



## Consumer Price Index (CPI): July 2024

(Release date: 12<sup>th</sup> September, 2024)

### 1. **Headline Inflation (Year-on-Year) – National level**

The headline or overall inflation increased to 2.04 percent in July 2024 from 1.84 percent in June 2024, higher by 0.20 percentage points as compared to previous month. This brings the national average inflation from January to July 2024 to 3.53 percent. The upward trend in inflation was mainly driven by Furnishings, household equipment, and routine household maintenance, Clothing and footwear and Miscellaneous goods.

Figure 1: Year-on-year Inflation, National (% change)

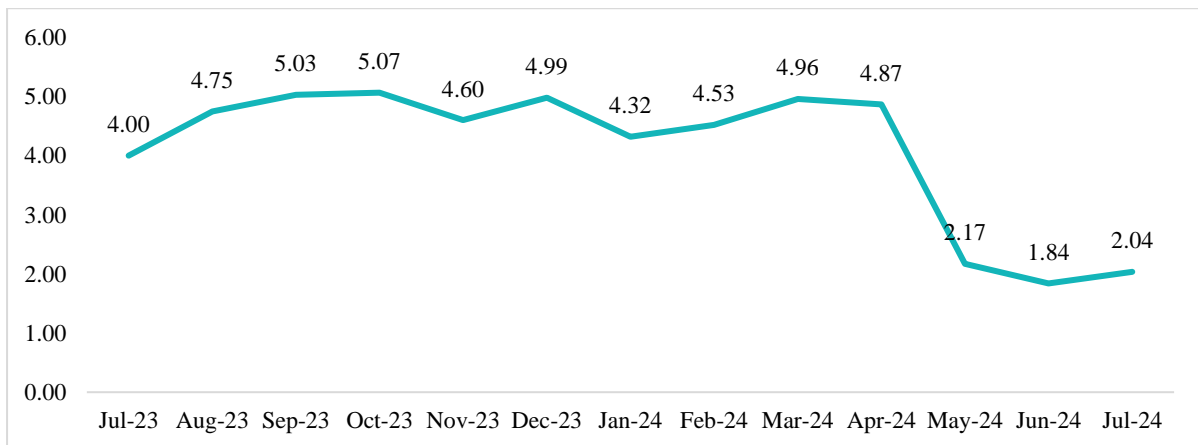
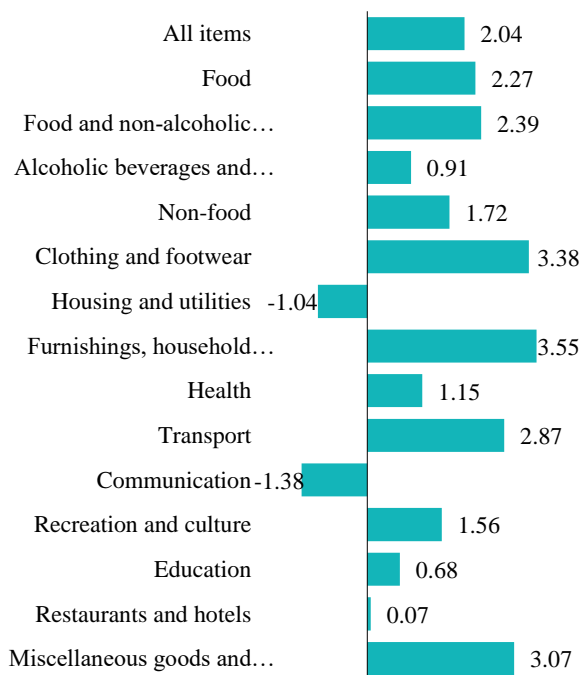


Figure 2: CPI by major categories, Y-O-Y (% change)



#### 1.1. Food Inflation

The Food inflation increased to 2.27 percent in July 2024. Within the Food category, the Food & non-alcoholic beverages index recorded an increase of 2.39 percent, and the Alcoholic beverages & betel nuts index saw an increase of 0.91 percent.

#### 1.2. Non-food Inflation

The Non-food inflation increased to 1.72 percent in July 2024, up by 0.17 percentage points from June 2024. The upward trend in the non-food category was driven by an increase of 3.38 percent in the Clothing & footwear index, an increase of 3.55 percent in Furnishing, household equipment & routine household maintenance index, and an increase of 3.07 percent in Miscellaneous goods & services index.

