Albania

A: Identification

Title of the CPI: Consumer Price Index

Organisation responsible: Institute of Statistics

Periodicity: Monthly

Price reference period: December year t – 1 = 100

Index reference period: December 2007 = 100

Weights reference period: 2007

Main uses of CPI: Indexation of wages, pensions and/or social security payment, indexation of rents, contracts and/or other payments, main inflation indicator used for monetary policy, deflate household expenditures in national accounts , macroeconomic modelling and other analytic uses.

B: CPI Coverage

Geographical Coverage

Weights: Nation-wide

Price collection: Urban areas

Population coverage: Resident households of nationals.

Population groups excluded: Institutional households.

Consumption expenditure includes:
- Foods produced for own final consumption;
- Other goods produced for own final consumption;
- Services produced for own final consumption;
- Income in-kind receipts of goods;
- Income in-kind receipts of services;
- In-kind goods received as gifts;
- In-kind services received as gifts;
- Housing maintenance, minor repairs;
- Major repairs, conversions and extensions to owner occupied housing;
- Purchase of gifts of goods and services given to others outside the household;
- Luxury goods;
- Financial services (including fees for financial advice, brokerage fees);
- Interest payments (excluding mortgage interest payments);
- Non-life insurance premiums (e.g. vehicle, housing, other property, medical), gross of claims;
- Life insurance premiums;
- Licences and fees (e.g. driver's licence, hunting licence, vehicle registration)

Consumption expenditure excludes:

- Food consumed away from home;
- Purchase of owner-occupied housing;
- Mortgage repayments;
- Mortgage interest;
- Gambling expenditure, gross of winnings;
- Investment-related expenditures (e.g. purchase of shares/stocks);
- Occupational expenditures;
- Other business-related expenditures;
- Social transfers in-kind of goods and services from government and No-profit institutions serving households;
- Second hand goods purchased;
- Expenditures abroad

C: Concepts, definitions, classifications and weights

Definition of the CPI and its objectives: The Consumer Price Index (CPI) measures the change of the prices of a fixed basket of goods and services from base period to the current period. The consumer price index is used for different purposes: as a measurement of inflation rate in Albania, as a deflator for the national accounts, as a deflator for calculations of volume indices, for compensation of change in the cost of living of households, as a base for wage negotiations and other agreement and as a target variable for macro-economic policy, especially for monetary policy of the central bank of Albania.

Classification: COICOP (Classification of individual consumption by purpose)

Sources of weights: Household expenditure surveys.

Frequency of weight updates: Every 3-5 years

Price updating of weight reference period to the index reference period: Yes

Weights for different population groups or regions: No

D: Sample design

Sampling methods:

Localities: Judgmental sampling

Outlets: Judgmental sampling

Products: Judgmental sampling

Frequency of sample updates:

Localities: At the time of updating the weights and the basket of goods and services.

Outlets: Annual

Products: At the time of updating the weights and the basket of goods and services.

E: Data Collection

Approximate number of localities, outlets and price observations: Localities: 11, Outlets: 500, Price observations: 18,000

Frequency with which prices are collected: Food and others items - monthly; rent – quarterly; government tariffs- yearly.

Reference period for data collection: Specific date

Methods of Price Collection

- Personal data collection for all items.

- Official tariffs for government prices.

Treatment of:

Discounts and sales prices: They are used in the calculation of the index.

Black market prices: Not collected.

Second hand purchases: Not included.

Treatment of seasonal items and seasonality

Seasonal food items: Seasonal food items are included in the CPI using fixed weights approach: the weights are kept constant over the year, while prices of out-of season products are estimated or imputed.

Seasonal Clothing: Seasonal clothing items are included in the CPI using fixed weights approach: the weights are kept constant over the year, while prices of out-of season products are estimated or imputed.

Method to impute the price of seasonal items: The method used to impute price development in out-of season periods is carrying forward the last observed price.

Treatment of housing

Treatment of owner-occupied housing: Owner occupied housing is not included in the CPI

Types of dwellings covered by the rent data: Apartment with furniture, rent data is collected quarterly.

F: Computation

Formula used for calculation of elementary indices: The ratio of geometric mean prices (Jevons index) (Chained form)

Formula to aggregate elementary indices to higher level indices: The regional CPI is calculated (but is not published).

$$RCPI_{i,0}^{t} = \sum_{i} r_{ij} * PR_{0,ij}^{t}$$

Formula of aggregating regional/population group indices into national index: To calculate the national CPI the price relatives are aggregated geographically to form product indices on items for whole Albania:

$$I_{0,i}^{t} = \sum_{j} r_{ij} * PR_{0,ij}^{t} \text{ where } \qquad \sum_{j} r_{ij} = 1 \quad : \quad \forall_{i} \text{ (for all cases)}$$

Aggregation over items then gives the national CPI of Albania:

$$CPI_{0}^{t} = \sum_{i} w_{i.} * I_{0,i}^{t} \qquad \text{where } \sum_{i} w_{i.} = 1$$

Monthly and annual average prices: Average prices are calculated monthly.

Seasonally adjusted indices: No

Software used for calculating the CPI: Microsoft Excel

G: Editing and validation procedures

H: Documentation and dissemination

Timeliness of dissemination of the CPI data: 6 days after the end of the reference month.

Level of detailed CPI published

Paper publication: All items CPI, Division-level (12 Divisions), Group-level app. 40 groups, Class-level (100 classes) and Average prices

Online: All items CPI, Division-level (12 Divisions), Group-level app. 40 groups, Class-level (100 classes)

Restricted Access: All items CPI, Division-level (12 Divisions), Group-level app. 40 groups, Class-level (100 classes)

Separate indices published for specific population groups: No

Type of products for which average prices are calculated and disseminated: Food product, gasoline

Documentation

Publications and websites where indices can be found: Monthly publication "Consumer Price Index"; Internet website: www.instat.gov.al

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I: Other Information

Reported by the country in 2012.