

CONSUMER PRICE INDEX

**MONTHLY REPORT
OCTOBER 2008**



**PREPARED BY :
BUREAU OF STATISTICS**

19/11/08

THE CONSUMER PRICE INDEX

Monthly Change

The CPI for the month October of this Fiscal Year ending 2009 is 105.29. This implies that the price index has increased by 1.42% from the previous month ending September 30th 2008. Table 1 illustrates the changes in prices for the survey period and attached in Annex 1 is the results and findings.

Table **% change in Group Indices and Overall Consumer Price Index**

GROUP	SEP '08 INDEX	OCT '08 INDEX	DIFFERENCE	% INCREASE (+) DECREASE (-)
FOOD	58.70	59.58	0.89	1.51
ALCOHOL & TOBACCO	16.63	17.37	0.74	4.45
CLOTHING	2.39	2.51	0.13	5.33
HOUSING	3.31	3.43	0.12	3.50
HOUSEHOLD OPERATIONS	9.47	9.56	0.09	0.96
TRANSPORT & COMMUNICATION	9.30	8.83	-0.47	-5.00
MISCELLANEOUS	4.03	4.01	-0.02	-0.54
TOTAL	103.82	105.29	1.47	1.42

Observation

The CPI monthly change for this period ending October 31st is an increase of 1.42% percent and this is a result of increases from five of the seven group indices. It can be seen in Graph 1, that the Clothing index experienced the highest increase with 5.33% when compared to the previous month. The Clothing group and subsequent index, consists of exactly four items and the increase is mainly attributed to the price of unbranded dual sex t-shirts size large and children's nappies at medium size. The index with the second highest increase is Alcohol & Tobacco with an increase of 4.45%. The index comprises of only two commodities and they are a can of beer¹ and a packet of cigarette² and the item which impacted the rise of the index is the price of cigarettes. Due to the 16.47 weight of the Alcohol & Tobacco index within the CPI basket, any slight variation of the index will significantly alter the state of the CPI. Similarly, the Housing index also experienced an increase of 3.50% with the mean price of timber contributing significantly to the growth. The Food index experienced the fourth highest increase of 1.51% and there is insignificant variance on prices for edible products. However, for the case of rice, the unit description is a 25kg bag and it is evident during the field enumeration that this unit is not available throughout respondent retails therefore to compensate the gap the bureau opted to adjust the different units to fulfill the required weights for rice, this impacting the increase. The Household Operations Index experienced the smallest increase for this month with 0.96% and accounts little variances in the overall index.

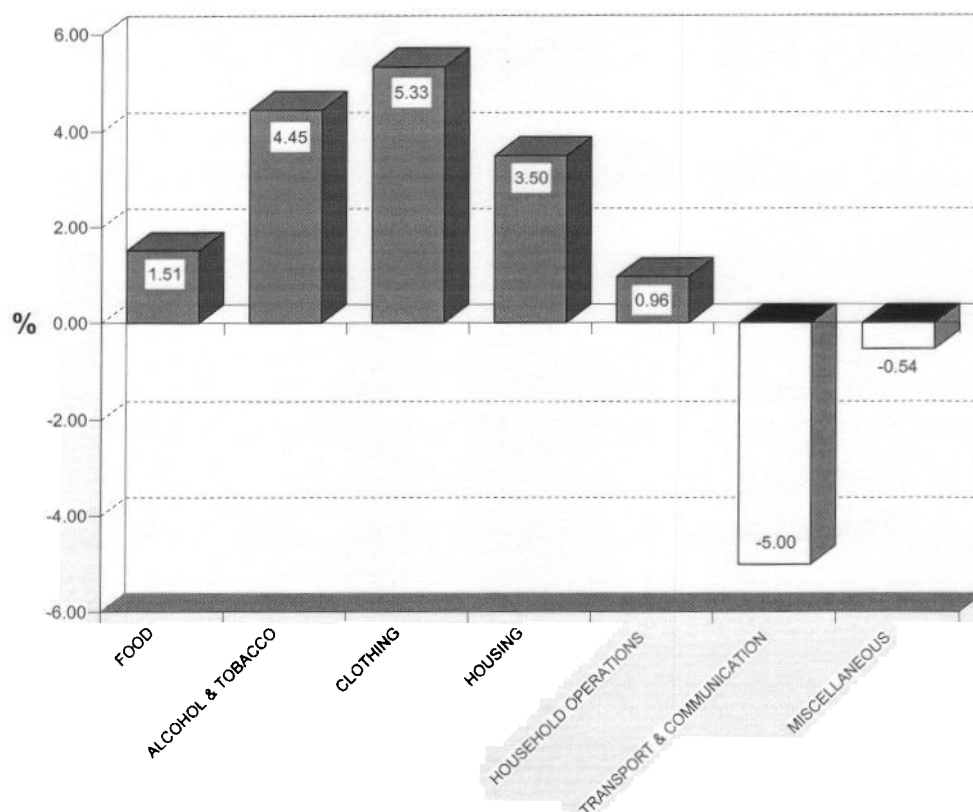
The Graph below illustrates that the Transport and Communication index along with the Miscellaneous index recorded the only decreases for its goods and service with -5.00 and -0.84 percent respectively. The sole contributor for the Transport & Communication index is the decreased price of standard

