

**CONSUMER PRICE INDEX
MONTHLY REPORT**

APRIL 2010



PREPARED BY:

**BUREAU OF STATISTICS
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15.05.10

THE CONSUMER PRICE INDEX

1. Monthly Change

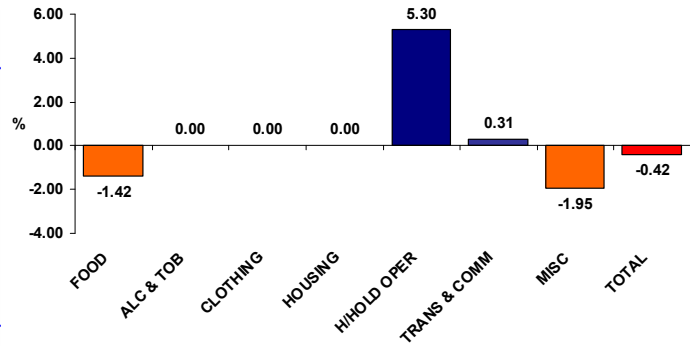
The CPI for the month of April 2010 is reported at **100.99** which show that the index has decreased by **0.42** percent from the previous month of March. The Table below validates the variation of index between the two observation periods and enclosed with this is the CPI basket of goods depicting the index movement for each observation item.

Table **% change in Monthly Group Indices**

GROUP	MAR'10 INDEX	APR'10 INDEX	DIFFERENCE	% INCREASE (+) DECREASE (-)
FOOD	57.29	56.48	-0.81	-1.42
ALCOHOL & TOBACCO	17.05	17.05	0.00	0.00
CLOTHING	3.39	3.39	0.00	0.00
HOUSING	3.00	3.00	0.00	0.00
HOUSEHOLD OPERATIONS	8.40	8.85	0.45	5.30
TRANSPORT & COMMUNICATION	7.53	7.55	0.02	0.31
MISCELLANEOUS	4.76	4.66	-0.09	-1.95
TOTAL	101.42	100.99	-0.43	-0.42

Note: Discrepancy of numbers is due to calculations and rounding.

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



1.1 Monthly Observation

For the month of April the CPI or cost of goods and services has slightly dropped **0.42** percent from the previous month based on decreases from two of the seven groups. These two groups namely--Food and Miscellaneous--have contributed to the slight deceleration.

Leading the negative impact for April is the Miscellaneous index which reported a decrease of **1.95** percent from the previous month subsequently after reporting increases in the last three months starting in January. Within the Miscellaneous index the declining index for bathing soap has solely affected the variation with a 13 percent decline.

Subsequent to the latter the Food index which is a key item in terms of importance and relevance out of all the CPI groups have also reported a **1.42** percent drop, after successive decreases in the past four months since December. Within Food, the decreases are attributed to declining index for a pack of dry biscuit (SAO), a kilo of fresh tuna, canned fish, butter, milk powder, fresh milk and coffee.

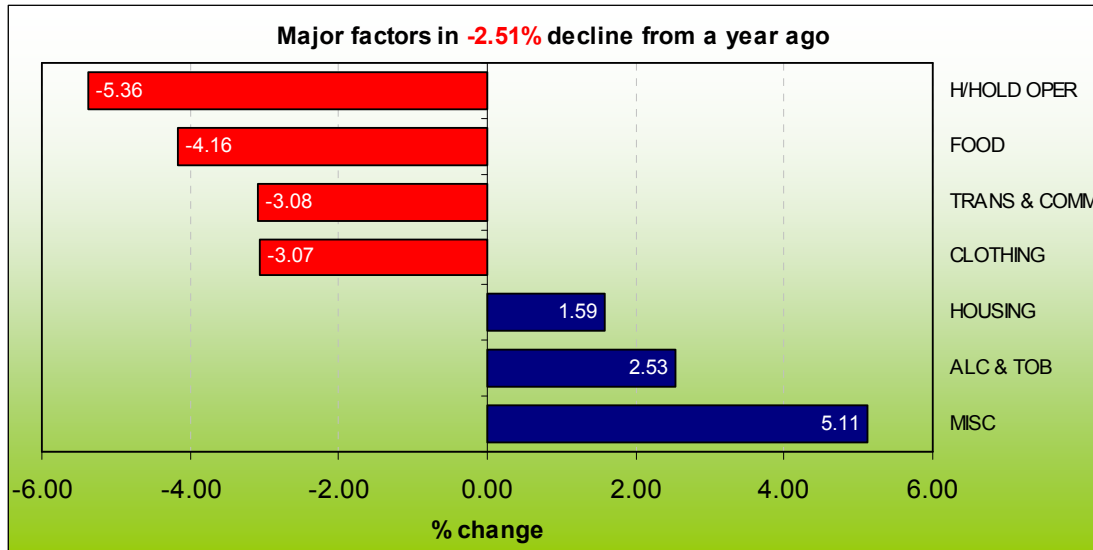
To offset the declining index, Household operations and Transport & Communication index have reported growth for this period with **5.30** and **0.31** percent respectively. Within Household operations, the prices for Electricity bills have been revised which is conducive to the current base rate for domestic charges of 20 cents per kilo watt hour (kwh) whereas previously the citation is based on the subsidized monthly rate of 10 cents per kwh as per 300 units. The price of a canister oil has solely impacted the increase for the Transport & Communication index after back to back increases since January.

