



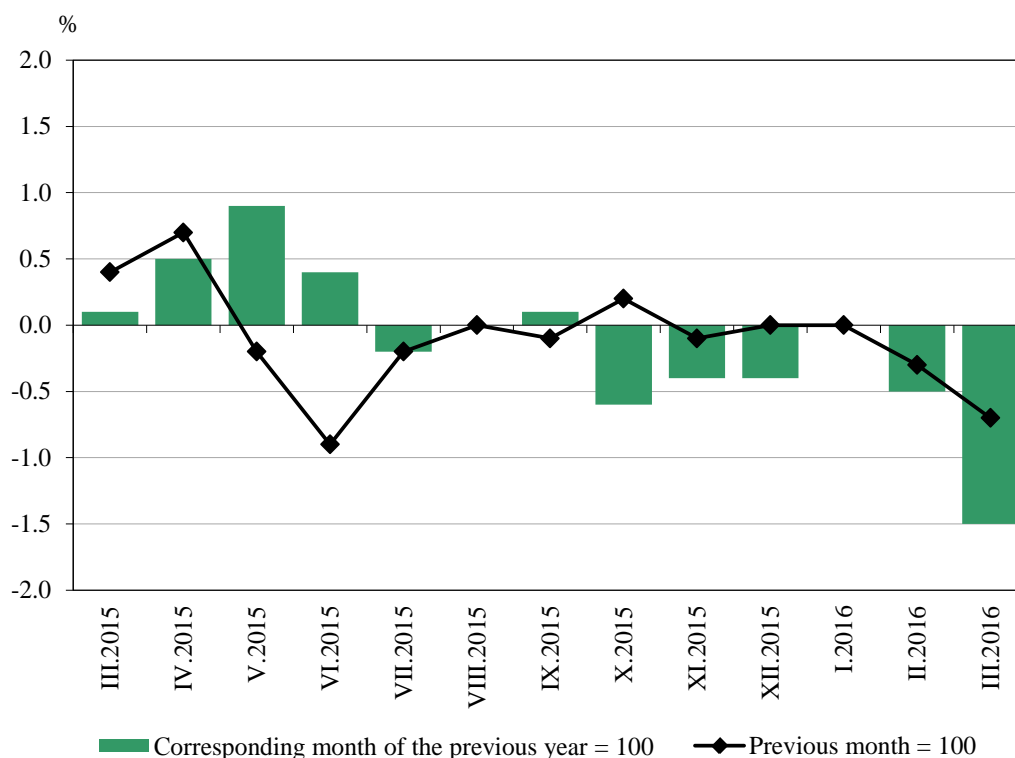
## INFLATION AND CONSUMER PRICE INDICES IN MARCH 2016

### Consumer price index (CPI)

The **consumer price index** in March 2016 compared to February 2016 was 99.3%, i.e. the monthly inflation was -0.7%. The inflation rate since the beginning of the year (March 2016 compared to December 2015) has been -1.0% and the annual inflation in March 2016 compared to March 2015 was -1.5% (Figure 1 and Annex, Table 1).

The annual average inflation, measured by CPI, in the last 12 months (April 2015 - March 2016) compared to the previous 12 months (April 2014 - March 2015) was -0.2%.

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



In March 2016 compared to the previous month the prices of goods and services in the main consumer groups changed as follows:

- Food and non-alcoholic beverages - a decrease of 0.9%;
- Alcoholic beverages and tobacco - an increase of 0.1%;
- Clothing and footwear - a decrease of 1.1%;
- Housing, water, electricity, gas and other fuels - the prices remained at the level of the previous month;
- Furnishings, household equipment and routine maintenance of the house - a decrease of 0.2%;



- Health - a decrease of 0.3%;
- Transport - a decrease of 1.7%;
- Communications - a decrease of 1.9%;
- Recreation and culture - a decrease of 0.9%;
- Education - the prices remained at the level of the previous month;
- Restaurants and hotels - a decrease of 0.2%;
- Miscellaneous goods and service - a decrease of 0.1%.

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

The **harmonized index of consumer prices** in March 2016 compared to February 2016 was 99.4%, i.e. the monthly inflation was -0.6%. The inflation rate since the beginning of the year (March 2016 compared to December 2015) has been -1.3% and the annual inflation in March 2016 compared to March 2015 was -1.9% (Annex, Table 2).

The annual average inflation, measured by HICP, in the last 12 months (April 2015 - March 2016) compared to the previous 12 months (April 2014 - March 2015) was -0.9%.