¹ Any standard brand beer available at retail which is at 375ml per unit.

² Packet of Alpine brand cigarette - 25 sticks per packet

economy class airfare to Australia which at this time of the year the airline company offer's discounted airfare's for the approaching Christmas festivity. There is insignificant variance on the decrease of the Miscellaneous index.

Graph 1. Monthly % Increase/Decrease for the period ending October 31st, 2008.



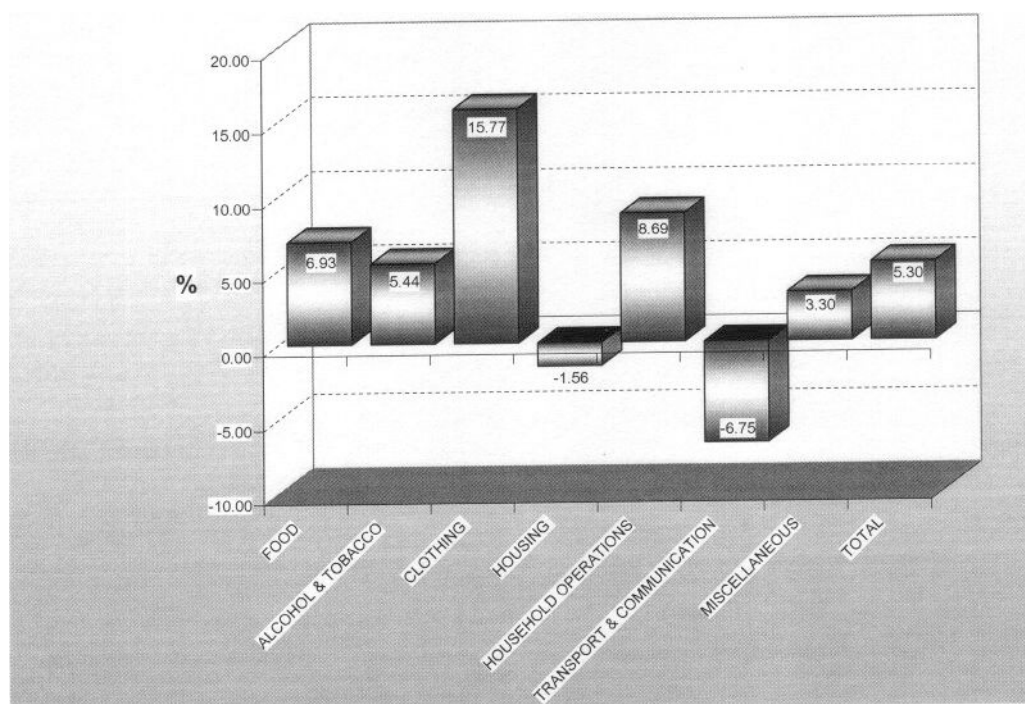
Price movement since the base period

Graph 2. illustrates the changes of goods and services since the base period (August 2008). Although the base period is only two months back, it is evident that prices remain unstable and the trend so far indicates the overall cost of goods and service is still growing with 5.30%. Five of the seven indices experienced increase's with the Clothing index experiencing the largest increase with 15.77% followed by the Household Operations index with 8.69%. Subsequently, commodities affecting the increase of the Clothing index are items such as t-shirts and ladies foot wear and for the Household Operations index the price of freezer, 15 inch television and a pair of batteries (size D). Food and Alcohol & Tobacco index also experienced increases with 6.93 and 5.44 respectively with items such as rice, self raising flour, perishable goods (e.g. onions and potatoes), SAO biscuits and powdered milk contributing to the food index and a packet of Alpine for the Alcohol & Tobacco index. The remaining augmented index is the Miscellaneous index which recorded a 3.30% increase.

