

# Harmonised Index of Consumer Price (HICP)

## May 2017

**Tirana, on 22 June 2017:** The annual rate measured by Harmonised Index of Consumer Prices (HICP) in May 2017 is 3.4 %. Annual rate is influenced mostly by increase prices of “Food and non alcoholic beverages” group by 7.4 %, followed by groups “Goods and different services” by 3.1 %, “Recreation and culture” by 2.4 %, “Transport” by 2.3 %, etc. Prices of the “Clothing and footwear” are decrease by 2.0 %, followed by group “Furniture household goods and maintenance” by 1.2 %.

In May 2017 the monthly rate measured by Harmonised Index of Consumer Price is – 1.6 %. This is influenced mostly by increase prices of “Food and non alcoholic beverages” group.

Fig.1 CPI and HICP trends

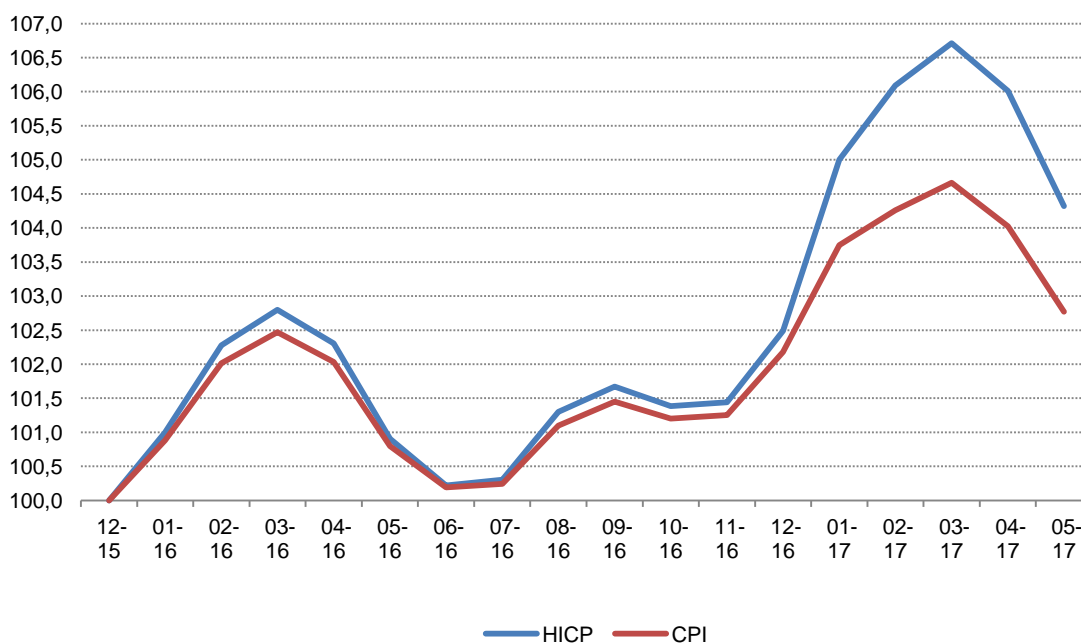
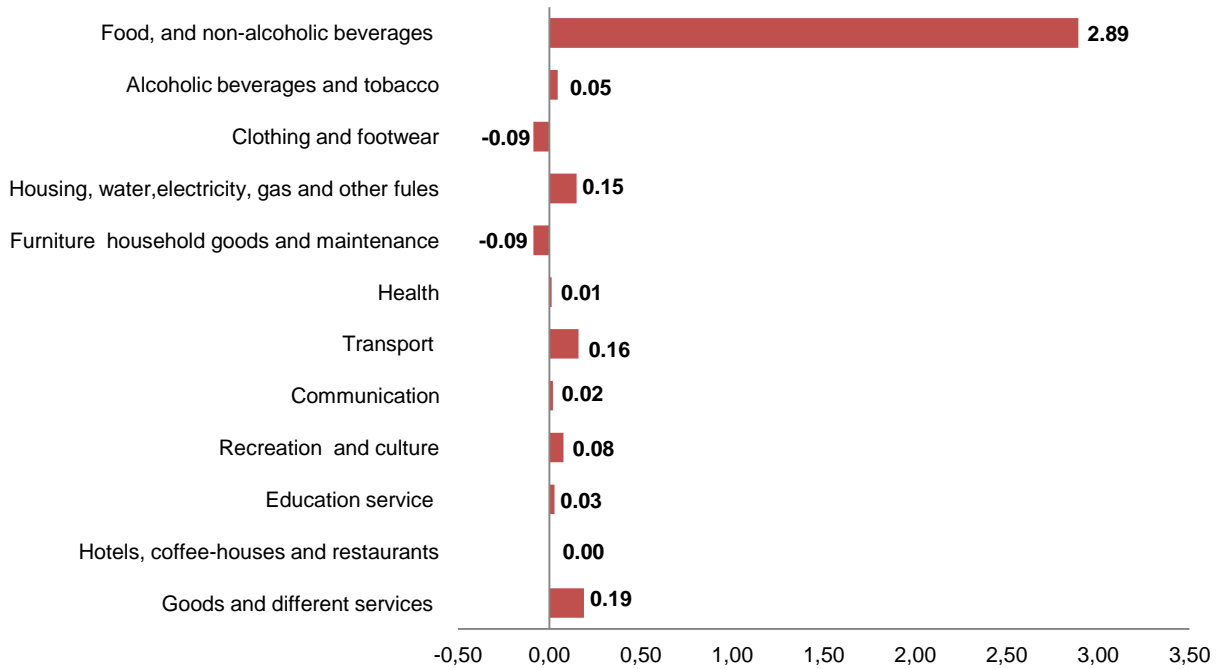


