

**CONSUMER PRICE INDEX
MONTHLY REPORT**

JULY 2009



PREPARED BY:

**BUREAU OF STATISTICS
DEPARTMENT OF FINANCE**

12/08/09

THE CONSUMER PRICE INDEX

1. Monthly Change

The CPI for the first month of this Fiscal Year 2009/10 is observed at **107.55** which indicate that the price index has grown by **2.63%** from the previous month ending June, 2009. Table 1 below represents the variant changes of the index between the two survey periods. Annexed herein is the CPI Basket depicting the changes for each observation.

Table 1. % change in Group Indices and Overall Consumer Price Index

GROUP	JUNE '09 INDEX	JULY '09 INDEX	DIFFERENCE	% INCREASE (+) DECREASE (-)
FOOD	59.50	62.91	3.41	5.73
ALCOHOL & TOBACCO	17.00	17.30	0.30	1.78
CLOTHING	3.53	3.53	0.00	0.00
HOUSING	2.96	3.02	0.06	1.90
HOUSEHOLD OPERATIONS	9.28	8.18	-1.10	-11.83
TRANSPORT & COMMUNICATION	8.07	8.14	0.07	0.91
MISCELLANEOUS	4.46	4.47	0.01	0.21
TOTAL	104.79	107.55	2.75	2.63

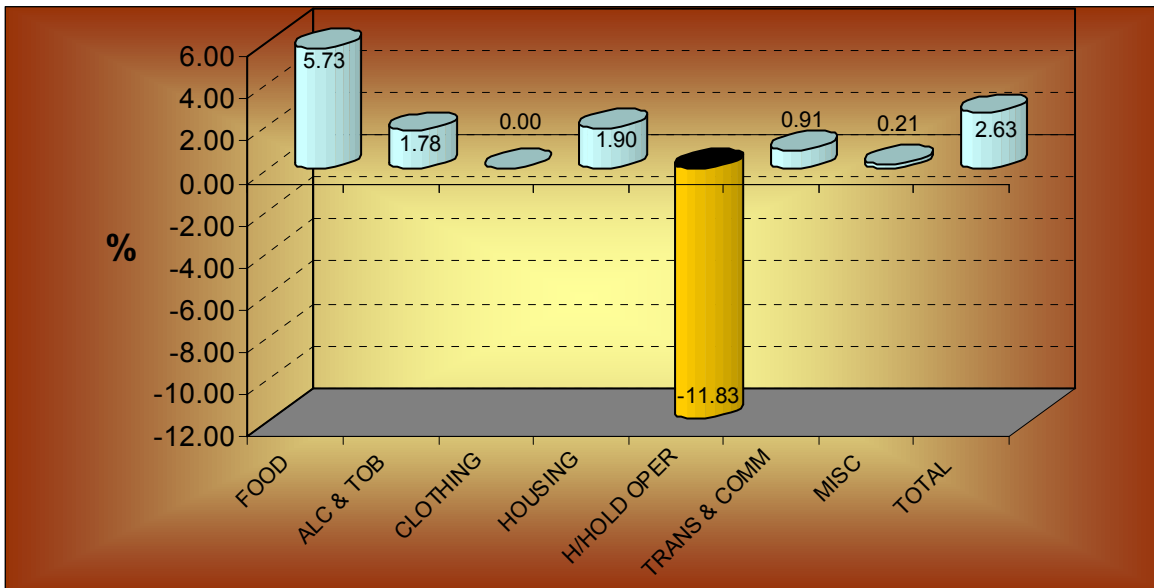
1.1 Observation

The CPI of goods and services have experienced a rapid growth once more as a result of increases from five of the seven group indices. It is evident in Table 1 and Chart 1 that the Food index leads the largest growth of **5.73** percent with the price surge of rice significantly impacting the variation. Within the CPI basket, rice is primarily the key commodity in terms of individual weights which is depicted by the spending patterns of consumers during the analysis of the Household Income & Expenditure Survey (HIES) conducted in late 2006¹. Other commodities within the Food group recorded small yet significant increases which contributed to the overall growth of the Food index with commodities such as 1kg self raising flour, 2kg frozen chicken, tinned corned beef, fresh tuna, 2kg sugar and tinned coffee. Housing recorded the second largest increase of **1.90** percent and the significant rise of paint contributing solely to that growth. This was followed by Alcohol & Tobacco index which grew by **1.78** percent where on average slight increases of beer and cigarettes affected the change. Transport & Communications recorded a small growth of less than one percent with **0.91** and the increased prices of oil canisters influencing the change. Last of all the Miscellaneous group recorded a minor growth of **0.21**.

This month, just one group index recorded a decrease which was the Household Operations index with **11.83** percent. This was attributed to the introduction of the prepaid meter system which provides much cheaper rate of electricity. Furthermore, the combination of falling prices of white goods in particular freezer, refrigerator and washing machine also contributed to the group decline. Finally, the Clothing index remained constant throughout this period.

