

CONSUMER PRICE INDEX -3rd QUARTER 1996

1. Main movements in the Consumer Price Index - 3rd Quarter 1996.

The Consumer Price Index (C.P.I) has increased by 2.1 points (or 1.5%) in the third quarter of 1996, after having registered increases of 1.2 and 5.3 points in the first and second quarters respectively. In fact, from 139.6 in June 1996, it rose to 141.7 in August, a level maintained in September also.

It is to be noted that the CPI registered an increase of 1.9 points in the third quarter of 1995.

During the third quarter, increases were registered in the prices of a wide range of goods and services such as meals and snacks (+0.1 point), frozen chicken (+0.1 point), fresh fish (+0.1 point), potatoes (+0.1 point), tea (+0.1 point), beer and stout (+0.2 point), cigarettes (+0.8 point), ready made clothing (+0.1 point), household goods (+0.1 point), domestic services (+0.1 point), medicinal products (+0.1 point) and medical services (+0.1 point). The effect of these increases on the CPI was offset to some extent by price decreases of powdered milk (-0.1 point) and fresh vegetables (-0.3 point). The net result was a rise of 2.1 points. The details are given in Table 2.

The evolution of the monthly index during the past few years is illustrated in Chart 1.

2. Changes in Major Commodity Group Sub-indices.

Table 3 shows the evolution of the major commodity group indices (sub-indices) during the first nine months of the year. Except for the group '*Fuel & light*', which remained at the same level as in June 1996, all the remaining major commodity groups registered increases of up to 9.2% during the third quarter of 1996.

An overall increase of 0.5% in the sub index for the group '*Food and non alcoholic beverages*' was registered following price increases of meals and snacks (+2.5%), frozen chicken (+3.1%), fresh fish (+4.4%), potatoes (+16.7%), dry tea (+8.4%), mitigated by decreases in prices of powdered milk (-3.1%) and fresh vegetables (-1.5%).

The commodity group '*Alcoholic beverages and tobacco*' which registered a substantial increase of 9.8% during the second quarter has undergone a further rise of 9.2% during the third quarter. This is accounted for by price increases of beer and stout (+6.5%) and cigarettes (+16.8%).

The sub index for the group '*Housing and household operations*' advanced by 1.9%. The main contributors to this increase were higher prices of some rented dwellings, household durables, especially electrical household appliances and some household cleaning materials, coupled with increases in price of domestic services and laundry charges.

The sub index for the commodity group '*Medical care and health expenses*' also underwent an increase of 4.7% due to price increases of some medicinal products (+3.7%) and medical services (+6.4%).

The remaining major commodity groups sub indices registered marginal increases of less than 1%.

3. Rate of inflation

The rate of inflation for the past twelve months ending September 1996 is 6.3%, compared to 5.9% for the twelve months ending September 1995. This rate was 6.0% for calendar year 1995 and 5.8% for financial year ending June 1996 (*Table 4*).

On the basis of recent price trends and month to month price changes for previous years, it is estimated that the rate of inflation for calendar year 1996 will lie between 6.5% and 7%.

Central Statistical Office
Ministry of Economic Planning and Development
PORT LOUIS
October 1996

Table 1 - Monthly Consumer Price Index - (July 1992 - September 1996)*(Base : July 1991 - June 1992 = 100)*

<u>Month</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
January		109.0	119.4	126.9	133.7
February		110.2	119.9	127.4	134.3
March		110.7	120.8	128.2	134.3
April		111.1	121.0	128.8	134.9
May		114.0	122.6	129.0	135.6
June		114.7	123.2	129.8	139.6
July	104.0	115.4	123.2	130.0	140.4
August	105.6	116.3	123.8	131.4	141.7
September	106.4	117.2	124.2	131.7	141.7
October	106.6	117.3	124.2	132.4	
November	106.8	117.9	124.9	132.9	
December	107.6	118.5	125.6	133.1	
Yearly average	103.5	114.4	122.7	130.1	
Annual change(%) Inflation rate	+ 4.6	+10.5	+ 7.3	+ 6.0	