The Transport & Communications followed by the Housing index experienced the only decrease from the base period with -6.75 and -1.56 percent respectively. The reduced price of airfare to Australia and a

canister of oil contributed to the significant decrease of the Transport & Communications index and the price of timber solely contributed to the decrease of the Housing index.

Graph 2. % Change from Base period – (September 30th, 2008)

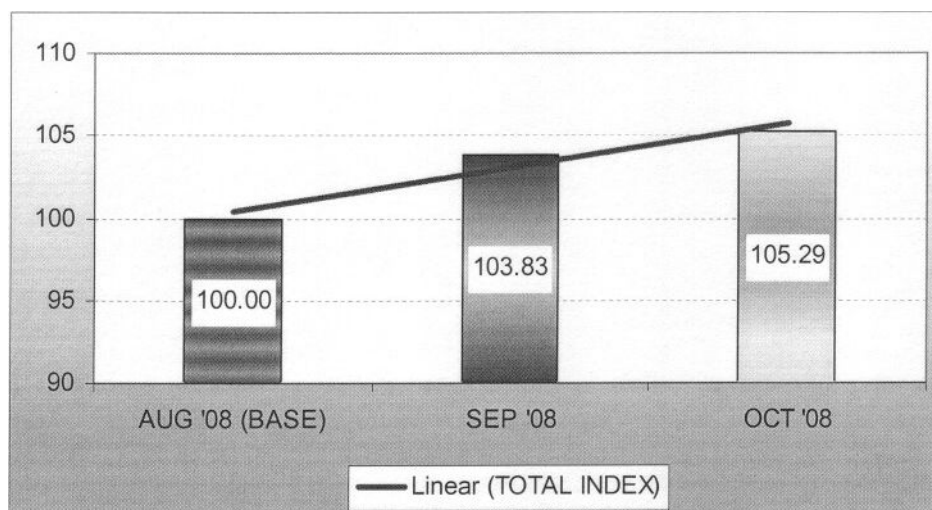


CPI Series

Graph 3. illustrates the CPI series since the new base period (August 2008) utilizing the total indexes for the reweighted basket. Although, the time series is small and insignificant it is indicative that the overall trend of the CPI is on the increase and the assumption for forecasting for the next surveillance will be the same taking into consideration for the upcoming calendar year of Christmas and New year festivity. However, the key theoretical observation of supply and demand is certainly one of the contributing factors for the rise of the index throughout this period.

Unfortunately, throughout the modification of both the 1994 and 2008 basket for comparability purposes, historical time series going back since March 1994 will be included in the future reports to represent a more meaningful trend over time.