## 2. Headline Inflation (Month-on-Month) National Level

Month-on-month inflation rose to 1.51 percent in July 2024, up by 1.84 percentage points compared to June 2024. This increase was primarily driven by Furnishings, household equipment & routine household maintenance (2.38 percent), Transport (2.32 percent), and Food & non-alcoholic beverages (1.85 percent).

Figure 3: Month-on-Month Inflation, National (% change)

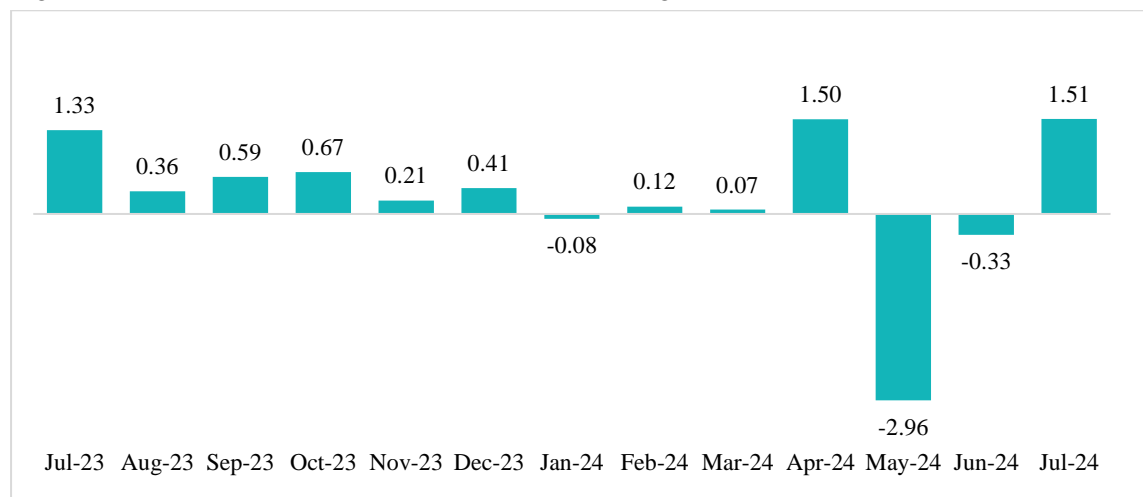
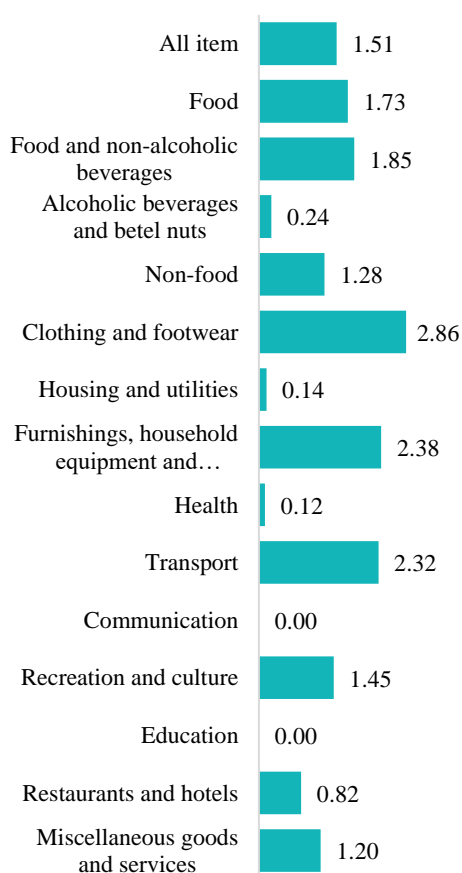


Figure 4: CPI by major categories, M-O-M (% change)



### 2.1. Food Inflation

Month-on-month Food inflation rose to 1.73 percent, an increase of 1.44 percentage points from June 2024. The upward trend was mainly driven by Food & non-alcoholic beverages, which saw a 1.85 percent increase. Alcoholic beverages and betel nuts recorded a more modest price rise of 0.24 percent.