**Table 2 - Net contribution of main commodities that have affected the index
in the third quarter of 1996.**

<u>Commodity</u>	<u>Change in index point</u>	<u>% change in price between June 96 & Sept 96</u>
Meals and snacks	+0.1	+2.5
Frozen chicken	+0.1	+3.1
Fresh fish	+0.1	+4.4
Powdered milk	-0.1	-3.1
Potato	+0.1	+16.7
Fresh vegetables	-0.3	-1.5
Dry tea	+0.1	+8.4
Other food products	+0.1	-
Beer and stout	+0.2	+6.5
Cigarettes	+0.8	+16.8
Ready made clothing	+0.1	+1.1
Household goods	+0.1	+1.4
Domestic services	+0.1	+5.6
Medicinal products	+0.1	+3.7
Medical services	+0.1	+6.4
Other goods and services	+0.4	-
<u>Total</u>	<u>+2.1</u>	

Table3 : Monthly sub-indices by major commodity group - (January 1996 to September 1996).

(Base: July 1991 - June 1992 = 100)

Major Commodity Group	Weight	Jan-96	Feb-96	Mar-96	Apr-96	May-96	Jun-96	Jul-96	Aug-96	Sep-96	Change between June 96 & Sept 96 (%)
1. Food and non alcoholic beverages	392	137.0	138.4	137.9	138.8	140.2	143.4	144.3	144.6	144.1	+0.5
2. Alcoholic beverages and tobacco	82	133.2	133.2	133.3	133.3	133.3	146.4	146.6	159.5	159.8	+9.2
3. Clothing and footwear	88	134.9	134.9	135.2	135.5	135.6	140.1	141.1	140.9	140.9	+0.6
4. Fuel and light	52	110.2	110.2	110.2	110.2	110.2	111.6	111.6	111.6	111.6	+0.0
5. Housing and household operations	131	130.0	130.0	130.0	131.1	131.8	133.6	135.4	135.4	136.1	+1.9
6. Medical care and health expenses	36	140.4	141.1	141.4	142.1	143.2	144.3	148.2	149.2	151.1	+4.7
7. Transport and communication	97	127.2	127.2	127.2	127.2	127.6	132.7	132.7	132.9	132.8	+0.1
8. Recreation, entertainment, education and cultural services	66	143.4	143.5	143.7	143.7	143.8	144.8	144.6	144.6	145.2	+0.3
9. Miscellaneous goods and services	56	135.8	136.2	137.6	138.2	138.8	145.3	145.6	145.9	146.2	+0.6
ALL GROUPS	1000	133.7	134.3	134.3	134.9	135.6	139.6	140.4	141.7	141.7	+1.5