Graph 3. CPI series from base period to current



Conclusion

The results indicate that the CPI is experiencing a growing trend with back to back increases from the monthly observations. It is evident that four groups in particular the Food, Alcohol & Tobacco, Clothing and Household Operations index experienced continuous growth which implicated the upward trend of the CPI. These four indices however are essential for household consumption and are relative to consumer spending. Therefore, this growth is indicative of the stress it places on household in terms of income and expenditure.

To conclude and as mentioned previously the bureau is anticipating a similar trend for the November and December round and surely the scarcity of commodities especially on food will establish the course of the CPI.

Consumer Price Index - Survey period ending September 30th - October 31st, 2008

SUMMARY SHEET

GROUP	SEP '08 INDEX	OCT '08 INDEX	DIFFERENCE	% INCREASE (+) DECREASE (-)
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TOTAL	103.82	105.29	1.47	1.42

Consumer Price Index - Survey period ending September 30th - October 31st, 2008

REF-NO	ITEM NAME	DESCRIPTION	WEIGHT	01 AUG '08 BASE PRICE	SEP '08 PRICE	INDEX	OCT '08 PRICE	INDEX
	RICE & OTHER CEREALS							
1010	Rice	Imported rice/sunwhite/bag/25kg	15.48	41.00	53.00	20.01	55.88	21.10
1020	Bread (sliced loaf)	Bread/white/local/sliced loaf	3.65	1.75	2.00	4.17	1.83	3.82
1030	Noodles	Noodles/sachet/85g	1.68	0.53	0.57	1.79	0.66	2.08
1040	Other bread and Biscuits	Dry biscuits/brand/	0.54	2.10	2.97	0.76	2.71	0.70
1050	Self raising	Imported Flour/self raising/1kg	0.39	2.50	3.08	0.48	3.20	0.50
	TOTAL:	(rice & other cereal)	21.74			27.21		28.20
	MEAT							
1060	Chicken	Imported Chicken/cuts/2kg	7.99	9.18	7.83	6.82	8.00	6.96
1070	Canned Meat	Tinned beef/corned beef/imperial/325g	3.63	4.53	4.54	3.64	4.32	3.47
1080	Canned Meat	Tinned meat/lucheon/397g	1.69	2.43	0.67	0.46	0.67	0.46
1090	Sausages	Sausages/1pack/pork/1kg	1.07	7.33	7.33	1.07	5.13	0.75
	TOTAL:	(meat)	14.38			11.99		11.64
	SEAFOOD							
1100	Fish	Tuna/Skipjack(bonita)/1 kg	2.50	6.00	6.40	2.67	6.00	2.50
1110	Canned Fish	Imported tinned mackerel/brand/425g	0.93	2.55	2.70	0.98	2.65	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	2.30	0.49	2.30	0.49
	TOTAL:	(sea food)	4.68			4.89		4.71
	FOOD, FRUIT & VEGETABLES							
1140	Canned Tomatoes	Tinned tomatoes/brand/400g	0.71	1.97	1.61	0.58	1.66	0.60
1150	Onions and Chives	Onions/sea feight/1kg	0.34	3.95	4.30	0.37	5.58	0.48
1160	Potatoes	Potatoes/sea feight/1kg	0.14	3.90	4.07	0.15	4.93	0.18
	TOTAL:	(fruits & vegetables)	1.19			1.10		1.26
	DAIRY							
1170	Butter	Imported butter/brand/250g	1.43	2.65	3.20	1.73	3.20	1.73
1180	Milk powder	Milk powder/brand/1kg	0.99	12.87	12.25	0.94	12.24	0.94
1190	Cooking Oil	Cooking oil/brand/750ml	0.52	4.57	4.48	0.51	4.70	0.54
1200	Fresh milk	Fresh milk/full cream/1litre	0.42	2.63	2.88	0.46	2.88	0.46
1210	Eggs	Imported Eggs/dozen/600g	0.29	5.47	5.73	0.30	5.65	0.30
	TOTAL:	(dairy)	3.65			3.94		3.96

