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MAURITIUS

CONSUMER PRICE INDEX - 1990

1. Movements in Consumer Price Index in 1990

The upward price movement which started in 1988 continued in 1989 and has further accentuated, especially during the second half of 1990, bringing the inflation rate to 13.5%. The Consumer Price Index (C.P.I.) has increased by 20 points between December 1989 and December 1990, with a peak in September when the index jumped by 6.2 points, the highest monthly increase since August 1980.

The main causes for price increases in 1990 were:

- (1) The upward revision of excise duties on alcoholic beverages and cigarettes and its effect on prices of these commodities.
- (2) Higher prices of petroleum products and their impact on bus and taxi fares and electricity tariffs.
- (3) Adverse climatic conditions and their incidence on prices of fresh vegetables.

2. Changes by group and commodity

Table 2 shows the evolution of the indices from 1989 to 1990 by major commodity group. The highest annual increase is noted in the "Recreation, entertainment, education and cultural services" group, which has advanced by more than 30% from 102.1 in 1989 to 136.9 in 1990. This is largely attributable to the full impact during 1990 of the revised T.V. licence fee effective as from 1st December 1989. "Food and non-alcoholic beverages", the most important group in the consumer basket, has increased by more than 10%. The remaining groups have all gone up, the increases ranging from 5 to 18% over the period.

Food products have contributed about one third (6.3 points) of the 20 point increase in the C.P.I. in 1990 (Table 3). Other commodities that have also contributed significantly to the increase are alcoholic beverages and cigarettes (3.6 points), bus and taxi fares (3.2 points) and petroleum products (1.5 points).

Fresh vegetables have also played a prominent role in the movement of the index in 1990 and have alone contributed 3 points to the increase during the year. The fresh vegetables index rose by more than 40% between December 1989 and December 1990 (Table 4).

The continued shortage of fresh fish in 1990 pushed prices of this commodity up by more than 35%, causing an aggregate 1 point rise in the index.

The upward revision of excise duties on alcoholic beverages and cigarettes has caused the price of alcoholic drinks to rise by 18% on average and that of cigarettes by about 40%. The impacts on the C.P.I. were 1.9 and 1.7 points respectively.

In the wake of the gulf crisis, prices of petroleum products were revised upwards by about 40%.

New tariffs for bus fares which became operational on 15th September 1990 raised the C.P.I. by 3.1 points. These tariffs were subsequently revised downwards for certain categories of bus users such as children, students and old age pensioners, with a dampening effect of 0.3 point in the C.P.I.

Electricity tariffs for domestic consumers were revised upwards by about 15% and have affected the index adversely by 0.5 point.

On the other hand, Government's decision to reduce or remove import duties and other taxes on commodities such as milk products and canned fish, has had a beneficial effect on prices of these commodities. The price of powdered milk which had increased successively in April, September and November 1990 had together produced a 0.8 point rise in the index. This increase was however completely wiped out by the 15% fall in prices in December 1990 as a result of the tax reliefs.

3. Rate of Inflation

The rate of inflation for calendar year 1990 works out to 13.5% compared to 12.6% for the previous calendar year. This rate for the last two financial years 1988-89 and 1989-90 was 16 and 10.7% respectively (Table 5).

At this stage, it is rather difficult to come forward with a forecast of the inflation rate for the current financial year, being given the uncertain conditions resulting from the gulf war and the acute drought prevailing in the country. However on the basis of current price trends it seems that the inflation rate for financial year 1990/91 would be located around 15%.

4. Purchasing power of the rupee

With a 13.5% rate of inflation in 1990, the purchasing power of the rupee has further deteriorated by 11.9% (Table 6).

Central Statistical Office
Port Louis

January 1991

Table 1 - Monthly Consumer Price Index (July 1987-December 1990)

(Base: July 86-June 87 = 100)

	1987	1988	1989	1990
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	134.9
May		103.8	122.3	135.7
June		107.2	122.6	135.4
July	99.8	110.7	124.0	139.9
August	99.1	113.8	123.9	139.9
September	99.2	116.3	126.0	146.1
October	99.8	117.5	126.4	146.6
November	100.2	117.4	128.1	149.2
December	100.3	116.1	128.7	148.7
Yearly average	100.1	109.3	123.1	139.7
Annual change (%)	0.6	9.2	12.6	13.5

