

**CONSUMER PRICE INDEX
MONTHLY REPORT**

OCTOBER 2009



PREPARED BY:

**BUREAU OF STATISTICS
DEPARTMENT OF FINANCE**

11/11/09

THE CONSUMER PRICE INDEX

1. Monthly Change

The CPI for the month of October of this Fiscal Year 2009/10 is calculated at **102.09** which indicate that the price index has declined significantly by **4.96 %** from the preceding month of September, 2009. Table 1 below illustrates the variant changes of the index between the two observation 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

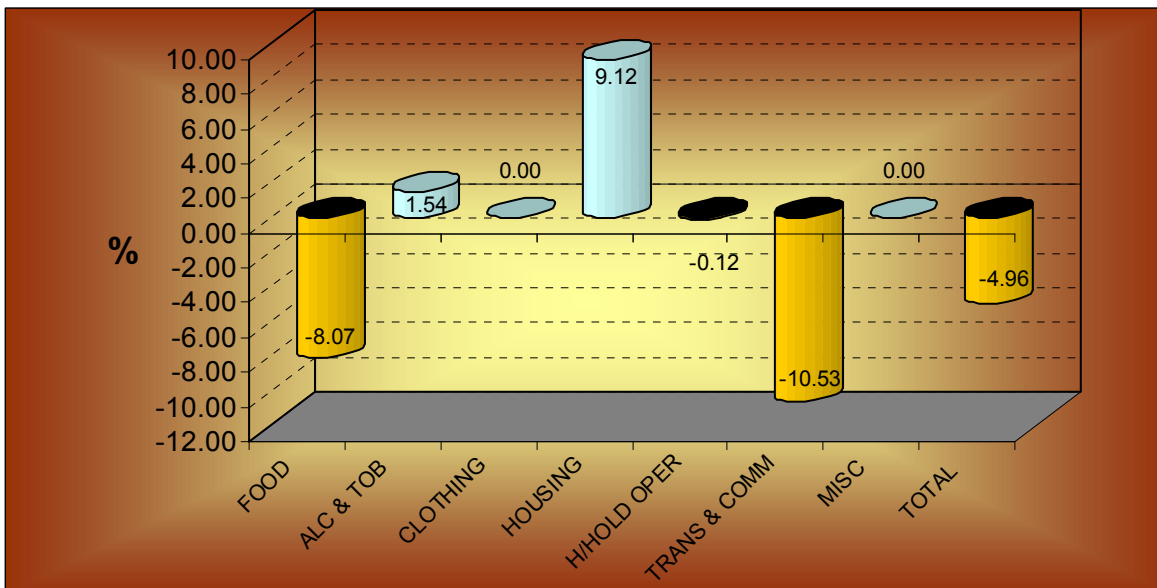
GROUP	SEP '09 INDEX	OCT '09 INDEX	DIFFERENCE	% INCREASE (+) DECREASE (-)
FOOD	62.48	57.44	-5.04	-8.07
ALCOHOL & TOBACCO	18.24	18.52	0.28	1.54
CLOTHING	3.61	3.61	0.00	0.00
HOUSING	2.74	2.99	0.25	9.12
HOUSEHOLD OPERATIONS	8.14	8.13	-0.01	-0.12
TRANSPORT & COMMUNICATION	7.79	6.97	-0.82	-10.53
MISCELLANEOUS	4.43	4.43	0.00	0.00
TOTAL	107.42	102.09	-5.33	-4.96

1.1 Observation

The CPI or goods and services have recorded a significant decline as a result of decreases from three of the seven group indices. It's evident in Table 1 and Chart 1 that the Transport & Communication's index leads the decline of **10.53** percent as a result of reducing retail price of automotive fuel (petrol/diesel) as well as airfares which is operating cheaper flights to Australia for the upcoming festive season. This is followed by the decline of the Food index which also recorded a significant drop of **8.07** percent and is mainly attributed to the decrease of the rice index with retail price falling at a high of 22 percent from the previous month. The main purpose for this rapid decline is entirely driven by market competition and there is no supporting evidence of any policy intervention or abundance of supply. Household operations index recorded the smallest yet influential decrease towards the overall reduction of the CPI with **0.12** percent.

