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MINISTRY OF ECONOMIC PLANNING & DEVELOPMENT
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MAURITIUS

Consumer Price Index - 3rd Quarter 1988

1. Movements in Consumer Price Index - 3rd Quarter 1988

The upward trend in the Consumer Price Index (C.P.I.) which started in April 1988 has continued and accentuated during the succeeding months. The substantial increase of 5.8 points or 5.7% registered during the second quarter of 1988 was followed by a more important increase of 9.1 points or 8.5% during the third quarter, pushing the index from 107.2 in June to 116.3 in September 1988. (Table 1). During the corresponding quarter of 1987, the C.P.I. had shown a fall of 0.8%. Fresh vegetables have played a prominent role in the movement of the index during the third quarter and price increases of this commodity account for 2.7 points or 30% of the 9.1 point rise in the index. Revised tariffs of bus fares operational on 1st August 1988 have affected the index substantially by 1.4 points. Higher prices of basic commodities such as edible oil, frozen meat and powdered milk have also contributed significantly to the rise in the index.

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

	<u>Base : January-June 1982=100</u>		<u>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		103.1
May	124.5	125.8		103.8
June	124.6	126.1		107.2
July	124.8		99.8	110.7
August	125.5		99.1	113.8
September	124.3		99.2	116.3
October	124.0		99.8	
November	123.1		100.2	
December	123.6		100.3	

2. Changes by commodity

Table 2 shows the evolution of the quarterly indices by major commodity group. The highest increase is noted in the "Alcoholic beverages and tobacco" group which jumped from 112.7 to 136.9 between the second and third quarter of 1988. This is attributable to higher prices of alcoholic drinks and cigarettes which, though effective in June 1988, have had their full impact during the third quarter. Higher prices of alcoholic drinks have also affected the "Miscellaneous goods and services" group which includes consumption in bars and restaurants; the index for this group has advanced by about 9% between the two quarters. "Transport and communication" has increased by more than 11% while "Food and non-alcoholic beverages" the most important group in the index has increased by 10% between the two quarters. The remaining groups have shown only moderate increases.

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

Commodity group	Weight	1987				1988		
		3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter		
1. Food and non-alcoholic beverages	419	100.5	102.0	104.9	107.5	118.5		
2. Alcoholic beverages and tobacco	72	100.3	100.6	100.7	112.7	136.9		
3. Clothing and footwear	84	90.5	90.5	92.0	92.9	97.3		
4. Fuel and light	57	99.5	99.5	99.5	99.5	99.9		
5. Housing and household operations	135	99.8	100.8	101.9	105.1	108.9		
6. Medical care and health expenses	30	107.8	110.3	115.0	116.3	118.2		
7. Transport and communication	93	100.2	100.6	100.6	101.7	113.2		
8. Recreation, entertainment, education and cultural services	60	94.5	91.4	90.6	90.9	92.0		
9. Miscellaneous goods and services	50	101.1	101.7	104.6	109.0	118.8		
ALL GROUPS	1,000	99.4	100.1	101.8	104.7	113.6		

Table 3 below shows the net contribution of the main commodities that have affected the index during the third quarter of 1988. Prices of fresh vegetables which have increased by about 25% between June and September 1988 were alone responsible for a 2.7 point rise in the index. Tariffs of bus fares have been revised upwards by about 30% in August 1988 and caused the index to rise by 1.4 points. The price of edible oil which increased by more than 35% in July 1988 produced a 0.6 point rise in the index. Price increases of 32% for frozen mutton, 17% for powdered milk and 9% for textile goods have each contributed 0.5 point to the rise in the index. Successive increases in the price of fresh fish by 6, 10 and 12% in July, August and September 1988 respectively have together affected the index adversely by 0.4 point during the quarter.

Table 3 - Net contributions of main commodities affecting the C.P.I. during the third quarter of 1988

<u>Commodity</u>	<u>Change</u>
Cakes, snacks, pastries etc.	+ 0.3
Fresh beef	+ 0.1
Frozen beef	+ 0.1
Frozen mutton	+ 0.5
Fresh fish	+ 0.4
Powdered milk	+ 0.5
Cheese	+ 0.1
Eggs	+ 0.1
Edible oil	+ 0.6
Butter, margarine and ghee	+ 0.1
Fresh fruits	+ 0.2
Fresh vegetables	+ 2.7
Dried vegetables	+ 0.1
Soft drinks	+ 0.1
Other food products	+ 0.1
Alcoholic beverages	+ 0.1
Textile goods	+ 0.5
Rent of dwellings	+ 0.1
Furniture and furnishings	+ 0.2
Household appliances, household durable goods etc.	+ 0.2
Bus fares	+ 1.4
Taxi fares	+ 0.1
Consumption in bars and restaurants	+ 0.1
Other goods and services	+ 0.4
<u>T O T A L</u>	+ 9.1
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3. Rate of Inflation

The annual rate of inflation for the twelve months ending September 1988 is 5.3% compared to 0.2% for the corresponding twelve months ending September 1987. This rate was 0.6% for calendar year 1987 and 1.5% for financial year 1987-88 (Table 4).

In the light of recent price trends, the forecast of the rate of inflation has now been revised to around 9% for calendar year 1988 and around 15% for financial year 1988-89.

Table 4 - Inflation rate (%), 1975 - 1988

<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
		1987 - 88	1.5

Central Statistical Office
Rose Hill

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