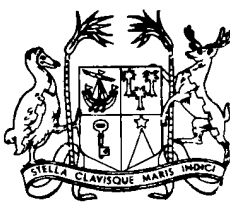


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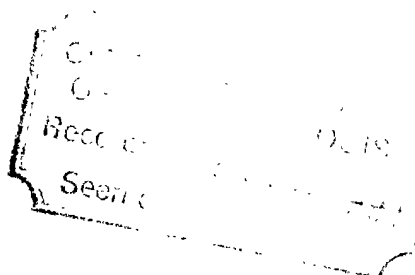
MAURITIUS

ISSUE NO. 162

5 FEBRUARY, 1993

CONSUMER PRICE INDEX 1992

MINISTRY OF ECONOMIC PLANNING & DEVELOPMENT
PORT LOUIS
MAURITIUS



CONSUMER PRICE INDEX 1992

1. Introduction

Since July 1992 a new series for the Consumer Price Index (C.P.I.) has been introduced. This C.P.I. is computed on an updated basket of goods and services derived from the results of the 1991/92 Household Budget Survey. Its base period is the twelve months period of the survey, that is, from July 1991 to June 1992.

It should be remarked that during the year 1992, there were two different series of the C.P.I. The first semester of 1992 has monthly C.P.I. figures whose base was July 1986 to June 1987 = 100 and the new series as from July 1992.

No formal linking can be made between the two series as they have different base periods and different weighting systems. However, some sort of linking must be established at the transition period to enable some comparison with the past series. For this purpose a crude method has been devised whereby the new index has been multiplied by 1.512. This conversion factor is obtained by equating the base of the new index (100) for the period July 1991 to June 1992 with the average of the previous index (151.2) for the corresponding period. Table 1 shows the converted indices in brackets for the period July to December 1992.

2. Movements in the Consumer Price Index in 1992

The average increase in the index during 1992 was of the order of 4.6%, with the index in December 1992 standing at 9.3% higher than the level of December 1991. The change has been faster during the second and third quarters.

In the second quarter, the index was mainly affected by upward revision of tariffs of bus fares and excise duty on tobacco and alcoholic beverages while during the third quarter price increases of commodity items such as sugar, soft drinks, electricity, water, rent, football admission and some textile goods caused the faster movement.

The first quarter witnessed higher prices of fresh vegetables, tobacco, school requisites and education services while during the fourth quarter of 1992, a variety of food products, especially frozen poultry, fresh fruits and vegetables, dry tea, cakes and snacks as well as laundry charges were dearer, thus affecting the index unfavourably, though to a lesser extent than the second and third quarters.

3. Rate of inflation

The inflation rate for calendar year 1992 is 4.6% as compared to 7% for calendar year 1991 and 2.9% for financial year 1991/92. On the basis of the present trend, the rate of inflation for financial year 1992/93 may lie in the range of 8 to 9%.

4. Internal Purchasing Power of the Rupee

Table 5 gives the evolution of the internal purchasing power of the Rupee from 1962 to 1992. It is noted that it has declined by 4.4% in 1992 compared to 6.5% and 11.9% respectively in 1991 and 1990.

Central Statistical Office,
Ministry of Economic Planning and Development,
PORT LOUIS.

