

**CONSUMER PRICE INDEX  
MONTHLY REPORT**

**FEBRUARY 2010**



***PREPARED BY:***

**BUREAU OF STATISTICS  
DEPARTMENT OF FINANCE**

**15.03.10**

# THE CONSUMER PRICE INDEX

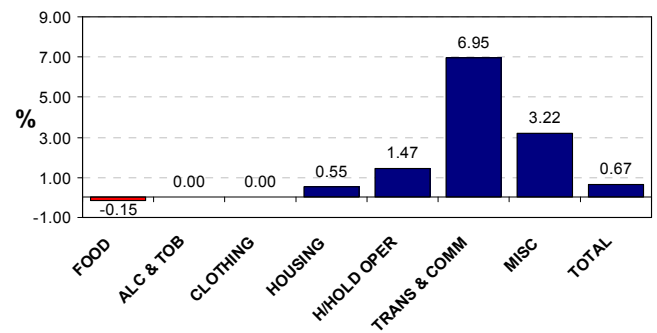
## 1. Monthly Change

The CPI for the month of February 2010 is reported at 102.17 which illustrate that the index has increased by 0.67 percent from the previous month of January. The Table below verifies the difference of the index between the two observation periods and attached with this is the CPI basket of goods depicting the index movement for each observation.

**Table % change in Monthly Group Indices**

GROUP	JAN'10 INDEX	FEB'10 INDEX	DIFFERENCE	%INCREASE (+) DECREASE (-)
FOOD	57.43	57.34	-0.09	-0.15
ALCOHOL & TOBACCO	17.61	17.61	0.00	0.00
CLOTHING	3.66	3.66	0.00	0.00
HOUSING	2.99	3.00	0.01	0.55
HOUSEHOLD OPERATIONS	8.33	8.45	0.12	1.47
TRANSPORT & COMMUNICATION	7.03	7.51	0.49	6.95
MISCELLANEOUS	4.45	4.59	0.14	3.22
TOTAL	101.49	102.17	0.68	0.67

**Chart 1. % change for February 2010.**



### 1.1 Monthly Observation

The cost of goods and services has slightly grown 0.67 percent as a result of increases from four of the seven groups for February. Each of the four groups namely--Housing, Household operations, Transport & Communications and Miscellaneous--have contributed to the slight surge.

Leading the growth for February is the Transport & Communication index which reported an increase of 6.95 percent from the previous month subsequently after an increase of 4.63 percent in January. Within the Transport & Communication index there are six observation items and the rising index for airfare has significantly influenced the movement with increases of 26.05 percent since January. The remaining observation items within the Transport & Communication component remained unchanged.

Recording the second largest increase is the Miscellaneous index with 3.22 percent after recording an insignificant increase in the previous month. Within Miscellaneous, the increased index for CD of 12 percent solely contributed to the advance whereas the remaining sub-groups--Health, Education, Recreation and Personal products remained unaffected.

