

**CONSUMER PRICE INDEX  
MONTHLY REPORT**

**MARCH 2010**



***PREPARED BY:***

**BUREAU OF STATISTICS  
DEPARTMENT OF FINANCE**

**15.04.10**

## THE CONSUMER PRICE INDEX

### 1. Monthly Change

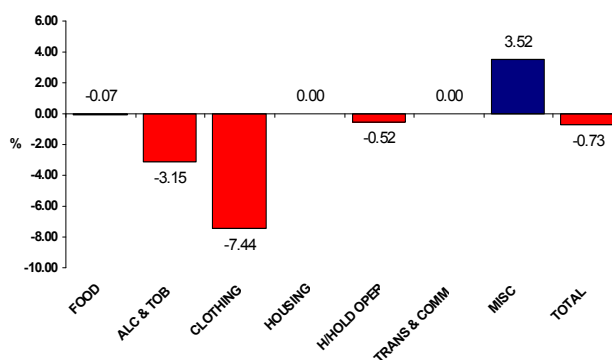
The CPI for the month of March 2010 is reported at **101.43** which show that the index has decreased by **0.73** percent from the previous month of February. The Table and Graph 1 below depict the variation of the index among the two observation periods and appended with this is the CPI basket of goods showing the index movement for each observation.

**Table**                      **% change in Monthly Group Indices**

GROUP	FEB '10 INDEX	MAR '10 INDEX	DIFF	% INC (+) DEC (-)
FOOD	57.33	57.29	-0.04	-0.07
ALC & TOB	17.61	17.05	-0.55	-3.15
CLOTHING	3.66	3.39	-0.27	-7.44
HOUSING	3.00	3.00	0.00	0.00
H/HOLD OPER.	8.45	8.40	-0.04	-0.52
TRANS & COMM	7.53	7.53	0.00	0.00
MISC	4.60	4.76	0.16	3.52
TOTAL	102.17	101.43	-0.75	-0.73

Note: Discrepancies with index numbers and calculations is due to rounding.

**Graph 1.**                      **% change for March 2010**



#### 1.1 Monthly Observation

The Consumer Price Index for the Nauruan consumers has slightly decreased **0.73** percent as result of substantial decreases from four of the seven groups reported for March. Each of the four major groups namely--Food, Alcohol & Tobacco, Clothing and Household operations--have contributed to the slight decline.

Leading the deceleration for March is the index for Clothing which reported a decrease of **7.44** percent from the previous month subsequently after remaining steady in February. Within the Clothing index there are only four observation items and the small drop of the Mumu index have somewhat influenced the movement with a decreases of 14.29 percent. The remaining observation items within the Clothing group remained stable.

Reporting the second largest decrease is the Alcohol & Tobacco index with a decrease of **3.15** percent which also remained stable in the previous month. The declining index for cigarettes of 3.94 percent solely accounted for the decrease.