February 1993

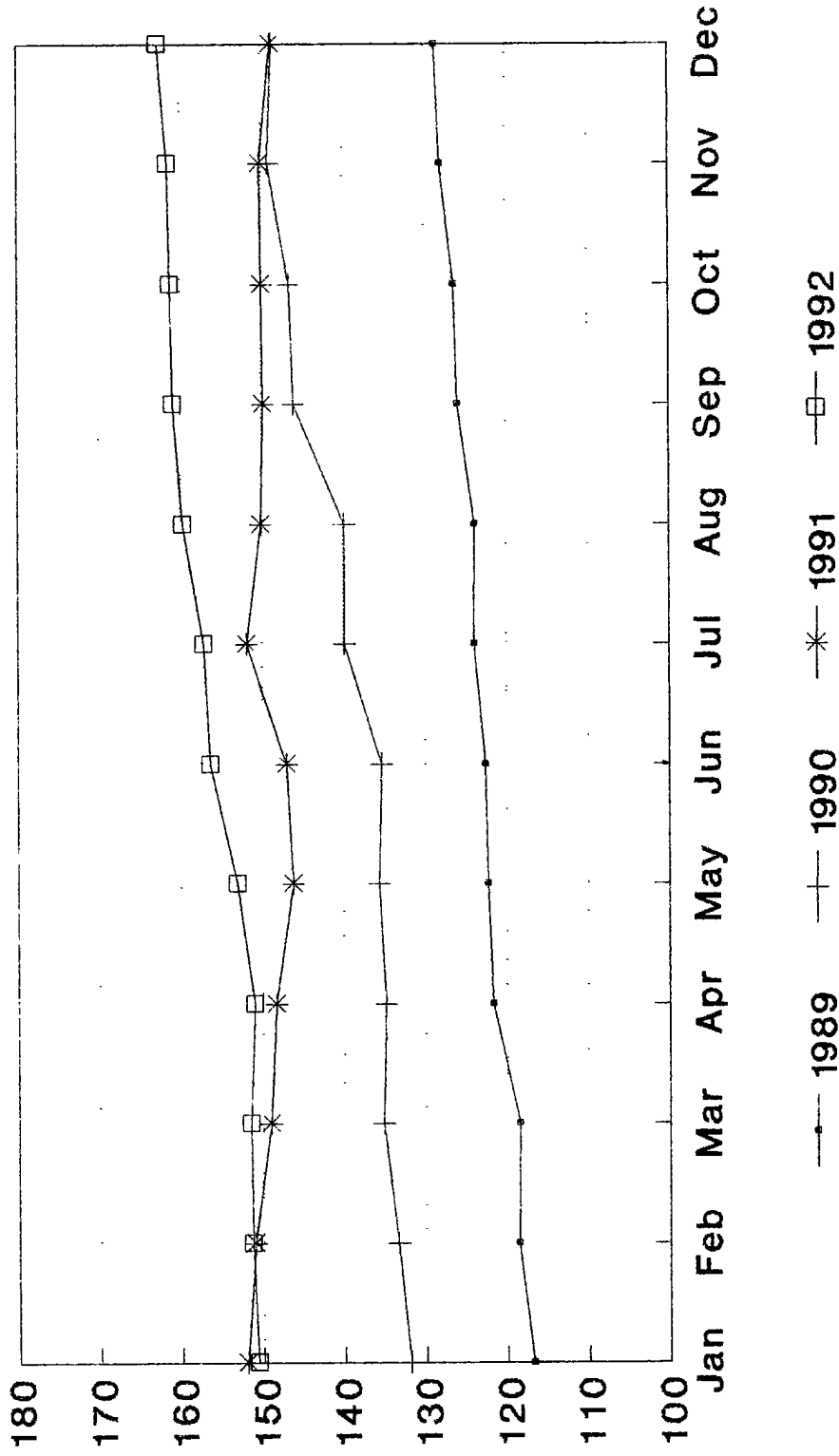
Table 1- Monthly Consumer Price Index - January 1989-December 1992

Month	Base July 1986 to June 1987 = 100				Base
	1989	1990	1991	1992	July 91-June 92=100
January	116.8	131.9	152.0	150.6	
February	118.6	133.4	151.0	151.3	
March	118.5	135.2	149.0	151.5	
April	121.7	131.9	148.3	151.0	
May	122.3	135.7	146.2	153.1	
June	122.6	135.4	147.0	156.4	
July	124.0	139.9	151.9	(157.2)	104.0
August	123.9	139.9	150.1	(159.7)	105.6
September	126.0	146.1	149.8	(160.9)	106.4
October	126.4	146.6	150.0	(161.2)	106.6
November	128.1	149.2	150.2	(161.5)	106.8
December	128.7	148.7	148.8	(162.7)	107.6
Yearly average	123.1	139.7	149.5	(156.4)	
Annual change(%)	12.6	13.5	7.0	4.6	

Figures in brackets are the updated indices converted to the previous base.

Monthly Consumer Price Index 1989-1992

Base: July 1986-June 1987=100



Figures from July 1992 to December 1992 were computed to the previous base.

