

**CONSUMER PRICE INDEX  
MONTHLY REPORT**

**JUNE 2009**



***PREPARED BY:***

**BUREAU OF STATISTICS  
DEPARTMENT OF FINANCE**

**07/08/09**

## THE CONSUMER PRICE INDEX

### 1. Monthly Change

The CPI for the closing month of this Fiscal Year 2008/9 is observed at **104.80**. This implies that the price index has increased by **1.02%** from the previous month ending May, 2009. Table 1 represents the changes in 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	MAY '09 INDEX	JUNE '09 INDEX	DIFFERENCE	% INCREASE (+) DECREASE (-)
FOOD	58.66	59.50	0.84	1.43
ALCOHOL & TOBACCO	17.00	17.00	0.00	0.00
CLOTHING	3.53	3.53	0.00	0.00
HOUSING	2.91	2.96	0.05	1.72
HOUSEHOLD OPERATIONS	9.39	9.28	-0.11	-1.17
TRANSPORT & COMMUNICATION	7.79	8.07	0.28	3.59
MISCELLANEOUS	4.46	4.46	0.00	0.00
<b>TOTAL</b>	<b>103.74</b>	<b>104.80</b>	<b>1.06</b>	<b>1.02</b>

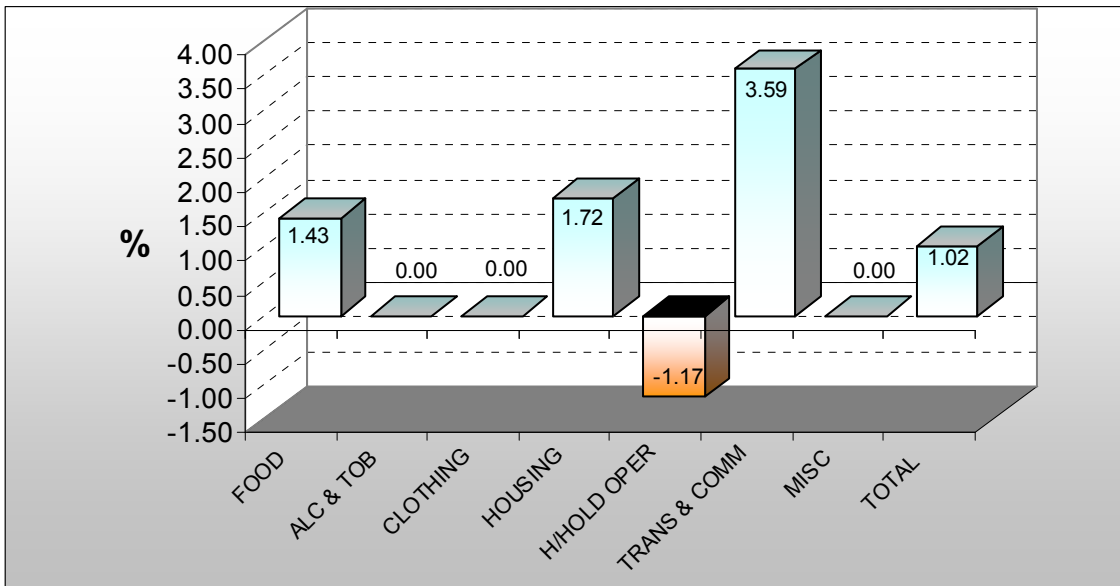
### 2. Observation

It is apparent that goods and services have experienced an increase of **1.02%** as a result of increases from three of the seven group indices. It can be seen in Chart 1 that the Transport & Communication index heads the largest increase of **3.59** percent with the implementation of the new wholesale price of fuel effective from 5<sup>th</sup> June affected the increase of fuel prices resulting in the growth. Housing recorded the second largest increase of **1.72%** and marked rise in paint contributed to the growth. This was followed by Food with a rise of **1.43%**. Increases in the price of rice had a significant impact on the growth, while small increases from commodities such as biscuits (SAO), assorted chicken (2kg), corned beef, potatoes, butter, eggs (dozen) and soya sauce also contributed.

