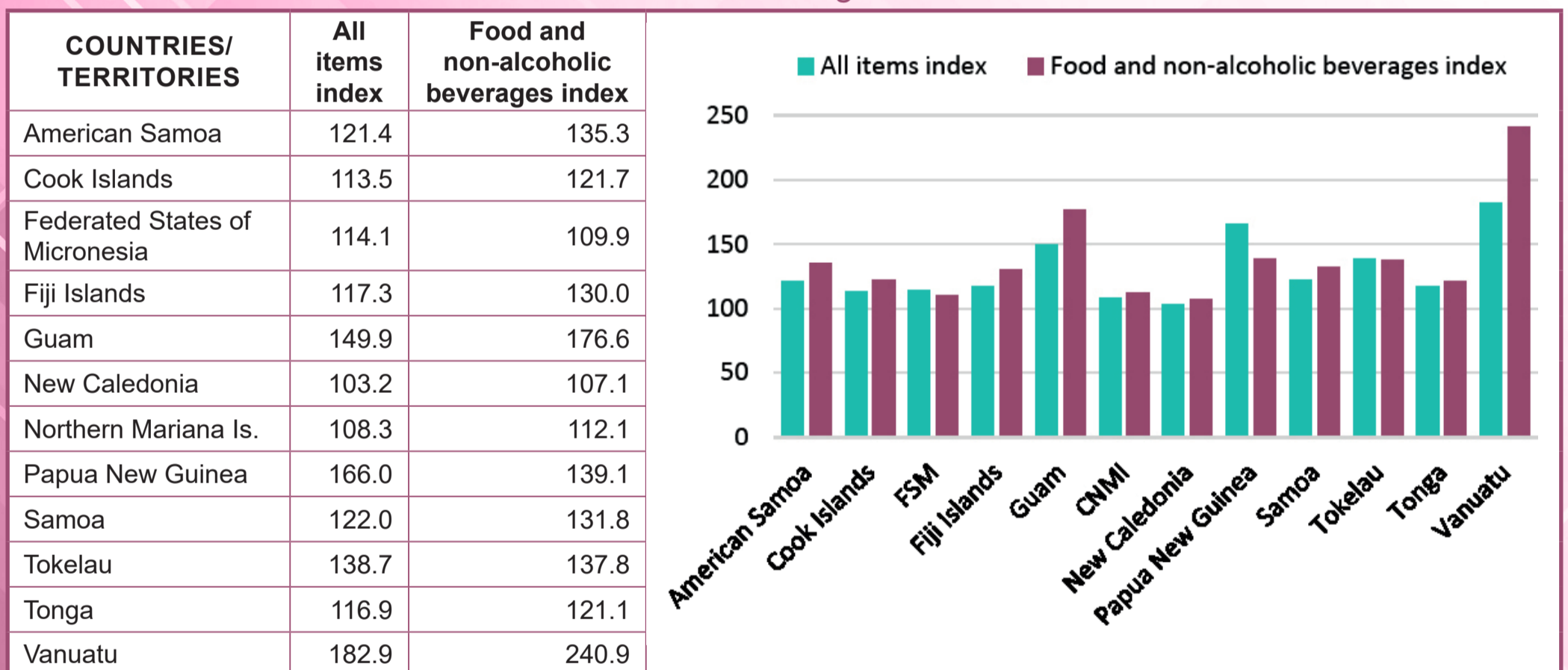




IMPACT OF FOOD PRICES ON CONSUMER PRICE INDEX

The Consumer Price Index (CPI) measures changes in the general level of prices for a representative market basket of consumer goods and services purchased by private households. While the all items CPI measures the price changes for all consumer goods and services in the basket, the CPI for food which has the highest weight in the CPI basket, measures the changes in the retail prices of food and non alcoholic beverage items only. The rising cost of food is one of the major drivers of inflation. When prices rise, the purchasing power of money is reduced and consequently, people buy less with the same amount of money.

'All items index' and 'food and non-alcoholic beverages index' for selected PICTs in 2022



THE CPI SHOPPING BASKET

Households are not exactly alike in their spending habits. They purchase different combinations of goods and services for consumption. The CPI “basket” represents a mix of consumer products generally purchased by the typical household.

USES OF CPI

- assessing and analysing economic conditions, e.g. assessing relative trends in prices, dealing with questions of economic growth and fluctuations, inflationary and deflationary pressures in the economy, conditions of supply and demand, cost-price relationship;
- measuring price changes/differences affecting employees and other consumers, e.g. measuring standard of living, purchasing power of incomes;
- special analytical purposes, e.g. indexes used as deflators in analysing national accounting flows or for revaluation of quantum series.