

Consumer Price Index - 1st Quarter 1987

1. Movements in Consumer Price Index - 1st Quarter 1987

The movement of the Consumer Price Index (C.P.I.) during the first quarter of 1987 has been influenced mainly on the one hand by a massive increase in the prices of fresh vegetables due to adverse climatic conditions and on the other by the downward revision of the prices of rice, flour and edible oil.

The overall index which had shown a decrease during the 2nd, 3rd and 4th quarters of 1986 has increased by 3.7 points during the first quarter of 1987 from 123.6 in December 1986 to 127.3 in March 1987. During the corresponding quarter of 1986 the index had risen by 1.1 points. (Table 1)

Table 1 - Monthly Consumer Price Index (January 1985 - March 1987)

Base: Jan. - June 1982 = 100

	<u>1985</u>	<u>1986</u>	<u>1987</u>
January	119.1	124.0	123.7
February	120.7	124.2	125.0
March	121.7	124.7	127.3
April	121.0	124.6	
May	121.1	124.5	
June	121.2	124.6	
July	121.9	124.8	
August	122.7	125.5	
September	124.2	124.3	
October	124.2	124.0	
November	124.0	123.1	
December	123.6	123.6	

2. Table 2 shows the evolution of the quarterly indices by major commodity group. The "Food and non-alcoholic beverages" group, which is the most important group has increased significantly by 3.7 points from 127.8 in the fourth quarter of 1986 to 131.5 in the first quarter of 1987. The "Medical care" and "Education and reading" groups have increased slightly, whilst the other groups have changed only marginally.

Table 2 - Sub-indices by major commodity group (Base : January - June 1982 = 100)

Commodity Group	% Weight	1 9 8 6				Yearly Average 1986	1 9 8 7 1st Quarter
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
1. Food and non-alcoholic beverages	43.9	129.5	130.3	130.7	127.8	129.6	131.5
2. Alcoholic beverages and tobacco	6.5	112.3	112.2	112.3	112.2	112.3	112.3
3. Fuel and light	6.4	111.3	108.5	106.6	106.6	108.3	106.4
4. Housing	10.4	124.5	124.5	125.2	125.0	124.8	125.6
5. Clothing, footwear, bedding, etc.	10.5	122.0	122.7	123.9	124.3	123.3	125.1
6. Transport and communication	10.0	113.0	112.2	112.2	112.4	112.5	112.0
7. Medical care	3.0	140.6	140.4	138.3	131.5	137.7	132.5
8. Education and reading	2.9	118.7	119.4	119.5	119.6	119.3	120.5
9. Miscellaneous	6.4	129.9	130.8	133.2	134.8	132.2	135.3
ALL GROUPS	100.0	124.3	124.6	124.9	123.6	124.3	125.3

3. Table 3 shows the net contribution of the main commodities which have affected the movement of the index from the beginning of January 1987 to the end of March 1987. An increase of more than 60% in the prices of fresh vegetables has alone caused the index to rise by 4.4 points. Higher prices of fresh fruits have also affected the index adversely by 0.5 point. The downward revision of the prices of rice and edible oil has checked the rise of the index by 0.5 and 0.3 point respectively.

Table 3 - Change in Consumer Price Index by commodity during the first quarter of 1987

<u>Commodity</u>	<u>Change</u>
Rice	- 0.5
Flour	- 0.1
Edible oil	- 0.3
Fresh beef	= 0.1
Fresh fish	- 0.2
Frozen fish	- 0.2
Eggs	+ 0.2
Fresh vegetables	+ 4.4
Fresh fruits	+ 0.5
Tea	+ 0.1
Medicinal products	+ 0.1
Other goods and services	- 0.2
Total	<u><u>+ 3.7</u></u>

4. Rate of Inflation

The current annual rate of inflation for the twelve months ending March 1987 is 1.2% compared to 5.4% for the twelve months ending March 1986. This rate was 4.3% for financial year 1985-86 and 1.8% for calendar year 1986.

Recent price trends indicate that the rate of inflation for the current financial year will be less than 1% .

Table 4 - Inflation Rate (%), 1975 - 1986

<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
1985	6.7	1984 - 85	8.3
1986	1.8	1985 - 86	4.3

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