Only the Household Operations index experienced a decrease for this month with **1.17** percent. The falling prices of white goods, in particular, freezer and refrigerator contributing to the decline.

The Alcohol & Tobacco, Clothing and Miscellaneous index remained constant during this period.

**Chart 1. Monthly % change for the period ending June 30<sup>th</sup>, 2009.**



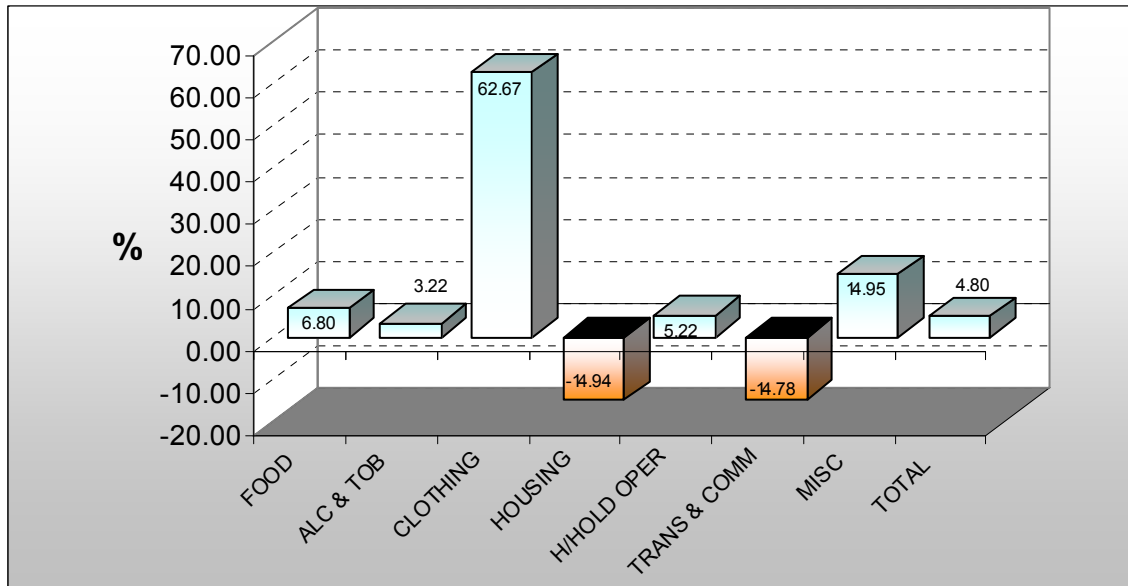
### 3. Index changes since the base period

Chart 2 shows the changes in the index of goods and services since the base period (August 2008) depicting a period of ten months. When current prices (June 2009) are compared to prices from the base period it is evident that changes in the indices have maintained a positive growth, as a result indicates that the overall cost of goods and services has grown by 4.80 percent.

From the seven group indices, five experienced increase's where Clothing increased by 62.67 percent, followed by Miscellaneous with 14.95 percent. This growth was reported in the previous monthly report where the same commodities affecting the change were reported. However, the Food index reported a growth of 6.80 percent with key commodities such as rice, cooking oil and eggs contributed to the growth. Household operations increased by 5.22 percent with commodities such as freezer, single bed and disposable batteries contributing, and lastly, Alcohol & Tobacco rose slightly with 3.22 percent where on average slight increases in the price of cigarettes influenced the change.

Two group indices recorded decreases over the ten month periods which were the Housing, and the Transport & Communication index with 14.94 and 14.78 respectively. A drop in the prices of tiles and 4 x 2 timbers played a role in decreasing the Housing index, while the prices of airfare and oil contributed to the decline of the Transport & Communication index.