¹ Documentation on deriving the current CPI weights is available from the office of the Bureau of Statistics.

Chart 1. Monthly % change for the period ending July 31st, 2009.



2. Price movement since the base period

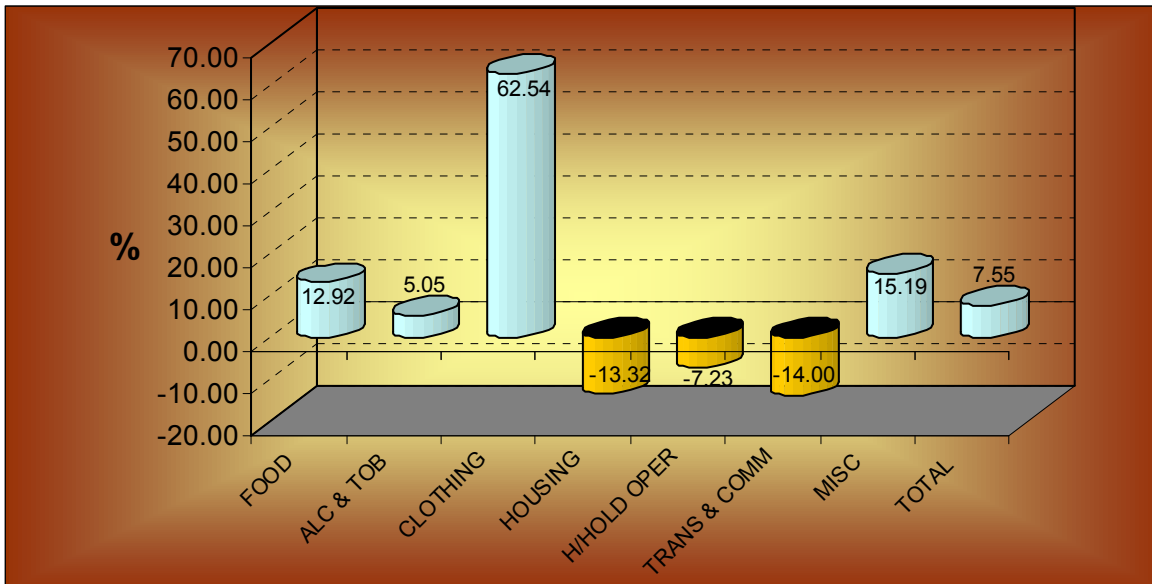
Chart 2 illustrates the variation of goods and services since the base period (August 2008) depicting an eleven months gap to this current period (July 2009). When current prices are compared to prices from the base period it is obvious that prices are maintaining a positive growth and the results indicate that the overall cost of goods and services has grown by 7.54 percent.

From the seven group indices, four indices experienced increase's with Clothing leading with 62.54 percent, followed by Miscellaneous with 15.19 percent. Similarly with the latter report (June '09), the commodities impacting the variation are virtually the same with key commodities such as ladies mumu² and shoes impacting the clothing group whilst commodities such as deodorant, fishing hook, exercise book and canned dog food influenced the growth of the Miscellaneous group index. The Food index reported growth of 12.92 percent with key commodities such as rice, cooking oil and eggs largely contributing to that growth. The last index experiencing growth is the Alcohol & Tobacco which recorded an increase of 5.05 percent with commodities such as freezer, single bed and disposable batteries.

Three group indices recorded decreases over the eleven month period and that is the Transport & Communication, Housing and the Household Operations index with 14.00, 13.32 and 7.23 respectively. Overtime the decline of the Transport & Communication index is mainly attributed to the reduced price of motor fuel (petrol/diesel/oil) as well as airfare. While the decline of the Housing index was affected by the dropping price of tiles and 4x2 timbers. In the Household operations index the implementation of the prepaid meter offering new and cheaper rates of electricity has mostly affected the decline.

² Women's casual dress is referred to by locals as "Mumu"