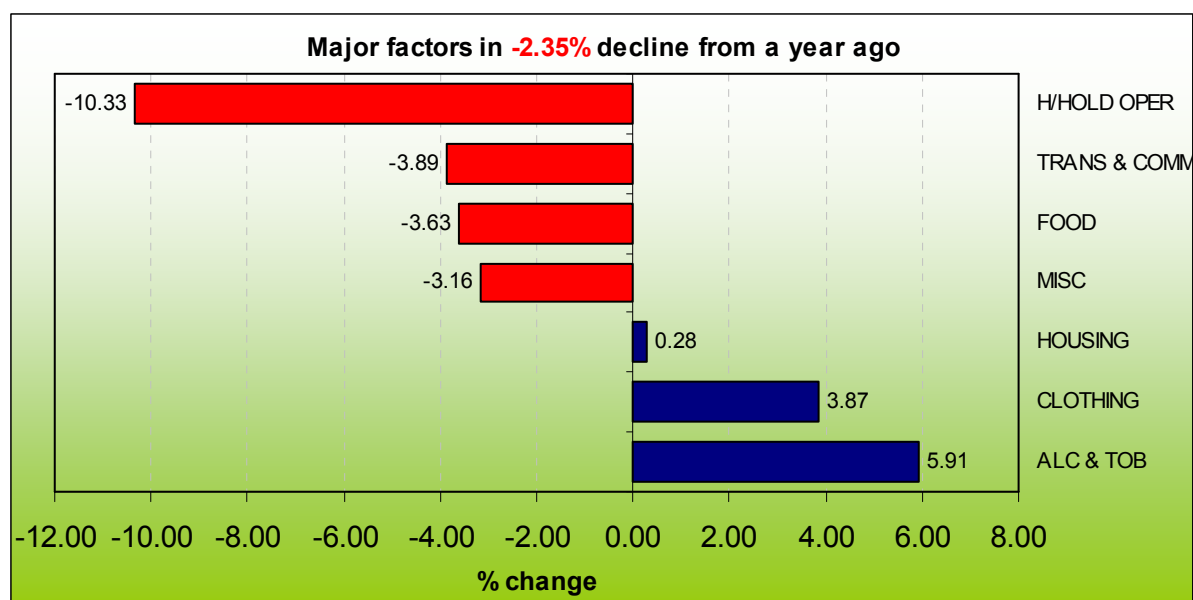
Subsequently the Household operations index rose 1.47 percent following a steady increase in January and it's solely attributed to the advance index for light globe, washing soap powder and mosquito coil. Last of all, the Housing index reported an insignificant growth of 0.55 percent and a slight surge of paint has impacted the variation.

To offset the index, only the falling index for Food with 0.15 percent has been recorded and the depleting variation is too insignificant to report. The index for Alcohol & Tobacco and Clothing remained unchanged.

## 2. Annual Change

On an annual basis it is apparent that the annualised change has recorded a fall of **2.35** percent as clearly illustrated in Chart 2. A greater part of the CPI components such as--Household operation, Transport & Communication, Food and Miscellaneous--have all reported decreases.

**Chart 2. Annualised % change since February 2009**



### 2.1 Annual Observation

Heading the annual decline is the index for Household operations with a significant drop of **10.33** percent. As mentioned in the previous CPI reports the decline is mainly driven by the cost of electricity which now remains at 0.10 cents per kilowatt compared to the 0.30 cents per kilowatt from a year ago. Although this particular item in the CPI is questionable due to the unusual forms of payment in the past, it is apparent that the applied rates charged to consumers are fixed accordingly and citation of these rates is applied to the CPI working. The other notable item that has influenced the fluctuation is the reduced price of key household appliances such as freezers, refrigerators and washing machine with a decline of 24.02, 6.57 and 1.67 percent. Small decrease of large disposable batteries with 9.05 percent also contributed to the decline.