Only two out of the seven group indices recorded positive growth with Housing recording the largest increase of **9.12** percent then followed by Alcohol & Tobacco with **1.54** respectively. The increased price of ceramic tiles has solely affected the variant changes to the Housing index while the slight increase of a packet of cigarettes (Alpine) has transformed the Alcohol & Tobacco index. The Clothing and Miscellaneous index remained unaffected and stable.

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



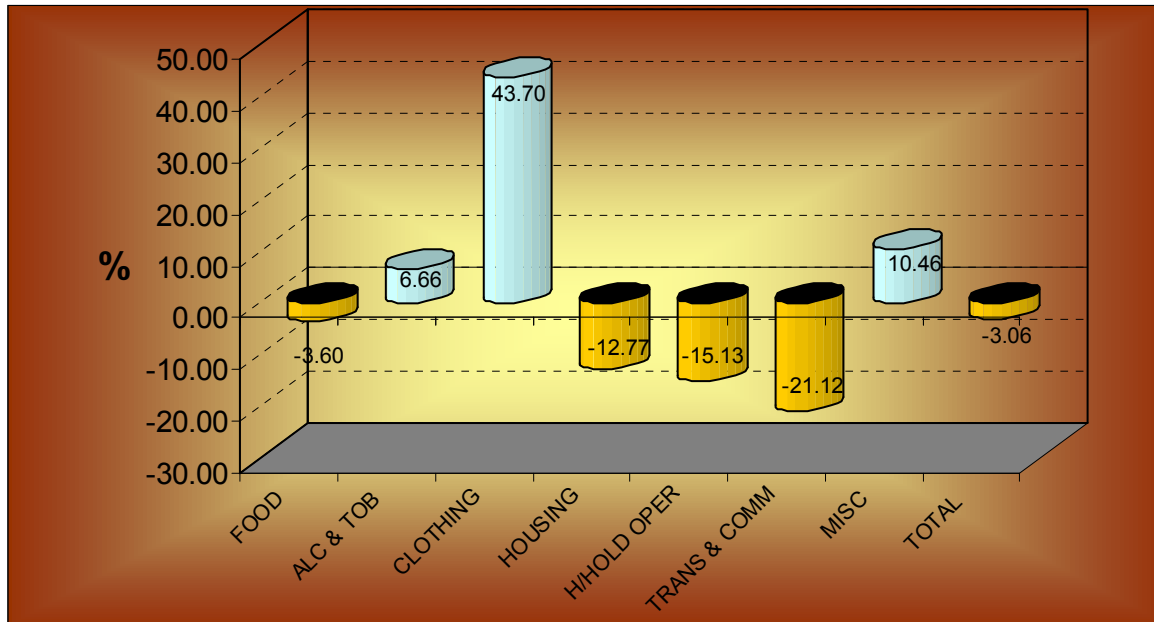
2. Annual Change

Chart 2 depicts the variation of goods and services on an annual basis, where current prices are compared to prices from October 2008. The results indicate that the overall cost of goods and services has declined by **3.06** percent.

A proportion of the seven group indices that experienced decreases over the twelve month period are four group indices. Leading the decreases is the Transport & Communications index which experienced a decrease of **21.12** percent. Similarly to the monthly outcome, the index is mainly driven by the same scenarios where the declining prices of fuel and airfares significantly contributing to the decrease. This is followed by the Household operations index which recorded a drop of **15.13** percent and the most noticeable variance is the reform of electricity bills where the recently introduced cash prepaid meter is much cheaper compared to rates in 2008. Common household appliances such as refrigerator, freezer, washing machine and TV also contributed to the decline. Housing index recorded the third highest decrease of **12.77** percent with the main driver for the variance being tiles and paint. The Food index recorded a decline of **3.60** percent the smallest decrease of all the groups; however the bulk of the CPI coverage is located herein. The range of commodities affecting the fluctuation of the index is rice, 2kg chicken, pork sausage, vegetables (onion/potatoes), dairy products such as butter and powdered milk and tinned coffee.