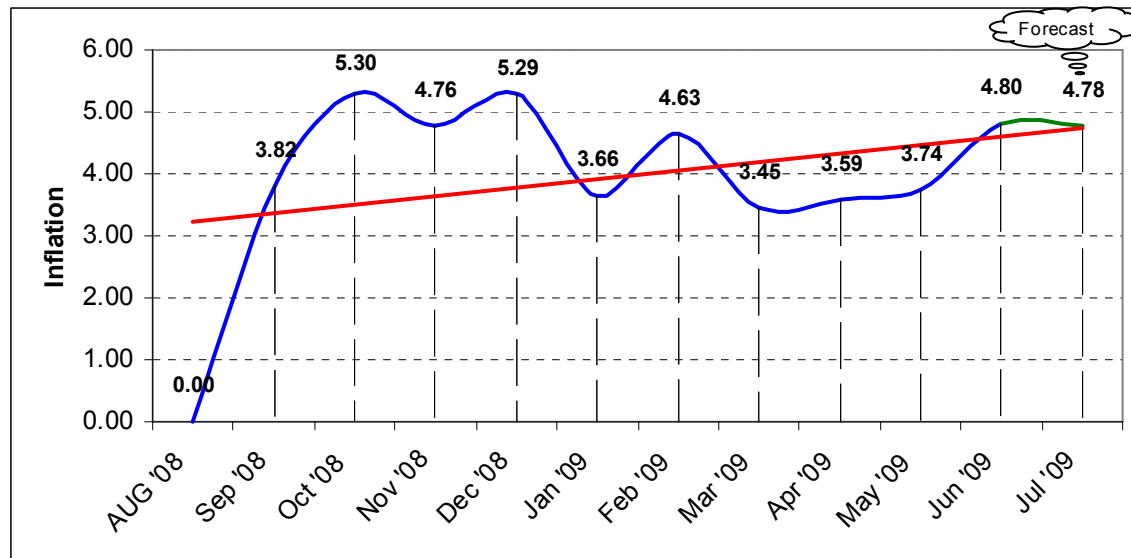
**Chart 2. % Change since Base period – (August 31<sup>st</sup>, 2008)**



#### 4. CPI Series

Chart 3 highlights the pattern of inflation since the inception of the index (August 2008) until this current period June 2009, including forecast for the subsequent month using the trend line. Based on the context of the monthly results, inflation appears to be jagged from the based period (September 2008) to February '09, and subsequently began to stabilize from the end of March '09 till May '09. The sharp increase for this period is due to increases of the price of rice as well as increases on fuel. Based on the current results, the growing trend is not as prominent as previously observed due to the sharp increase for this month. However, with this uncharacteristic growth in perspective, the current trend for the next period is expected to slightly decline in July with 4.78, if prices of fuel and rice remain constant.

**Chart 3. Inflation trend for the monthly observations and forecasting**



## 5. Conclusion

Historical movement of the CPI is critical for initiating policy especially to encourage and maintain fair trading for consumers and service provider's alike. In spite of the current global financial crisis, continued regulatory policies on household essentials such as rice and fuel needs to be well considered by decision makers.

The CPI has recorded another increase within a period of two months after three months of remaining relatively stable. By considering the behaviors of the CPI, three main concepts may be justified for this growth and the first may have been a result of the 4.9 million dollars injected into the economy from the RONWAN payments. As a result it is evidently possible that the spike in this months CPI can be considered a random occurrence or seasonal. Secondly, the supply and demand of rice and fuel continues to play a vital role in affecting changes to the total index.

Lastly, the bureau can make some expected assumptions by looking at the latest change in this months CPI. These assumptions are based on advice sought from statistical partner agencies overseas and based on the following speculating scenarios;

1. Scenario 1 : CPI trend continues to decrease for June despite 4.9m injection.
2. Scenario 2 : Small increases in monthly CPI of June despite 4.9m injection.
3. Scenario 3 : Large uncharacteristic increase in monthly CPI for June only.
4. Scenario 4 : Continued increase in the CPI trend.

Scenario 1 and 2 : Assumes that Global Financial Crisis has begun making an impact, as a result of trade and a possible convergence of Consumer Price Indexes between major trading partner (country) Australia.

