



MAURITIUS

Economic Indicators

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August 1989-October 1989

MINISTRY OF ECONOMIC PLANNING & DEVELOPMENT
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MAURITIUS

CONSUMER PRICE INDEX - 1ST QUARTER 1990

1. Movements in Consumer Price Index - 1st Quarter 1990

The Consumer Price Index (C.P.I.) has shown a steep upward movement during the first three months of 1990. Between December 1989 and March 1990, the C.P.I. has advanced by 6.5 points or 5.1 %, the highest increase for a first quarter since 1980, when a 9.8% increase was registered. It might be mentioned that during the corresponding quarters of 1988 and 1989 the index had increased by 1.1 and 2.4 points respectively. (Table 1).

Fresh vegetables have played a prominent role in the movement of the index during the first quarter of 1990, alone contributing 2.2 points to the rise in the index. Among other commodities that have significantly affected the index during the quarter, the most important are: textile goods, private tuition fee and alcoholic beverages, in particular those consumed in bars and restaurants.

Table I - Monthly Consumer Price Index (July 1987 - March 1990)

Base: July 1986 - June 1987 = 100

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
January		102.4	116.8	131.9
February		101.7	118.6	133.4
March		101.4	118.5	135.2
April		103.1	121.7	
May		103.8	122.3	
June		107.2	122.6	
July	99.8	110.7	124.0	
August	99.1	113.8	123.9	
September	99.2	116.3	126.0	
October	99.8	117.5	126.4	
November	100.2	117.4	128.1	
December	100.3	116.1	128.7	
Yearly average	100.1 =====	109.3 =====	123.1 =====	
Annual change (%)	0.6	9.2	12.6	

2. Changes by group and commodity

Table 2 shows the quarterly evolution of the index by major commodity group. The highest increase (more than 20%) is noted in the "Recreation, entertainment, education and cultural services" group and is largely attributable to the increase in the T.V. licence fee which, though operational since December 1989, had its full impact during the first quarter of 1990. Given the small relative share of this group in the consumer basket however, the incidence in the overall index is moderate. Two groups which have also shown substantial increases of about 8% between the last quarter of 1989 and the first quarter of 1990 are "Clothing and footwear" and "Miscellaneous goods and services" which includes consumption in bars and restaurants.

The remaining groups have increased either moderately or slightly.

Food products account for more than 50% of the 6.5 point increase in the C.P.I. during the first quarter, with fresh vegetables alone contributing 2.2 points (Table 3). Prices of fresh vegetables have increased continuously during the quarter, especially in March 1990, and have pushed the vegetable index sharply up by more than 20%.

Textile goods registered substantial price increases of more than 10% in January this year. These increases have caused the index to rise by 0.8 point.

Higher prices of alcoholic beverages, specially those consumed in bars and restaurants, have raised the index by 0.7 point. This commodity has registered a rise of about 20% during the quarter..

Increases in private tuition fees ranging from 25 to 50% at the beginning of the new school year have contributed a further 0.5 point to the index.

On the other hand, with New Regulations to the "Mauritius Broadcasting Corporation (Collection of Licence Fees) Act" which took effect in February 1990, more than 25% of consumers owning T.V. sets are henceforth exempted from the increase in the T.V. licence fee. Consequently the average licence fee gets reduced from Rs 75 to about Rs 60 favourably affecting the index with a 0.4 point reduction.

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

Major Commodity Group	Percentage Weight	1989				1990
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter
1. Food and non alcoholic beverages	41.9	122.2	127.8	131.4	135.2	138.8
2. Alcoholic beverages and tobacco	7.2	137.5	142.2	142.8	143.2	145.1
3. Clothing and footwear	8.4	101.1	107.2	109.3	113.2	123.6
4. Fuel and light	5.7	100.1	100.3	100.6	101.4	101.5
5. Housing and household operations	13.5	118.1	120.2	122.7	125.3	129.0
6. Medical care and health expenses	3.0	122.4	123.7	124.9	130.1	138.0
7. Transport and communications	9.3	119.4	123.2	124.8	124.9	130.7
8. Recreation, entertainment, education & cultural services	6.0	96.9	99.4	101.5	110.7	135.9
9. Miscellaneous goods and services	5.0	122.3	126.2	127.1	128.2	138.0
All Groups	100.0	118.0	122.2	124.6	127.7	133.5

Table 3 - Net contributions of main commodities which have affected the C.P.I. during the first quarter of 1990

<u>Commodity</u>	<u>Change in index point</u>
Pastries, cakes etc.	+ 0.2
Fresh beef	+ 0.2
Fresh goat	+ 0.2
Frozen mutton	- 0.3
Fresh fish	+ 0.1
Dairy products	+ 0.1
Eggs	+ 0.1
Fresh fruits	+ 0.2
Fresh vegetables	+ 2.2
Other food products	+ 0.4
Alcoholic beverages	+ 0.7
Textile goods	+ 0.8
Construction materials	+ 0.1
Household goods	+ 0.3
Medical care goods and services	+ 0.2
Road Tax	+ 0.1
Taxi fare	+ 0.2
Telephone services	+ 0.2
Private tuition fee	+ 0.5
T.V. licence fee	- 0.4
Other goods and services	+ 0.4
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TOTAL	+ 6.5
	=====

3. Rate of Inflation

The current annual rate of inflation for the twelve months ending March 1990 works out to 12.1% compared to 12.7% for the twelve months ending March 1989. This rate was 16% for financial year 1988-89 and 12.6% for calendar year 1989. (Table 4).

With price movements noted in the first three months of the year, the rate of inflation for the current financial year, which was forecast at around 10% in December 1989, is now revised upwards to around 11%.

Table 4 - Inflation Rate (%), 1980 - 1989

<u>Calendar Year</u>	<u>Inflation Rate</u>	<u>Financial Year</u>	<u>Inflation Rate</u>
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
1988	9.2	1987 - 88	1.5
1989	12.6	1988 - 89	16.0
		1989 - 90	around 11.0 ^{1/}

1/ Forecast