### 2.2. Non-food Inflation

Month-on-Month Non-food inflation rose to 1.28 percent in July 2024 from -0.96 percent in June 2024. The upward trend in non-food was mainly driven by following commodity group during the month:

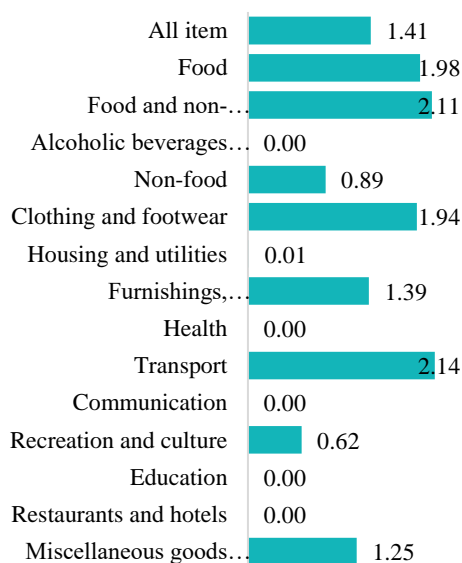
- Clothing & footwear : 2.86 %
- Furnishing : 2.38 %
- Transport : 2.32 %
- Recreation & culture : 1.45 %
- Miscellaneous goods : 1.20 %

### 3. Capital City and Regional CPI (Month-on-Month)

#### 3.1. Capital City CPI

Month-on-month inflation for the capital city rose to 1.41 percent compared to June 2024. This increase was driven by a 1.98 percent rise in food index compared to 0.89 percent increase in non-food index.

Figure 5: Month-on-month CPI by major categories, Capital City (% change)



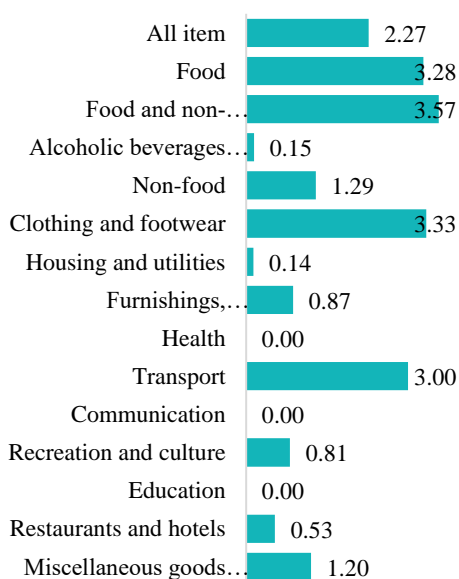
Food inflation increased to 1.98 percent. Within the food category, the index for Food & non-alcoholic beverages rose to 2.11 percent, while the index of Alcoholic beverages & betel nuts remained unchanged.

In the non-food category, the Clothing & footwear index increased to 1.94 percent, the Transport index to 2.14 percent, and the Furnishing, household equipment & routine household maintenance index saw a 1.39 percent increase.

#### 3.2. Central CPI

In July 2024, the month-on-month inflation for the central region increased to 2.27 percent compared to the previous month. Both the food and non-food indices recorded an increase.

Figure 6: Month-on-month CPI by major categories, Central (% change)



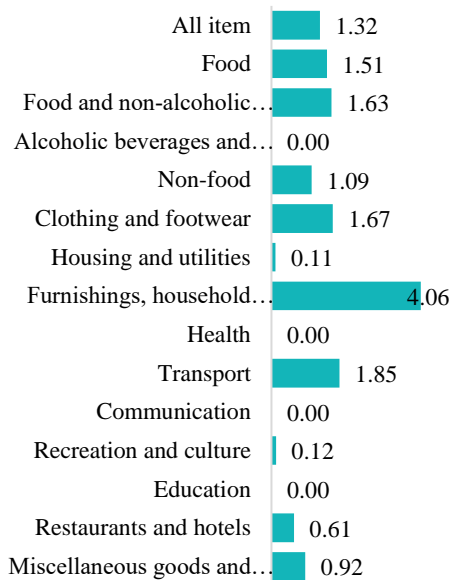
The Food inflation increased to 3.28 percent, largely driven by a 3.57 percent increase in Food & non-alcoholic beverages index, and a 0.15 percent increase in the Alcoholic beverages & betel nuts index.

The Non-food inflation increased to 1.29 percent, mainly driven by increase in Clothing & footwear index to 3.33 percent, Transport index to 3.00 percent and that of Recreation & culture to 0.81 percent. Additionally, Restaurant & hotels index increased to 0.53 percent.

