



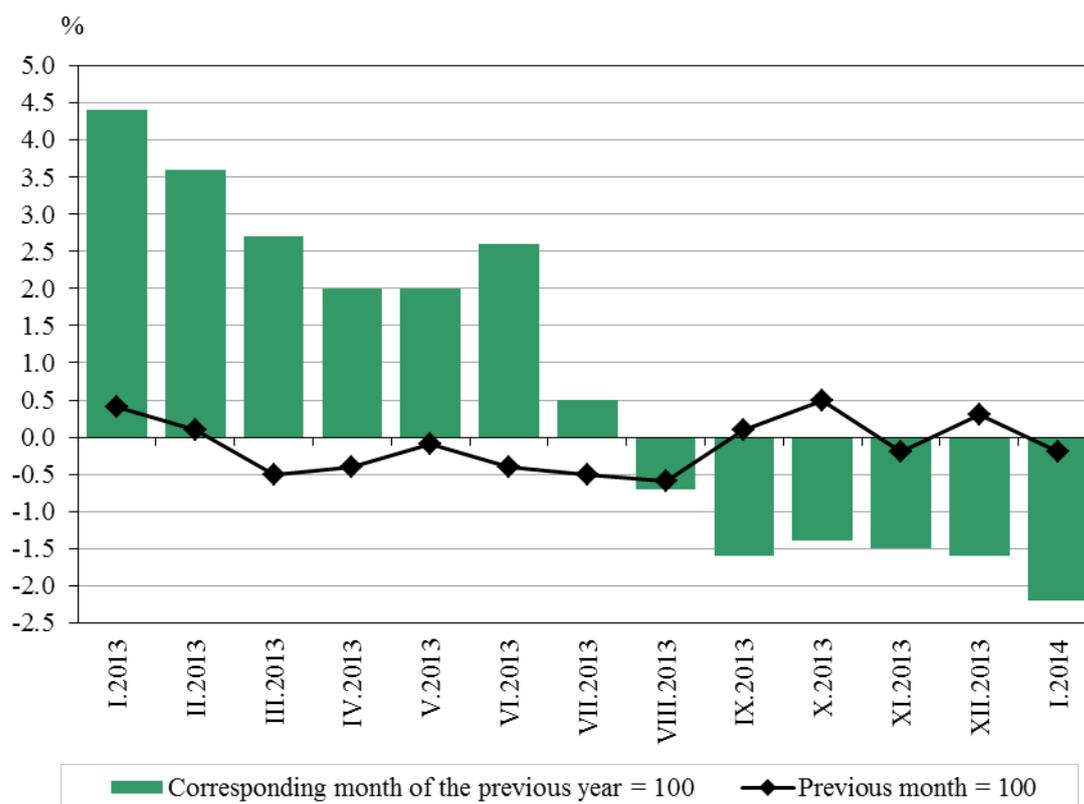
## INFLATION AND CONSUMER PRICE INDICES IN JANUARY 2014

### Consumer price index (CPI)

According to the preliminary data of the NSI, the **consumer price index** in January 2014 compared to December 2013 was 99.8%, i.e. the monthly inflation was -0.2%. The annual inflation in January 2014 compared to January 2013 was -2.2% (Figure 1 and Annex, Table 1).

The annual average inflation, measured by CPI, in the last 12 months (February 2013 - January 2014) compared to the previous 12 months (February 2012 - January 2013) was 0.3%.

**Figure 1. Inflation measured by CPI by months**



In January 2014 compared to the previous month the prices of goods and services in the main consumer groups have changed as follows:

- Food and non-alcoholic beverages - an increase of 0.9%;
- Alcoholic beverages and tobacco - an increase of 0.2%;
- Clothing and footwear - a decrease of 3.2%;
- Housing (rentals, maintenance and repair), water, electricity, gas and other fuels - a decrease of 1.2%;
- Furnishings, household equipment and routine maintenance of the house - a decrease of 0.1%;
- Health - a decrease of 1.9%;
- Transport - a decrease of 0.5%;



- Communications - the prices remained at the level of the previous month;
- Recreation and culture - the prices remained at the level of the previous month;
- Education - the prices remained at the level of the previous month;
- Restaurants and hotels - an increase of 0.4%;
- Miscellaneous goods and service - a decrease of 0.1%.

