

Harmonised Index of Consumer Price (HICP)

May, 2018

Tirana, on 19 June 2018: The annual rate measured by Harmonised Index of Consumer Prices (HICP) in May 2018 is 1.8 %. The most increase of the prices it was notice in the “Recreation and culture” group by 3.5 %, followed by “Food and non-alcoholic beverages” group by 3.0 %, “Clothing and footwear” group by 1.9 %, “Housing, water, electricity, gas and other fuels” and “Transport” by 1.8 % each of them, “Education service” by 0.9 %, “Alcoholic beverages and tobacco” and “Hotels, coffee-houses and restaurants” by 0.8 each of them, “Communication” by 0.7 %, etc.

In May 2018, the monthly rate measured by Harmonised Index of Consumer Price is -1.4 %. This is influenced mostly by decrease of prices in “Food and non-alcoholic beverages” group by 3.5 % followed by “Clothing and footwear” by 0.7 %, “Alcoholic beverages and tobacco” by 0.6 %, “Goods and different services” by 0.2 %, and “Hotels, coffee-houses and restaurants” by 0.1 %. Prices of “Recreation and culture” and Health” groups are increased by 0.1 %. In comparison with previous month, there were no changes in the other groups.

Fig. 1 Annual rates of CPI and HICP

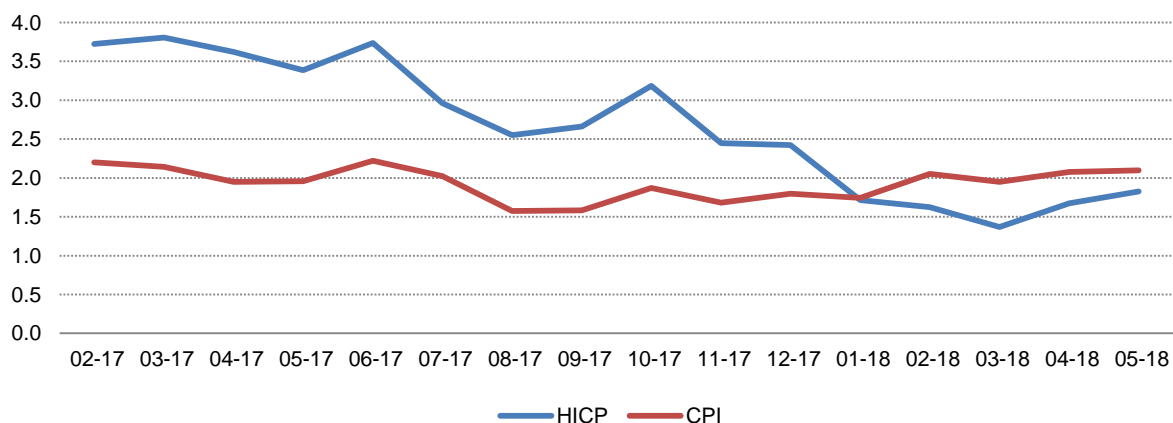
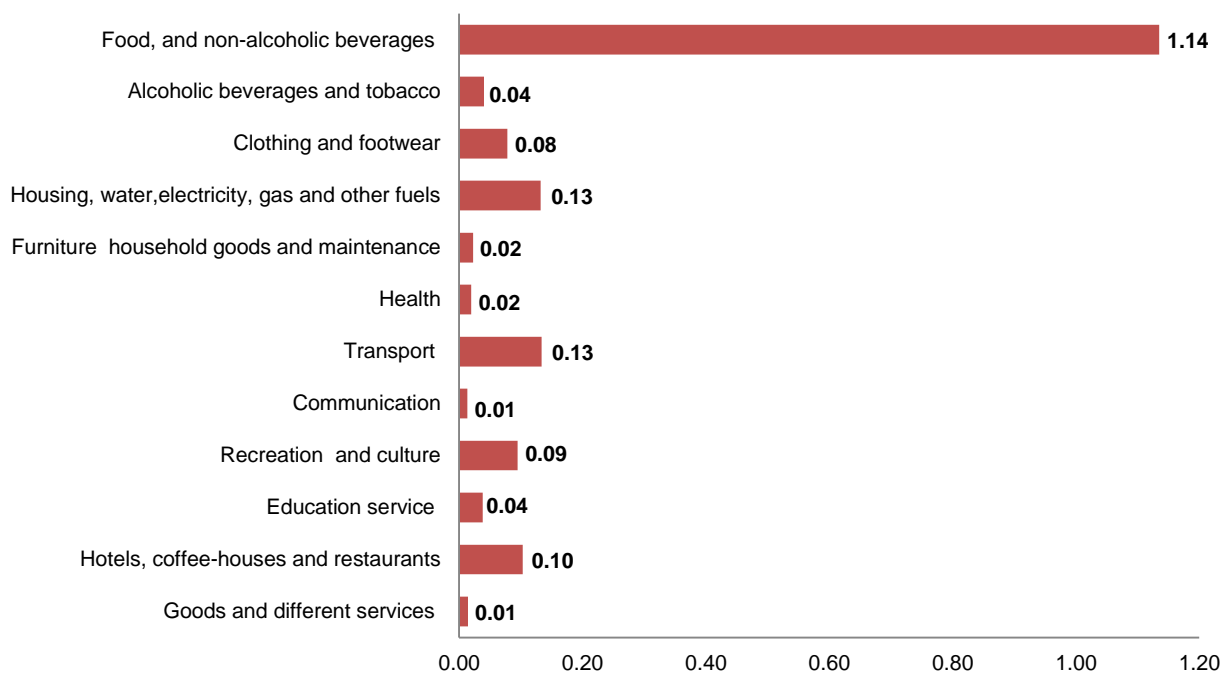