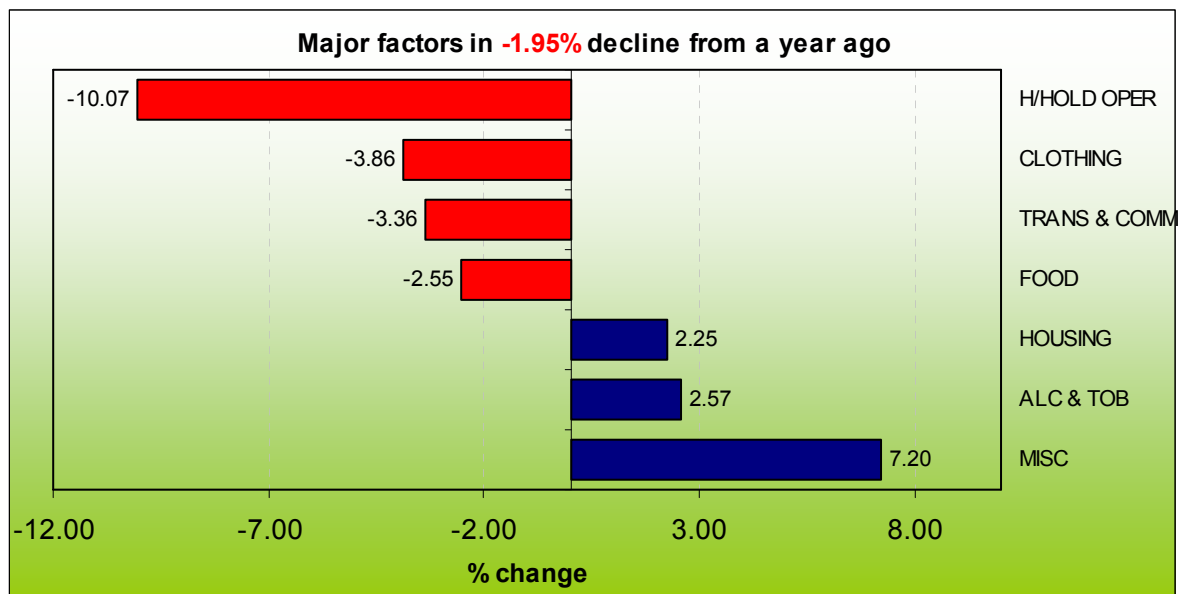
Subsequently, Household operation and Food index reported moderate to small declines with **0.52** and **0.07** percent respectively. The index for Household operation reported a decrease for this month after back to back growths since January and the item accounted for the variation is toilet paper with a drop of 4.25 percent from the preceding month. Meanwhile the Food index has reported insignificant decline for the fourth straight month since December and virtually the variation is too insignificant.

In contrast, only the index for Miscellaneous has recorded continued growths with **3.52** percent since January. The rising of the Miscellaneous group is attributed to the growing index of personal products particularly bathing soap. The index for Housing and Transport & Communication remained unchanged.

## 2. Annual Change

On an annual basis it is evident that the annualised change has reported a drop of **1.95** percent as clearly illustrated in Chart 2. A greater part of the CPI components such as--Household operation, Clothing, Transport & Communication and Food --have all reported decreases.

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



### 2.1 Annual Observation

Leading the annual decrease is the index for Household operations with a considerable drop of **10.33** percent. Hence the decline is once more motivated by the reduced index of electricity bills, household appliances such as freezer, refrigerator and to some extent washing machine and last of all disposable batteries.

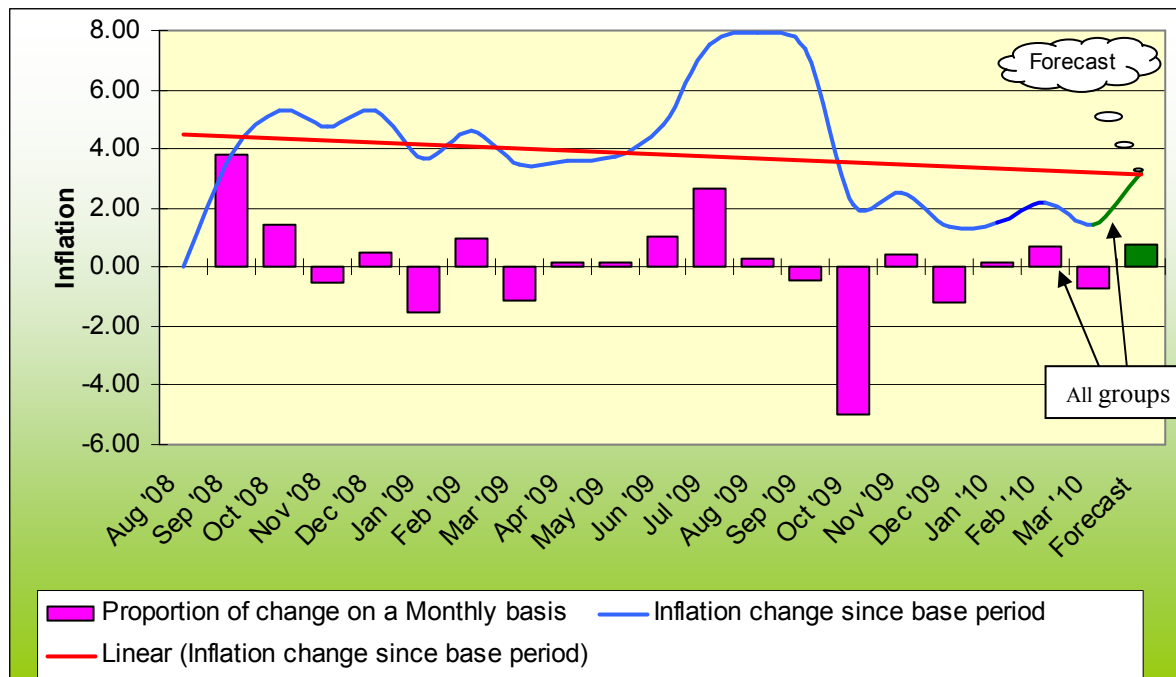
Subsequently the indexes for Clothing closely followed by Transport & Communication then Food also reported annual deflation with **3.86**, **3.36** and **2.55** percent respectively. In the latter the item moving the Clothing index is the index of mumu. As for the drop in the Transport & Communications index, the fuel items such as diesel and petrol were mostly prominent for the index movement. Most notable items affecting the change of the Food index are rice, canned fish, cooking oil and soya sauce.