Scenario 3 : Assumes the increase is entirely random as a direct impact of RONWAN payments, and therefore continued monitoring is needed.

Scenario 4 : Prices are not affected, and will require continuous monitoring.

What is causing the falling trend since December 2008 was noted for particular considerations in last month's issue. As stated, then, *"it could be wholly attributed to competition, however, there must be other factors to consider as well, these may include (but not limited to) the more popular outlook of effective government policies, or the least popular which relates to consumer dissatisfaction and the lack of spending potential"*. However, more emphasis should now be placed on the impact of the Financial Global Crisis based on the above scenarios listed, and monitoring its development should become a key factor in government strategy(s) from this point forth.

				01 AUG '08	MAY '09		JUNE '09	
REF-NO	ITEM NAME	DESCRIPTION	WEIGHT	BASE PRICE	PRICE	INDEX	PRICE	INDEX
	<u>RICE &amp; OTHER CEREALS</u>							
1010	Rice	Imported rice/sunwhite/bag/25kg	15.48	41.00	53.50	20.20	54.50	20.58
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	0.60	1.89	0.62	1.95
1040	Other bread and Biscuits	Dry biscuits/brand/250g	0.54	2.10	2.65	0.68	2.85	0.73
1050	Self raising	Imported Flour/self raising/1kg	0.39	2.50	2.63	0.41	2.63	0.41
	<u>MEAT</u>							
1060	Chicken	Imported Chicken/cuts/2kg	7.99	9.18	7.63	6.64	7.75	6.75
1070	Canned Meat	Tinned beef/corned beef/imperial/326g	3.63	4.53	4.50	3.61	4.62	3.71
1080	Canned Meat	Tinned meat/luncheon/397g	1.69	2.43	1.53	1.06	1.53	1.06
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	5.00	2.08
1110	Canned Fish	Imported tinned mackerel/brand/425g	0.92	2.55	3.47	1.25	3.47	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	2.97	0.63
	<u>FOOD, FRUIT &amp; VEGETABLES</u>							
1140	Canned Tomatoes	Tinned tomatoes/brand/400g	0.71	1.97	1.87	0.68	1.83	0.66
1150	Onions and Chives	Onions/sea feight/1kg	0.34	3.95	5.26	0.45	5.23	0.45
1160	Potatoes	Potatoes/sea freight/1kg	0.14	3.90	4.07	0.15	4.40	0.16
	<u>DAIRY</u>							
1170	Butter	Imported butter/brand/250g	1.43	2.65	2.52	1.36	2.82	1.52
1180	Milk powder	Milk powder/brand/1kg	0.99	12.87	12.20	0.94	12.08	0.93
1190	Cooking Oil	Cooking oil/brand/750ml	0.52	4.57	5.06	0.58	5.06	0.58
1200	Fresh milk	Fresh milk/full cream/1litre	0.42	2.63	2.86	0.46	2.86	0.46
1210	Eggs	Imported Eggs/dozen/600g	0.29	5.47	5.93	0.31	6.10	0.32