On the other hand, indices experiencing increases are Clothing, Miscellaneous and Alcohol & Tobacco with **43.70**, **10.46** and **6.66** respectively. The main commodities driving the growth of the Clothing group is the variant price of ladies dress and infant nappies. Likewise, commodities contributing to the increase of the Miscellaneous group are toothpaste, deodorant, PIM magazine and tinned dog food. Finally the growing prices of beer and cigarettes have solely affected the variance of the Alcohol & Tobacco.

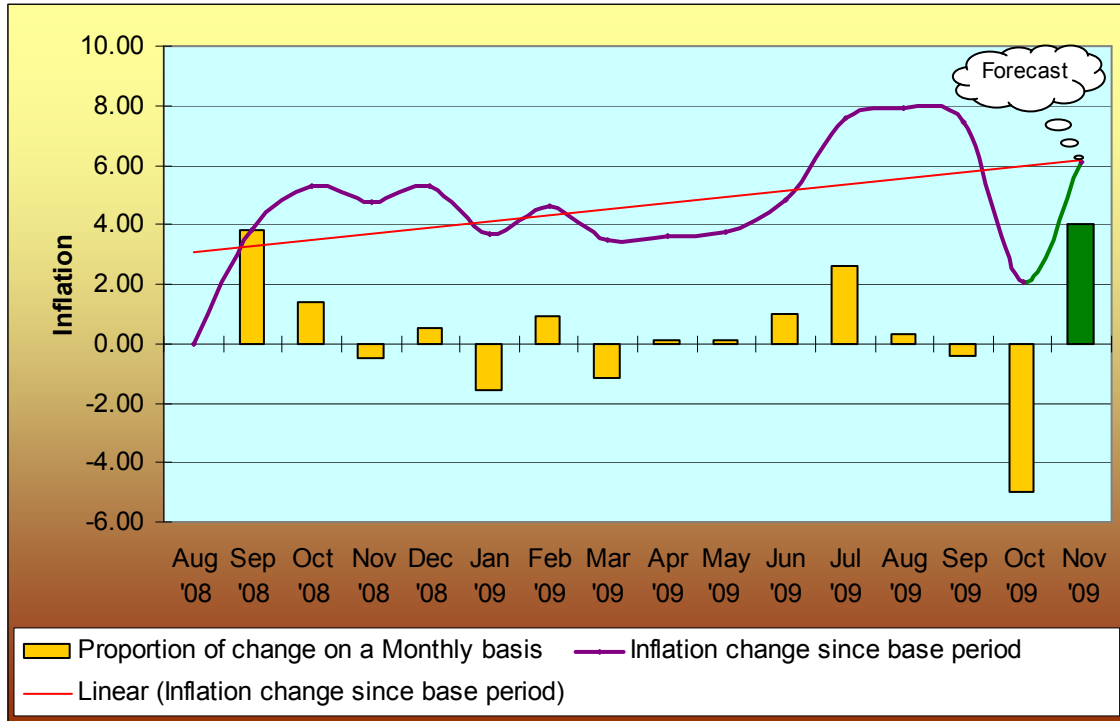
Chart 2. Annualised % change since October 31st, 2008



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. This current period shows a definitive turning point of the CPI as depicted in chart 3 which has significantly declined since the instigation of the CPI. The main purpose for this variance is the combination of profound decreases with a range of goods and services. Common household essentials located in the Transport & Communication, Food and Household operations groups have significantly declined which has converged to the current results.

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



4. Conclusion

It is obvious that the volatility of the CPI is unprecedented and unpredictable. Consumers are opportunely paying less for goods and services commonly from the previous month (-4.97) and 12 months (-3.06) proceedings. The current variance is the fastest drop documented and according to the current trend since base period the bureau anticipates a rapid increase of 4.02 percent.

