

# Consumer Price Index

## May, 2016

**Tirana, on June 08, 2016:** Consumer Price Index in May 2016 arrived 100.8 % considerate December 2015 as base period.

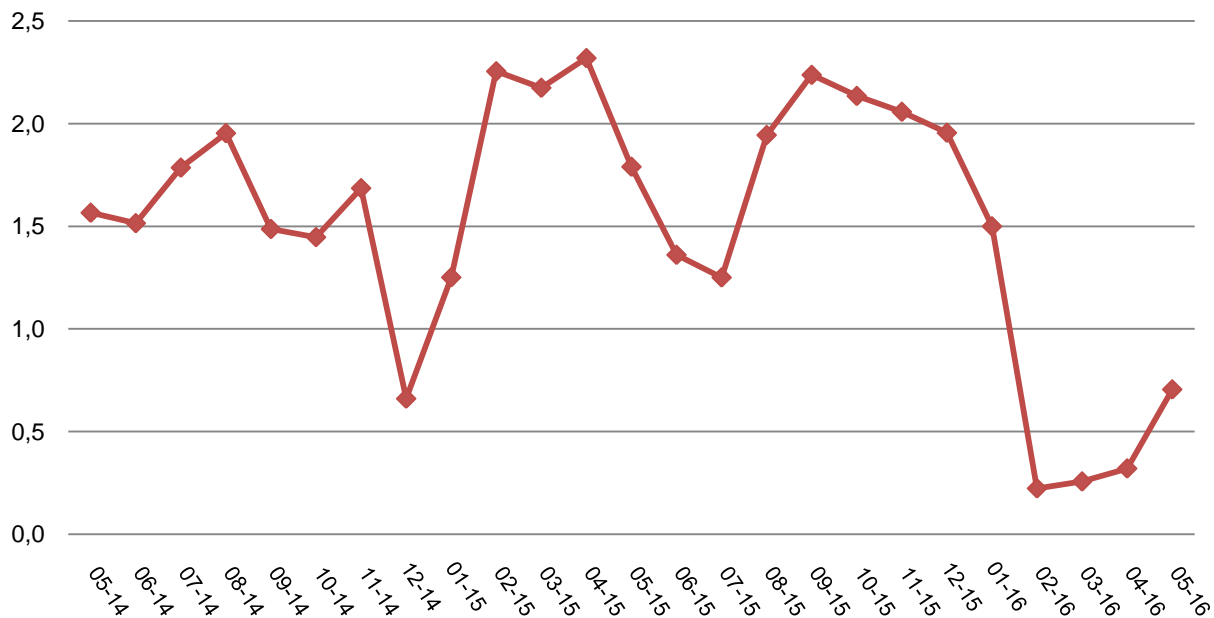
**In May 2016 the annual rate of consumer price is 0.7 %.** A year before the annual rate was 1.8 %.

**Contribution of main groups in yearly changes of CPI:** Annual growth rate in May was push up mainly from “Food and non-alcoholic beverage” group by +0.83 p.p. Prices of “Education service” group contributed by + 0.19 p.p. in annual rate. Price of “Housing, water, electricity gas and other fuel” group contributed by + 0.10 p.p..Prices of “Alcoholic beverages and tobacco” group contributed by +0.08 p.p.. Prices of “Hotel, coffee-house restaurants” and “Recreation and culture” groups contributed respectively by +0.03 p.p. and 0.02 p.p.. Prices of “Transport” groups, contributed by -0.29 p.p.. Prices of “Health” groups contributed by -0.11. Prices of “Clothing and footwear” groups contributed by -0.08 p.p. (see Fig. 2, pg 2)

