

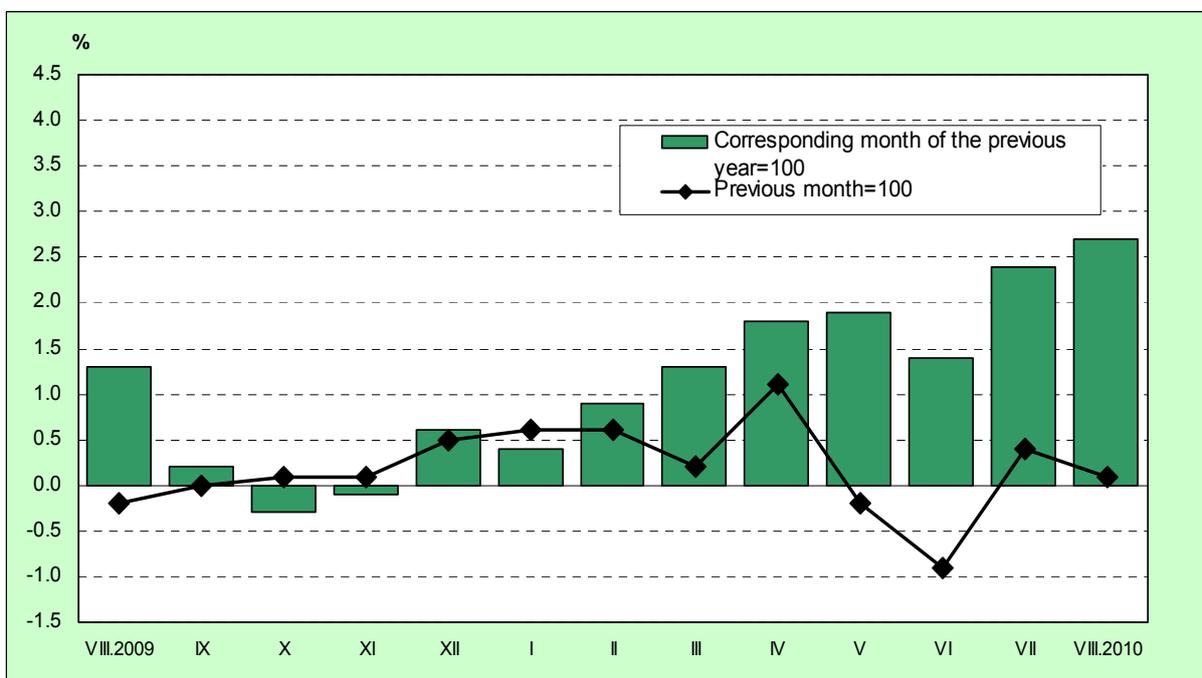


INFLATION AND CONSUMER PRICE INDICES IN AUGUST 2010

The **consumer price index** (CPI) in August 2010 compared to July 2010 was **100.1%**, i.e. the monthly inflation was **0.1%**. The inflation rate since the beginning of the year (August 2010 compared to December 2009) was **2.0%** and the annual inflation in August 2010 compared to August 2009 was **2.7%** (Table 1).

The annual average inflation, measured by CPI, in the last 12 months (September 2009 - August 2010) compared to the previous 12 months (September 2008 - August 2009) was **1.1%**.

Figure 1. Inflation measured by CPI by months



In August 2010 compared to the previous month the prices of goods and services in the main consumer groups have been changed as follows:

- Food and non-alcoholic beverages - an increase of **0.5%**;
- Alcoholic beverages and tobacco - a decrease of **0.2%**;
- Clothing and footwear - a decrease of **1.6%**;
- Housing (rentals, maintenance and repair), water, electricity, gas and other fuels - the prices have remained at the level of the previous month;
- Furnishings, household equipment and routine maintenance of the house - a decrease of **0.1%**;
- Health - an increase of **0.2%**;
- Transport - an increase of **0.7%**;
- Communications - a decrease of **0.2%**;
- Recreation and culture - a decrease of **0.1%**;



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- Education - an increase of **0.2%**;
- Restaurants and hotels - an increase of **0.1%**;
- Miscellaneous goods and service - a decrease of **0.2%**.

The **harmonized index of consumer prices (HICP)** in August 2010 compared to July 2010 was **100.2%**, i.e. the monthly inflation was **0.2%**. The inflation rate since the beginning of the year (August 2010 compared to December 2009) was **2.7%** and the annual inflation in August 2010 compared to August 2009 was **3.2%** (Table 2).

The annual average inflation, measured by HICP, in the last 12 months (September 2009 - August 2010) compared to the previous 12 months (September 2008 - August 2009) was **2.0%**.

In terms of HICP in August 2010 compared to the previous month the prices of goods and services in the main consumer groups have been changed as follows:

- Food and non-alcoholic beverages - an increase of **0.5%**;
- Alcoholic beverages and tobacco - a decrease of **0.2%**;
- Clothing and footwear - a decrease of **1.6%**;
- Housing (rentals, maintenance and repair), water, electricity, gas and other fuels - the prices have remained at the level of the previous month;
- Furnishings, household equipment and routine maintenance of the house - the prices have remained at the level of the previous month;
- Health - an increase of **0.2%**;
- Transport - an increase of **0.7%**;
- Communications - a decrease of **0.1%**;
- Recreation and culture - a decrease of **0.1%**;
- Education - an increase of **0.3%**;
- Restaurants and hotels - an increase of **0.1%**;
- Miscellaneous goods and service - a decrease of **0.1%**.

The **price index of a small basket (PISB)** in August 2010 compared to July 2010 was **100.2%** and the overall decrease since the beginning of the year (August 2010 compared to December 2009) was **99.2%** (Table 3).