The index for Alcohol & Tobacco, Clothing and Housing remained constant for this period whilst the Housing has remained stable since the previous month.

2. Annual Change

On an annual basis it is evident that the annualised change has recorded a drop of **2.51** percent as clearly shown in Chart 2 below. A significant proportion of the CPI components such as--Household operation, Food, Transport & Communication and Clothing--have all reported decreases.

Chart 2. Annualised % change since April 2009



2.1 Annual Observation

Compared to April from a year ago, the annualised change has reported a significant decrease of goods and services with **2.51** percent.

Four out of the seven CPI groups recorded significant drops and heading the annual decline is the index for Household operations with a drop of **5.36** percent. Similarly to last months analysis, the decline is mainly driven by the cost of electricity which now is revised at 0.20 cents per kilowatt compared to the 0.30 cents per kilowatt from a year ago. Furthermore, the other noticeable items that has influenced the group fluctuation is the reduced price of household appliances such as freezers, size D disposable batteries, refrigerators and washing machine with drops of 24.02, 12.65, 6.57 and 1.67 percent respectively.

Subsequently the Food index recorded the second largest decrease of **4.16** as a result of decreases of several items namely coffee, rice, tea, tinned mackerel, milk powder, imported eggs, SAO biscuits and minor yet influential decline of corned beef.

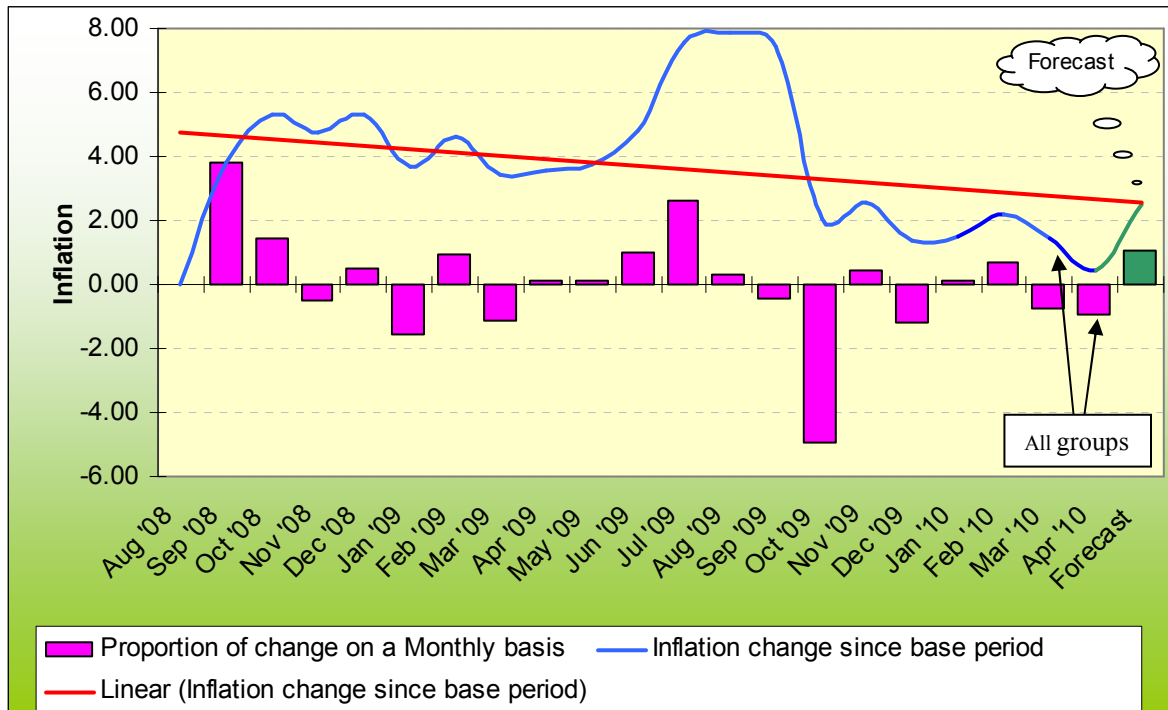
Likewise declining indexes for Transport & Communications with **3.08** then closely followed by Clothing with **3.07** percent contributed to the overall group decline respectively. Commodities attributing to the decline of the Transport & Communications are automotive fuel in particular petrol and diesel with an annual decrease of -6.10 and -13.48 percent respectively. As for the Clothing index a dropping price for ladies mumu of -14.29 has solely contributed to the group decline.