### 3.3. Eastern CPI

In July 2024, the month-on-month headline inflation rate for the eastern region increased to 1.32 percent from -0.01 percent in the previous month.

Figure 7: Month-on-month CPI by major categories, Eastern (% change)



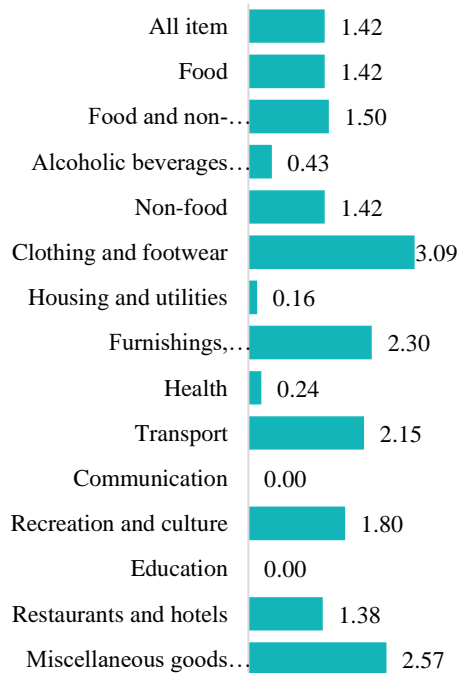
Food inflation in the eastern region increased to 1.51 percent, up from 0.83 percent in the previous month. The higher inflation rate was primarily influenced by Food & non-alcoholic beverages index with 1.63 percent increase.

Non-food inflation increased to 1.09 percent, up from -0.98 percent in the previous month. Within the non-food category, the main drivers were Furnishing, household equipment & routine household maintenance which rose to 4.06 percent, Transport index which rose to 1.85 percent, and Restaurants & hotels index which rose to 0.61 percent.

### 3.4. Western CPI

In July 2024, the month-on-month headline inflation of western region rose to 1.42 percent. This increase in inflation was mainly attributed to an increase in the indices of both the food and non-food.

Figure 8: Month-on-month CPI by major categories, Western (% change)



Food inflation recorded an increase of 1.42 percent in July 2024 as compared to the previous month. The upward trend in food inflation was mainly driven by a 1.50 percent increase in Food & non-alcoholic beverages index and a 0.43 percent increase in Alcoholic beverages & betel nuts index.

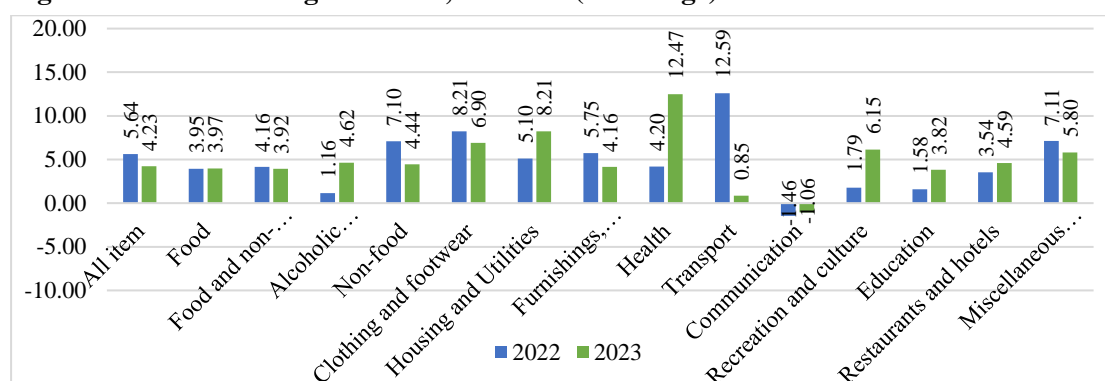
Non-food inflation in western region saw an increase of 1.42 percent, up by 2.43 percentage points from June 2024. Transport index increased to 2.15 percent, Clothing & footwear increased to 3.09 percent, and Furnishing, household equipment & routine household maintenance increased to 2.30 percent.

#### 4. Annual Average Inflation, National

The annual average national headline inflation from January 2023 to December 2023 eased to 4.23 percent in 2023, down by 1.41 percentage points from 5.64 percent in 2022. The downward trend in inflation were primarily driven by a slower annual increment in non-food index which decelerated to 4.44 percent in 2023.