In terms of HICP, in March 2016 compared to the previous month the prices of goods and services in the main consumer groups changed as follows:

- Food and non-alcoholic beverages - a decrease of 0.7%;
- Alcoholic beverages and tobacco - the prices remained at the level of the previous month;
- Clothing and footwear - a decrease of 0.8%;
- Housing, water, electricity, gas and other fuels - a decrease of 0.1%;
- Furnishings, household equipment and routine maintenance of the house - a decrease of 0.4%;
- Health - a decrease of 0.2%;
- Transport - a decrease of 1.1%;
- Communications - a decrease of 1.5%;
- Recreation and culture - a decrease of 0.7%;
- Education - the prices remained at the level of the previous month;
- Restaurants and hotels - a decrease of 1.0%;
- Miscellaneous goods and service - the prices remained at the level of the previous month.



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

The **price index of a small basket** in March 2016 compared to February 2016 was 99.5% and the overall increase since the beginning of the year (March 2016 compared to December 2015) has been 100.4% (Annex, Table 3).

In March 2016 compared to the previous month the prices of goods and services in the small basket for the 20% households with the lowest income changed as follows:

- Food products - a decrease of 1.0%;
- Non-food products - an increase of 0.1%;
- Services - the prices 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 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  $t-2$ .

In compliance with Regulation (EC) No 2015/2010 since **January 2016 the base year for HICP has been changed** and the all indices have been calculated and published at **2015 as a base year**. The time series have been recalculated according to the new base year and have been posted on the NSI website (www.nsi.bg).

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**.



Annex

Table 1

Consumer price indices in March 2016

(Per cent)

Commodity groups	2015 weights	March 2016		
		Previous month = 100	December 2015 = 100	Corresponding month of the previous year = 100
<b>00 Total CPI</b>	<b>100.000</b>	<b>99.3</b>	<b>99.0</b>	<b>98.5</b>
01 Food and non-alcoholic beverages	31.842	99.1	100.4	98.6
02 Alcoholic beverages and tobacco	5.259	100.1	100.8	101.4
03 Clothing and footwear	4.305	98.9	94.2	100.5
04 Housing, water, electricity, gas and other fuels	17.350	100.0	100.0	99.8
05 Furnishings, household equipment and routine household maintenance	4.517	99.8	98.5	99.1
06 Health	6.579	99.7	99.8	99.2
07 Transport	8.961	98.3	93.5	89.3
08 Communication	5.274	98.1	97.9	97.1
09 Recreation and culture	5.285	99.1	98.8	99.6
10 Education	0.634	100.0	100.1	102.5
11 Restaurants and hotels	5.382	99.8	100.1	101.6
12 Miscellaneous goods and service	4.612	99.9	98.5	99.1
Foods	33.250	99.1	100.3	98.7
Non-foods	33.186	99.4	97.3	97.5
Catering	4.833	100.2	100.5	101.8
Services	28.732	99.4	99.2	98.9



Table 2

**Harmonized indices of consumer prices in March 2016**

Commodity groups	2014 weights	March 2016			
		2015 = 100	Previous month = 100	December 2015 = 100	Corresponding month of the previous year = 100
	‰	%			
<b>00 Total HICP</b>	<b>1000.000</b>	<b>98.28</b>	<b>99.4</b>	<b>98.7</b>	<b>98.1</b>
01 Food and non-alcoholic beverages	209.799	99.75	99.3	100.3	99.1
02 Alcoholic beverages and tobacco	78.922	101.06	100.0	100.7	101.3
03 Clothing and footwear	37.124	97.45	99.2	95.3	101.0
04 Housing, water, electricity, gas and other fuels	103.166	99.35	99.9	100.0	98.6
05 Furnishings, household equipment and routine household maintenance	77.477	98.96	99.6	99.0	99.2
06 Health	58.442	99.85	99.8	99.9	99.5
07 Transport	159.516	92.43	98.9	94.9	91.4
08 Communication	64.338	97.21	98.5	98.0	97.0
09 Recreation and culture	65.636	99.24	99.3	98.9	99.2
10 Education	9.090	101.33	100.0	100.1	101.9
11 Restaurants and hotels	80.952	100.47	99.0	99.3	101.3
12 Miscellaneous goods and service	55.538	98.79	100.0	98.2	99.5

**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 March 2016**

(Per cent)

Commodity groups	2015 weights	March 2016
		Previous month = 100
<b>Total PISB</b>	<b>100.000</b>	<b>99.5</b>
Food and non-alcoholic beverages	52.986	99.0
Clothing and footwear	3.664	99.5
Housing, water, electricity, gas and other fuels	26.594	100.0
Furnishings, household equipment and routine household maintenance	2.309	102.8
Health	7.832	99.5
Transport	1.422	100.0
Communication	0.659	100.0
Recreation and culture	0.693	100.0
Miscellaneous goods and service	3.841	100.5
Foods	52.986	99.0
Non-foods	24.728	100.1
Services	22.285	100.0