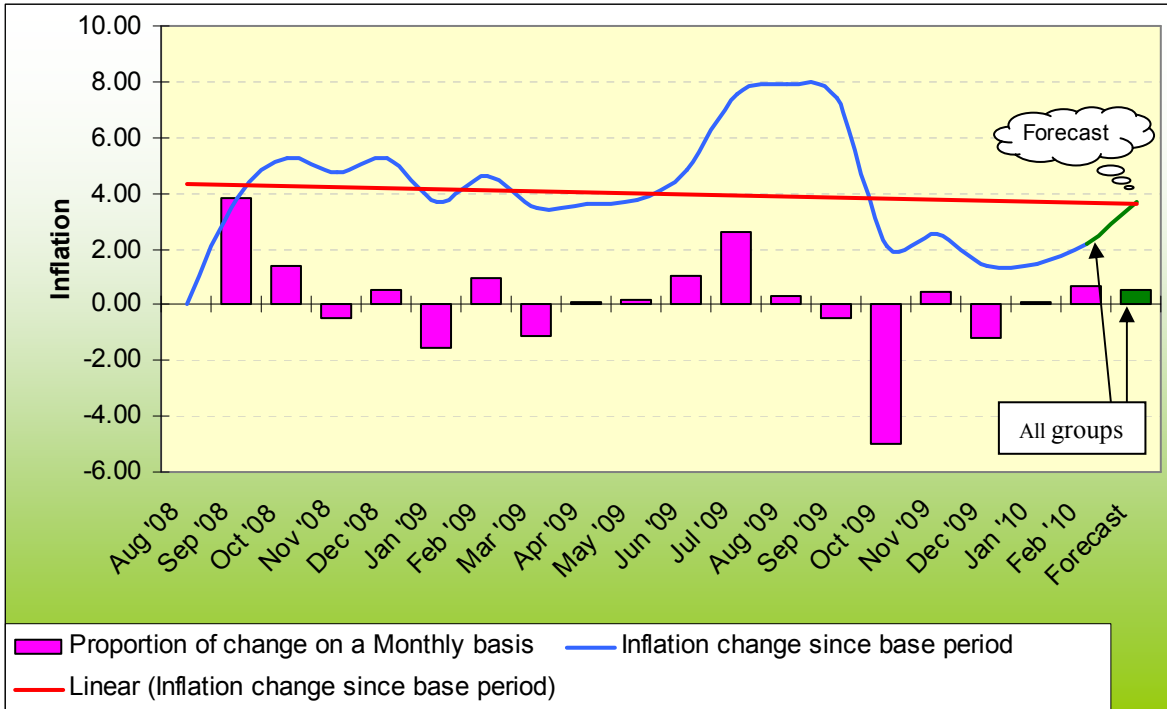
Subsequently the indexes for Transport & Communication closely followed by Food and Miscellaneous have all reported deflation with **3.89**, **3.63** and **3.16** percent respectively. In the latter, the items affecting the change of the index are automotive fuels in petrol, diesel and oil through fuel regulations that are consistent to global oil prices. In Food, items with more than five percent drops are as follows. The international rice prices have declined slowly easing stagnant of demand which has converged to a downward pressure for national rice price average with an annual decline of -14.86. The deceleration also reflects small decreases in the indexes of butter, milk powder, soya sauce and tea. Similarly, within Miscellaneous, the dropping index for exercise book and deodorant has influenced the variation.

To offset the variation, increases of index from Alcohol & Tobacco, Clothing and Housing with **5.91**, **3.87** and **0.28** percent have to some extent eased the deflation. The main index moving the advance of the Alcohol & Tobacco is the increased index of cigarettes. Small increases of index for t-shirts and nappies have contributed to the increase of the Clothing group while growth in Housing is insignificant.

### 3. All Groups CPI Series

The February 2010 All Groups index has reported a small advance from the preceding month and it emerges that the index will again grow with an anticipated increased of 1.83 percent for March.

**Chart 3. CPI Monthly variables and Inflation trend since base period including forecast**



#### 3.1 Historical Movement

The All Groups Index<sup>1</sup> depicted in Chart 3 shows the two CPI's historical trends since the base period August 2008. The bar graph represents the monthly fluctuations whilst the line graph illustrates changes since base period.

As highlighted in previous publications the recent spike of the All Groups index is mainly attributed to the global demand of rice which saw record prices in the global market due to the low production. Since rice is the main part of Nauru's staple diet and is highly regarded in the CPI, current trends and projections of increased volume for world wide production of rice should stabilize the domestic inflation overtime.

The Transport & Communications index is the primary mover of the All groups index for this period. Although when observing Chart 3 and comparing the current results with preceding data the proportion of change is insignificant indicating a moderate historical inflation.

<sup>1</sup> The CPI's basket of goods consist of seven major groups--Food, Alcohol & Tobacco, Clothing, Housing, Household operations, Transport & Communications and Miscellaneous--which make up the All Groups index.

#### **4. Conclusion**

To summarize the current results for February 2010, it is evident that in the monthly observation the CPI reported an increase of 0.67 percent since January which is virtually unchanged. While on an annual basis when the current index is compared to the index from February 2009 the CPI reported a decrease of 2.37 percent with a number of key elements influencing the variation. Subsequently in the All groups CPI Series the results is indicative of a moderate and stable inflation since the base period.