To balance the offset of variation, the indices that have reported increases are Miscellaneous, Alcohol & Tobacco and Housing with **7.20**, **2.57** and **2.25** percent respectively. Evidence supports that personal product item such as bathing soap and recreation item such as a blank CD have recorded significant annual increases for the Miscellaneous group. Similarly, the growth of the Alcohol & Tobacco index is accounted to the growth of the cigarette index compared to a year ago and lastly the surging index of timber have accounted for the variation of the Housing index.

### 3. All Groups CPI Series

The March 2010 All Groups index has registered a small deceleration from the preceding month of February and according to the current trend since base period the All Groups index is anticipated to increase 0.76 percent for April.

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



#### 3.1 Historical Movement

The All Groups Index<sup>1</sup> illustrated 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.

To contemplate the All Groups index for the current calendar year from January to March 2010, inflation has been relatively stable and relatively low when compared to the 2008 and 2009 data as clearly evident in Chart 3. This impart may signify a whole range of possible scenario's when further economic analysis is carried out to examine the root cause of deflation. One possible scenario would be that Nauru will be most likely importing deflation from major trading partner countries such as Australia and Fiji. Another possible scenario would be if an economy is in recession and unemployment is high, consumers will probably reduce their spending which could characterise adverse to demand whereas consumers demand lesser quantity of products at each given price level. In theoretical sense it would be beneficial for the economy to maintain inflation and deflation at the appropriate levels since both have significant social and economic impact.

<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**

The Nauru CPI has entered into deflationary era starting late last year of 2009 due to the recent demand shock of primary items such as rice and fuel which also have prevailing effects on global prices. It is evident that Nauru consumer prices are volatile to a range of key economic factors particularly price convergence between Nauru and its neighbouring countries and the supply side reasoning generally stirring domestic prices.

