

**CONSUMER PRICE INDEX
MONTHLY REPORT**

SEPTEMBER 2009



PREPARED BY:

**BUREAU OF STATISTICS
DEPARTMENT OF FINANCE**

30/10/09

THE CONSUMER PRICE INDEX

1. Monthly Change

The CPI for the first month of this Fiscal Year 2009/10 is observed at 107.42 which indicate that the price index has declined by 0.45% from the previous month of August, 2009. Table 1 below represents the variant changes of the index between the two survey periods and attached herein is the CPI Basket depicting the variation for each observation.

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

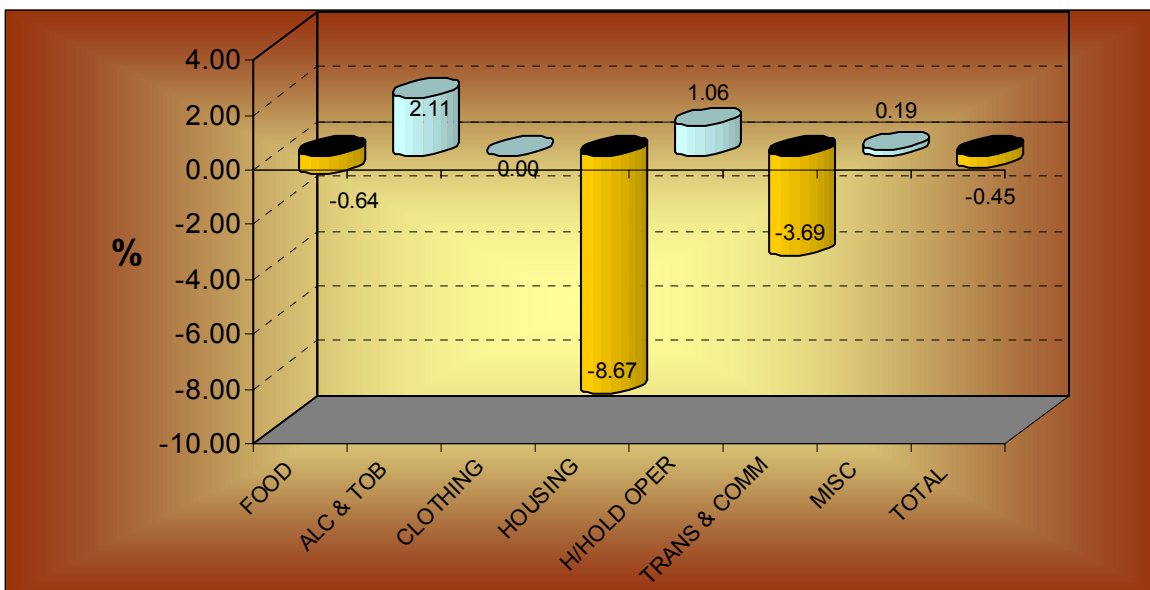
GROUP	AUG '09 INDEX	SEP '09 INDEX	DIFFERENCE	% INCREASE (+) DECREASE (-)
FOOD	62.88	62.48	-0.40	-0.64
ALCOHOL & TOBACCO	17.87	18.24	0.38	2.11
CLOTHING	3.61	3.61	0.00	0.00
HOUSING	3.00	2.74	-0.26	-8.67
HOUSEHOLD OPERATIONS	8.05	8.14	0.09	1.06
TRANSPORT & COMMUNICATION	8.09	7.79	-0.30	-3.69
MISCELLANEOUS	4.42	4.43	0.01	0.19
TOTAL	107.91	107.42	-0.48	-0.45

1.1 Observation

The CPI or goods and services have recorded a slight decline as a result of decreases from three of the seven group indices. It is apparent in Table 1 and Chart 1 that the Housing index heads the largest decrease of 8.87 percent and the significant drop of ceramic tiles and paint has driven the index to its current state. This is followed by the decline of the Transport & Communication's index which recorded a drop of 3.69 percent and is mainly attributed to the slight decrease of petrol and oil. The Food index recorded the lowest decrease of 0.64 percent with a range of commodities recording minor decreases and key items such as chicken cuts, tinned mackerel and sugar leading the decline.

Of the seven group indices, three groups also recorded positive growth with Alcohol & Tobacco index documenting the largest growth of 2.11 percent and the basis for this increase is the rising price of a packet of Alpine. Secondly, the Household operations index with a rise of 1.06 percent with the increased price of washing machine and washing powder as the main cause. Yet, the Miscellaneous index recorded the smallest and insignificant growth of 0.19 percent. The Clothing index remained stable during this period.

