

Harmonised Index of Consumer Prices (HICP) October 2017

Monthly inflation in October 2017, measured by HICP was -0.7%

Monthly inflation measured by Harmonised index of consumer prices was -0.7% in October 2017, while the annual inflation was 2.9%. This was influenced mostly by decrease in prices of: accommodation services; non-durable household goods; fruit; restaurants, cafes and the like; fuels and lubricants for personal transport equipment, etc.

Observing the main groups monthly drop of prices was noticed in the following groups: Restaurants and hotels (-3.0%); Furnishing, household equipment and routine household maintenance (-0.4%); Transport (-0.2%); Food and non-alcoholic beverages (-0.1%); Alcoholic beverages and tobacco (-0.1%); Miscellaneous goods and service (-0.1%), while a growth of prices was recorded in the group Transport (0.1%).

Prices of other products and services mostly remained unchanged.

Positive annual inflation rates in October 2017 were observed in the following groups: Alcoholic beverages and tobacco (12.5%); Restaurants and hotels (5.4%); Transport (5.0%); Clothing and footwear (3.4%); Health (2.6%); Miscellaneous goods and service (1.9%); Housing, water, electricity, gas and other fuels (1.4%); Food and non-alcoholic beverages (1.1%); Communications (0.2%), while negative annual inflation rates were observed in the following groups: Furnishing, household equipment and routine household maintenance (-0.8%); Recreation and culture (-0.6%).

Chart 1. Annual and monthly rates of inflation (HICP)

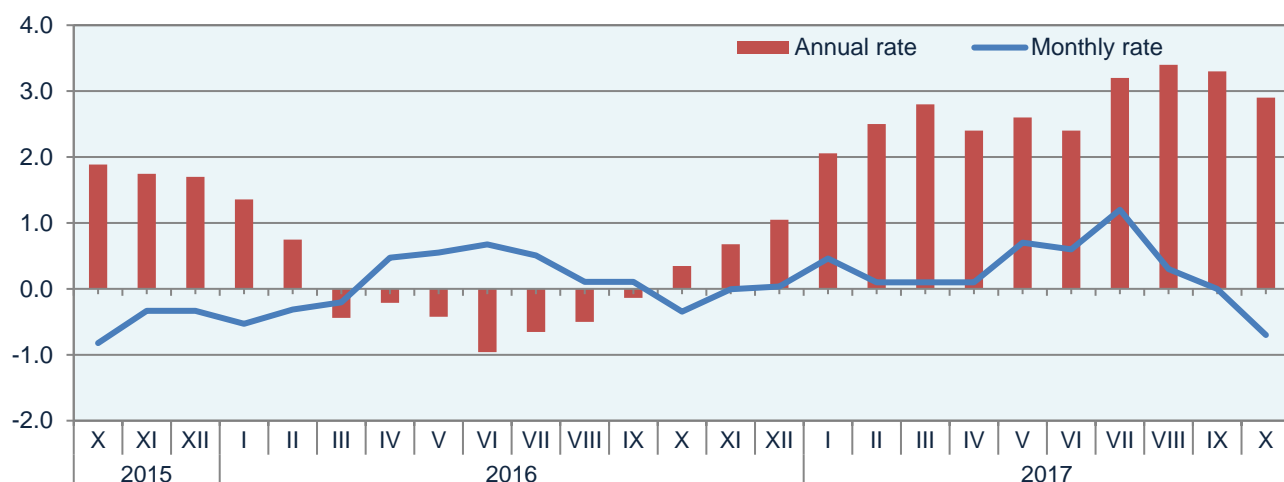
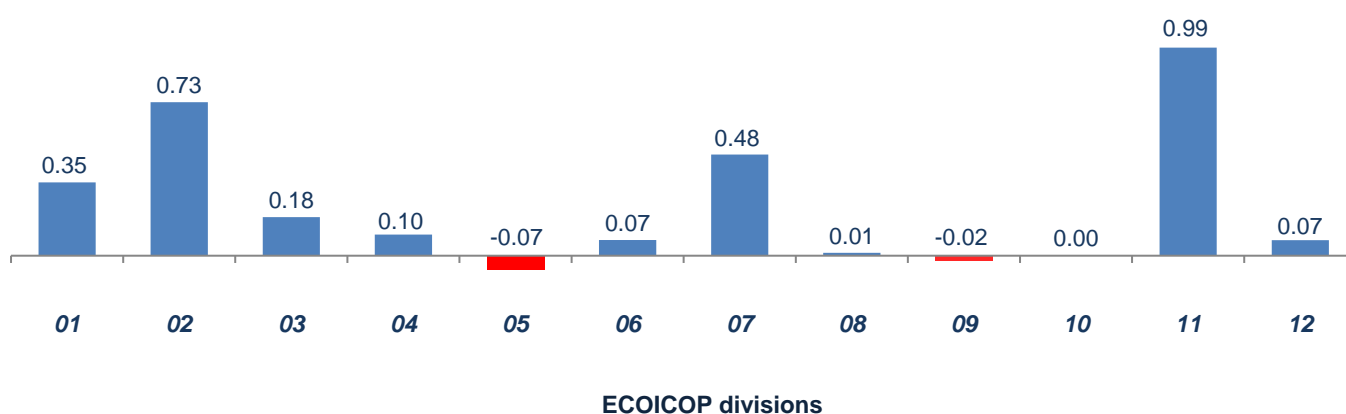