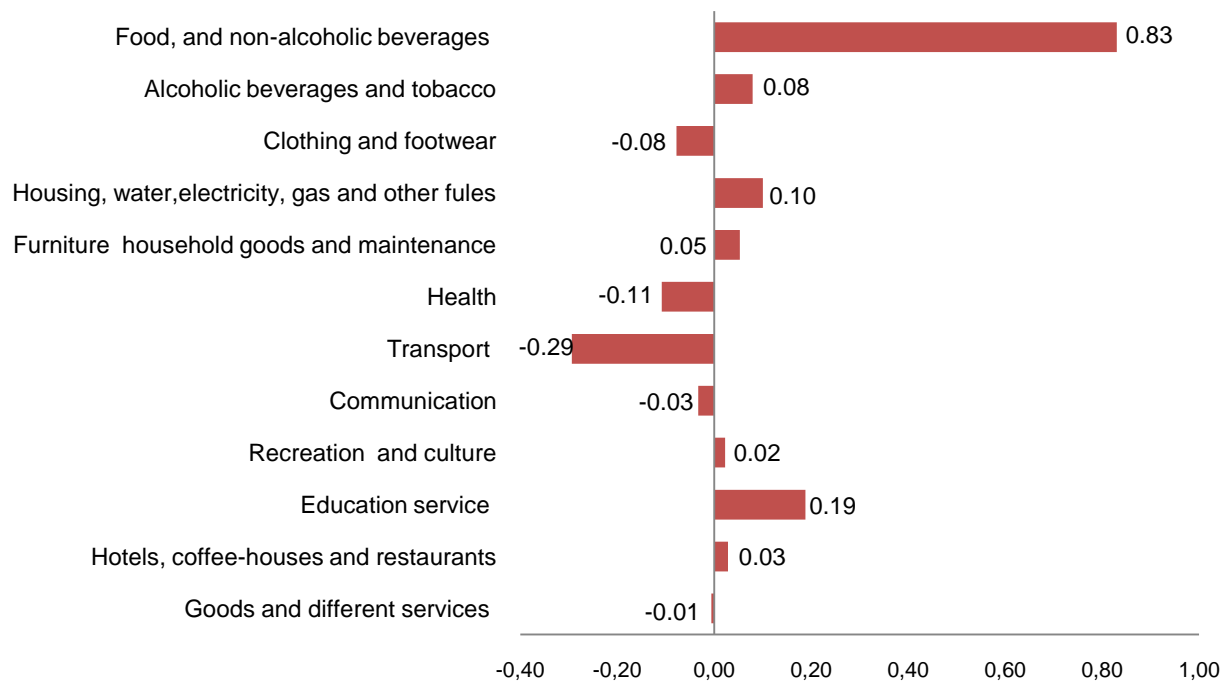
**Yearly rate of main groups:** Compared to May 2015, prices increased the most in the group, “Education services” group by 4.8 %, followed by “Food and non-alcoholic beverage” by 2.3 %, “Alcoholic drinks and tobacco” group by 1.6 etc. Within the food group prices of “fruits” are increased by 23.2 %, followed by “vegetables include potatoes” subgroup by 5.2 %, “oil and fat” subgroup by 1.4 %, “sugar, jam and dessert” subgroup by 1.2 %, etc. Meanwhile, prices of “bread and cereals” and “meat” subgroup each of them are decreased by 1.1 %, followed by “fish” subgroup” by 0.2 %. etc. On the other hand prices decreased the most in the “Transport” group by 4.7 %, followed by “Health” group by 2.8 %, “Clothing and footwear” group by 1.9 %,

**Monthly rate of consumer price is – 1.2 %.** Compared to April 2016 prices decreased the most in “Food and non-alcoholic beverage” group by 3.4 %. Within the food group prices are decrease the most in the “vegetables included potatoes” subgroup by 18.4 %.

**Fig. 1 Annual rate of consumer price index**



**Fig. 2 Contribute of main groups in annual rate**



**Notice:** Individual Contribution may no sum to total annual changes due to rounding.

**Tab. 1 Consumer Price Index**

December 2015=100 %

Code	Groups	Weights	05-15	06-15	07-15	08-15	09-15	10-15	11-15	12-15	01-16	02-16	03-16	04-16	05-16
<b>Total</b>		<b>100.0</b>	<b>100.1</b>	<b>99.0</b>	<b>98.4</b>	<b>99.1</b>	<b>99.7</b>	<b>99.7</b>	<b>99.4</b>	<b>100.0</b>	<b>100.9</b>	<b>102.0</b>	<b>102.5</b>	<b>102.0</b>	<b>100.8</b>
1	Food, and non-alcoholic beverages	36.1	100.1	97.8	96.3	98.2	99.4	99.3	98.7	100.0	102.5	105.9	107.0	105.9	102.4
2	Alcoholic beverages and tobacco	5.0	99.3	99.6	99.3	99.5	99.5	99.6	99.4	100.0	100.5	100.8	101.2	100.8	100.9
3	Clothing and footwear	4.0	100.4	99.8	99.3	98.5	98.5	99.3	99.8	100.0	99.4	98.1	98.4	98.3	98.4
4	Housing, water, electricity, gas and other fuels	20.3	100.0	100.2	100.3	100.3	100.3	100.0	100.0	100.0	100.7	100.7	100.7	100.6	100.5
5	Furniture household goods and maintenance	7.4	99.6	99.4	99.5	99.6	99.5	99.4	99.5	100.0	100.3	100.3	100.0	100.3	100.3
6	Health	3.9	102.8	99.6	100.1	100.1	100.3	100.5	100.0	100.0	100.0	100.1	100.2	100.2	100.0
7	Transport	6.3	101.9	102.3	102.7	102.0	101.2	101.2	100.0	100.0	96.7	95.8	96.3	96.3	97.2
8	Communication	2.8	101.1	101.1	101.1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.3	99.9	99.9
9	Recreation and culture	2.8	99.4	99.3	98.9	99.1	100.0	100.2	100.1	100.0	100.2	100.1	100.1	100.2	100.2
10	Education service	3.9	95.4	95.4	95.4	95.8	96.2	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
11	Hotels, coffee-houses and restaurants	2.6	99.0	99.1	99.1	99.2	100.0	100.0	99.9	100.0	100.0	100.0	100.0	100.1	100.1
12	Goods and different services	4.9	100.4	100.3	99.9	99.7	100.6	100.2	100.4	100.0	100.0	100.1	100.1	100.2	100.3