Consumer Price Index - Survey period ending September 30th - October 31st, 2008

REF-NO	ITEM NAME	DESCRIPTION	WEIGHT	01 AUG '08	SEP '08		OCT '08	
				BASE PRICE	PRICE	INDEX	PRICE	INDEX
	OTHER FOODS							
1220	Soft drink	Soft drinks//brand/1can/375ml	0.96	1.03	0.96	0.89	1.07	0.99
1230	Sugar	Imported sugar/white/brand/2kg	4.60	4.10	3.82	4.28	3.82	4.28
1240	Soya sauce	Soya sauce/light/500ml	0.58	2.90	3.03	0.61	3.53	0.71
1250	Tea	Imported tea/100 bags/180g	0.49	4.60	3.85	0.41	3.85	0.41
1260	Coffee	Imported coffee/brand/100g	0.45	7.42	5.37	0.33	7.03	0.43
1270	Baby food	Baby food/heinz/vanilla custard/110g	0.44	1.27	1.40	0.49	1.40	0.49
	TOTAL:	(other food)	7.52			7.00		7.30
	TAKE AWAY							
1280	Plate of food/Take away	Plate of food/take away	2.20	3.77	3.77	2.20	3.70	2.16
1290	Dinner out	Dinner for two/Formal/Reynaldo	0.36	22.50	22.50	0.36	22.50	0.36
	TOTAL:	(take away)	2.56			2.56		2.52
	ALCOHOL & TOBACCO							
1410	Beer	Beer/brand/1can/375ml	4.27	2.00	1.90	4.06	1.90	4.06
1420	Cigarettes	Cigarettes/Alpine brand/1 packet/25 sticks	12.20	5.50	5.67	12.57	6.00	13.31
	TOTAL:	(alcohol & tobacco)	16.47			16.63		17.37
	CLOTHING							
1510	Nappies	Nappies/plastic/brand/size medium/per pack	0.81	17.04	10.03	0.48	11.83	0.56
1520	Mumu	Casual/imported formal dress/mumu size large	0.85	15.60	15.30	0.83	15.00	0.82
1530	T/Shift	Imported T-shirt/duel sex/size large	0.37	10.65	11.67	0.41	13.33	0.46
	TOTAL:	(clothing)	2.03			1.72		1.84
	FOOTWEAR							
1540	Footwear	Shoes/womens slip-ons/size 9	0.14	3.00	14.35	0.67	14.35	0.67
	TOTAL:	(footwear)	0.14			0.67		0.67
	RENT							
1610	Rent for dwelling per month	Rent unit/MQ/L location	0.23	75.00	75.00	0.23	75.00	0.23
	TOTAL:	(rent)	0.23			0.23		0.23