Table 1. Inflation rates measured by Harmonised Index of Consumer Prices, in %

	Name	Weights ‰	Oct 2017 Ø 2015	Oct 2017 Sep 2017	Oct 2017 Oct 2016	Oct 2017 Dec 2016
00	HICP - total	1000.0	3.6	-0.7	2.9	2.9
01	Food and non-alcoholic beverages	290.6	0.7	-0.1	1.1	0.7
02	Alcoholic beverages and tobacco	58.0	16.3	-0.1	12.5	12.0
03	Clothing and footwear	53.0	11.8	0.0	3.4	5.2
04	Housing, water, electricity, gas and other fuels	66.7	1.8	0.0	1.4	1.1
05	Furnishing, household equipment and routine household maintenance	89.2	-1.6	-0.4	-0.8	-0.6
06	Health	28.2	5.1	0.1	2.6	0.8
07	Transport	94.9	1.7	-0.2	5.0	4.3
08	Communications	48.6	0.7	0.0	0.2	0.2
09	Recreation and culture	41.0	-0.3	0.0	-0.6	-0.7
10	Education	13.2	0.0	0.0	0.0	0.0
11	Restaurants and hotels	179.8	8.4	-3.0	5.4	6.2
12	Miscellaneous goods and services	36.8	1.3	-0.1	1.9	1.8
Special aggregates						
	Products	678.0	3.0	-0.1	2.7	2.5
	Services	322.0	5.0	-1.8	3.2	3.7
	HICP - excluding food, alcoholic beverages and tobacco	651.4	3.8	-1.0	2.8	3.0
	Energy	85.0	1.8	-0.2	5.9	4.9
	Administrative inflation ⁽¹⁾	52.0	0.6	0.0	1.4	1.4

Chart 2. Divisions with largest impacts on the annual inflation rate (in %), October 2017



⁽¹⁾ Inflation which measures trend of administratively established prices, and the following prices are covered under this: water supply, sewerage collection, refuse collection, electricity, maintenance charges in multi-occupied buildings, co-payments for medical services, MOT test, parking services (hire of parking spaces), costs of driving lessons, postal services, entrance fees for national parks, school textbooks, pre-primary education, public kindergarten, motor vehicle insurance and issuing of administrative documents such as birth certificates.

Table 2. Groups with most important impacts on monthly inflation rate, Oct 2017

ECOICOP	Group	Weights ‰	Monthly inflation %	Influence in percentage points
0211	Spirits	5.9	1.3	0.01
0117	Vegetables	32.8	-0.1	-0.01
0511	Furniture and furnishings	17.0	-0.5	-0.01
0118	Sugar, jam, honey, chocolate and confectionery	13.8	-0.7	-0.01
0122	Mineral waters, soft drinks, fruit and vegetable juices	15.2	-1.0	-0.02
0213	Beer	14.1	-1.3	-0.02
0722	Fuels and lubricants for personal transport equipment	36.5	-0.5	-0.02
1111	Restaurants, cafes and the like	121.6	-0.1	-0.02
0116	Fruit	14.9	-1.9	-0.03
0561	Non-durable household goods	35.9	-0.8	-0.03
1120	Accommodation services	58.2	-8.1	-0.48