Table 4 - Inflation rate (%), 1975 - 1996

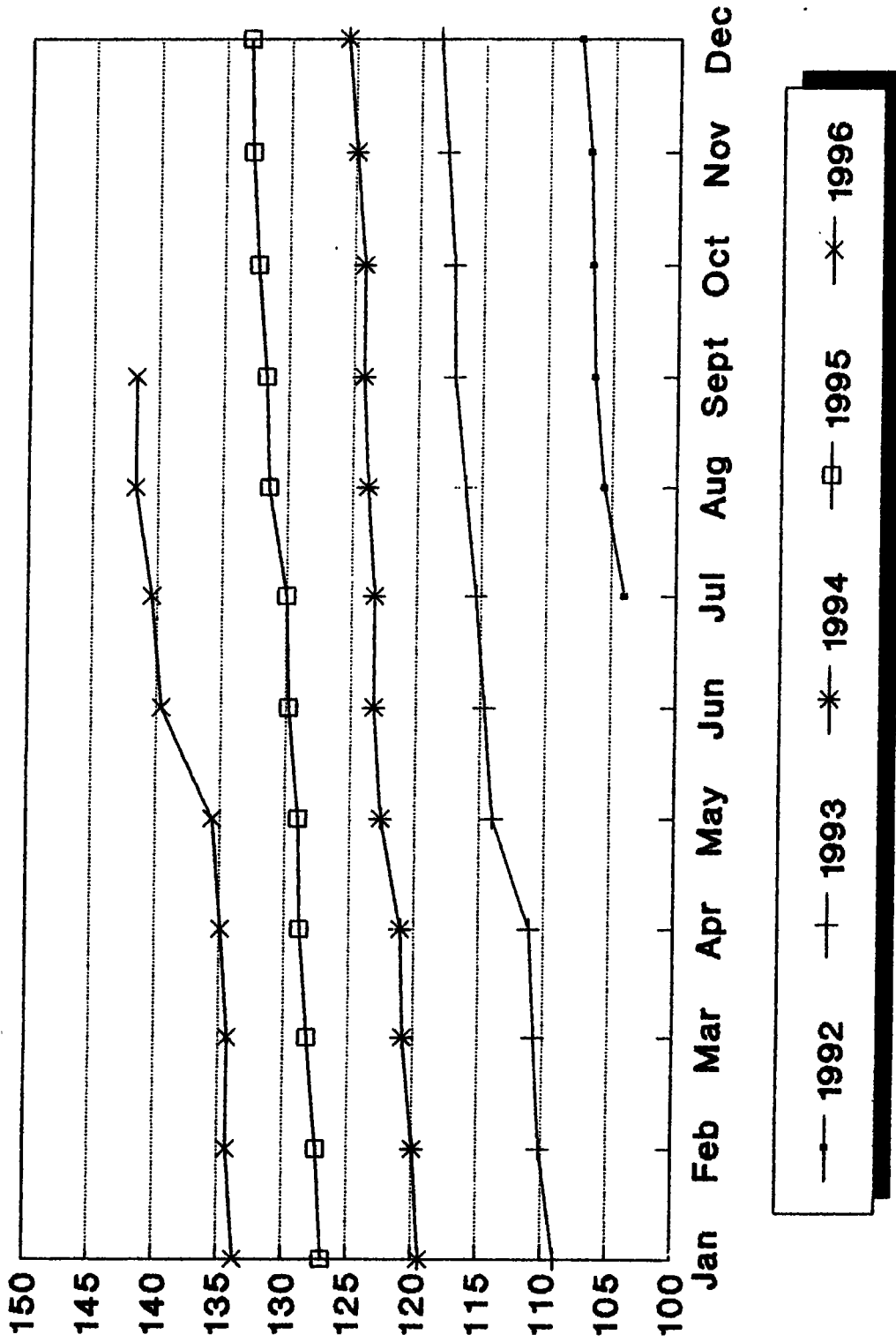
<u>Calendar year</u>	<u>Inflation rate</u>	<u>Financial year</u>	<u>Inflation rate</u>
1975	14.7	1974 - 75	20.6
1976	13.4	1975 - 76	14.7
1977	9.2	1976 - 77	9.6
1978	8.5	1977 - 78	10.1
1979	14.5	1978 - 79	8.0
1980	42.0	1979 - 80	33.0
1981	14.5	1980 - 81	26.5
1982	11.4	1981 - 82	13.4
1983	5.6	1982 - 83	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
1991	7.0	1990 - 91	12.8
1992	4.6	1991 - 92	2.9
1993	10.5	1992 - 93	8.9
1994	7.3	1993 - 94	9.4
1995	6.0	1994 - 95	6.1
1996	<i>Between 6.5 and 7.0 1/</i>	1995 - 96	5.8

1/ Forecast

Chart 1

Consumer Price Index - All Groups

Evolution of the CPI (July 92-Sept 96)



Base: July 91-June 92=100