Average food inflation rose to 3.97 percent, up by 0.02 percentage points from 3.95 percent in 2022. This moderate rise in food index was mainly driven by increase in the index of alcoholic beverages and betel nuts, which rose to 4.62 percent, an increase by 3.46 percentage points from 1.16 percent in 2022.

**Figure 9: Annual average inflation, National (% change)**

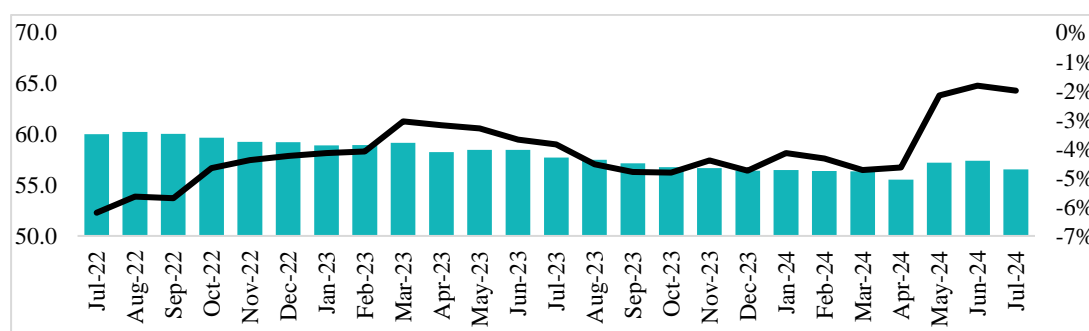


In 2023, the non-food index decelerated to 4.44 percent, from 7.10 percent in 2022. This deceleration was primarily due to a drop in communication and transport index to 1.06 percent and 0.85 percent respectively. However, significant drivers of inflation in the non-food category included health with an increase of 12.47 percent, housing and utilities with an increase of 8.21 percent, and clothing and footwear with an increase of 6.90 percent, among others.

#### 5. Purchasing Power of Ngultrum

The purchasing power of the Ngultrum, as measured by CPI, stood at Nu. 56.5 as of July 2024 as compared to December 2012. This means, Nu. 100 in July 2024 is worth only Nu. 56.5 at December 2012 prices. The Purchasing Power of the Ngultrum has eroded by 2 percent in the last year (from July 2023 to July 2024) due to price increases in the economy.

**Figure 10: Purchasing Power of Ngultrum (PPN)**



## Statistical tables

Table 1: Consumer Price Index, National (2023-24 = 100)

Division	Weight (%)	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
<b>All item</b>	<b>100.00</b>	<b>101.02</b>	<b>101.09</b>	<b>102.61</b>	<b>99.56</b>	<b>99.20</b>	<b>100.76</b>
<b>Food</b>	<b>50.86</b>	<b>101.75</b>	<b>101.95</b>	<b>102.58</b>	<b>99.67</b>	<b>99.85</b>	<b>101.36</b>
Food & non-alcoholic ...	47.29	101.73	101.91	102.63	99.32	99.70	101.56
Alcoholic beverages & betel...	3.57	101.97	102.51	101.97	99.87	99.87	98.83
<b>Non-food</b>	<b>49.14</b>	<b>100.41</b>	<b>100.37</b>	<b>102.63</b>	<b>99.89</b>	<b>99.35</b>	<b>100.14</b>
Clothing and footwear	5.64	101.05	101.05	101.26	100.00	100.00	102.86
Housing and Utilities	12.48	99.68	99.29	106.23	100.00	98.42	98.57
Furnishings, household ...	3.50	100.91	100.91	101.06	100.00	100.00	102.38
Health	0.64	101.76	101.76	101.81	100.00	100.00	100.12
Transport	9.90	101.38	101.53	102.90	98.87	95.46	97.68
Communication	4.50	95.50	95.50	93.96	100.00	100.00	102.41
Recreation and Culture	2.56	99.66	99.66	101.42	100.00	100.00	101.45
Education	0.75	99.68	99.68	103.57	100.36	100.36	100.36
Restaurants and hotels	2.81	99.99	99.99	103.09	100.00	100.00	100.82
Miscellaneous goods and ...	6.37	102.44	102.44	104.44	100.00	100.00	101.20