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

Major Commodity Group	1989 Yearly Average	1990				1990 Yearly Average
		1st Qr.	2nd Qr.	3rd Qr.	4th Qr.	
1. Food and non-alcoholic beverages	129.2	138.8	141.3	143.9	149.0	143.2
2. Alcoholic beverages and tobacco	141.5	145.1	145.7	182.5	182.5	164.0
3. Clothing and footwear	107.7	123.6	123.8	124.7	127.6	124.9
4. Fuel and light	100.6	101.5	101.5	104.8	115.7	105.9
5. Housing and household operations	121.6	129.0	131.7	134.9	136.7	133.1
6. Medical care and health expenses	125.3	138.0	140.0	145.1	152.3	143.9
7. Transport and communication	123.1	130.7	130.6	147.1	174.7	145.8
8. Recreation, entertainment, education and cultural services	102.1	135.9	135.9	137.7	138.1	136.9
9. Miscellaneous goods and services	126.0	138.0	143.4	150.9	155.3	146.9
All Groups	123.1	133.5	135.3	142.0	148.2	139.7

SELECTED QUARTERLY SUB-INDICES 1988-90

Base: July 86--June 87=100

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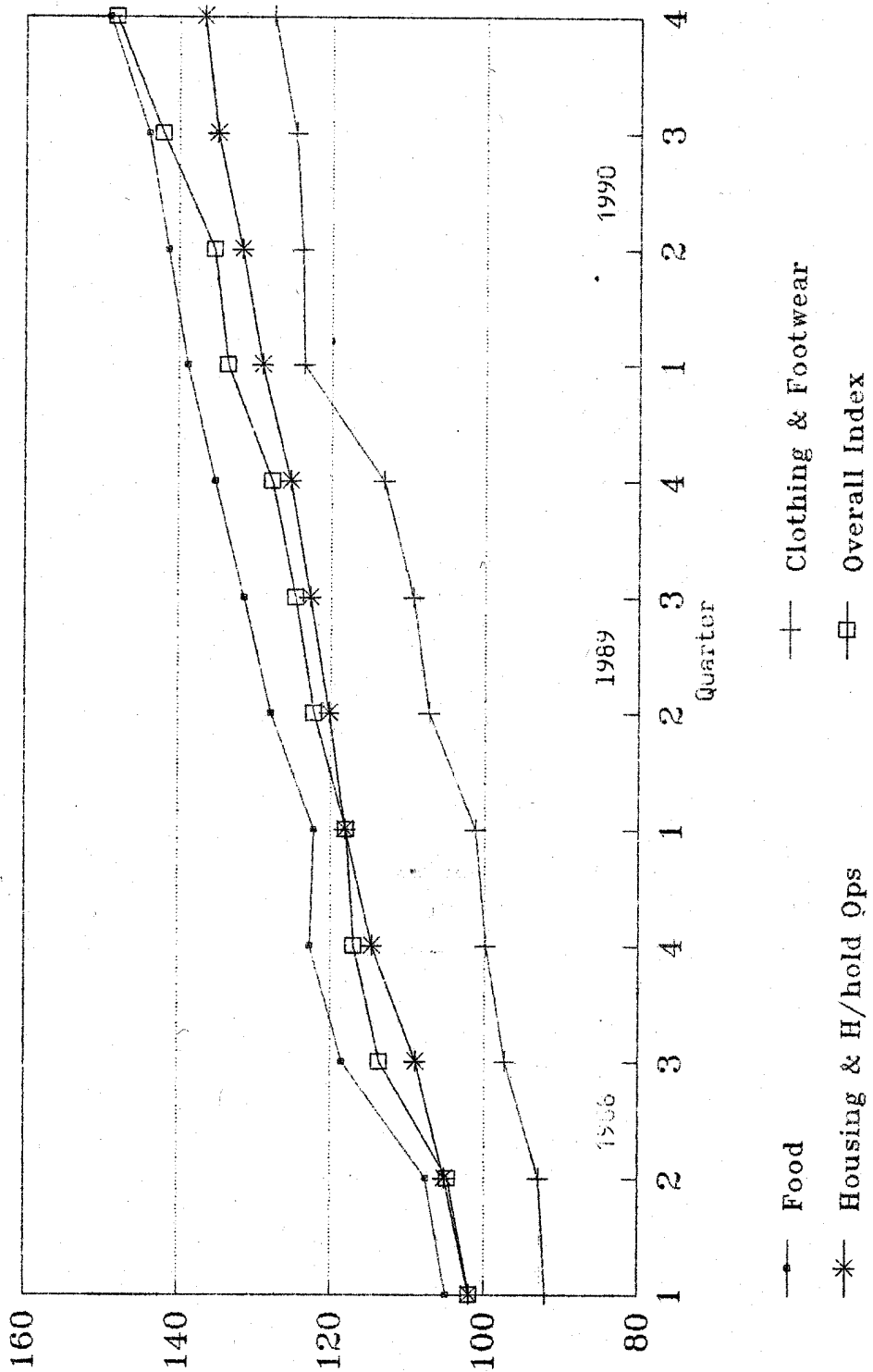