Chart 1. Monthly % change for the period ending September 30th, 2009.



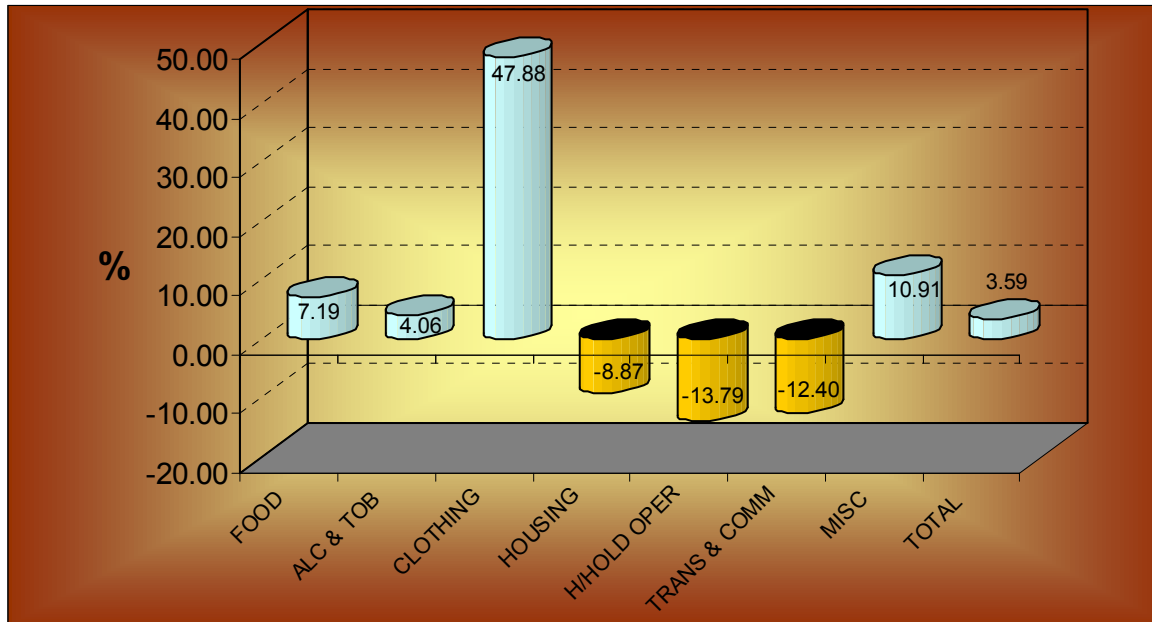
2. Annual Change

Chart 2 depicts the variation of goods and services on an annual basis, where current prices are compared to prices from the previous twelve months. The results indicate that the overall cost of goods and services has grown by 3.59 percent.

From the seven group indices, four indices experienced increases with the Clothing group topping with 47.88 percent then followed by Miscellaneous with 10.91 percent. The primary commodities affecting the variation of the Clothing index are commodities such as ladies dress and shoes whilst commodities such as deodorant, fishing hook, exercise book and canned dog food are accountable for the growth of the Miscellaneous group. This is followed by the Food index which reported growth of 7.19 percent and is mainly attributed to the significant increase of the rice index. Also, the majority of the food commodities reported small yet significant growth such as tinned mackerel and sardine, tinned tomatoes and sugar. The Alcohol & Tobacco recorded the lowest increase of 4.06 percent with cigarettes and beer solely accountable for the growth.

Three group indices recorded decreases over the annual period and that is the Household operations, Transport & Communications and Housing index with 13.79, 12.40 and 8.87 respectively. During the twelve month period the decline of the Household operations is mainly attributed to the lower cost of the prepaid system of electricity and the price of television, together with white goods such as refrigerator, freezer and washing machine. While the decline of the Transport & Communication is attributed to the reduced price of motor fuel (petrol & diesel) as well as airfare. Lastly the decline of the Housing index was affected by the dropping price of tiles and paint.