Table 2: Percentage change by major categories, National (Y-O-Y\*)

Division	Weight (%)	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
<b>All item</b>	<b>100.00</b>	<b>4.53</b>	<b>4.96</b>	<b>4.87</b>	<b>2.17</b>	<b>1.84</b>	<b>2.04</b>
<b>Food</b>	<b>50.86</b>	<b>6.08</b>	<b>6.90</b>	<b>5.53</b>	<b>2.77</b>	<b>2.54</b>	<b>2.27</b>
Food & non-alcoholic ...	47.29	6.39	7.15	5.64	2.39	2.11	2.39
Alcoholic beverages & betel...	3.57	1.94	3.70	4.07	3.27	3.72	0.91
<b>Non-food</b>	<b>49.14</b>	<b>3.22</b>	<b>3.34</b>	<b>4.31</b>	<b>2.08</b>	<b>1.55</b>	<b>1.72</b>
Clothing and footwear	5.64	5.75	5.75	4.37	3.07	3.07	3.38
Housing and Utilities	12.48	9.70	8.93	6.26	0.51	-0.50	-1.04
Furnishings, household ...	3.50	3.93	3.93	2.88	1.91	1.91	3.55
Health	0.64	8.02	8.02	5.30	3.43	3.43	1.15
Transport	9.90	-0.98	-0.07	5.50	2.91	1.05	2.87
Communication	4.50	-7.08	-7.08	-8.57	-2.70	-2.70	-1.38
Recreation and culture	2.56	2.98	2.98	1.59	0.16	0.16	1.56
Education	0.75	0.00	0.00	3.91	0.68	0.68	0.68
Restaurants and hotels	2.81	2.88	2.88	6.64	3.44	3.44	0.07
Miscellaneous goods and ...	6.37	6.40	6.40	8.34	3.73	3.73	3.07

\* The CPI for a given month is compared to the same month of the previous year.

Table 3: Percentage change by major categories, National (M-O-M\*\*)

Division	Weights (%)	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
<b>All item</b>	<b>100.00</b>	<b>0.12</b>	<b>0.07</b>	<b>1.50</b>	<b>-2.96</b>	<b>-0.33</b>	<b>1.51</b>
<b>Food</b>	<b>50.86</b>	<b>-0.05</b>	<b>0.20</b>	<b>0.62</b>	<b>-2.83</b>	<b>0.29</b>	<b>1.73</b>
Food and non-alcoholic ...	47.29	-0.07	0.18	0.70	-3.22	0.31	1.85
Alcoholic beverages & betel ...	3.57	0.22	0.52	-0.52	-1.93	0.00	0.24
<b>Non-food</b>	<b>49.14</b>	<b>0.26</b>	<b>-0.04</b>	<b>2.26</b>	<b>-2.67</b>	<b>-0.96</b>	<b>1.28</b>
Clothing and footwear	5.64	0.00	0.00	0.21	-1.25	0.00	2.86
Housing and utilities	12.48	-0.01	-0.40	6.99	-5.87	-1.28	0.14
Furnishings, household ...	3.50	0.00	0.00	0.15	-0.94	0.00	2.38
Health	0.64	0.00	0.00	0.05	-1.78	0.00	0.12
Transport	9.90	0.90	0.15	1.35	-3.92	-3.11	2.32
Communication	4.50	0.00	0.00	-1.61	6.42	0.00	0.00
Recreation and Culture	2.56	0.00	0.00	1.77	-1.40	0.00	1.45
Education	0.75	0.00	0.00	3.91	-3.11	0.00	0.00
Restaurants and hotels	2.81	0.00	0.00	3.10	-2.99	0.00	0.82
Miscellaneous goods and ...	6.37	0.00	0.00	1.96	-4.25	0.00	1.20

\*\* The CPI for a given month is compared to the month before it.