To offset the variation, increases from Miscellaneous, Alcohol and Housing with **5.11**, **2.53** and **1.59** percent have to some extent alleviated the deceleration of inflation. The main commodities affecting the advance of the Miscellaneous index comprises of a blank CD-R, bathing soap and deodorant. As for the Alcohol & Tobacco index a slight surge in a packet of cigarettes have solely influenced the group change. Last of all the slight surge of timber and bag of cement has contributed to the increase of Housing index with increases of 11.76 and 1.32 percent respectively.

3. All Groups CPI Series

The April 2010 All Groups index has reported a small decline from the preceding month and also similar trend when observed since the base period. According to the overall trend the CPI is declining dramatically although it emerges that the index is anticipated to increase with 1.04 percent for May.

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



3.1 Historical Movement

The All Groups Index¹ illustrated in Chart 3 shows the two CPI's historical trends since the base period August 2008. The bar graph represents the monthly fluctuations and the line graph illustrates changes since base period.

Over the twenty month period since the rebase of the CPI it is clear that overall trend is gradually declining where currently the All Groups Index is virtually the same as in the base period. There are a range of possible reasons for these differences:

- In terms of importance and weight groups, the highly regarded by consumers the Food index has been steadily declining since December 2009 at a total of -2.32 percent.
- The method of splicing prices due to consumers goods and services being temporary unavailable at some point in time when pricing is conducted. This would indeed affect the fluctuation of the index which will determine the prices in real time.
- Low or moderate inflation may be attributed to fluctuations in real demand for goods and services, or changes in available supplies such as during scarcities as well as to growth in the money supply.

¹ 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

It is evident when monitoring the CPI and analyzing the three general levels of measuring inflation-monthly, annually, historical series that consistent declines have been reported over the respective timeframes. Consequently the three indicators have one thing in common and that is, on average, the declining of the Food index overtime. The hypothesis and rational behind these declining trends would be that the past inflations have been relatively high particularly in the Food group where the price of rice peaked in mid-2009 and converged to the overall peak of the CPI. The easing decline overtime is then reflected to the current decreasing trends.

Apparently there is no new policy intervention in terms of alleviating Food prices in the economy and that fluctuation could also be driven by seasonal factors.

