

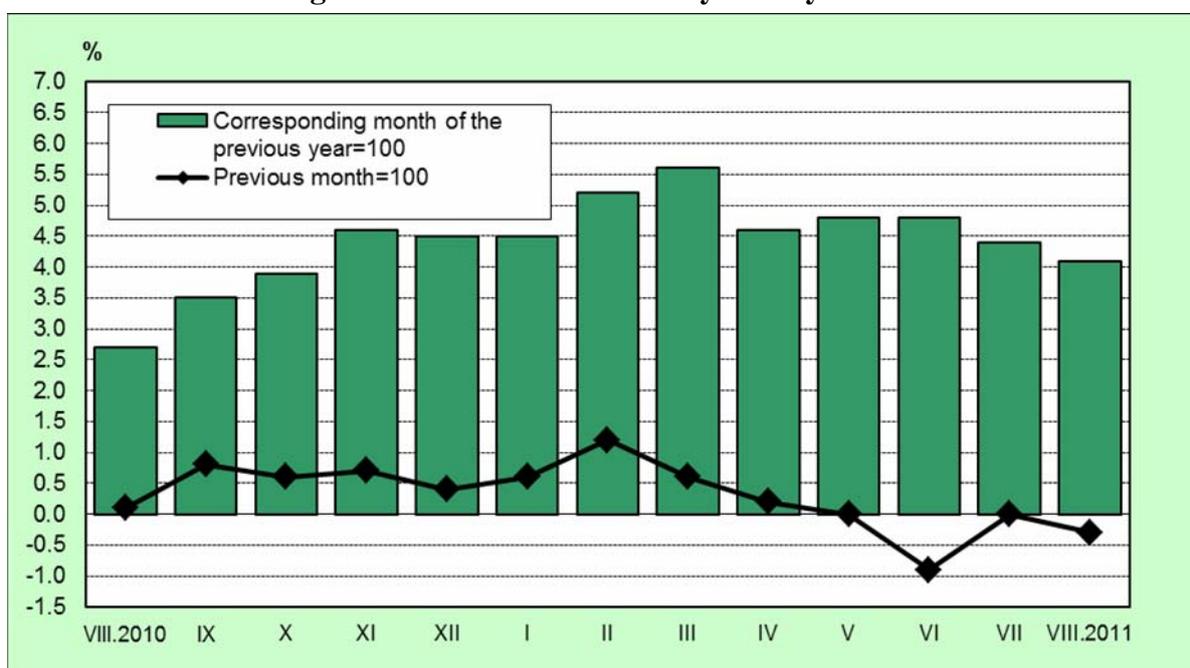


INFLATION AND CONSUMER PRICE INDICES IN AUGUST 2011

The **consumer price index** (CPI) in August 2011 compared to July 2011 was **99.7%**, i.e. the monthly inflation was **-0.3%**. The inflation rate since the beginning of the year (August 2011 compared to December 2010) was **1.5%** and the annual inflation in August 2011 compared to August 2010 was **4.1%** (Table 1).

The annual average inflation, measured by CPI, in the last 12 months (September 2010 - August 2011) compared to the previous 12 months (September 2009 - August 2010) was **4.5%**.

Figure 1. Inflation measured by CPI by months



In August 2011 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 - a decrease of **0.6%**;
- Alcoholic beverages and tobacco - a decrease of **0.2%**;
- Clothing and footwear - a decrease of **1.7%**;
- Housing (rentals, maintenance and repair), water, electricity, gas and other fuels - an increase of **0.2%**;
- Furnishings, household equipment and routine maintenance of the house - a decrease of **0.3%**;
- Health - the prices have remained at the level of the previous month;
- Transport - an increase of **0.1%**;
- Communications - the prices have remained at the level of the previous month;
- Recreation and culture - a decrease of **0.5%**;
- Education - an increase of **0.1%**;



- Restaurants and hotels - an increase of **0.2%**;
- Miscellaneous goods and service - an increase of **0.3%**.

The **harmonized index of consumer prices (HICP)** in August 2011 compared to July 2011 was **99.9%**, i.e. the monthly inflation was **-0.1%**. The inflation rate since the beginning of the year (August 2011 compared to December 2010) was **1.3%** and the annual inflation in August 2011 compared to August 2010 was **3.1%** (Table 2).

The annual average inflation, measured by HICP, in the last 12 months (September 2010 - August 2011) compared to the previous 12 months (September 2009 - August 2010) was **3.8%**.

