

# COMMUNICATION

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Price statistics

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## Consumer price index by COICOP – August 2008

### Consumer price index by COICOP

Republic of Serbia

	Structure (%)	VIII 2008 Ø 2007	VIII 2008 VII 2008	VIII 2008 VIII 2007	VIII 2008 XII 2007
<b>Total</b>	<b>100,00</b>	<b>112,2</b>	<b>100,4</b>	<b>111,5</b>	<b>106,4</b>
Food and non – alcoholic beverages	35,18	120,4	99,7	121,4	109,6
Alcoholic beverages and tobacco	5,57	109,4	100,5	107,7	102,4
Clothing and footwear	6,86	106,3	100,2	106,7	103,7
Housing, water, electricity, gas and other fuels	16,27	108,2	103,8	106,2	106,2
Furniture, household equipment, routine maintenance	5,27	102,3	100,4	99,9	99,5
Health	4,22	103,8	100,3	102,0	101,3
Transport	11,46	114,7	97,3	113,1	109,0
Communication	3,23	98,1	100,0	97,9	99,9
Recreation and culture	5,44	107,3	102,5	105,1	104,7
Education	1,23	107,8	100,1	107,6	104,4
Restaurants and hotels	1,48	108,5	101,1	108,8	105,0
Miscellaneous goods and services	3,79	105,5	100,5	104,2	103,1

### Methodological notes

Consumer price index by COICOP (CPI - COICOP) presents a specific index of retail prices, calculated according to the methodology that is harmonized with the recommendations for calculation of retail prices index in the European Union (Harmonized Price Index) and its coverage is particularly adjusted to our conditions.

Index is calculated and published for the Republic of Serbia.

The main differences between CPI-COICOP and Index of retail prices are the following:

- **Coverage** – list of products and services also includes rent, financial services, educational services as well as catering trade services
- **Weights**
- **Classification** - COICOP HICP classification
- **Formulae for the index calculation at the lowest level of aggregating** – geometrical mean

### Definition of consumer price index

CPI-COICOP is defined as the **measure of the average change** of prices of the **fixed basket of goods and services**, which is purchased by households and which aims to **satisfy the households' needs**. The index measures price changes in time and the consumption structure of the base period is used for both of the comparative periods (Laspeyre's type index).

### Purpose

CPI-COICOP presents index of retail prices that is comparable with the Harmonized Price Index of the European Union. It is used as the deflator of the households' final consumption.

### Population coverage

All private households that are permanently settled on the economic territory of the country are covered. Neither consumption of the collective households, nor non – residents consumption are covered.

### Geographical coverage

The territory of the Republic of Serbia, excluding Kosovo and Metohia, is covered. Prices are collected in 15 towns – major administrative and trade centers, including Belgrade, Valjevo, Zajecar, Kragujevac, Kraljevo, Leskovac, Nis, Smederevo, Uzice, Sabac, Novi Sad, Sremska Mitrovica, Zrenjanin, Subotica and Pancevo.

### Products coverage

The most significant products and services that are purchased by the households and that satisfy the households' final consumption are covered. Purchasing of the second – hand goods, remuneration in kind, life insurance and gifts are excluded. This list also excludes imputed rent, outlays for investments (dwellings, land, etc.) and outlays for lottery games. The list of products is regularly revised in order to preserve its representative role, referring to structure of consumption and consumers' habits. Products are included in the list when their share within the total consumption of the households becomes greater than 0.1 %.

### Collection of prices data

Majority of prices is collected in the field, by visiting the shops in the selected towns. Price collectors, full – time employees of the Republican Statistical Office, visit these shops every month, according to the defined plan of prices collection and collect the prices referring to the representative list of goods and services. Method of selection of products and shops is defined by the methodology and it provides comparability of prices in time, but not the territorial comparability of price levels by towns, where the prices are recorded.

Prices of approximately 10 % of products and services (prices that are controlled by the Republic or prices that are the same on the whole territory) are collected in centralized manner, by phone, via the Internet or by particular reports provided by enterprises and sent to the Republican Statistical Office. For the products and services of this group, the valid prices are those as of the 15<sup>th</sup> of the month.

### Weights

Weights present share of the selected goods and services in the overall consumption of the households. The main sources of weights are the Household Consumption Survey and structure of the final consumption of the households, taken from the Gross Domestic Product. When calculating consumers' prices index for 2007, consumption structure of 2005, revised by prices growth in 2006, is used.

### Classification

For calculation of consumers' prices index, we use the Classification of goods and services of individual consumption by purpose, adjusted to the requirements of Harmonized Price Index calculation (Classification of Individual Consumption by Purpose, COICOP HICP).

### Calculation of average monthly price

Average monthly price of a product is first calculated at the town level, then at the level of the territory of Central Serbia and Autonomous Province of Vojvodina and finally at the level for the Republic of Serbia. Referring to the town level, simple geometrical mean of the collected prices is used, while referring to the level of territories, we use weighted geometrical mean of the average prices by towns. Average monthly price for the Republic of Serbia is weighted geometrical mean of the average prices of the territories.

### Index computation

Monthly base index of a product is computed as relation between average monthly price and base price, which is, referring to calculation of consumers' price index, average annual price of the previous year.

For computation of monthly base indices at higher levels of aggregating, Laspeyre's formula is applied.

$$I_m = \frac{\sum_k w_k i_k^m}{\sum_k w_k}$$

where  $w_k$  presents weight, and  $i_k^m$  is individual base monthly index of the product k.

### Publishing of the data

Data are published on the 15<sup>th</sup> of a month, referring to the previous month, in the edition of Communications, marked with CN11, as well as on the Internet site of the Statistical Office of the Republic of Serbia.

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