				01 AUG '08	MAY '09		JUNE '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	1.08	1.00	1.06	0.98
1230	Sugar	Imported sugar/white/brand/2kg	4.60	4.10	4.18	4.69	4.18	4.69
1240	Soya sauce	Soya sauce/light/500ml	0.58	2.90	2.95	0.59	3.08	0.62
1250	Tea	Imported tea/100 bags/180g	0.49	4.60	3.80	0.40	3.80	0.40
1260	Coffee	Imported coffee/brand/100g	0.45	7.42	4.78	0.29	4.15	0.25
1270	Baby food	Baby food/heinz/vanilla custard/110g	0.44	1.27	1.33	0.46	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
	<b>Sub total :</b>	<b>(Food group)</b>	<b>55.71</b>			<b>58.66</b>		<b>59.50</b>
	<u>ALCOHOL &amp; TOBACCO</u>							
1410	Beer	Beer/brand/1can/375ml	4.27	2.00	1.90	4.06	1.90	4.06
1420	Cigarettes	Cigarettes/Alpine brand/1packet/25 sticks	12.20	5.50	5.83	12.94	5.83	12.94
	<b>Sub total :</b>	<b>(Alcohol &amp; Tobacco group)</b>	<b>16.47</b>			<b>17.00</b>		<b>17.00</b>
	<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
	<b>Sub total :</b>	<b>(Clothing group)</b>	<b>2.17</b>			<b>3.53</b>		<b>3.53</b>
	<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	MAY '09		JUNE '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	59.50	0.48	65.17	0.53
1650	Timber	Timber/treated pine/4x2/4.8metres	0.44	47.00	34.00	0.32	34.00	0.32
	<b>Sub total :</b>	<b>(Housing group)</b>	<b>3.48</b>			<b>2.91</b>		<b>2.96</b>
	<u>BILLS</u>							
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
	<u>APPLIANCES</u>							
1730	Freezer	Freezer	1.12	750.00	1337.50	2.00	1158.33	1.73
1740	Refridgerator	Refridgerator	0.73	1635.00	1635.00	0.73	1527.50	0.68
1750	Television	Television/brand/15 inch	0.71	369.50	333.33	0.64	333.33	0.64
1760	Washing machine	Washing machine/brand/5kg capacity	0.68	1195.00	1010.00	0.57	1010.00	0.57
	<u>FURNITURE</u>							
1770	Light fitting	Light fitting/brand/60watt globe	0.28	2.50	1.74	0.19	1.84	0.21
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	2.22	1.27
1800	Washing soap powder	Washing soap powder/brand/500g	0.71	5.60	3.77	0.48	4.97	0.63
1810	Mosquito coil	Mosquito coil/1packet/10coils/120g	0.69	1.14	1.10	0.67	1.10	0.67
1820	Dishwashing liquid	Dishwashing liquid/brand/500ml	0.30	3.48	2.26	0.19	2.76	0.24
1830	Batteries	Batteries/brand/1pack/2 x size D	0.17	2.52	6.33	0.43	6.33	0.43
	<b>Sub total :</b>	<b>(Household Operations group)</b>	<b>8.82</b>			<b>9.39</b>		<b>9.28</b>

REF-NO	ITEM NAME	DESCRIPTION	WEIGHT	01 AUG '08 BASE PRICE	MAY '09 PRICE	JUNE '09 INDEX	PRICE	INDEX
<b>TRANSPORT &amp; COMMUNICATIONS</b>								
1910	Petrol	Petrol/1 litre	5.34	2.00	1.64	4.38	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	8.77	0.29	7.85	0.26
1940	Deisel	Diesel/1 litre	0.43	2.05	1.78	0.37	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
	<b>Sub total :</b>	<b>(Transport &amp; Communication group)</b>	<b>9.47</b>			<b>7.79</b>		<b>8.07</b>
<b>HEALTH</b>								
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
<b>EDUCATION</b>								
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
<b>RECREATION</b>								
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
<b>PERSONAL PRODUCTS</b>								
2080	Bathing soap (liquid/bar )	Soap/bar/brand/100g	0.60	0.89	0.86	0.58	0.86	0.58
2090	Toothpaste	Toothpaste/brand/90g	0.17	2.63	2.38	0.15	2.38	0.15
2100	Deodorant, body spray	Deodorant/brand/body spray/100ml	0.13	3.90	4.87	0.16	4.90	0.16
<b>MISCELANEOUS</b>								
2110	Overseas, Newspaper, Jounals	Magazine/PIM	0.36	4.95	4.95	0.36	4.95	0.36
2120	Dog food	Dog food/canned/700g	0.30	1.95	2.40	0.37	2.40	0.37
	<b>Sub total :</b>	<b>(Miscellaneous group)</b>	<b>3.88</b>			<b>4.46</b>		<b>4.46</b>
<b>GRAND TOTAL:</b>			<b>(all groups)</b>	<b>100.00</b>		<b>103.74</b>		<b>104.80</b>

SUMMARY SHEET

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