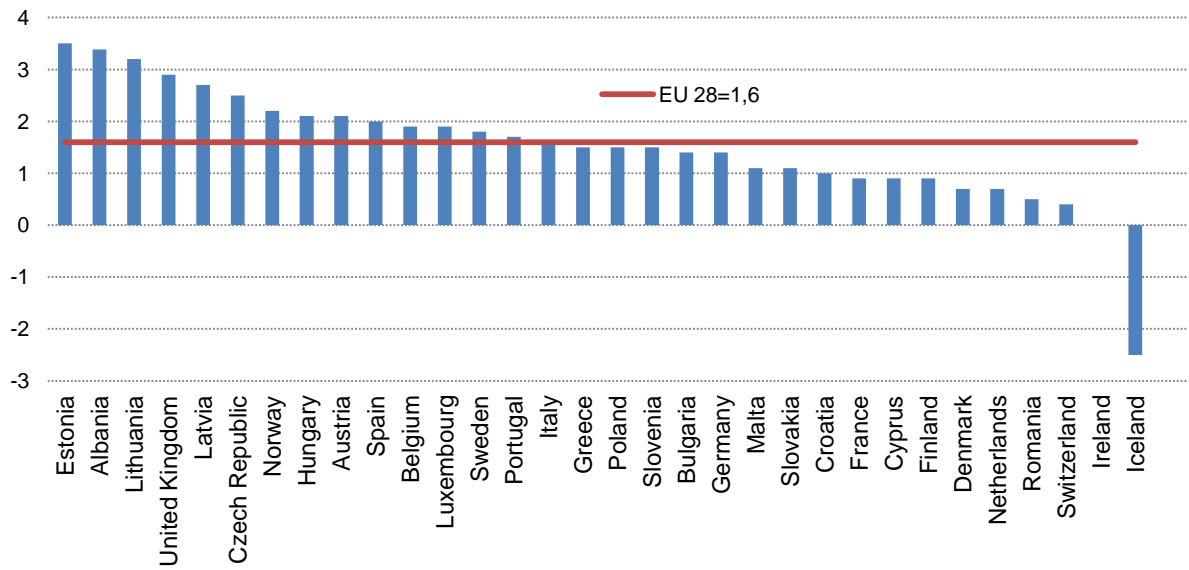
Fig.2 Contribution of main groups in annual rate



Tab. 1 Annual rate measure by Harmonised Index of Consumer Price

Code	Groups	weight	05-17/11-2016	05-17/12-16	05-17/05-16	05-17/04-17
	<b>Total</b>	<b>1,000.0</b>	<b>2.8</b>	<b>1.8</b>	<b>3.4</b>	<b>-1.6</b>
01	Food, and non-alcoholic beverages	380.2	6.5	5.2	7.4	-3.9
02	Alcoholic beverages and tobacco	46.6	0.8	0.5	0.9	-0.2
03	Clothing and footwear	44.8	-2.6	-4.4	-2.0	0.3
04	Housing, water, electricity, gas and other fuels	75.6	1.4	0.8	1.7	-0.2
05	Furniture household goods and maintenance	69.5	-1.2	-1.1	-1.2	0.0
06	Health	75.8	0.1	0.0	0.2	0.0
07	Transport	71.9	1.3	0.3	2.3	-0.2
08	Communication	20.7	0.2	-0.2	0.5	0.0
09	Recreation and culture	20.8	1.4	-0.3	2.4	-0.6
10	Education service	41.6	0.5	0.0	0.6	0.0
11	Hotels, coffee-houses and restaurants	99.2	0.0	0.0	0.0	0.0
12	Goods and different services	53.3	2.2	0.1	3.1	0.0