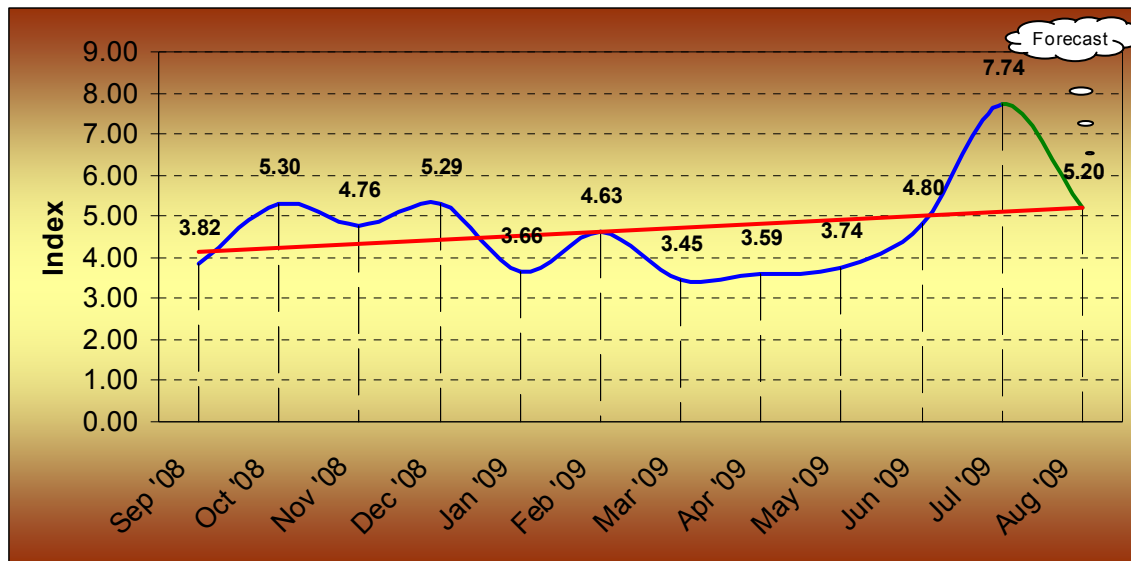
Chart 2. % Change since Base period – (August 31st, 2008)



3. CPI Series

Chart 3 below depicts the pattern of inflation since September 2008 which shows the behavior of the index overtime. The behavior of the index emerges as restrained until the sudden rise for this period July, resulting to an increase which is previously mentioned above and also highlighted in the June report, where the index started recording gradual increases and the index of rice in particular began surging as well as other commodities and services. The bureau anticipates the index to increase by 5.20 for the next surveillance period.

Chart 3. Inflation trend for the monthly observations and forecasting



4. Conclusion

To summarize and highlight the key findings of this report, two key milestones/events stand out which effectively has affected the CPI in a considerable way and it's listed as follows:

- Firstly, according to data gathered throughout the fiscal year of 2008/09 rice commodity experienced price increases on three different occasions the largest surge was recorded for this current period. Evidence of this rapid growth will be captured in future report however it is important to note and flag the growing trend of this particular commodity.
- Whilst the CPI recorded growth, the implementation of the prepaid meter has somewhat alleviated consumer expenditure albeit temporarily due to the subsidized electricity, however this is forecasted to increase overtime back to previous prices or rates as informed by Utilities. The other main aspect that will cause problems will be capturing data based on the amount of electricity used since charges are now based on volume rather than prices, and does not reflect the description in the CPI basket.

				01 AUG '08	JUNE '09		JULY '09	
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	54.50	20.58	61.60	23.26
1020	Bread (sliced loaf)	Bread//white/local/sliced loaf	3.65	1.75	2.00	4.17	2.00	4.17
1030	Noodles	Noodles/sachet/85g	1.68	0.53	0.62	1.95	0.63	2.01
1040	Other bread and Biscuits	Dry biscuits/brand/250g	0.54	2.10	2.85	0.73	2.65	0.68
1050	Self raising	Imported Flour/self raising/1kg	0.39	2.50	2.63	0.41	2.72	0.42
	<u>MEAT</u>							
1060	Chicken	Imported Chicken/cuts/2kg	7.99	9.18	7.75	6.75	8.00	6.96
1070	Canned Meat	Tinned beef/corned beef/imperial/326g	3.63	4.53	4.62	3.71	4.75	3.81
1080	Canned Meat	Tinned meat/luncheon/397g	1.69	2.43	1.53	1.06	1.53	1.07
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	5.00	2.08	6.00	2.50
1110	Canned Fish	Imported tinned mackerel/brand/425g	0.92	2.55	3.47	1.25	3.48	1.25
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	2.97	0.63	2.98	0.63
	<u>FOOD, FRUIT & VEGETABLES</u>							
1140	Canned Tomatoes	Tinned tomatoes/brand/400g	0.71	1.97	1.83	0.66	1.81	0.65
1150	Onions and Chives	Onions/sea feight/1kg	0.34	3.95	5.23	0.45	4.94	0.43
1160	Potatoes	Potatoes/sea freight/1kg	0.14	3.90	4.40	0.16	4.06	0.15
	<u>DAIRY</u>							
1170	Butter	Imported butter/brand/250g	1.43	2.65	2.82	1.52	2.77	1.49
1180	Milk powder	Milk powder/brand/1kg	0.99	12.87	12.08	0.93	11.88	0.91
1190	Cooking Oil	Cooking oil/brand/750ml	0.52	4.57	5.06	0.58	4.80	0.55
1200	Fresh milk	Fresh milk/full cream/1litre	0.42	2.63	2.86	0.46	2.83	0.45
1210	Eggs	Imported Eggs/dozen/600g	0.29	5.47	6.10	0.32	6.20	0.33