### **Harmonized index of consumer prices (HICP)**

According to the preliminary data of the NSI, the **harmonized index of consumer prices** in January 2014 compared to December 2013 was 99.8%, i.e. the monthly inflation was -0.2%. The annual inflation in January 2014 compared to January 2013 was -1.3% (Annex, Table 2).

The annual average inflation, measured by HICP, in the last 12 months (February 2013 - January 2014) compared to the previous 12 months (February 2012 - January 2013) was 0.1%.

In terms of HICP, in January 2014 compared to the previous month the prices of goods and services in the main consumer groups have changed as follows:

- Food and non-alcoholic beverages - an increase of 0.9%;
- Alcoholic beverages and tobacco - an increase of 0.2%;
- Clothing and footwear - a decrease of 2.7%;
- Housing (rentals, maintenance and repair), water, electricity, gas and other fuels - a decrease of 1.3%;
- Furnishings, household equipment and routine maintenance of the house - a decrease of 0.1%;
- Health - a decrease of 2.8%;
- Transport - a decrease of 0.5%;
- Communications - a decrease of 0.1%;
- Recreation and culture - a decrease of 0.3%;
- Education - an increase of 0.1%;
- Restaurants and hotels - an increase of 1.1%;
- Miscellaneous goods and service - a decrease of 0.4%.

### **Price index of a small basket (PISB)**

According to the preliminary data of the NSI, the **price index of a small basket** in January 2014 compared to December 2013 was 100.0% (Annex, Table 3).

In January 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 1.0%;
- Non-food products - a decrease of 0.6%;
- Services - a decrease of 1.9%.



## 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 is calculated by applying the structure of the final monetary consumption expenditures of 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 readiness of Bulgaria to join the euro-zone. HICP, as well as CPI, measure 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 weights used. 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  $t-2$ .

The **Price Index of a Small Basket (PISB)** is a measurement of the relative average price changes of 100 socially useful and vital for living goods and services. The weights of this index reflect the expenditures of the 20% lowest household's incomes. 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 the 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 occurring between the current month and the same month of the previous year. The 12-months 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 the 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-months 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**.

**January 2014 price indices are released as preliminary** since they are calculated with the household budget data for the period October 2012 – September 2013. **The final January 2014 consumer price indices**, calculated with the annual 2013 household budget data for the weights, will be released along with the February 2014 data.



## Annex

**Table 1**

### Consumer price indices in January 2014 (preliminary data)

(Per cent)

| Commodity groups   | October<br>2012 -<br>September<br>2013<br>weights | January 2014            |                        |   |
|--|---|-------------------------|------------------------|---|
|  |   | Previous<br>month = 100 | December<br>2013 = 100 | Corresponding<br>month of the<br>previous year<br>= 100 |
| <b>00 Total CPI</b>  | <b>100.000</b>                                    | <b>99.8</b>             | <b>99.8</b>            | <b>97.8</b>   |
| 01 Food and non-alcoholic beverages  | 33.139  | 100.9                   | 100.9                  | 98.3  |
| 02 Alcoholic beverages, tobacco  | 4.940   | 100.2                   | 100.2                  | 101.5   |
| 03 Clothing and footwear   | 4.193   | 96.8                    | 96.8                   | 99.4  |
| 04 Housing, water, electricity, gas and other<br>fuels                     | 17.813  | 98.8                    | 98.8                   | 92.4  |
| 05 Furnishing, household equipment and<br>routine maintenance of the house | 4.234   | 99.9                    | 99.9                   | 99.6  |
| 06 Health  | 6.265   | 98.1                    | 98.1                   | 96.4  |
| 07 Transport   | 8.440   | 99.5                    | 99.5                   | 100.7   |
| 08 Communications  | 5.273   | 100.0                   | 100.0                  | 100.1   |
| 09 Recreation and culture  | 4.660   | 100.0                   | 100.0                  | 96.6  |
| 10 Education   | 0.589   | 100.0                   | 100.0                  | 100.9   |
| 11 Restaurants and hotels  | 6.068   | 100.4                   | 100.4                  | 102.3   |
| 12 Miscellaneous goods and services  | 4.386   | 99.9                    | 99.9                   | 100.3   |
| Foods  | 34.394  | 100.9                   | 100.9                  | 98.4  |
| Non-foods  | 31.812  | 99.4                    | 99.4                   | 99.0  |
| Catering   | 5.635   | 100.1                   | 100.1                  | 102.1   |
| Services   | 28.159  | 98.9                    | 98.9                   | 95.1  |