Consumer Price Index - Survey period ending September 30th - October 31st, 2008

REF-NO	ITEM NAME	DESCRIPTION	WEIGHT	01 AUG '08 BASE PRICE	SEP '08 PRICE	INDEX	OCT '08 PRICE	INDEX
	MAINTENANCE							
1620	Ceramic tiles	Tiles/plastic tiles/size square cm/1case)	1.54	68.80	68.80	1.54	68.80	1.54
1630	Cement	Cement/bag/40 kg	0.76	20.60	20.60	0.76	20.60	0.76
1640	Paint	Paint/brand/ename/4litre	0.51	62.63	69.92	0.57	70.92	0.58
1650	Timber	Timber/treated pine/4x2/metres	0.44	47.00	22.50	0.21	34.00	0.32
	TOTAL:	(maintenance)	3.25			3.08		3.20
	BILLS							
1710	Electricity bill	Electricity bill/kilowatt per hour	1.60	0.30	0.30	1.60	0.30	1.60
1720	Water bill	Water Bill/per 10 litre	0.35	0.03	0.03	0.35	0.03	0.35
	TOTAL:	(bills)	1.95			1.95		1.95
	APPLIANCES							
1730	Freezer	Freezer	1.12	750.00	1272.50	1.90	1272.50	1.90
1740	Refrigerator	Refrigerator	0.73	1635.00	1635.00	0.73	1635.00	0.73
1750	Television	Television/brand/15 inch	0.71	369.50	462.50	0.89	462.50	0.89
1760	Washing machine	Washing machine/brand/5kg capacity	0.67	1195.00	1107.50	0.62	1107.50	0.62
	TOTAL:	(appliances)	3.23			4.14		4.14
	FURNITURE							
1770	Light fitting	Light fitting/brand/60watt globe	0.27	2.50	1.95	0.21	1.95	0.21
1780	beds	Beds/single/foam-sponge	0.26	400.00	375.00	0.24	475.00	0.31
	TOTAL:	(furniture)	0.53			0.45		0.52
	SUPPLIES							
1790	Toilet paper	Toilet Paper/brand/1000 sheets	1.22	2.15	2.01	1.14	2.06	1.17
1800	Washing soap powder	Washing soap powder/brand/500g	0.71	5.60	3.58	0.45	3.58	0.45
1810	Mosquito coil	Mosquito coil/1packet/10coils/120g	0.69	1.14	1.15	0.70	1.15	0.70
1820	Dishwashing liquid	Dishwashing liquid/brand/500ml	0.30	3.48	2.82	0.24	2.96	0.26
1830	Batteries	Batteries/brand/1pack/2 x size D	0.17	2.52	5.88	0.40	5.65	0.38
	TOTAL:	(supplies)	3.09			2.93		2.96

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REF-NO	ITEM NAME	DESCRIPTION	WEIGHT	01 AUG '08 BASE PRICE	SEP '08 PRICE	INDEX	OCT '08 PRICE	INDEX
	TRANSPORT & COMMUNICATIONS							
1910	Petrol	Petrol/1 litre	5.34	2.00	2.00	5.34	2.00	5.34
1920	Airfair	Return ticket/Australia	2.88	1468.00	1468.00	2.88	1228.00	2.41
1930	Oil	Oil/brand/multi-grade/1litre	0.48	14.37	9.17	0.31	9.33	0.31
1940	Deisel	Diesel/1 litre	0.43	2.05	2.05	0.43	2.05	0.43
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
	TOTAL:	(transports & communication)	9.47			9.30		8.83
	HEALTH							
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
	TOTAL:	(health)	0.68			0.68		0.68
	EDUCATION							
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/64-pages	0.16	0.85	1.20	0.23	1.10	0.21
	TOTAL:	(education)	0.50			0.57		0.55
	RECREATION							
2050	Records, Cassettes, CD's	Blank CDR/brand/single/700mb	0.64	1.25	1.35	0.69	1.35	0.69
2060	Fishing equipment and supplies	Fishing hook/brand/Nickel coated/size 7/0	0.34	0.20	0.20	0.34	0.20	0.34
2070	DVD hire	DVD hire	0.16	2.00	2.00	0.16	2.00	0.16
	TOTAL:	(recreation)	1.14			1.19		1.19
	PERSONAL PRODUCTS							
2080	Bathing soap (liquid/bar)	Soap/bar/brand/100g	0.60	0.89	0.85	0.57	0.93	0.63
2090	Toothpaste	Toothpaste/brand/90g	0.17	2.63	3.00	0.19	2.25	0.15
2100	Deodorant, body spray	Deodorant/brand/body spray/100ml	0.13	3.90	4.93	0.16	4.83	0.16
	TOTAL:	(personal products)	0.90			0.93		0.94
	MISCELLANEOUS							
2110	Overseas, Newspaper, Journals	Magazine/PIM	0.36	4.95	4.95	0.36	4.95	0.36
2120	Dog food	Dog food/canned/700ml	0.30	1.95	1.95	0.30	1.90	0.29
	TOTAL:	(miscellaneous)	0.66			0.66		0.65
	GRAND TOTAL:	(all groups)	100.00			103.82		105.29