In terms of HICP in August 2011 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 - a decrease of **0.4%**;
- Alcoholic beverages and tobacco - a decrease of **0.2%**;
- Clothing and footwear - a decrease of **1.4%**;
- Housing (rentals, maintenance and repair), water, electricity, gas and other fuels - an increase of **0.1%**;
- Furnishings, household equipment and routine maintenance of the house - a decrease of **0.5%**;
- Health - the prices have remained at the level of the previous month;
- Transport - an increase of **0.2%**;
- Communications - the prices have remained at the level of the previous month;
- Recreation and culture - a decrease of **0.5%**;
- Education - an increase of **0.1%**;
- Restaurants and hotels - an increase of **0.2%**;
- Miscellaneous goods and service - an increase of **0.6%**.

The **price index of a small basket (PISB)** in August 2011 compared to July 2011 was **99.7%** and the overall increase since the beginning of the year (August 2011 compared to December 2010) was **102.1%** (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 - a decrease of **0.6%**;
- Non-food products - the prices have remained at the level of the previous month;
- Services - an increase of **0.1%**.



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 1

CONSUMER PRICE INDICES: AUGUST 2011

(Per cent)

Commodity groups	2010 weights - %	August 2011		
		Previous month = 100	December 2010 = 100	Corresponding month of the previous year = 100
00 Total CPI	100.000	99.7	101.5	104.1
01 Food and non-alcoholic beverages	36.588	99.4	102.0	107.8
02 Alcoholic beverages, tobacco	5.414	99.8	99.7	100.0
03 Clothing and footwear	3.411	98.3	98.9	103.0
04 Housing, water, electricity, gas and other fuels	17.174	100.2	100.9	102.3
05 Furnishing, household equipment and routine maintenance of the house	4.069	99.7	99.9	100.2
06 Health	6.656	100.0	101.3	101.8
07 Transport	7.367	100.1	105.3	107.8
08 Communications	5.585	100.0	99.8	99.3
09 Recreation and culture	3.670	99.5	100.1	97.2
10 Education	0.488	100.1	100.9	101.8
11 Restaurants and hotels	5.601	100.2	102.1	103.3
12 Miscellaneous goods and services	3.976	100.3	101.7	102.5
Foods	37.903	99.4	102.0	107.6
Non-foods	30.159	99.9	101.0	102.6
Catering	5.287	100.2	102.4	103.3
Services	26.651	100.0	101.2	101.3



Table 2

HARMONISED INDICES OF CONSUMER PRICES: AUGUST 2011

(Per cent)

Commodity groups	2008 - weights - ‰	2005 = 100	August 2011		Corresponding month of the previous year = 100
			Previous month = 100	December 2010 = 100	
00 Total HICP	1000.000	141.17	99.9	101.3	103.1
01 Food and non-alcoholic beverages	204.178	144.94	99.6	102.4	108.1
02 Alcoholic beverages, tobacco	109.003	262.73	99.8	99.8	100.0
03 Clothing and footwear	34.492	127.75	98.6	99.3	103.0
04 Housing, water, electricity, gas and other fuels	77.973	135.51	100.1	100.8	102.1
05 Furnishing, household equipment and routine maintenance of the house	78.591	115.00	99.5	99.2	99.7
06 Health	50.077	131.78	100.0	103.4	103.9
07 Transport	170.839	141.38	100.2	104.1	105.3
08 Communications	56.378	92.52	100.0	99.0	98.7
09 Recreation and culture	71.156	114.02	99.5	98.4	95.4
10 Education	10.876	162.03	100.1	100.8	101.8
11 Restaurants and hotels	69.176	157.20	100.2	100.9	102.4
12 Miscellaneous goods and services	67.260	163.42	100.6	101.7	103.0

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 2011**

Commodity groups	2010 weights - %	(Per cent)
		August 2011 Previous month = 100
Total PISB	100.000	99.7
Food and non-alcoholic beverages	58.653	99.4
Clothing and footwear	2.765	99.3
Housing, water, electricity, gas and other fuels	21.623	100.3
Furnishing, household equipment and routine maintenance of the house	2.728	98.6
Health	5.982	100.4
Transport	1.908	100.3
Communications	1.709	100.0
Recreation and culture	0.579	100.0
Miscellaneous goods and services	4.054	99.7
Foods	58.653	99.4
Non-foods	19.631	100.0
Services	21.716	100.1