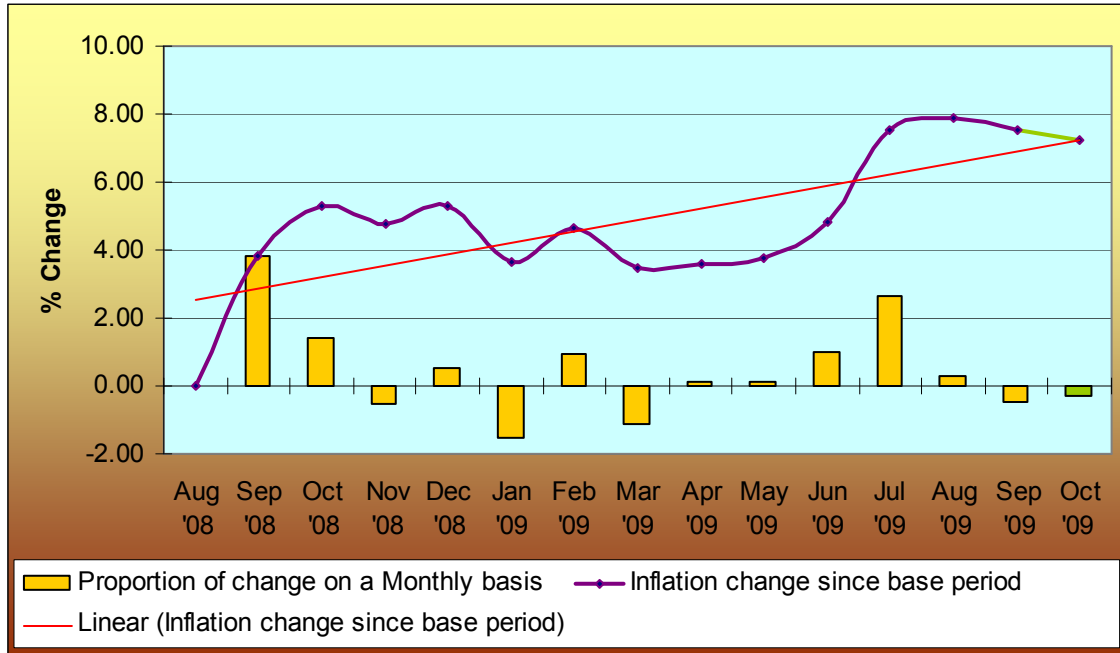
Chart 2. Annual % change since September 30th, 2008



3. CPI Series

Chart 3 below illustrates the pattern of monthly proportion of change in percentage and the pattern of inflation and trend since the base period August 2008. The behavior and movement of the CPI shows the fluctuations between October 2008 and March 2008. The period between March and May 2008 showed almost no fluctuations at all suggesting very little changes in prices of goods and services occurred for the period. May 2008 depicted the turning point of inflation which peak between July and August at roughly 8 percent above the base period. The increase was mainly found to be due to surges in the rice index, however there were also increases by other commodities and services. Following this period of growth, the two month period between August and September is showing signs of gradual decrease. It is evident that the rapid growth of the CPI over the short observation period is indicative of strategic policy implementation on price regulations and initiatives (electricity etc). According to current trends, it is anticipated that a decline of 0.30% is expected for the month of October.

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



4. Conclusion

It is evident that the CPI is gradually declining a gradual level after consecutive growths recorded from May to July/August period. Global trade plays a pivotal role in terms of any variances of Nauru’s CPI since the country is heavily dependent upon imports, however, it can be speculated that the current downward trend is attributed to market competition from two of the major importers of wholesale and retail commodities, this reflects a very beneficial advantage for consumers of good and services.

				01 AUG '08	AUG '09		SEP '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	61.60	23.26	61.60	23.26
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	2.01	0.62	1.95
1040	Other bread and Biscuits	Dry biscuits/brand/250g	0.54	2.10	2.85	0.73	2.96	0.76
1050	Self raising	Imported Flour/self raising/1kg	0.39	2.50	3.02	0.47	3.08	0.48
	<u>MEAT</u>							
1060	Chicken	Imported Chicken/cuts/2kg	7.99	9.18	8.00	6.96	7.50	6.53
1070	Canned Meat	Tinned beef/corned beef/imperial/326g	3.63	4.53	4.67	3.74	4.83	3.87
1080	Canned Meat	Tinned meat/luncheon/397g	1.69	2.43	1.53	1.07	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	3.48	1.25	3.15	1.14
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 & VEGETABLES</u>							
1140	Canned Tomatoes	Tinned tomatoes/brand/400g	0.71	1.97	1.91	0.69	2.08	0.75
1150	Onions and Chives	Onions/sea feight/1kg	0.34	3.95	4.74	0.41	4.72	0.41
1160	Potatoes	Potatoes/sea freight/1kg	0.14	3.90	3.81	0.14	4.06	0.15
	<u>DAIRY</u>							
1170	Butter	Imported butter/brand/250g	1.43	2.65	2.82	1.52	2.82	1.52
1180	Milk powder	Milk powder/brand/1kg	0.99	12.87	11.87	0.91	11.97	0.92
1190	Cooking Oil	Cooking oil/brand/750ml	0.52	4.57	4.80	0.55	4.80	0.55
1200	Fresh milk	Fresh milk/full cream/1litre	0.42	2.63	2.57	0.41	2.77	0.44
1210	Eggs	Imported Eggs/dozen/600g	0.29	5.47	6.20	0.33	6.10	0.32