Table 3 - Net contributions of main commodities affecting the index in 1990

<u>Commodity</u>	<u>Change in index point</u>
Pastries, cakes etc.	+ 0.3
Fresh meat	+ 0.6
Frozen meat	- 0.3
Fresh fish	+ 1.0
Frozen fish	+ 0.2
Canned fish	- 0.2
Fresh milk	+ 0.2
Baby milk food	- 0.1
Cheese	- 0.2
Other dairy products	+ 0.1
Eggs	+ 0.1
Fresh vegetables	+ 3.0
Dried vegetables	+ 0.1
Tea	+ 0.4
Other food products	+ 1.1
Alcoholic beverages	+ 1.9
Cigarettes	+ 1.7
Ready-made clothing	+ 0.2
Other textile goods	+ 0.9
Electricity	+ 0.5
Cooking gas	+ 0.1
Kerosene	+ 0.6
Construction materials	+ 0.1
Household goods	+ 0.4
Domestic services	+ 0.2
Medical care	+ 0.5
Road tax	+ 0.1
Motor vehicle repairs	+ 0.2
Gasolene	+ 0.8
Bus fare	+ 2.8
Taxi fare	+ 0.4
Telephone services	+ 0.2
T.V. Licence fee	- 0.4
Newspapers and magazines	+ 0.2
Private tuition fee	+ 0.5
Personal care	+ 0.2
Other goods and services	+ 1.6
Total	+20.0

Table 4 - Price changes between December 1989 and December 1990 of some selected commodities that have affected the index in 1990

<u>Commodity</u>	<u>Percentage change in price</u>
Pastries, cakes etc	+ 12.2
Fresh meat	+ 21.8
Frozen meat	- 10.7
Fresh fish	+ 37.8
Frozen fish	+ 16.7
Canned fish	- 9.1
Fresh milk	+ 29.4
Cheese	- 19.7
Fresh vegetables	+ 40.8
Tea	+ 55.7
Alcoholic beverages	+ 18.2
Cigarettes	+ 39.4
Ready made clothing	+ 17.6
Other textile goods	+ 6.5
Electricity	+ 15.2
Cooking gas	+ 15.6
Kerosene	+ 40.9
Household goods	+ 11.0
Gasoline	+ 42.9
Taxi fare	+ 36.1
Telephone services	+ 34.2
Newspapers and magazines	+ 28.1
Private tuition fee	+ 35.0

Table 5 - Inflation rate (%), 1975 - 1990

<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
1988	9.2	1987 - 88	1.5
1989	12.6	1988 - 89	16.0
1990	13.5	1989 - 90	10.7
		1990 - 91	around 15.0 ^{1/}

^{1/} Forecast

Table 6 - Internal purchasing power of the rupee (1962 - 1990)

EROSION OF PURCHASING POWER

	1962	1970	1980	1983	1984	1985	1986	1987	1988	1989	1990
1962	100	83.8	21.6	16.1	15.0	14.1	13.9	13.8	12.6	11.2	9.9
1970	119.3	100	25.7	19.0	17.7	16.6	16.3	16.2	14.8	13.1	11.5
1980	463.2	388.3	100	74.2	69.2	64.9	63.8	63.4	58.1	51.6	45.5
1983	624.0	523.0	134.7	100	93.2	87.3	85.8	85.3	78.1	69.4	61.1
1984	669.6	561.2	144.5	107.3	100	93.7	92.0	91.4	83.7	74.3	65.5
1985	714.5	598.8	153.2	114.5	106.7	100	98.2	97.6	89.4	79.4	70.0
1986	727.4	609.6	157.0	116.6	108.6	101.8	100	99.4	91.0	80.8	71.2
1987	731.8	613.3	157.9	117.3	109.3	102.4	100.6	100	91.6	81.3	71.6
1988	799.1	669.7	172.4	128.1	119.4	111.8	109.9	109.2	100	88.8	78.2
1989	899.8	754.1	194.1	144.2	134.4	125.9	123.7	123.0	112.6	100	88.1
1990	1,021.3	855.9	220.3	163.7	152.5	142.9	140.4	139.6	127.8	113.5	100.5

EQUIVALENT PURCHASING POWER