				01 AUG '08	FEB '10		MAR '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	46.00	17.37
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	0.63	2.00
1040	Other bread and Biscuits	Dry biscuits/brand/250g	0.54	2.10	3.02	0.78	2.80	0.72
1050	Self raising	Imported Flour/self raising/1kg	0.39	2.50	2.78	0.43	2.98	0.46
	<u>MEAT</u>							
1060	Chicken	Imported Chicken/cuts/2kg	7.99	9.18	7.70	6.70	7.98	6.95
1070	Canned Meat	Tinned beef/corned beef/imperial/326g	3.63	4.53	4.65	3.73	4.67	3.74
1080	Canned Meat	Tinned meat/luncheon/397g	1.69	2.43	1.73	1.20	1.73	1.20
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	2.04	0.74	2.04	0.74
1150	Onions and Chives	Onions/sea feight/1kg	0.34	3.95	5.54	0.48	5.82	0.50
1160	Potatoes	Potatoes/sea freight/1kg	0.14	3.90	4.10	0.15	4.20	0.15
	<u>DAIRY</u>							
1170	Butter	Imported butter/brand/250g	1.43	2.65	2.63	1.42	2.80	1.51
1180	Milk powder	Milk powder/brand/1kg	0.99	12.87	11.52	0.89	11.63	0.89
1190	Cooking Oil	Cooking oil/brand/750ml	0.52	4.57	5.35	0.61	4.65	0.53
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	5.88	0.31

				01 AUG '08	FEB '10		MAR '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	1.08	1.01
1230	Sugar	Imported sugar/white/brand/2kg	4.60	4.10	4.10	4.60	4.53	5.08
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	3.72	0.40
1260	Coffee	Imported coffee/brand/100g	0.45	7.42	5.16	0.31	5.52	0.33
1270	Baby food	Baby food/heinz/vanilla custard/110g	0.44	1.27	1.40	0.49	1.44	0.50
	<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>57.33</b>		<b>57.29</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	6.10	13.53
	<b>Sub total :</b>	<b>(Alcohol &amp; Tobacco group)</b>	<b>16.47</b>			<b>17.61</b>		<b>17.05</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	30.00	1.63
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>3.39</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	FEB '10		MAR '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	65.00	0.53	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>3.00</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	2.00	0.22	1.94	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	2.33	1.33
1800	Washing soap powder	Washing soap powder/brand/500g	0.71	5.60	4.93	0.63	4.93	0.63
1810	Mosquito coil	Mosquito coil/1packet/10coils/120g	0.69	1.14	1.28	0.77	1.28	0.77
1820	Dishwashing liquid	Dishwashing liquid/brand/500ml	0.30	3.48	3.30	0.28	3.53	0.30
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>8.45</b>		<b>8.40</b>



<u>REF-NO</u>	<u>ITEM NAME</u>	<u>DESCRIPTION</u>	<u>WEIGHT</u>	<u>01 AUG '08 BASE PRICE</u>	<u>FEB '10 PRICE</u>	<u>INDEX</u>	<u>MAR '10 PRICE</u>	<u>INDEX</u>
	<u>TRANSPORT &amp; COMMUNICATIONS</u>							
1910	Petrol	Petrol/1 litre	5.34	2.00	1.54	4.11	1.54	4.11
1920	Airfair	Return ticket/Australia	2.88	1468.00	1258.00	2.47	1258.00	2.47
1930	Oil	Oil/brand/multi-grade/1litre	0.48	14.37	8.56	0.29	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>7.53</b>		<b>7.53</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	1.47	0.75	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	1.17	0.79
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	4.90	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>4.60</b>		<b>4.76</b>
	<b>GRAND TOTAL:</b>	<b>(all groups)</b>	<b>100.00</b>			<b>102.18</b>		<b>101.43</b>

SUMMARY SHEET

GROUP	FEB '10 INDEX	MAR '10 INDEX	DIFFERENCE	% INCREASE (+) DECREASE (-)
FOOD	57.33	57.29	-0.04	-0.07
ALCOHOL & TOBACCO	17.61	17.05	-0.55	-3.15
CLOTHING	3.66	3.39	-0.27	-7.44
HOUSING	3.00	3.00	0.00	0.00
HOUSEHOLD OPERATIONS	8.45	8.40	-0.04	-0.52
TRANSPORT & COMMUNICATION	7.53	7.53	0.00	0.00
MISCELLANEOUS	4.60	4.76	0.16	3.52
<b>TOTAL</b>	<b>102.18</b>	<b>101.43</b>	<b>-0.75</b>	<b>-0.73</b>