				01 AUG '08	AUG '09		SEP '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	1.15	1.07	1.13	1.06
1230	Sugar	Imported sugar/white/brand/2kg	4.60	4.10	4.23	4.75	4.07	4.56
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	3.75	0.40	3.67	0.39
1260	Coffee	Imported coffee/brand/100g	0.45	7.42	4.28	0.26	4.32	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			62.88		62.48
	<u>ALCOHOL & TOBACCO</u>							
1410	Beer	Beer/brand/1can/375ml	4.27	2.00	2.00	4.27	2.00	4.27
1420	Cigarettes	Cigarettes/Alpine brand/1packet/25 sticks	12.20	5.50	6.13	13.60	6.30	13.97
	Sub total :	(Alcohol & Tobacco group)	16.47			17.87		18.24
	<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	11.00	0.38	11.00	0.38
	<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			3.61		3.61
	<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	AUG '09		SEP '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	35.50	0.79
1630	Cement	Cement/bag/40 kg	0.76	20.60	22.70	0.84	23.00	0.85
1640	Paint	Paint/brand/enamel/4litre	0.51	62.63	70.08	0.57	63.33	0.52
1650	Timber	Timber/treated pine/4x2/4.8metres	0.44	47.00	34.00	0.32	38.00	0.36
	Sub total :	(Housing group)	3.48			3.00		2.74
	<u>BILLS</u>							
1710	Electricity bill	Electricity bill/kilowatt per hour	1.60	0.30	0.05	0.27	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	1101.67	1.65	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	411.33	0.79	411.33	0.79
1760	Washing machine	Washing machine/brand/5kg capacity	0.68	1195.00	856.67	0.49	928.00	0.53
	<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	2.32	1.33	2.32	1.33
1800	Washing soap powder	Washing soap powder/brand/500g	0.71	5.60	4.40	0.56	4.82	0.61
1810	Mosquito coil	Mosquito coil/1packet/10coils/120g	0.69	1.14	1.30	0.79	1.32	0.80
1820	Dishwashing liquid	Dishwashing liquid/brand/500ml	0.30	3.48	3.10	0.27	2.88	0.25
1830	Batteries	Batteries/brand/1pack/2 x size D	0.17	2.52	6.08	0.41	6.08	0.41
	Sub total :	(Household Operations group)	8.82			8.05		8.14

<u>REF-NO</u>	<u>ITEM NAME</u>	<u>DESCRIPTION</u>	<u>WEIGHT</u>	<u>01 AUG '08 BASE PRICE</u>	<u>AUG '09 PRICE</u>	<u>INDEX</u>	<u>SEP '09 PRICE</u>	<u>INDEX</u>
	<u>TRANSPORT & COMMUNICATIONS</u>							
1910	Petrol	Petrol/1 litre	5.34	2.00	1.76	4.70	1.65	4.41
1920	Airfair	Return ticket/Australia	2.88	1468.00	1208.00	2.37	1208.00	2.37
1930	Oil	Oil/brand/multi-grade/1litre	0.48	14.37	9.46	0.32	9.32	0.31
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			8.09		7.79
	<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	0.85	0.57	0.88	0.60
2090	Toothpaste	Toothpaste/brand/90g	0.17	2.63	2.62	0.17	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
	Sub total :	(Miscellaneous group)	3.88			4.42		4.43
	GRAND TOTAL:	(all groups)	100.00			107.91		107.42

SUMMARY SHEET

GROUP	AUG '09 INDEX	SEP '09 INDEX	DIFFERENCE	% INCREASE (+) DECREASE (-)
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