 2020

ECOICOP	Group	Weights %	Monthly inflation %	Influence in percentage points
0116	Fruit	20.3	4.4	0.09
0117	Vegetables	33.7	1.9	0.06
0112	Meat	91.0	0.5	0.04
0611	Pharmaceutical products	25.3	1.1	0.03
0115	Oils and fats	15.3	0.8	0.01
0114	Milk, cheese and eggs	74.1	0.2	0.01
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0411	Actual rentals paid by tenants and other actual rentals	13.1	-0.5	-0.01
0561	Non-durable household goods	14.3	-0.8	-0.01
0122	Mineral waters, soft drinks, fruit and vegetable juices	11.0	-1.1	-0.01
0312	Garments	47.9	-0.4	-0.02
0454	Solid fuels	31.0	-4.6	-0.14
0722	Fuels and lubricants for personal transport equipment	51.4	-6.2	-0.32

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

ECOICOP	Group	Weights %	Annual inflation %	Influence in percentage points
0112	Meat	91.0	3.4	0.30
0116	Fruit	20.3	14.5	0.29
0111	Bread and cereals	54.3	3.6	0.19
0220	Tobacco	27.4	3.3	0.09
0115	Oils and fats	15.3	5.1	0.08
0114	Milk, cheese and eggs	74.1	1.1	0.07
0732	Passenger transport by road	20.5	3.3	0.07
0321	Shoes and other footwear	37.4	1.7	0.06
1120	Accommodation services	19.0	2.5	0.05
0118	Sugar, jam, honey, chocolate and confectionery	16.3	2.0	0.03
0611	Pharmaceutical products	25.3	1.2	0.03
0119	Food products n.e.c.	8.0	2.8	0.02
0942	Cultural services	5.4	3.7	0.02
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0911	Equipment for the reception, recording and reproduction of sound and pictures	5.3	-4.6	-0.03
0820	Telephone and telefax equipment	3.6	-8.4	-0.03
0312	Garments	47.9	-3.0	-0.15
0451	Electricity	80.2	-2.8	-0.23
0117	Vegetables	33.7	-11.4	-0.39
0722	Fuels and lubricants for personal transport equipment	51.4	-8.2	-0.43

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									
Monthly inflation rate												
2020	-0.3	-0.1	-0.2									

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: Laspeyres's type of index is used for the calculation of both indices.

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

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