In August compared to the previous month the prices of goods and services in the small basket for the 20% households with the lowest income, have changed as follows:

- Food products - an increase of **0.5%**;
- Non-food products - a decrease of **0.3%**;
- Services - the prices have remained at the level of the previous month.



Methodological notes

The **consumer price index (CPI)** is the official measure of inflation in the Republic of Bulgaria. It measures the total relative price change of goods and services used by households for private (non-production) consumption and it is calculated by applying the structure of the final monetary consumption expenditures of the Bulgarian households. The main source of information for the expenditures is the household budget survey in the country. CPI in year t is calculated with the expenditures structure of year $t-1$.

The **Harmonized Index of Consumer Prices (HICP)** is the comparable measure of inflation across EU Member states. It is one of the criteria of price stability and for readiness of Bulgaria to join the euro-zone. HICP, as well as CPI, measures the total relative price change of goods and services. Both indices are calculated using the same basket of goods and services, but differ with respect to the used weights. HICP is calculated through the use of weights, which reflect the individual and the collective consumption of all households (incl. institutional and foreign households) on the economic territory of the country. The main source of information for HICP weights is the national accounts data. HICP in year t is calculated with the weights of year $t-3$.

The **Price Index of a Small Basket (PISB)** is a measurement of the relative average price changes of 100 socially useful and vital for the living goods and services. The weights of this index reflect the expenditures of the 20% lowest income households. The source of weights information is the Households Budget Survey in the country. This index in year t is calculated with the weights of year $t-1$.

The **chain** consumer price indices measure the price change in current month compared to the previous month. The chain consumer price indices are used as a measure of **monthly inflation**.

The **12-month** consumer price indices measure the price changes having occurred between the current month and the same month of the previous year. The 12-month consumer price indices are used as a measure of **annual inflation**.

Consumer price indices **over December of the previous year** measure the accumulated changes in prices of the current month with respect to December of previous year. Consumer price indices over December of the previous year are used as measures of the **inflation since the beginning of the year**. In December of each year, the 12-month index is equal to the index over December of the previous year.

The **annual average** consumer price indices measure the average price change during the 12 months of the current year compared to the average price change during the 12 months of the previous year. The annual average consumer price indices are used as a measure of the **annual average inflation**.



Annexes

Table I

CONSUMER PRICE INDICES: AUGUST 2010

(Per cent)

Commodity groups	2009 - weights - %	August 2010		
		Previous month = 100	December 2009 = 100	Corresponding month of the previous year = 100
00 Total CPI	100.000	100.1	102.0	102.7
01 Food and non-alcoholic beverages	35.374	100.5	98.4	100.0
02 Alcoholic beverages, tobacco	5.557	99.8	126.1	126.2
03 Clothing and footwear	3.714	98.4	96.2	98.4
04 Housing, water, electricity, gas and other fuels	17.405	100.0	102.4	101.8
05 Furnishing, household equipment and routine maintenance of the house	4.432	99.9	99.2	98.7
06 Health	6.452	100.2	100.5	102.2
07 Transport	7.324	100.7	107.5	106.8
08 Communications	5.417	99.8	99.3	99.0
09 Recreation and culture	4.052	99.9	102.1	101.2
10 Education	0.587	100.2	100.7	107.9
11 Restaurants and hotels	5.872	100.1	100.4	101.6
12 Miscellaneous goods and services	3.813	99.8	103.1	104.0
Foods	36.793	100.4	98.5	100.1
Non-foods	31.093	99.9	105.9	106.1
Catering	5.497	100.1	101.3	102.8
Services	26.617	100.0	102.2	102.0



Table 2

HARMONISED INDICES OF CONSUMER PRICES: AUGUST 2010

(Per cent)

Commodity groups	2007 - weights - ‰	2005 = 100	August 2010		Corresponding month of the previous year = 100
			Previous month = 100	December 2009 = 100	
00 Total HICP	1000.000	136.96	100.2	102.7	103.2
01 Food and non-alcoholic beverages	201.215	134.07	100.5	98.4	100.0
02 Alcoholic beverages, tobacco	54.579	262.65	99.8	125.2	125.3
03 Clothing and footwear	37.378	123.98	98.4	96.7	98.6
04 Housing, water, electricity, gas and other fuels	91.637	132.72	100.0	103.0	102.4
05 Furnishing, household equipment and routine maintenance of the house	52.277	115.30	100.0	99.3	99.1
06 Health	51.124	126.87	100.2	100.5	101.9
07 Transport	199.470	134.22	100.7	106.1	105.4
08 Communications	53.996	93.72	99.9	99.1	98.8
09 Recreation and culture	59.016	119.49	99.9	102.0	101.2
10 Education	11.221	159.21	100.3	100.8	108.2
11 Restaurants and hotels	146.343	153.54	100.1	99.2	100.1
12 Miscellaneous goods and services	41.744	158.67	99.9	107.7	108.8

Table 3

**PRICE INDICES OF 100 SOCIALLY USEFUL AND VITAL FOR
THE LIVING GOODS AND SERVICES IN THE SMALL BASKET
FOR THE 20% LOWEST INCOME HOUSEHOLDS:
AUGUST 2010**

(Per cent)

Commodity groups	2009 - weights - %	August 2010
		Previous month = 100
Total PISB	100.000	100.2
Food and non-alcoholic beverages	58.789	100.5
Clothing and footwear	2.927	99.0
Housing, water, electricity, gas and other fuels	21.626	99.8
Furnishing, household equipment and routine maintenance of the house	2.349	100.0
Health	6.578	100.2
Transport	1.498	100.1
Communications	2.216	100.0
Recreation and culture	0.662	99.9
Miscellaneous goods and services	3.355	100.0
Foods	58.789	100.5
Non-foods	20.361	99.7
Services	20.851	100.0