				01 AUG '08	MAR '10		APR '10	
REF-NO	ITEM NAME	DESCRIPTION	WEIGHT	BASE PRICE	PRICE	INDEX	PRICE	INDEX
	<u>RICE & OTHER CEREALS</u>							
1010	Rice	Imported rice/sunwhite/bag/25kg	15.48	41.00	46.00	17.37	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	0.63	2.00	0.63	2.00
1040	Other bread and Biscuits	Dry biscuits/brand/250g	0.54	2.10	2.80	0.72	2.72	0.70
1050	Self raising	Imported Flour/self raising/1kg	0.39	2.50	2.98	0.46	3.06	0.48
	<u>MEAT</u>							
1060	Chicken	Imported Chicken/cuts/2kg	7.99	9.18	7.98	6.95	7.98	6.95
1070	Canned Meat	Tinned beef/corned beef/imperial/326g	3.63	4.53	4.67	3.74	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	4.00	1.67
1110	Canned Fish	Imported tinned mackerel/brand/425g	0.92	2.55	2.70	0.97	2.73	0.98
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	3.00	0.64
	<u>FOOD, FRUIT & VEGETABLES</u>							
1140	Canned Tomatoes	Tinned tomatoes/brand/400g	0.71	1.97	2.04	0.74	2.06	0.74
1150	Onions and Chives	Onions/sea feight/1kg	0.34	3.95	5.82	0.50	5.82	0.50
1160	Potatoes	Potatoes/sea freight/1kg	0.14	3.90	4.20	0.15	4.55	0.16
	<u>DAIRY</u>							
1170	Butter	Imported butter/brand/250g	1.43	2.65	2.80	1.51	2.73	1.47
1180	Milk powder	Milk powder/brand/1kg	0.99	12.87	11.63	0.89	11.62	0.89
1190	Cooking Oil	Cooking oil/brand/750ml	0.52	4.57	4.65	0.53	5.35	0.61
1200	Fresh milk	Fresh milk/full cream/1litre	0.42	2.63	2.82	0.45	2.80	0.45
1210	Eggs	Imported Eggs/dozen/600g	0.29	5.47	5.88	0.31	5.88	0.31

				01 AUG '08	MAR '10		APR '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	1.08	1.01	1.12	1.04
1230	Sugar	Imported sugar/white/brand/2kg	4.60	4.10	4.53	5.08	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	3.72	0.40	3.80	0.40
1260	Coffee	Imported coffee/brand/100g	0.45	7.42	5.52	0.33	4.76	0.29
1270	Baby food	Baby food/heinz/vanilla custard/110g	0.44	1.27	1.44	0.50	1.48	0.51
	<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
	Sub total :	(Food group)	55.71			57.29		56.48
	<u>ALCOHOL & 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	6.10	13.53	6.10	13.53
	Sub total :	(Alcohol & Tobacco group)	16.47			17.05		17.05
	<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	30.00	1.63	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
	Sub total :	(Clothing group)	2.17			3.39		3.39
	<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	MAR '10		APR '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
	Sub total :	(Housing group)	3.48			3.00		3.00
	<u>BILLS</u>							
1710	Electricity bill	Electricity bill/kilowatt per hour	1.60	0.30	0.10	0.53	0.20	1.07
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	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	2.33	1.33	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	1.18	0.72
1820	Dishwashing liquid	Dishwashing liquid/brand/500ml	0.30	3.48	3.53	0.30	3.17	0.27
1830	Batteries	Batteries/brand/1pack/2 x size D	0.17	2.52	5.53	0.37	5.53	0.37
	Sub total :	(Household Operations group)	8.82			8.40		8.85

REF-NO	ITEM NAME	DESCRIPTION	WEIGHT	01 AUG '08 BASE PRICE	MAR '10 PRICE	INDEX	APR '10 PRICE	INDEX
	<u>TRANSPORT & 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	9.22	0.31
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
	Sub total :	(Transport & Communication group)	9.47			7.53		7.55
	<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	1.17	0.79	1.02	0.69
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	5.15	0.17
	<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
	Sub total :	(Miscellaneous group)	3.88			4.76		4.66
	GRAND TOTAL:	(all groups)	100.00			101.43		100.99

SUMMARY SHEET

GROUP	MAR '10 INDEX	APR '10 INDEX	DIFFERENCE	% INCREASE (+) DECREASE (-)
FOOD	57.29	56.48	-0.81	-1.41
ALCOHOL & TOBACCO	17.05	17.05	0.00	0.00
CLOTHING	3.39	3.39	0.00	0.00
HOUSING	3.00	3.00	0.00	0.00
HOUSEHOLD OPERATIONS	8.40	8.85	0.45	5.34
TRANSPORT & COMMUNICATION	7.53	7.55	0.02	0.28
MISCELLANEOUS	4.76	4.66	-0.10	-2.01
TOTAL	101.42	100.98	-0.44	-0.42