Table 3. Groups with most important impacts on annual inflation rate, Oct 2017

ECOICOP	Group	Weights ‰	Annual inflation %	Influence in percentage points
0220	Tobacco	32.9	21.4	0.71
1120	Accommodation services	58.2	10.2	0.60
0722	Fuels and lubricants for personal transport equipment	36.5	12.2	0.45
1111	Restaurants, cafes and the like	121.6	3.0	0.39
0114	Milk, cheese and eggs	61.4	1.8	0.12
0312	Garments	29.3	3.2	0.10
0112	Meat	68.7	1.2	0.10
0321	Shoes and other footwear	22.9	3.6	0.09
0116	Fruit	14.9	5.2	0.08
0611	Pharmaceutical products	17.5	4.1	0.07
0117	Vegetables	32.8	2.1	0.07
0451	Electricity	36.8	1.8	0.07
0960	Package holidays	5.4	-3.7	-0.02
0911	Equipment for the reception, recording and reproduction of sound and pictures	4.7	-5.2	-0.02
0213	Beer	14.1	-3.1	-0.04
0122	Mineral waters, soft drinks, fruit and vegetable juices	15.2	-3.8	-0.06
0561	Non-durable household goods	35.9	-2.5	-0.08

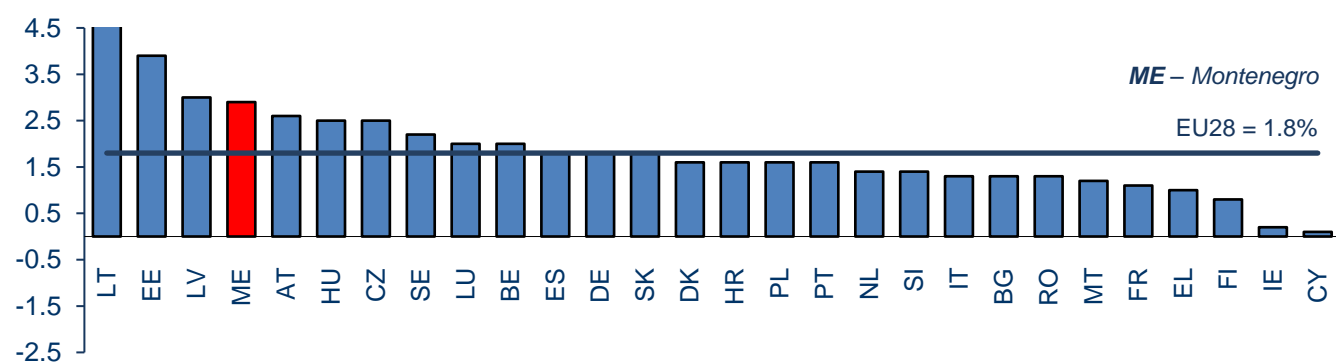
Table 4. Inflation rates in the EU measured by HICP, in %