				01 AUG '08	JAN '10		FEB '10	
REF-NO	ITEM NAME	DESCRIPTION	WEIGHT	BASE PRICE	PRICE	INDEX	PRICE	INDEX
	<u>RICE &amp; OTHER CEREALS</u>							
1010	Rice	Imported rice/sunwhite/bag/25kg	15.48	41.00	48.00	18.12	48.00	18.12
1020	Bread (sliced loaf)	Bread//white/local/sliced loaf	3.65	1.75	1.93	4.03	1.93	4.03
1030	Noodles	Noodles/sachet/85g	1.68	0.53	0.65	2.06	0.65	2.06
1040	Other bread and Biscuits	Dry biscuits/brand/250g	0.54	2.10	3.02	0.78	3.02	0.78
1050	Self raising	Imported Flour/self raising/1kg	0.39	2.50	2.78	0.43	2.78	0.43
	<u>MEAT</u>							
1060	Chicken	Imported Chicken/cuts/2kg	7.99	9.18	7.78	6.77	7.70	6.70
1070	Canned Meat	Tinned beef/corned beef/imperial/326g	3.63	4.53	4.67	3.74	4.65	3.73
1080	Canned Meat	Tinned meat/luncheon/397g	1.69	2.43	1.73	1.21	1.73	1.21
1090	Sausages	Sausages/1pack/pork/1kg	1.07	7.33	4.05	0.59	4.05	0.59
	<u>SEAFOOD</u>							
1100	Fish	Tuna/Skipjack(bonita)/1 kg	2.50	6.00	6.00	2.50	6.00	2.50
1110	Canned Fish	Imported tinned mackerel/brand/425g	0.92	2.55	2.70	0.97	2.70	0.97
1120	Reef fish	Reef fish/1 kg	0.75	8.00	8.00	0.75	8.00	0.75
1130	Canned Fish	Tinned sardines/sardines/425g	0.50	2.35	3.25	0.69	3.25	0.69
	<u>FOOD, FRUIT &amp; VEGETABLES</u>							
1140	Canned Tomatoes	Tinned tomatoes/brand/400g	0.71	1.97	2.06	0.74	2.04	0.74
1150	Onions and Chives	Onions/sea feight/1kg	0.34	3.95	5.54	0.48	5.54	0.48
1160	Potatoes	Potatoes/sea freight/1kg	0.14	3.90	4.10	0.15	4.10	0.15
	<u>DAIRY</u>							
1170	Butter	Imported butter/brand/250g	1.43	2.65	2.63	1.42	2.63	1.42
1180	Milk powder	Milk powder/brand/1kg	0.99	12.87	11.52	0.89	11.52	0.89
1190	Cooking Oil	Cooking oil/brand/750ml	0.52	4.57	5.35	0.61	5.35	0.61
1200	Fresh milk	Fresh milk/full cream/1litre	0.42	2.63	2.82	0.45	2.82	0.45
1210	Eggs	Imported Eggs/dozen/600g	0.29	5.47	5.72	0.30	5.72	0.30