				01 AUG '08	JUNE '09		JULY '09	
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	1.06	0.98	1.08	1.01
1230	Sugar	Imported sugar/white/brand/2kg	4.60	4.10	4.18	4.69	4.27	4.79
1240	Soya sauce	Soya sauce/light/500ml	0.58	2.90	3.08	0.62	3.02	0.60
1250	Tea	Imported tea/100 bags/180g	0.49	4.60	3.80	0.40	3.53	0.38
1260	Coffee	Imported coffee/brand/100g	0.45	7.42	4.15	0.25	4.28	0.26
1270	Baby food	Baby food/heinz/vanilla custard/110g	0.44	1.27	1.38	0.48	1.38	0.48
	<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			59.50		62.91
	<u>ALCOHOL & TOBACCO</u>							
1410	Beer	Beer/brand/1can/375ml	4.27	2.00	1.90	4.06	2.00	4.27
1420	Cigarettes	Cigarettes/Alpine brand/1packet/25 sticks	12.20	5.50	5.83	12.94	5.88	13.03
	Sub total :	(Alcohol & Tobacco group)	16.47			17.00		17.30
	<u>CLOTHING</u>							
1510	Nappies	Nappies/plastic/brand/size medium/20 per pack	0.81	17.04	13.60	0.65	13.60	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	8.75	0.30	8.75	0.30
	<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			3.53		3.53
	<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	JUNE '09		JULY '09	
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	22.70	0.84	22.70	0.84
1640	Paint	Paint/brand/enamel/4litre	0.51	62.63	65.17	0.53	72.42	0.59
1650	Timber	Timber/treated pine/4x2/4.8metres	0.44	47.00	34.00	0.32	34.00	0.32
	Sub total :	(Housing group)	3.48			2.96		3.02
	<u>BILLS</u>							
1710	Electricity bill	Electricity bill/kilowatt per hour	1.60	0.30	0.30	1.60	0.05	0.27
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	1158.33	1.73	1101.67	1.65
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	333.33	0.64	411.33	0.79
1760	Washing machine	Washing machine/brand/5kg capacity	0.68	1195.00	1010.00	0.57	856.67	0.49
	<u>FURNITURE</u>							
1770	Light fitting	Light fitting/brand/60watt globe	0.28	2.50	1.84	0.21	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	2.22	1.27	2.30	1.32
1800	Washing soap powder	Washing soap powder/brand/500g	0.71	5.60	4.97	0.63	5.08	0.64
1810	Mosquito coil	Mosquito coil/1packet/10coils/120g	0.69	1.14	1.10	0.67	1.45	0.88
1820	Dishwashing liquid	Dishwashing liquid/brand/500ml	0.30	3.48	2.76	0.24	2.68	0.23
1830	Batteries	Batteries/brand/1pack/2 x size D	0.17	2.52	6.33	0.43	6.08	0.41
	Sub total :	(Household Operations group)	8.82			9.28		8.18

REF-NO	ITEM NAME	DESCRIPTION	WEIGHT	01 AUG '08 BASE PRICE	JUNE '09 PRICE	JULY '09 INDEX	PRICE	INDEX
	<u>TRANSPORT & COMMUNICATIONS</u>							
1910	Petrol	Petrol/1 litre	5.34	2.00	1.76	4.70	1.76	4.70
1920	Airfair	Return ticket/Australia	2.88	1468.00	1228.00	2.41	1228.00	2.41
1930	Oil	Oil/brand/multi-grade/1litre	0.48	14.37	7.85	0.26	10.02	0.33
1940	Deisel	Diesel/1 litre	0.43	2.05	1.72	0.36	1.72	0.36
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			8.07		8.14
	<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	1.20	0.61
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	0.86	0.58	0.94	0.63
2090	Toothpaste	Toothpaste/brand/90g	0.17	2.63	2.38	0.15	2.36	0.15
2100	Deodorant, body spray	Deodorant/brand/body spray/100ml	0.13	3.90	4.90	0.16	4.88	0.16
	<u>MISCELANEOUS</u>							
2110	Overseas, Newspaper, Jounals	Magazine/PIM	0.36	4.95	4.95	0.36	5.00	0.36
2120	Dog food	Dog food/canned/700g	0.30	1.95	2.40	0.37	2.10	0.32
	Sub total :	(Miscellaneous group)	3.88			4.46		4.47
	GRAND TOTAL:	(all groups)	100.00			104.80		107.55

SUMMARY SHEET

GROUP	JUNE '09 INDEX	JULY '09 INDEX	DIFFERENCE	% INCREASE (+) DECREASE (-)
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