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

Major Commodity Group	% Weight	Yearly av. 1991	1991				1992	
			1st Qr.	2nd Qr.	3rd Qr.	4th Qr.	1st Qr.	End Cr.
1. Food and non alcoholic beverages	11.9	149.2	151.3	141.1	151.8	149.9	149.9	149.7
2. Alcoholic beverages and tobacco	7.2	184.1	183.0	184.2	184.1	184.2	184.2	210.1
3. Clothing and footwear	8.4	127.1	128.1	126.8	126.5	126.9	127.0	127.2
4. Fuel and Light	5.7	118.3	122.5	118.3	116.0	116.3	116.5	116.5
5. Housing and household operations	13.5	138.9	138.0	137.8	139.8	140.0	140.1	140.1
6. Medical care and health expenses	3.0	156.0	154.9	156.6	156.3	156.0	157.6	159.7
7. Transport and communication	9.3	173.7	175.2	173.1	173.3	173.1	173.7	186.8
8. Recreation, entertainment, education and cultural services	6.0	118.9	118.7	119.7	118.9	119.2	151.9	151.9
9. Miscellaneous goods and services	5.0	156.6	154.6	156.9	156.9	155.9	157.7	161.7
ALL GROUPS	100.0	149.5	150.7	147.2	150.6	149.7	151.1	153.5

Table 3 - Sub-indices by major commodity group (Base : July 1991 - June 1992 = 100)

Major Commodity Group	1992	
	Weight %	14th Gr.
1. Food and non alcoholic beverages	39.2	103.5
2. Alcoholic beverages and tobacco	9.2	118.1
3. Clothing and footwear	9.8	101.0
4. Fuel and light	6.2	101.9
5. Housing and household operations	13.1	105.8
6. Medical care and health expenses	3.6	103.2
7. Transport and communication	9.7	105.3
8. Recreation,entertainment, education and cultural services	6.6	101.1
9. Miscellaneous goods and services	5.6	105.2
ALL GROUPS	100.0	105.3
		107.0

Table 4- Inflation rate (%), 1975 - 1992

<u>Calendar year</u>	<u>Inflation Rate</u>	<u>Financial Year</u>	<u>Inflation Rate</u>
1975	11.7	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
1991	7.0	1990-91	12.8
1992	4.6	1991-92	2.9
		1992-93	8 to 9 %*

* Forecast

Table 5: Internal purchasing power (1962-1992)

EROSION OF PURCHASING POWER

	1962	1970	1980	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
1962	100	23.9	21.6	16.1	15.0	14.1	13.9	13.9	13.9	11.2	9.0	9.3	8.9
1970	119.3	100	25.7	19.0	17.7	16.6	16.3	16.2	14.8	13.1	11.5	10.7	10.2
1980	462.2	358.3	100	74.2	69.2	64.9	63.8	63.4	58.1	51.6	45.5	42.5	40.6
1983	624.0	523.0	133.7	100	93.2	87.3	85.8	85.2	79.1	69.4	61.1	57.1	54.0
1984	669.6	561.2	144.5	107.3	100	93.7	92.0	91.4	83.7	74.3	65.5	61.2	58.5
1985	714.8	595.8	152.5	114.5	100.7	100	98.2	97.6	89.4	79.4	70.0	65.4	62.5
1986	727.4	609.4	157.0	116.6	108.6	101.8	100	99.4	91.0	80.8	71.2	66.5	63.6
1987	731.8	613.3	157.9	117.5	109.5	102.4	100.6	100	91.6	81.3	71.6	66.9	64.0
1988	709.1	660.4	173.4	128.1	119.4	111.8	109.9	109.2	100	88.8	78.2	73.1	69.9
1989	899.9	754.1	194.1	141.2	134.4	125.9	123.7	123.0	112.6	100	88.1	82.3	78.7
1990	1021.3	855.9	220.3	163.7	152.5	142.9	140.4	135.6	127.8	113.5	100	93.5	89.4
1991	1092.8	915.8	235.7	175.2	163.2	152.9	150.2	149.4	136.7	121.4	107.0	100	95.6
1992	1143.1	957.9	246.5	183.3	170.7	159.9	157.1	156.3	143.0	127.0	111.9	104.6	100

EQUIVALENT PURCHASING POWER