				01 AUG '08	JAN '10		FEB '10	
REF-NO	ITEM NAME	DESCRIPTION	WEIGHT	BASE PRICE	PRICE	INDEX	PRICE	INDEX
	<u>OTHER FOODS</u>							
1220	Soft drink	Soft drinks/brand/1can/375ml	0.96	1.03	1.12	1.04	1.12	1.04
1230	Sugar	Imported sugar/white/brand/2kg	4.60	4.10	4.10	4.60	4.10	4.60
1240	Soya sauce	Soya sauce/light/500ml	0.58	2.90	2.92	0.58	2.92	0.58
1250	Tea	Imported tea/100 bags/180g	0.49	4.60	3.67	0.39	3.67	0.39
1260	Coffee	Imported coffee/brand/100g	0.45	7.42	5.16	0.31	5.16	0.31
1270	Baby food	Baby food/heinz/vanilla custard/110g	0.44	1.27	1.40	0.49	1.40	0.49
	<u>TAKE AWAY</u>							
1280	Plate of food/Take away	Plate of food/take away	2.20	3.77	3.38	1.97	3.38	1.97
1290	Dinner out	Dinner for two/Formal/Reynaldo	0.36	22.50	22.50	0.36	22.50	0.36
	<b>Sub total :</b>	<b>(Food group)</b>	<b>55.71</b>			<b>57.43</b>		<b>57.34</b>
	<u>ALCOHOL &amp; TOBACCO</u>							
1410	Beer	Beer/brand/1can/375ml	4.27	2.00	1.65	3.52	1.65	3.52
1420	Cigarettes	Cigarettes/Alpine brand/1packet/25 sticks	12.20	5.50	6.35	14.09	6.35	14.09
	<b>Sub total :</b>	<b>(Alcohol &amp; Tobacco group)</b>	<b>16.47</b>			<b>17.61</b>		<b>17.61</b>
	<u>CLOTHING</u>							
1510	Nappies	Nappies/plastic/brand/size medium/20 per pack	0.81	17.04	13.70	0.65	13.70	0.65
1520	Mumu	Casual/imported formal dress/mumu size large	0.85	15.60	35.00	1.91	35.00	1.91
1530	T/Shirt	Imported T-shirt/duel sex/size large	0.37	10.65	12.50	0.43	12.50	0.43
	<u>FOOTWEAR</u>							
1540	Footwear	Shoes/womens slip-ons/size 9	0.14	3.00	14.35	0.67	14.35	0.67
	<b>Sub total :</b>	<b>(Clothing group)</b>	<b>2.17</b>			<b>3.66</b>		<b>3.66</b>
	<u>RENT</u>							
1610	Rent for dwelling per month	Rent unit/MQ/Location	0.23	75.00	75.00	0.23	75.00	0.23

				01 AUG '08	JAN '10		FEB '10	
REF-NO	ITEM NAME	DESCRIPTION	WEIGHT	BASE PRICE	PRICE	INDEX	PRICE	INDEX
	<u>MAINTENANCE</u>							
1620	Ceramic tiles	Tiles/plastic tiles/size square cm/1case()	1.54	68.80	46.50	1.04	46.50	1.04
1630	Cement	Cement/bag/40 kg	0.76	20.60	23.00	0.85	23.00	0.85
1640	Paint	Paint/brand/enamel/4litre	0.51	62.63	63.00	0.51	65.00	0.53
1650	Timber	Timber/treated pine/4x2/4.8metres	0.44	47.00	38.00	0.36	38.00	0.36
	<b>Sub total :</b>	<b>(Housing group)</b>	<b>3.48</b>			<b>2.99</b>		<b>3.00</b>
	<u>BILLS</u>							
1710	Electricity bill	Electricity bill/kilowatt per hour	1.60	0.30	0.10	0.53	0.10	0.53
1720	Water bill	Water Bill/per 10 litre	0.35	0.03	0.03	0.35	0.03	0.35
	<u>APPLIANCES</u>							
1730	Freezer	Freezer	1.12	750.00	1016.25	1.52	1016.25	1.52
1740	Refridgerator	Refridgerator	0.73	1635.00	1527.50	0.68	1527.50	0.68
1750	Television	Television/brand/15 inch	0.71	369.50	448.67	0.86	448.67	0.86
1760	Washing machine	Washing machine/brand/5kg capacity	0.68	1195.00	993.17	0.57	993.17	0.57
	<u>FURNITURE</u>							
1770	Light fitting	Light fitting/brand/60watt globe	0.28	2.50	1.94	0.22	2.00	0.22
1780	Beds	Beds/single/foam-sponge	0.25	400.00	425.00	0.27	425.00	0.27
	<u>SUPPLIES</u>							
1790	Toilet paper	Toilet Paper/brand/1000 sheets	1.23	2.15	2.43	1.39	2.43	1.39
1800	Washing soap powder	Washing soap powder/brand/500g	0.71	5.60	4.50	0.57	4.93	0.63
1810	Mosquito coil	Mosquito coil/1packet/10coils/120g	0.69	1.14	1.18	0.72	1.28	0.78
1820	Dishwashing liquid	Dishwashing liquid/brand/500ml	0.30	3.48	3.30	0.28	3.30	0.28
1830	Batteries	Batteries/brand/1pack/2 x size D	0.17	2.52	5.53	0.37	5.53	0.37
	<b>Sub total :</b>	<b>(Household Operations group)</b>	<b>8.82</b>			<b>8.33</b>		<b>8.45</b>



