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MAURITIUS

Movements in Consumer Price Index, January - June 1985

1. Recent trends in Consumer Price Index

The recent trend in the monthly Consumer Price Index has been characterized by a relatively high and sustained increase during the first three months of 1985 followed by a slight decrease in April and a subsequent relative stabilisation up to the end of June (Table 1). The increase during the first quarter is due mainly to the high prices of vegetables which were in short supply owing to excessive rainfall. The fall in April is the result of decreases in the prices of vegetables and fresh fruits which started becoming more and more readily available as from that month.

Although the prices of both vegetables and fresh fruits continued to fall in May and June, and were further accompanied by a reduction in the price of frozen mutton in June, the index did not show any further decrease for these two months mainly because of contrary upward movements in the price of frozen beef and certain items of clothing. In fact the index increased marginally in both May and June.

Table 1 - Monthly Consumer Price Index (Jan. 1983 - June 1985)

Base : Jan. - June 1982 = 100

	<u>1983</u>	<u>1984</u>	<u>1985</u>
January	104.6	109.9	119.1
February	106.1	110.6	120.7
March	106.4	112.4	121.7
April	106.7	113.2	121.0
May	106.2	113.5	121.1
June	105.8	113.2	121.2
July	106.4	114.0	
August	106.5	115.6	
September	107.0	117.4	
October	108.1	118.0	
November	107.6	117.4	
December	107.5	118.2	
Yearly Average	<u>106.6</u>	<u>114.4</u>	

2. Changes by Major Commodity Group

The evolution during the past six months of the monthly sub-indices by Major Commodity group is shown in Table 2. As expected from earlier observations, it is noted that the index for the group food and non-alcoholic beverages, which is the single most important component of the CPI market basket, has undergone a continuous increase from January to March, followed by a substantial drop in April, and subsequent stabilisation. The indices for the two groups alcoholic beverages and tobacco, and fuel and light, have remained more or less constant, whilst almost all remaining groups have undergone slight but continuous increases.

3. Changes by commodity over financial year 1984-85

Table 3 shows the net contribution of the main commodities which have influenced the movement of the index from 113.2 in June 1984 to 121.2 in June 1985. It must be pointed out that the table does not show commodities which may have undergone substantial price changes but whose net contribution at the end of period has been marginal.

Table 2 - Monthly Sub-indices by major commodity group (January-June 1985)

Base: Jan-June 1982 = 100

Commodity Group	% Weight	January	February	March	April	May	June
1. Food and non-alcoholic beverages	43.9	122.8	125.8	127.8	125.7	125.3	125.3
2. Alcoholic beverages and tobacco	6.5	111.2	111.3	111.3	111.3	111.3	111.1
3. Fuel and light	6.4	113.5	113.5	113.5	113.5	113.5	113.5
4. Housing	10.4	122.4	122.5	122.8	122.9	123.2	123.3
5. Clothing, footwear and bedding	10.5	116.4	118.6	118.5	118.8	119.4	120.4
6. Transport and communication	10.0	110.2	110.3	110.4	110.7	111.9	112.2
7. Medical care	3.0	121.6	121.6	122.6	124.3	124.3	124.7
8. Education	2.9	113.0	113.0	113.0	113.9	113.9	113.9
9. Miscellaneous	6.4	122.2	122.2	123.6	124.3	124.4	125.3
All Groups	100.0	119.1	120.7	121.7	121.0	121.1	121.2

Table 3 - Changes in Consumer Price Index by commodity, July 1984 - June 1985

Base : January - June 1982 = 100

<u>Commodity</u>	<u>Change</u>
Baby milk foods	+ 0.1
Black lentils	+ 0.4
Fresh milk	+ 0.1
Powdered milk	+ 0.1
Frozen beef	+ 0.1
Frozen mutton	- 0.2
Fresh fish	+ 0.1
Frozen fish	+ 0.1
Salted fish	+ 0.1
Canned fish	+ 0.3
Eggs	+ 0.1
Fresh vegetables	+ 0.4
Fresh fruits	+ 0.5
Tea	+ 0.1
Soft drinks	+ 0.2
Snacks and cakes	+ 0.4
Other food products	+ 0.6
Alcoholic beverages	+ 0.2
Electricity	+ 0.5
Water charges	+ 0.3
Kerosene	+ 0.3
Cement	+ 0.1
Household durable goods	+ 0.2
Clothing and footwear	+ 0.6
Soap	+ 0.4
Gasoline	+ 0.2
Bus fares	+ 0.4
Cosmetics	+ 0.1
Educational expenses	+ 0.1
Other goods and services	+ 1.1
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TOTAL	+ 8.0
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4. Rate of inflation

The inflation rate of 8.3% for the financial year 1984/85 forecast about three months ago during the tripartite negotiations for the 1985/86 wage compensation is now confirmed. This compares with 5.6% for the previous financial year.

As regards inflation during calendar years, the rate has increased from 5.6% in 1983 to 7.3% in 1984.

On present price trends the inflation rate for calendar year 1985 is forecast at around 7%. This takes into account the increase of the stamp duty from 13.2 to 17% as from July this year. Preliminary estimates indicate that the **impact** of this increase on the **Consumer Price Index** is of the order of one percentage point.

Table 4 - Inflation Rate (%), 1975 - 1985

<u>Calendar Year</u>	<u>Inflation Rate</u>	<u>Financial Year</u>	<u>Inflation Rate</u>
1975	14.7	1974 - 75	20.6
1976	13.4	1975 - 76	14.7
1977	9.2	1976 - 77	9.6
1978	8.5	1977 - 78	10.1
1979	14.5	1978 - 79	8.0
1980	42.0	1979 - 80	33.0
1981	14.5	1980 - 81	26.5
1982	11.4	1981 - 82	13.4
1983	5.6	1982 - 83	7.5
1984	7.3	1983 - 84	5.6
		1984 - 85	8.3

Central Statistical Office,
Rose Hill.

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