				01 AUG '08	SEP '09		OCT '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	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	0.62	1.95	0.65	2.06
1040	Other bread and Biscuits	Dry biscuits/brand/250g	0.54	2.10	2.96	0.76	3.08	0.79
1050	Self raising	Imported Flour/self raising/1kg	0.39	2.50	3.08	0.48	3.10	0.48
	<u>MEAT</u>							
1060	Chicken	Imported Chicken/cuts/2kg	7.99	9.18	7.50	6.53	7.58	6.60
1070	Canned Meat	Tinned beef/corned beef/imperial/326g	3.63	4.53	4.83	3.87	4.83	3.87
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	3.15	1.14	2.83	1.02
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	2.98	0.63
	<u>FOOD, FRUIT & VEGETABLES</u>							
1140	Canned Tomatoes	Tinned tomatoes/brand/400g	0.71	1.97	2.08	0.75	2.06	0.74
1150	Onions and Chives	Onions/sea feight/1kg	0.34	3.95	4.72	0.41	4.72	0.41
1160	Potatoes	Potatoes/sea freight/1kg	0.14	3.90	4.06	0.15	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	11.97	0.92	11.52	0.89
1190	Cooking Oil	Cooking oil/brand/750ml	0.52	4.57	4.80	0.55	4.90	0.56
1200	Fresh milk	Fresh milk/full cream/1litre	0.42	2.63	2.77	0.44	2.83	0.45
1210	Eggs	Imported Eggs/dozen/600g	0.29	5.47	6.10	0.32	6.10	0.32

				01 AUG '08	SEP '09		OCT '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	1.13	1.06	1.15	1.07
1230	Sugar	Imported sugar/white/brand/2kg	4.60	4.10	4.07	4.56	4.07	4.56
1240	Soya sauce	Soya sauce/light/500ml	0.58	2.90	2.92	0.58	2.88	0.58
1250	Tea	Imported tea/100 bags/180g	0.49	4.60	3.67	0.39	3.68	0.39
1260	Coffee	Imported coffee/brand/100g	0.45	7.42	4.32	0.26	4.42	0.27
1270	Baby food	Baby food/heinz/vanilla custard/110g	0.44	1.27	1.38	0.48	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	3.48	2.03
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			62.48		57.44
	<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	6.30	13.97	6.43	14.25
	Sub total :	(Alcohol & Tobacco group)	16.47			18.24		18.52
	<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	SEP '09		OCT '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	35.50	0.79	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	63.33	0.52	63.00	0.51
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			2.74		2.99
	<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	928.00	0.53	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	2.35	1.34
1800	Washing soap powder	Washing soap powder/brand/500g	0.71	5.60	4.82	0.61	4.83	0.61
1810	Mosquito coil	Mosquito coil/1packet/10coils/120g	0.69	1.14	1.32	0.80	1.35	0.82
1820	Dishwashing liquid	Dishwashing liquid/brand/500ml	0.30	3.48	2.88	0.25	2.73	0.24
1830	Batteries	Batteries/brand/1pack/2 x size D	0.17	2.52	6.08	0.41	5.53	0.37
	Sub total :	(Household Operations group)	8.82			8.14		8.13

<u>REF-NO</u>	<u>ITEM NAME</u>	<u>DESCRIPTION</u>	<u>WEIGHT</u>	<u>01 AUG '08 BASE PRICE</u>	<u>SEP '09 PRICE</u>	<u>INDEX</u>	<u>OCT '09 PRICE</u>	<u>INDEX</u>
	<u>TRANSPORT & COMMUNICATIONS</u>							
1910	Petrol	Petrol/1 litre	5.34	2.00	1.65	4.41	1.64	4.38
1920	Airfair	Return ticket/Australia	2.88	1468.00	1208.00	2.37	798.00	1.57
1930	Oil	Oil/brand/multi-grade/1litre	0.48	14.37	9.32	0.31	10.04	0.34
1940	Deisel	Diesel/1 litre	0.43	2.05	1.72	0.36	1.65	0.35
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			7.79		6.97
	<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	0.88	0.60	0.88	0.60
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
	Sub total :	(Miscellaneous group)	3.88			4.43		4.43
	GRAND TOTAL:	(all groups)	100.00			107.42		102.08

SUMMARY SHEET

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