**Tab. 2 Annual rate of CPI**

%

Code	Groups	05-15/05-14	06-15/06-14	07-15/07-14	08-15/08-14	09-15/09-14	10-15/10-14	11-15/11-14	12-15/12-14	01-16/01-15	02-16/02-15	03-16/03-15	04-16/04-15	05-16/05-15
<b>Total</b>		<b>1.8</b>	<b>1.4</b>	<b>1.3</b>	<b>1.9</b>	<b>2.2</b>	<b>2.1</b>	<b>2.1</b>	<b>2.0</b>	<b>1.5</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.7</b>
1	Food, and non-alcoholic beverages	3.8	2.7	2.4	4.2	4.9	5.5	5.9	5.1	4.3	2.2	2.2	2.0	2.3
2	Alcoholic beverages and tobacco	6.8	7.0	6.6	6.7	6.9	6.1	3.3	3.3	3.3	2.6	2.6	1.7	1.6
3	Clothing and footwear	-1.2	-1.3	-1.0	-1.6	-2.1	-3.7	-4.0	-3.2	-3.7	-3.4	-2.3	-2.3	-1.9
4	Housing, water, Electricity, gas and other fuels	-0.8	-0.4	-0.3	-0.3	-0.2	-1.4	-1.7	-2.0	-1.3	-1.3	-0.9	0.5	0.5
5	Furniture household goods and maintenance	-0.1	-0.1	-0.1	-0.1	-0.4	-0.3	0.0	0.6	0.9	1.1	0.7	0.8	0.7
6	Health	0.1	-1.9	-0.8	-0.9	-0.6	-0.5	-1.3	-0.9	-1.6	-2.2	-2.2	-2.5	-2.8
7	Transport	-1.4	-1.1	-0.9	-1.9	-2.5	-2.1	-2.8	-0.6	-2.5	-4.1	-4.5	-5.3	-4.7
8	Communication	2.2	2.2	1.7	0.6	0.0	0.0	-0.8	-1.1	-1.1	-1.0	-0.7	-1.1	-1.2
9	Recreation and culture	0.5	0.4	0.1	0.2	0.4	1.0	1.0	1.1	1.2	0.7	0.8	0.9	0.8
10	Education service	10.1	10.1	10.1	10.4	10.5	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
11	Hotels, coffee-houses and restaurants	0.5	0.4	0.3	0.5	0.8	0.6	0.7	1.1	1.0	1.0	1.0	1.1	1.1
12	Goods and different services	-1.0	-0.8	-0.7	-0.7	-0.1	-0.6	-0.1	-0.2	-0.1	0.2	0.2	-0.1	-0.1

Tab. 3 Monthly rate of CPI

		%													
Code	Groups	05-15	06-15	07-15	08-15	09-15	10-15	11-15	12-15	01-16	02-16	03-16	04-16	05-16	
	<b>Total</b>	<b>-1.6</b>	<b>-1.1</b>	<b>-0.7</b>	<b>0.8</b>	<b>0.6</b>	<b>0.0</b>	<b>-0.3</b>	<b>0.6</b>	<b>0.4</b>	<b>-0.4</b>	<b>0.4</b>	<b>-0.4</b>	<b>-1.2</b>	
1	Food. and non-alcoholic beverages	-3.6	-2.3	-1.5	2.0	1.2	-0.1	-0.6	1.3	1.1	3.3	1.1	-1.1	-3.4	
2	Alcoholic beverages and tobacco	0.2	0.3	-0.3	0.2	0.0	0.1	-0.2	0.6	0.4	0.3	0.4	-0.4	0.1	
3	Clothing and footwear	-0.3	-0.5	-0.5	-0.9	0.1	0.8	0.5	0.2	0.4	-1.3	0.4	-0.1	0.1	
4	Housing, water. Electricity, gas and other fuels	-0.1	0.2	0.0	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	
5	Furniture household goods and maintenance	0.1	-0.1	0.1	0.1	-0.2	-0.1	0.1	0.5	-0.3	0.0	-0.3	0.2	0.0	
6	Health	0.0	-3.1	0.4	0.0	0.3	0.2	-0.5	0.0	0.1	0.1	0.1	0.1	-0.2	
7	Transport	0.3	0.4	0.4	-0.7	-0.8	0.0	-1.2	0.0	0.5	-0.9	0.5	0.0	0.9	
8	Communication	0.0	0.0	0.0	-1.1	0.0	0.0	0.0	0.0	0.3	0.0	0.3	-0.4	0.0	
9	Recreation and culture	0.1	-0.1	-0.4	0.2	0.9	0.2	-0.1	-0.1	0.0	-0.1	0.0	0.0	0.0	
10	Education service	0.0	0.0	0.0	0.4	0.5	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
11	Hotels, coffee-houses and restaurants	0.0	0.1	0.0	0.2	0.8	0.0	-0.1	0.1	0.0	0.0	0.0	0.1	0.0	
12	Goods and different services	0.1	-0.1	-0.4	-0.2	0.9	-0.4	0.2	-0.4	-0.1	0.1	-0.1	0.1	0.1	