Table 4: Percentage change by major categories, Capital City and Regions (M-O-M)

Division	National	Central	Eastern	Western	Capital City
<b>All item</b>	<b>1.51</b>	<b>2.27</b>	<b>1.32</b>	<b>1.42</b>	<b>1.41</b>
<b>Food</b>	<b>1.73</b>	<b>3.28</b>	<b>1.51</b>	<b>1.42</b>	<b>1.98</b>
Food and non-alcoholic ...	1.85	3.57	1.63	1.50	2.11
Alcoholic beverages & betel ...	0.24	0.15	0.00	0.43	0.00
<b>Non-food</b>	<b>1.28</b>	<b>1.29</b>	<b>1.09</b>	<b>1.42</b>	<b>0.89</b>
Clothing and footwear	2.86	3.33	1.67	3.09	1.94
Housing and utilities	0.14	0.14	0.11	0.16	0.01
Furnishings, household ...	2.38	0.87	4.06	2.30	1.39
Health	0.12	0.00	0.00	0.24	0.00
Transport	2.32	3.00	1.85	2.15	2.14
Communication	0.00	0.00	0.00	0.00	0.00
Recreation and Culture	1.45	0.81	0.12	1.80	0.62
Education	0.00	0.00	0.00	0.00	0.00
Restaurants and hotels	0.82	0.53	0.61	1.38	0.00
Miscellaneous goods ...	1.20	1.20	0.92	2.57	1.25

Table 5: Annual average consumer price index, National (2023-24 = 100)

Division	Weights (%)	2018	2019	2020	2021	2022	2023
<b>All item</b>	<b>100.00</b>	<b>76.79</b>	<b>78.89</b>	<b>83.33</b>	<b>89.45</b>	<b>94.49</b>	<b>98.49</b>
<b>Food</b>	<b>50.86</b>	<b>72.18</b>	<b>74.66</b>	<b>82.94</b>	<b>90.72</b>	<b>94.31</b>	<b>98.05</b>
Food and non-alcoholic ...	47.29	72.05	74.67	83.01	90.52	94.28	97.98
Alcoholic beverages & betel ...	3.57	73.75	74.45	79.90	93.50	94.59	98.96
<b>Non-food</b>	<b>49.14</b>	<b>80.85</b>	<b>82.67</b>	<b>83.69</b>	<b>88.39</b>	<b>94.66</b>	<b>98.87</b>
Clothing and footwear	5.64	74.14	75.41	77.79	84.95	91.93	98.27
Housing and utilities	12.48	76.77	78.71	80.52	85.57	89.94	97.33
Furnishings, household ...	3.50	81.18	83.26	85.20	89.69	94.85	98.80
Health	0.64	75.34	77.25	79.88	83.36	86.86	97.68
Transport	9.90	79.25	81.40	81.80	87.88	98.95	99.79
Communication	4.50	123.64	123.93	117.47	105.23	103.70	102.60
Recreation and Culture	2.56	89.35	89.65	89.74	91.77	93.40	99.15
Education	0.75	89.52	90.63	93.71	94.33	95.82	99.48
Restaurants and hotels	2.81	80.02	84.37	85.65	91.21	94.43	98.77
Miscellaneous goods ...	6.37	78.74	80.03	80.81	86.29	92.43	97.79

Table 6: Annual average inflation, National (% change)

Division	Weights (%)	2018	2019	2020	2021	2022	2023
<b>All item</b>	<b>100.00</b>	<b>2.72</b>	<b>2.73</b>	<b>5.63</b>	<b>7.35</b>	<b>5.64</b>	<b>4.23</b>
<b>Food</b>	<b>50.86</b>	<b>4.93</b>	<b>3.44</b>	<b>11.09</b>	<b>9.38</b>	<b>3.95</b>	<b>3.97</b>
Food and non-alcoholic ...	47.29	4.94	3.64	11.35	8.86	4.16	3.92
Alcoholic beverages & betel ...	3.57	4.75	0.94	7.66	16.66	1.16	4.62
<b>Non-food</b>	<b>49.14</b>	<b>1.28</b>	<b>2.24</b>	<b>1.24</b>	<b>5.62</b>	<b>7.10</b>	<b>4.44</b>
Clothing and footwear	5.64	2.61	1.72	3.23	9.13	8.21	6.90
Housing and utilities	12.48	1.41	2.53	2.32	6.26	5.10	8.21
Furnishings, household ...	3.50	1.63	2.56	2.37	5.23	5.75	4.16
Health	0.64	1.96	2.54	3.41	4.34	4.20	12.47
Transport	9.90	-0.70	2.72	0.52	7.40	12.59	0.85
Communication	4.50	0.08	0.23	-5.75	-9.90	-1.46	-1.06
Recreation and Culture	2.56	0.42	0.33	0.12	2.25	1.79	6.15
Education	0.75	3.31	1.24	3.39	0.66	1.58	3.82
Restaurants and hotels	2.81	5.79	5.44	1.59	6.41	3.54	4.59
Miscellaneous goods ...	6.37	2.23	1.65	1.02	6.73	7.11	5.80