	<u>Sep-16</u> <u>Sep-15</u>	<u>Apr-17</u> <u>Apr-16</u>	<u>May-17</u> <u>May-16</u>	<u>Jun-17</u> <u>Jun-16</u>	<u>Jul-17</u> <u>Jul-16</u>	<u>Aug-17</u> <u>Aug-16</u>	<u>Sep-17</u> <u>Sep-16</u>	<u>Sep-17</u> <u>Aug-17</u>
Euro area	0.4	1.9	1.4	1.3	1.3	1.5	1.5	0.4
European union	0.4	2.0	1.6	1.5	1.5	1.7	1.8	0.4
Belgium (BE)	1.8	2.7	1.9	1.5	1.8	2.0	2.0	-0.5
Bulgaria (BG)	-1.1	1.7	1.4	1.1	0.6	0.7	1.3	-0.2
Czech Republic (CZ)	0.5	2.1	2.5	2.4	2.4	2.4	2.5	-0.1
Denmark (DK)	-0.3	1.0	0.7	0.4	1.5	1.5	1.6	0.1
Germany (DE)	0.5	2.0	1.4	1.5	1.5	1.8	1.8	0.0
Estonia (EE)	1.7	3.6	3.5	3.1	3.9	4.2	3.9	-0.2
Ireland (IE)	-0.3	0.7	0.0	-0.6	-0.2	0.4	0.2	-0.6
Greece (EL)	-0.1	1.6	1.5	0.9	0.9	0.6	1.0	1.2
Spain (ES)	0.0	2.6	2.0	1.6	1.7	2.0	1.8	0.6
France (FR)	0.5	1.4	0.9	0.8	0.8	1.0	1.1	-0.2
Croatia (HR)	-0.7	1.4	1.0	1.1	1.2	1.5	1.6	0.3
Italy (IT)	0.1	2.0	1.6	1.2	1.2	1.4	1.3	1.8
Cyprus (CY)	-0.4	2.1	0.9	0.9	-0.1	0.5	0.1	-0.8
Latvia (LV)	0.5	3.3	2.7	3.1	2.6	3.2	3.0	0.2
Lithuania (LT)	0.6	3.5	3.2	3.5	4.1	4.6	4.6	0.8
Luxembourg (LU)	0.3	2.6	1.9	1.5	1.8	2.3	2.0	0.0
Hungary (HU)	0.7	2.3	2.1	2.0	2.2	2.7	2.5	0.1
Malta (MT)	0.9	1.1	1.1	1.0	1.2	1.2	1.2	-0.9
Netherlands (NL)	-0.1	1.4	0.7	1.0	1.5	1.5	1.4	-0.4
Austria (AT)	1.1	2.3	2.1	2.0	2.0	2.1	2.6	1.4
Poland (PL)	-0.2	1.8	1.5	1.3	1.4	1.4	1.6	0.2
Portugal (PT)	0.7	2.4	1.7	1.0	1.0	1.3	1.6	1.0
Romania (RO)	-0.1	0.6	0.5	0.7	0.9	0.6	1.3	0.6
Slovenia (SI)	0.2	1.7	1.5	0.9	1.2	1.4	1.4	0.3
Slovakia (SK)	-0.5	0.8	1.1	1.0	1.5	1.6	1.8	0.2
Finland (FI)	0.5	1.0	0.9	0.9	0.6	0.8	0.8	0.2
Sweden (SE)	0.8	2.0	1.8	1.8	2.3	2.2	2.2	0.1
United Kingdom (UK)	1.0	2.7	2.9	2.6	2.6	2.9

Source: EUROSTAT

p = provisional; * = revised; ... = not available

Chart 3. Annual inflation rate measured by HICP, September 2017



Euro area annual inflation was 1.5% in September 2017, stable compared with August 2017. **European Union** annual inflation was 1.8% in September 2017, up from 1.7% in August 2017.

METODOLOGICAL NOTES

Harmonised Index of Consumer Prices (HICP) is the basis for comparative measurement of inflation in the European Union, and it estimates a monetary value in the Eurozone. As a difference to Consumer Index Price (CPI), it uses different methodological concept which is used by all EU members.

Oct 2017 month of the current year

Ø 2015 average of base year

This rate indicates a change in average prices in current month when compared with average prices in the base year.

Oct 2017 month of the current year

Oct 2017 previous month of the current year

Monthly inflation rate (current month compared with previous month) measures a change of average prices of current months compared with average prices of previous month. Monthly inflation rate can be under the influence of seasonal effects.

Oct 2017 month of the current year

Oct 2016 the same month of previous year

Annual inflation rate (month of the current year compared with the same month of previous year) measures a change in average prices in current month compared with average prices in the same month of previous year. In the presence of a stable seasonal pattern, seasonal effects do not influence this measure.

Oct 2017 month of the current year

Dec 2016 December of the previous year

This rate indicates a change in average prices in current month compared with average prices in December of the previous year. In December this rate is equal the annual inflation rate.

The influence of certain groups on inflation rate indicates how much that certain 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 percentage points ($10 \times 5\% = 0.5$ percentage points - 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 percentage points ($12 \times 0.5\% = 0.06$ percentage points - 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. Summing up the influence in percentage points of all subgroups the final result should equal the all-items index rate of change in percentage.

Issued and printed by 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 PEJOVIĆ

Tel. +382-20-231-004

e-mail: contact@monstat.org