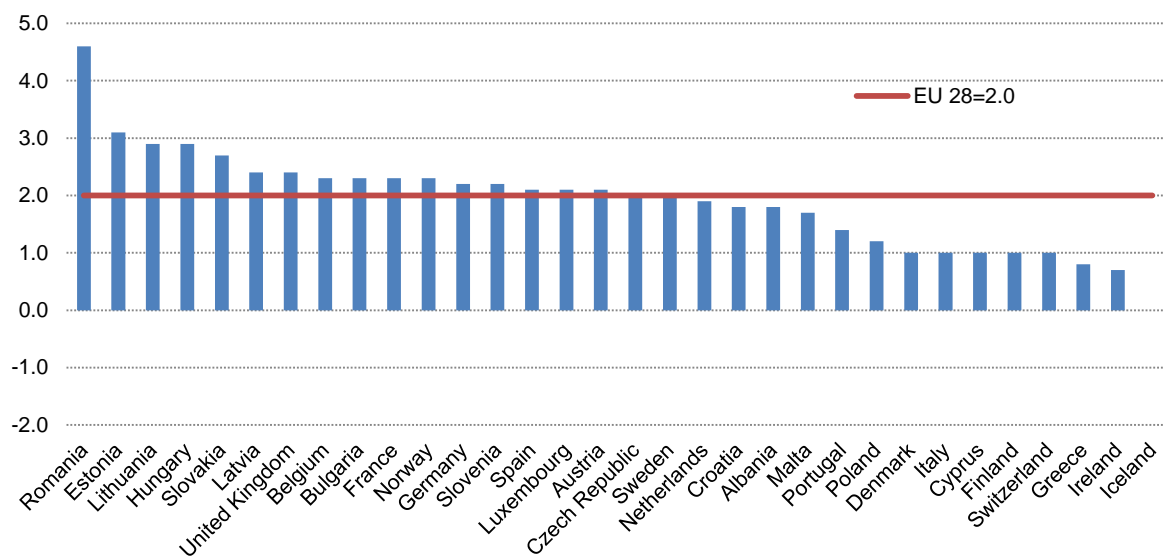
Fig. 2 Contribution of main groups in annual rate



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

Code	Groups	Weights	05-18/Year-2017	05-18/12-15	05-18/05-17	05-18/04-18
	Total	1.000.0	1.4	6.2	1.8	-1.4
01	Food, and non-alcoholic beverages	375.2	2.2	13.3	3.0	-3.5
02	Alcoholic beverages and tobacco	53.1	0.8	2.6	0.8	-0.6
03	Clothing and footwear	45.0	0.4	-1.6	1.9	-0.7
04	Housing, water, electricity, gas and other fuels	69.8	1.6	4.9	1.8	0.0
05	Furniture household goods and maintenance	70.1	0.2	-0.6	0.3	0.0
06	Health	52.4	0.3	0.5	0.3	0.1
07	Transport	82.4	1.8	1.2	1.8	0.0
08	Communication	19.5	0.6	1.1	0.7	0.0
09	Recreation and culture	28.6	3.3	6.2	3.5	0.1
10	Education service	43.7	0.7	1.6	0.9	0.0
11	Hotels, coffee-houses and restaurants	120.4	1.0	0.9	0.8	-0.1
12	Goods and different services	40.0	0.3	3.7	0.3	-0.2

Fig. 3 Annual change of HICP by countries, May 2018



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
2. Statistical Law of Albania: Law No. 9180, date 5.2.2004 "On Official Statistics"
3. Official Statistics National Program 2017-2021

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 2017 and reference period of index is December 2015 (December 2015=100).

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).

- Methodological changes

In January of each year some methodological changes and new developments were carried out in HICP:

- Update of weights
- Update of basket
- Update of list of the outlets where the prices are collected is updated.

- 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.

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 and National Accounts “Household Final Monetary Consumption Expenditure” 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
- 330 items are included in HICP

- *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	Weightt	
		CPI	HICP
	Gjithsej	100	1.000
01	Food, and non-alcoholic beverages	38.6	375.2
02	Alcoholic beverages and tobacco	3.5	53.1
03	Clothing and footwear	4.1	45.0
04	Housing, water,electricity, gas and other fules	20.9	69.8
05	Fumiture household goods and maintenance	6.1	70.1
06	Health	3.0	52.4
07	Transport	6.0	82.4
08	Communication	2.8	19.5
09	Recreation and culture	2.6	28.6
10	Education service	3.1	43.7
11	Hotels, coffee-houses and restaurants	3.8	120.4
12	Goods and different services	5.5	40.0