Table 2

**Harmonized indices of consumer prices in January 2014 (preliminary data)**

| Commodity groups  | 2012 weights    | January 2014  |                      |                     |  |
|---|-----------------|---------------|----------------------|---------------------|--|
|   |                 | 2005 = 100    | Previous month = 100 | December 2013 = 100 | Corresponding month of the previous year = 100 |
|   | %               | %             |                      |                     |  |
| <b>00 Total HICP</b>  | <b>1000.000</b> | <b>144.53</b> | <b>99.8</b>          | <b>99.8</b>         | <b>98.7</b>                                    |
| 01 Food and non-alcoholic beverages                                     | 230.187         | 154.83        | 100.9                | 100.9               | 98.5   |
| 02 Alcoholic beverages, tobacco   | 69.202          | 270.85        | 100.2                | 100.2               | 102.1  |
| 03 Clothing and footwear  | 33.884          | 128.21        | 97.3                 | 97.3                | 99.7   |
| 04 Housing, water, electricity, gas and other fuels                     | 86.800          | 138.00        | 98.7                 | 98.7                | 92.9   |
| 05 Furnishing, household equipment and routine maintenance of the house | 66.965          | 115.05        | 99.9                 | 99.9                | 99.1   |
| 06 Health   | 59.898          | 134.83        | 97.2                 | 97.2                | 96.1   |
| 07 Transport  | 189.051         | 144.53        | 99.5                 | 99.5                | 100.1  |
| 08 Communications   | 59.987          | 90.71         | 99.9                 | 99.9                | 99.4   |
| 09 Recreation and culture   | 63.308          | 102.64        | 99.7                 | 99.7                | 95.4   |
| 10 Education  | 9.404           | 179.48        | 100.1                | 100.1               | 100.7  |
| 11 Restaurants and hotels   | 78.020          | 168.48        | 101.1                | 101.1               | 102.5  |
| 12 Miscellaneous goods and services                                     | 53.295          | 167.61        | 99.6                 | 99.6                | 99.6   |

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 in January 2014 (preliminary data)**

(Per cent)

| Commodity groups   | October 2012 - September 2013 weights | January 2014         |
|--|---------------------------------------|----------------------|
|  |                                       | Previous month = 100 |
| <b>Total PISB</b>  | <b>100.000</b>                        | <b>100.0</b>         |
| Food and non-alcoholic beverages                                     | 55.360                                | 101.0                |
| Clothing and footwear  | 3.028                                 | 97.9                 |
| Housing, water, electricity, gas and other fuels                     | 25.495                                | 98.5                 |
| Furnishing, household equipment and routine maintenance of the house | 2.326                                 | 99.8                 |
| Health   | 6.724                                 | 99.1                 |
| Transport  | 1.442                                 | 100.0                |
| Communications   | 1.077                                 | 100.0                |
| Recreation and culture   | 0.672                                 | 100.3                |
| Miscellaneous goods and services                                     | 3.877                                 | 99.4                 |
| Foods  | 55.360                                | 101.0                |
| Non-foods  | 23.062                                | 99.4                 |
| Services   | 21.578                                | 98.1                 |