## Technical Note

### 1. Background

The Consumer Price Index (CPI) measures how the prices of consumer goods and services change over time on average. It helps to measure inflation, indicating if prices have decreased or increased from a specified reference period, called the base year. This index base year is used as a benchmark against which current price levels are compared. The CPI provides information on the purchasing power of consumers and the overall cost of living.

### 2. Scope and Coverage

The CPI includes the goods and services bought by households. A representative sample of these goods and services is selected based on household expenditure data. Prices for these sampled goods and services are collected from urban areas in the 20 Dzongkhags at different frequencies—monthly, quarterly, and annually - depending on how often the prices change. Data collection outlets are chosen through purposive sampling based on the popularity of the outlet and the availability of items.

To capture the price dynamics across various regions of the country, five different CPIs are being published monthly, starting from June 2024. The number of items included in each of the CPI baskets is as follows:

1. National level : 169 items
2. Eastern : 120 items
3. Western : 165 items
4. Central : 144 items
5. Capital City : 134 items

The items in the CPI are classified according to the *Classification of Individual Consumption According to Purpose (COICOP) 1999*. Approximately 500 outlets are selected for pricing.

### 3. Weights

The weights reflect the relative importance or share of expenditure on individual items within the total consumption expenditures for all households. These weights determine the impact each item has on the overall inflation. The weights for the current CPI are derived from the household consumption expenditure data of the Bhutan Living Standard Survey (BLSS), 2022 conducted every five years. The new rebased CPI basket along with its corresponding weights for National, Capital City, Western, Central, and Eastern are given below.

	National	Central	Eastern	Western	Capital City
<b>All item</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Food</b>	<b>50.86</b>	<b>48.50</b>	<b>54.02</b>	<b>51.29</b>	<b>47.94</b>
Food and non-alcoholic ...	47.29	44.65	50.08	48.07	44.87
Alcoholic beverages & betel ...	3.57	3.85	3.95	3.22	3.07
<b>Non-food</b>	<b>49.14</b>	<b>51.50</b>	<b>45.98</b>	<b>48.71</b>	<b>52.06</b>
Clothing and footwear	5.64	5.73	5.88	5.56	4.66
Housing and utilities	12.48	12.15	10.89	13.70	16.65
Furnishings, household ...	3.50	3.79	3.38	3.76	3.27

Health	0.64	0.58	0.45	0.66	0.83
Transport	9.90	9.94	10.13	9.92	11.50
Communication	4.50	4.65	4.46	4.49	4.32
Recreation and Culture	2.56	3.72	2.03	2.70	2.44
Education	0.75	0.69	0.41	0.96	1.43
Restaurants and hotels	2.81	3.34	3.24	2.40	1.61
Miscellaneous goods ...	6.37	6.91	5.11	4.56	5.36

Table: New weights for the national, regional (central, eastern, western) and capital city

#### 4. Reference Period

There are three “reference periods” used for CPI as given below:

- i. **Weight Reference Period** is the period during which household consumption expenditure data are collected. The weight-reference period for the new CPI is 2022, that is, the period when the BLSS was conducted.
- ii. **Index Reference Period** is the period when the index is set to 100. In the new CPI, the index reference period is 2023-24 (May 2023 to April 2024).
- iii. **Price Reference Period** is the period for which the prices of each product are used for calculating the elementary indices (indices for individual CPI items). The price reference period for the new CPI is April 2024.

#### 5. Index Calculation

The Geometric Modified Young formula is used to calculate the CPI:

$$P_{GYO} = \prod_{i=1}^n \left( \frac{P_i^t}{P_i^O} \right)^{S_i^b}$$

$S_i^b$  = Expenditure Shares of the Base Period (weight from BLSS)

$P_i^t$  = Current Period Price

$P_i^O$  = Previous Period Price

$\left( \frac{P_i^t}{P_i^O} \right)$  = Price Relatives