

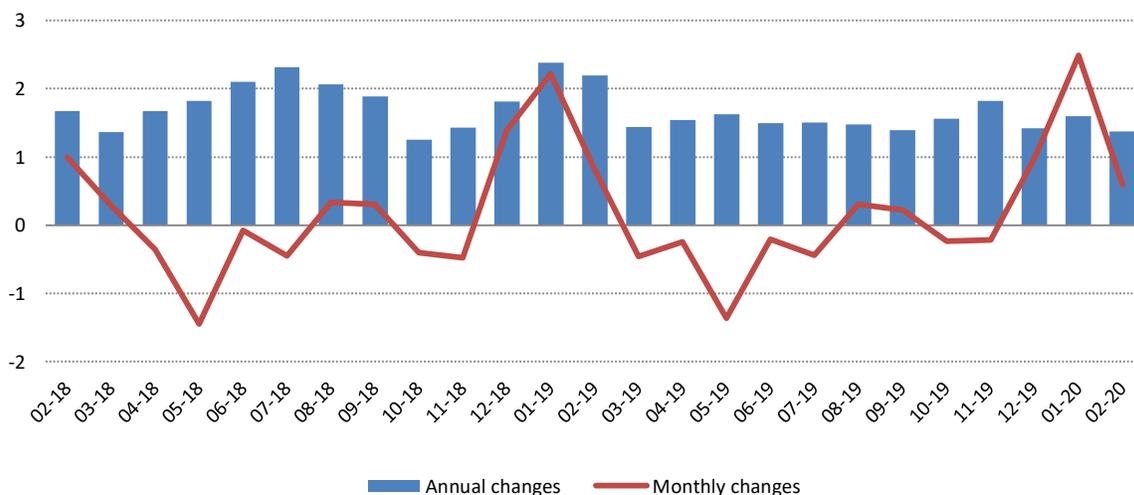
# Harmonised Index of Consumer Price (HICP)

**February, 2020**

**Tirana, on 18 March 2020:** The annual rate measured by Harmonized Index of Consumer Prices in February 2020 is 1.4 %. The most increase of the prices it was noticed in the “Transport” group by 3.1 %, followed by “Food and non-alcoholic beverages” by 2.5 %, “Recreation and culture” by 2.2 %, “Alcoholic beverages and tobacco” by 1.1 %, “Housing, water, electricity, gas and other fuels” by 0.8 %, “Hotels, coffee-houses and restaurants” by 0.4 %, “Furniture household goods and maintenance” and “Miscellaneous goods and services” by 0.3 % each of them, “Health” and “Education service” by 0.1 % each of them. Meanwhile, prices of “Clothing and footwear” and “Communication” decreased by 0.5 % and 0.3 % respectively.

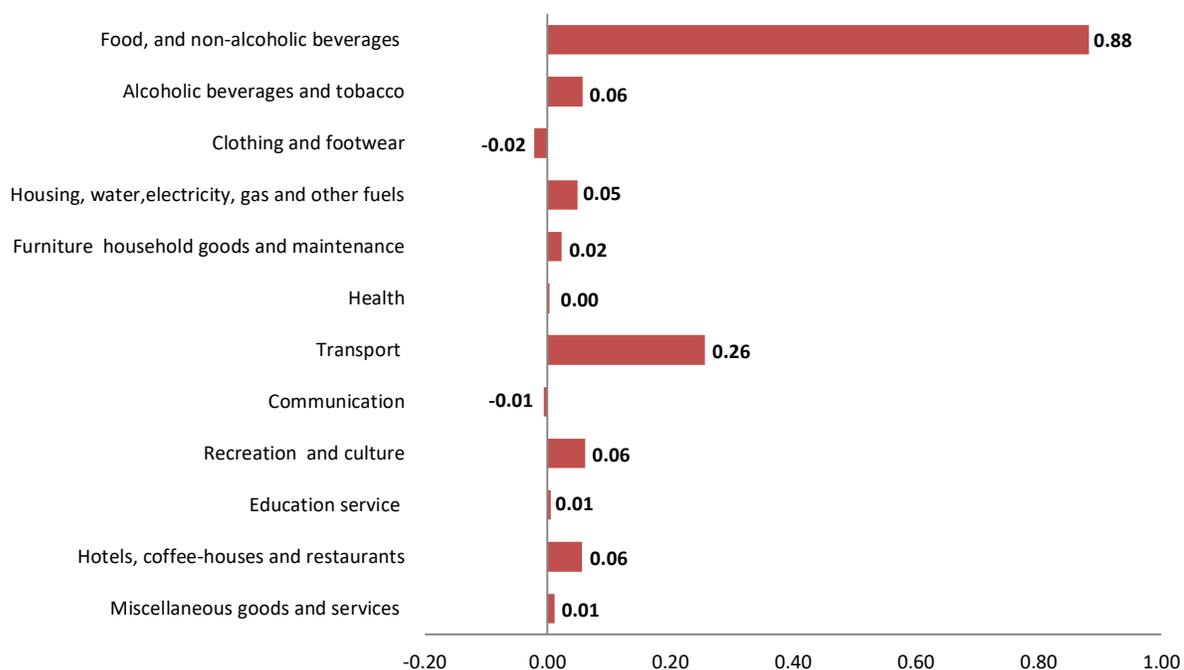
In February 2020, the monthly rate measured by Harmonized Index of Consumer Price is 0.6 %. This is influenced mostly by increase of prices in “Food and non-alcoholic beverages” by 1.6 %, followed by “Recreation and culture” by 0.8 %, “Alcoholic beverages and tobacco” by 0.2 %, etc. Meanwhile, prices of “Clothing and footwear” group decreased by 0.2 %, followed by “Health”, “Transport” and “Education service” by 0.1 % each of them.