# Methodology

Consumer Price Index (CPI) is calculated with a new basket of product from December 2015. Weights are based on the results of the Household Budgeted Survey carried out during in INSTAT in 2014. December 2015 is considered as the base period (December 2015 = 100). Previous change of the product basket was from January 2007. where the number of the products was increased from 262 to 271 products. In the new basket the number of product is 333. The international classification ECOICOP with 12 main groups was introduced which is totally comparable with the expenditure classification used by EUROSTAT.

The new index will cover all territory of Albania (weights concept). Each product have three type of weights: the product weights at country level, product weights at region level and the geographic weights. Prices are collected in main cities of 11 prefectures were Kukës is within the prefecture of Dibër.

The Consumer Price Index of Albania is a Laspeyres type index:

$$I_{0,i}^t = \frac{\sum_i P_i^t * Q_i^0}{\sum_i P_i^0 * Q_i^0}$$

With weights ( $w = P*Q$ ) from base period this is approximated to:

$$I_{0,i}^t = \sum_i w_i * \left( \frac{P_i^t}{P_i^0} \right)$$

In more detail. a price relative is calculated for each item and region with geometrical mean on the sample of outlets:

$$PR_{t-1,ij}^t = \prod_{k=1}^n \left( \frac{P_{ijk}^t}{P_{ijk}^{Dec(t-1)}} \right)^{1/n}$$

Chaining from December of previous year gives the price relative from the base period:

$$PR_{0,ij}^t = PR_{0,ij}^1 * \dots * PR_{Dec(t-1),ij}^t$$

Regional CPI is calculated:

$$RCPII_{i,0}^t = \sum_i r_{ij} * PR_{0,ij}^t$$

The price relatives are aggregated geographically to form product indices on items for whole Albania:

$$I_{0,i}^t = \sum_j r_{ij} * PR_{0,ij}^t \quad \text{Where: } \sum_j r_{ij} = 1 \quad : \quad \forall_i \text{ (for all cases)}$$

Aggregation over items then gives the CPI of Albania:

$$CPI_0^t = \sum_i w_i * I_{0,i}^t \quad \text{Where: } \sum_i w_i = 1$$

The annual rate measures the price change between the current month and the same month of the previous year. This measure is responsive to recent changes in price levels but can be influenced by one-off effect in either month

$$\text{Yearly changes} = \left( \frac{I_{m_t}^{y_t}}{I_{m_t}^{y_{(t-1)}}} - 1 \right) * 100$$

The monthly rate measures the price change between current month and previous month. Although up-to-date it can be affected by seasonal and other effects.

$$\text{Monthly changes} = \left( \frac{I_{m_t}^{y_t}}{I_{m_{(t-1)}}^{y_t}} - 1 \right) * 100$$

The 12-month average rate compares average Consumer Price Indices ant the latest 12 month to the average of the previous 12 months.

$$\text{Yearly average changes} = \left( \frac{I_{mes}^{y_t}}{I_{mes}^{y_{(t-1)}}} - 1 \right) * 100$$

#### Acronyms

P price

PR price relative

I index

CPI Consumer Price Index

t time period t

t=0 base period

r geographical weights

w item weights

j numbering of regions

i numbering of items

$I_{m_t}^{y_t}$  monthly index of corrent year

$I_{m_t}^{y_{(t-1)}}$  monthly index of previews year

$I_{m_{(t-1)}}^{y_t}$  index of previews month of corrent year

$I_{mes}^{y_t}$  average index of current year

$I_{mes}^{y_{(t-1)}}$  average index of previews year