<u>REF-NO</u>	<u>ITEM NAME</u>	<u>DESCRIPTION</u>	<u>WEIGHT</u>	<u>01 AUG '08 BASE PRICE</u>	<u>JAN '10 PRICE</u>	<u>INDEX</u>	<u>FEB '10 PRICE</u>	<u>INDEX</u>
	<u>TRANSPORT &amp; COMMUNICATIONS</u>							
1910	Petrol	Petrol/1 litre	5.34	2.00	1.54	4.10	1.54	4.10
1920	Airfair	Return ticket/Australia	2.88	1468.00	998.00	1.96	1258.00	2.47
1930	Oil	Oil/brand/multi-grade/1litre	0.48	14.37	9.22	0.31	8.56	0.29
1940	Deisel	Diesel/1 litre	0.43	2.05	1.54	0.32	1.54	0.32
1950	Departure tax	Departure Tax	0.22	50.00	50.00	0.22	50.00	0.22
1960	Other communication	International call card to Australia/rate per hour	0.12	6.00	6.00	0.12	6.00	0.12
	<b>Sub total :</b>	<b>(Transport &amp; Communication group)</b>	<b>9.47</b>			<b>7.03</b>		<b>7.51</b>
	<u>HEALTH</u>							
2010	Hospital charges	Hospital charges/Minor surgery	0.35	20.00	20.00	0.35	20.00	0.35
2020	Doctors/dentists fees	Doctors/dentist/Consultation fees	0.33	10.00	10.00	0.33	10.00	0.33
	<u>EDUCATION</u>							
2030	School clothing	School clothing/Shirts/shorts	0.34	10.00	10.00	0.34	10.00	0.34
2040	Books & schooling supplies	Exercise Books/brand/64pages	0.16	0.85	1.00	0.19	1.00	0.19
	<u>RECREATION</u>							
2050	Records, Cassettes,CD's	Blank CDR/brand/single/700mb	0.64	1.25	1.20	0.61	1.47	0.75
2060	Fishing equipment and supplies	Fishing hook/brand/Nickel coated/size 7/0	0.34	0.20	0.50	0.85	0.50	0.85
2070	DVD hire	DVD hire	0.16	2.00	2.00	0.16	2.00	0.16
	<u>PERSONAL PRODUCTS</u>							
2080	Bathing soap (liquid/bar )	Soap/bar/brand/100g	0.60	0.89	0.93	0.63	0.93	0.63
2090	Toothpaste	Toothpaste/brand/90g	0.17	2.63	2.40	0.16	2.40	0.16
2100	Deodorant, body spray	Deodorant/brand/body spray/100ml	0.13	3.90	4.70	0.16	4.90	0.16
	<u>MISCELANEOUS</u>							
2110	Overseas, Newspaper, Jounals	Magazine/PIM	0.36	4.95	5.00	0.36	5.00	0.36
2120	Dog food	Dog food/canned/700g	0.30	1.95	2.05	0.32	2.05	0.32
	<b>Sub total :</b>	<b>(Miscellaneous group)</b>	<b>3.88</b>			<b>4.45</b>		<b>4.60</b>
	<b>GRAND TOTAL:</b>	<b>(all groups)</b>	<b>100.00</b>			<b>101.49</b>		<b>102.17</b>

SUMMARY SHEET

GROUP	JAN '10 INDEX	FEB '10 INDEX	DIFFERENCE	% INCREASE (+) DECREASE (-)
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MISCELLANEOUS	4.45	4.60	0.14	3.22
<b>TOTAL</b>	<b>101.49</b>	<b>102.17</b>	<b>0.68</b>	<b>0.67</b>