Fig. 3 Annual change of HICP by countries, May 2017



## Comparison between the CPI and the HICP

Both the Consumer Price Index (CPI) and the Harmonised Indices of Consumer Prices (HICP) are designed to measure, the change in the average level of prices paid for consumer goods and services by all private and institutional households in the country and by foreign tourists while on holiday in Albania. Both the CPI and the HICP are used to measure consumer inflation.

### - The similarities between the CPI and the HICP

- Purpose

Both the CPI and HICP measure the change in the average level of prices of a fixed basket of consumer goods and services.

- Classification system

COICOP/HICP - Classification of Individual Consumption by Purpose (ECOICOP)

- Expenditure and source of expenditure data

Only expenditure within Albania is covered. The primary source of the expenditure data (“weights”) was Household Budget Survey (HBS) and National Accounts “Household Final Monetary Consumption Expenditure” (HFMCE) data.

- Price data

The same basic price data which is collected from the same retail outlets/service providers is used to compile both the CPI and the HICP.

- Base reference period

The current base reference period is December 2015=100

- Methodology

The same methodology is used for the CPI and HICP both in compiling and aggregating the component price indices which follow European Union (EU) Regulations that have been developed by Eurostat (the Statistical Office of the EU) in conjunction with the National Statistical Institutes (NSIs) of member states of the EU.

### - The differences between the CPI and the HICP

- *Measure of consumer price inflation*

- The CPI is the official measure of inflation in Albania.
- The HICPs enable international comparisons of inflation rates to be made between European Countries.

- *Items coverage*

- 332 items are included in CPI
- 331 items are included in HICP (imputed rent is excluded)

- *Coverage of households expenditure*

- The CPIs usually record expenditures by resident households, whether that takes place within the country or abroad.

- The HICP covers households' expenditures taking place within the country, whether those households actually live in the country or whether they are merely visiting the country and covers institutional households as well.
- *Weights*
  - CPI weights are expressed in 100
  - HICP weights are expressed in 1000

CODE	DIVISION	Weight	
		CPI	HICP
	<b>Gjithsej</b>	<b>100,0</b>	<b>1.000,0</b>
01	Food, and non-alcoholic beverages	40,0	380.2
02	Alcoholic beverages and tobacco	4,4	46.6
03	Clothing and footwear	4,0	44.8
04	Housing, water, electricity, gas and other fuels	20,7	75.6
05	Furniture household goods and maintenance	6,5	69.5
06	Health	3,0	75.8
07	Transport	6,2	71.9
08	Communication	2,5	20.7
09	Recreation and culture	2,6	20.8
10	Education service	2,5	41.6
11	Hotels, coffee-houses and restaurants	2,9	99.2
12	Goods and different services	4,7	53.3

## Methodological notes

In January 2017 INSTAT published for the first time the Harmonised indices of consumer prices based on the:

1. Council Regulation (EC) No 2494/95 of 23
2. Statistical Law of Albania: Law No. 9180, date 5.2.2004 "On Official Statistics"
3. Official Statistics National Program 2012-2016

Harmonised Index of Consumer Price index calculated and published according to the Classification of the Individual consumption by purpose ECOICOP used by Eurostat

Reference period of prices is December 2016 and reference period of index is December 2015 (December 2015=100):

Harmonised Index of Consumer Price index is calculated by INSTAT in 2016 by using index of December 2015 as reference period.

In 2017 The HICP weights are constructed in accordance with the requirements of Commission Regulation (EC) No 2454/97 and Council Regulation (EC) No 1688/98. The HICP weights reflect the structure of the FMCE (domestic concept).

### - Definitions

**Harmonised indices of consumer prices** (HICPs comprise all products and services purchased in monetary transactions by households within the territory of a country; those by both resident and non-resident households (i.e. 'domestic concept'). HICPs cover the prices paid for goods and services in monetary transactions. HICP is the bases for comparative measurement of inflation in European countries and as official inflation of European Central Bank with aim of stability of price in Monetary and Economic Union.

**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

**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.

**The 12-month average rate** compares average Harmonised indices of consumer prices and the latest 12 month to the average of the previous 12 months.