**Fig.1 Annual and monthly rates of HICP**



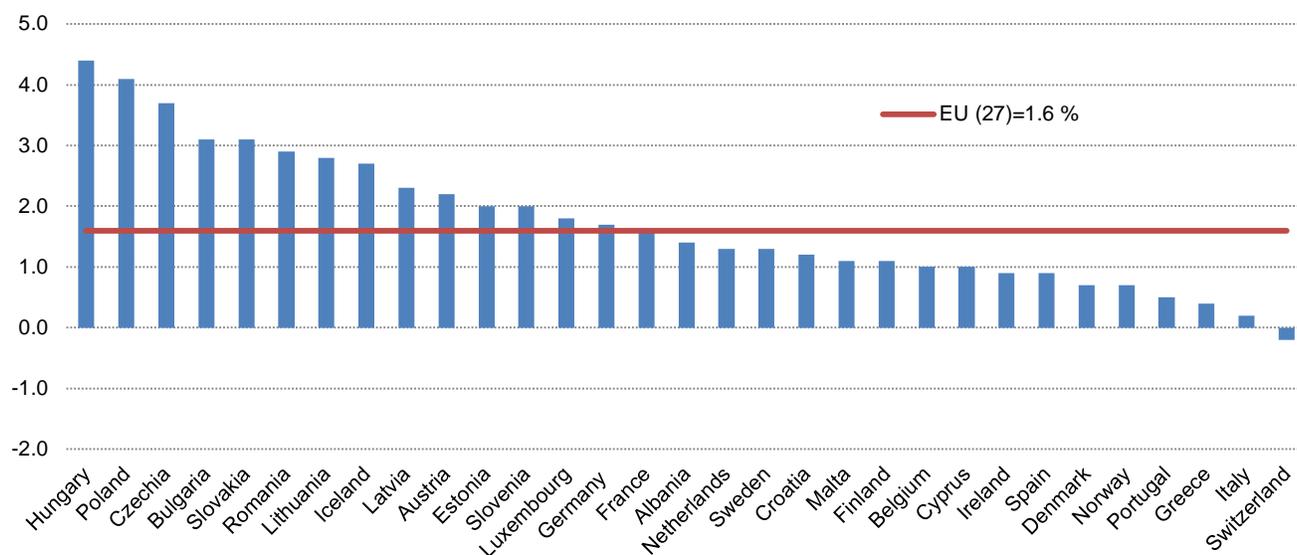
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**Fig.2 Contribution of main groups in annual rate****Tab. 1 Rates of changes (%) measured by Harmonised Index of Consumer Price**

Code	Groups	Weights	01-20/Year-2019	02-20/12-15	02-20/02-19	02-20/01-2020
	<b>Total</b>	<b>1,000.0</b>	<b>3.2</b>	<b>11.8</b>	<b>1.4</b>	<b>0.6</b>
01	Food, and non-alcoholic beverages	360.3	7.6	26.7	2.5	1.6
02	Alcoholic beverages and tobacco	54.6	0.9	5.3	1.1	0.2
03	Clothing and footwear	43.3	0.2	-0.4	-0.5	-0.2
04	Housing, water, electricity, gas and other fuels	65.6	0.8	6.8	0.8	0.0
05	Furniture household goods and maintenance	67.7	0.2	-0.2	0.3	0.0
06	Health	52.4	-0.1	0.1	0.1	-0.1
07	Transport	85.4	2.8	4.1	3.1	-0.1
08	Communication	20.4	-0.3	0.9	-0.3	0.0
09	Recreation and culture	29.0	1.0	7.9	2.2	0.8
10	Education service	40.4	0.0	1.9	0.1	-0.1
11	Hotels, coffee-houses and restaurants	141.1	0.4	3.7	0.4	0.0
12	Miscellaneous goods and services	39.8	0.3	4.2	0.3	0.1

Fig. 3 Annual change of HICP by countries, February 2020



# Methodology

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. Law No.17/2018 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 2018 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 basis 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 January 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
  - 331 items are included in CPI
  - 329 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
<b>Total</b>		<b>100</b>	<b>1,000</b>
01	Food, and non-alcoholic beverages	37.3	360.3
02	Alcoholic beverages and tobacco	3.4	54.6
03	Clothing and footwear	3.6	43.3
04	Housing, water, electricity, gas and other fuels	20.9	65.6
05	Furniture household goods and maintenance	6.4	67.7
06	Health	3.5	52.4
07	Transport	6.3	85.4
08	Communication	3.0	20.4
09	Recreation and culture	2.4	29.0
10	Education service	2.9	40.4
11	Hotels, coffee-houses and restaurants	3.9	141.1
12	Miscellaneous goods and services	6.3	39.8