

Consumer Price Index - 1st Quarter 1988

1. Movement in Consumer Price Index - 1st Quarter 1988

The Consumer Price Index (C.P.I.) which stood at 100.3 in December 1987 rose by 1.1 point or 1.1% during the first quarter of 1988 to reach 101.4 in March 1988, (Table 1). However it might be noted that for the last two months of the first quarter, the C.P.I. has registered two successive overall decreases of 0.7 and 0.3 respectively.

Table 1 - Monthly Consumer Price Index (January 1986 - March 1988)

	<u>Base: January - June 1982 = 100. Base: July 1986 - June 1987 = 100</u>			
	<u>1 9 8 6</u>	<u>1 9 8 7</u>	<u>1 9 8 7</u>	<u>1 9 8 8</u>
January	124.0	123.7		102.4
February	124.2	125.0		101.7
March	124.7	127.3		101.4
April	124.6	124.7		
May	124.5	125.8		
June	124.6	126.1		
July	124.8		99.8	
August	125.5		99.1	
September	124.3		99.2	
October	124.0		99.8	
November	123.1		100.2	
December	123.6		100.3	

2. Table 2 shows the evolution of the quarterly indices by major commodity group. The highest increase is observed in the "Medical care and health expenses" group which rose by about 4% from 110.3 in the last quarter of 1987 to 115.0 in the first quarter of 1988. As the relative importance of this group in the overall index is marginal (3%) the incidence noted on the index is only a 0.1 point increase. The "Food and non-alcoholic beverages" group, the most important group, increased by about 3% and contributed to a 0.6 point rise in the index. All the remaining groups showed marginal increases except "Fuel and light" and "Transport and communication" which remained stable.

Table 2 - Sub-indices by major commodity group (Base: July 1986 - June 1987 = 100)

Commodity Group	1 9 8 7				Yearly Average	1 9 8 8 1st Quarter
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
1. Food and non-alcoholic beverages	100.3	103.1	100.5	102.0	101.5	104.9
2. Alcoholic beverages and tobacco	100.4	100.3	100.3	100.6	100.4	100.7
3. Clothing and footwear	107.6	194.7	90.5	90.5	95.8	92.0
4. Fuel and light	100.1	100.4	99.5	99.5	99.9	99.5
5. Housing and household operations	99.4	99.4	99.8	100.8	99.8	101.9
6. Medical care and health expenses	98.4	100.4	107.8	110.3	104.2	115.0
7. Transport and communication	99.9	99.7	100.2	100.6	100.1	100.6
8. Recreation, entertainment, education and cultural services	93.4	93.5	94.5	91.4	93.2	90.6
9. Miscellaneous goods and services	97.5	98.1	101.1	101.7	99.6	104.6
ALL GROUPS	100.4	100.6	99.4	100.1	100.1	101.8

3. Table 3 shows the net contribution of the main commodities which have affected the movement of the index from the beginning of 1988 to the end of March 1988. Small 0.1 point increases have been observed for several commodities such as cakes and snacks, fresh vegetables, readymade clothing, household durable goods, medicinal products and school requisites. A rise of about 16% in the prices of fresh fruits pushed the index upwards by 0.2 point. Because of an exceptionally severe drought, prices of vegetables were so excessively high in January 1988 that the change in the index contributed by vegetables was an increase of 0.1 point for the quarter in spite of price decreases in February and March 1988.

Table 3 - Change in Consumer Price Index by commodity during the first quarter of 1988

<u>Commodity</u>	<u>Change</u>
Cakes and snacks	+ 0.1
Fresh fruits	+ 0.2
Fresh vegetables	+ 0.1
Other food products	+ 0.2
Readymade clothing	+ 0.1
Household durable goods	+ 0.1
Medicinal products	+ 0.1
School requisites	+ 0.1
Other goods and services	+ 0.1
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Total	+ 1.1
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4. Rate of Inflation

The current annual rate of inflation for the twelve months ending March 1988 is 0.6% while that for the period ending March 1987 was 1.2%. It is to be noted that the annual rate of inflation for calendar year 1987 was 0.6%. On present price trends including recent increases in the price of rice, flour and bread, the rate of inflation for financial year 1987-88 is forecast to be between 1% and 2%.

Table 4 - Inflation rate(%), 1975 - 1987

<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
1987	0.6	1986 - 87	0.7

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