

## CONSUMER PRICE INDEX -1ST QUARTER 1997

### 1. Main movements in the Consumer Price Index - 1st Quarter 1997.

The Consumer Price Index (C.P.I) which stood at 142.9 in December 1996, increased by 3.3 points (or 2.3%) during the first quarter of 1997 to reach 146.2 in March 1997. This increase is one of the highest recorded for the corresponding quarter in previous years (Table 1).

The movement of the index during the first quarter of 1997 has been mainly influenced by price increases of commodity items such as bread, petroleum products, bus and taxi fares and educational goods, which altogether accounted for more than three quarter of the overall 3.3 points increase ( 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 sub-indices for the first three months of 1997. All major commodity groups registered increases ranging between 0.2% and 13%, except for major commodity group " Alcoholic beverages and tobacco" which remained at its level of December 1996.

#### *Food and non alcoholic beverages (+1.2%)*

The sub index for major commodity group " *Food and non alcoholic beverages*", which is the most important group in the CPI basket, rose by 1.2%. The main items which contributed to that increase were bread ( +12.8%), fresh beef (+14.6 % ), cakes and snacks (+3% ), powdered milk (+ 2.6%), fresh milk (+15.8%) and potato (+14.3%). Price decreases were registered in fresh fruits (-1.2%) and fresh vegetables ( -3.2% ).

#### *Clothing and footwear (+0.2%)*

The marginal increase of 0.2% noted in the major commodity group "*Clothing and footwear* " occurred mainly in tailoring charges and footwear.

#### *Fuel and light (+2.1%)*

An increase of nearly 26 % in the price of kerosene following the revision of prices of petroleum products at the end of 1996 affected the group sub index by a rise of 2.1% in January 1997.

***Housing and household operations (+ 0.7%)***

A 0.7% increase in the " *Housing and household operations* " sub index was attributable to increases in prices of planks (+4%), furniture ( +2.5%), household utensils ( +2.1%), housecleaning supplies ( +1.2%) and household repairs ( +3.8%), partly offset by decreases in prices of cooking appliances(-2.2%)

***Medical care and health services (+2.2%)***

Most commodity items in this group underwent price changes in the course of the first quarter of 1997. An overall increase in the " *Medical care and health expenses* " group sub index was the combined effect of price changes of 1.5% and 3.1% in prices of medicinal products and medical services respectively.

***Transport and communication (+13.1%)***

The " *Transport and communication* " major commodity group sub index registered a substantial rise of 13.1% . The upward revision in the prices of motor car petrol (+25.2%), bus fare ( +20.6%) and taxi fare ( +13.4%) accounted for about 50% of the rise in the CPI for the quarter.

***Recreation, entertainment, education and cultural services(5.2%)***

An overall increase of +5.2% in this group sub index was the result of increases of private tuition fees ( +10.6%), school textbooks prices ( +10.8%) and educational services ( +20%).

***Miscellaneous goods and services ( 0.7% )***

The increase of +0.7% noted in the major commodity group sub index " *Miscellaneous and services* " was due to price changes in a variety of goods and services of which barbers and beauticians ( +2.3% ) and goods for personal care (+ 1%) were the main contributors.

### **3. Rate of inflation**

The current rate of inflation for the twelve months ending March 1997 works out to 7.5% compared to 5.8% for the twelve months ending March 1996. This rate was 6.6% for calendar year 1996 and 5.8% for financial year 1995/96.

Recent price trends and foreseeable price movements for the next few months indicate that the rate of inflation for financial year 1996/97 will be slightly less than 8%.

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**PORT LOUIS**  
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**Table 1 - Monthly Consumer Price Index - ( July 1992 - March 1997 )***( Base : July 1991 - June 1992 = 100 )*

<u>Month</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
January		109.0	119.4	126.9	133.7	145.9
February		110.2	119.9	127.4	134.3	145.9
March		110.7	120.8	128.2	134.3	146.2
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	142.3	
November	106.8	117.9	124.9	132.9	142.5	
December	107.6	118.5	125.6	133.1	142.9	
<i>Yearly average</i>	<i>103.5</i>	<i>114.4</i>	<i>122.7</i>	<i>130.1</i>	<i>138.7</i>	
Annual change(%) Inflation rate	+ 4.6	+10.5	+ 7.3	+ 6.0	+ 6.6	

**Table 2 - Net contribution of main commodities that have affected the index in the first quarter of 1997.**

<u>Commodity</u>	<u>Price change</u> <u>March 97/ Dec 96</u> <u>(%)</u>	<u>Contribution to</u> <u>index</u> <u>(Point)</u>
Bread	+12.8	+0.3
Cakes and snacks	+3.0	+0.1
Fresh beef	+14.6	+0.2
Powdered milk	+2.6	+0.1
Fresh milk	+15.8	+0.1
Fresh fruits	-1.2	-0.1
Potato	+14.3	+0.1
Fresh vegetables	-3.2	-0.2
Other food products	-	+0.1
Kerosene	+25.6	+0.1
Household goods	+1.0	+0.1
Medical services	+3.1	+0.1
Motor car petrol	+25.2	+0.7
Bus fare	+20.6	+0.8
Taxi fare	+13.4	+0.2
Private tuition	+10.6	+0.2
School textbooks	+10.8	+0.2
Educational services	+20.0	+0.1
Other goods and services	-	+0.1
<b>Total</b>		<b>+3.3</b>

**Table 3 : Monthly sub-indices by major commodity group - (December 1996 to March 1997).**

(Base: July 1991 - June 1992 = 100)

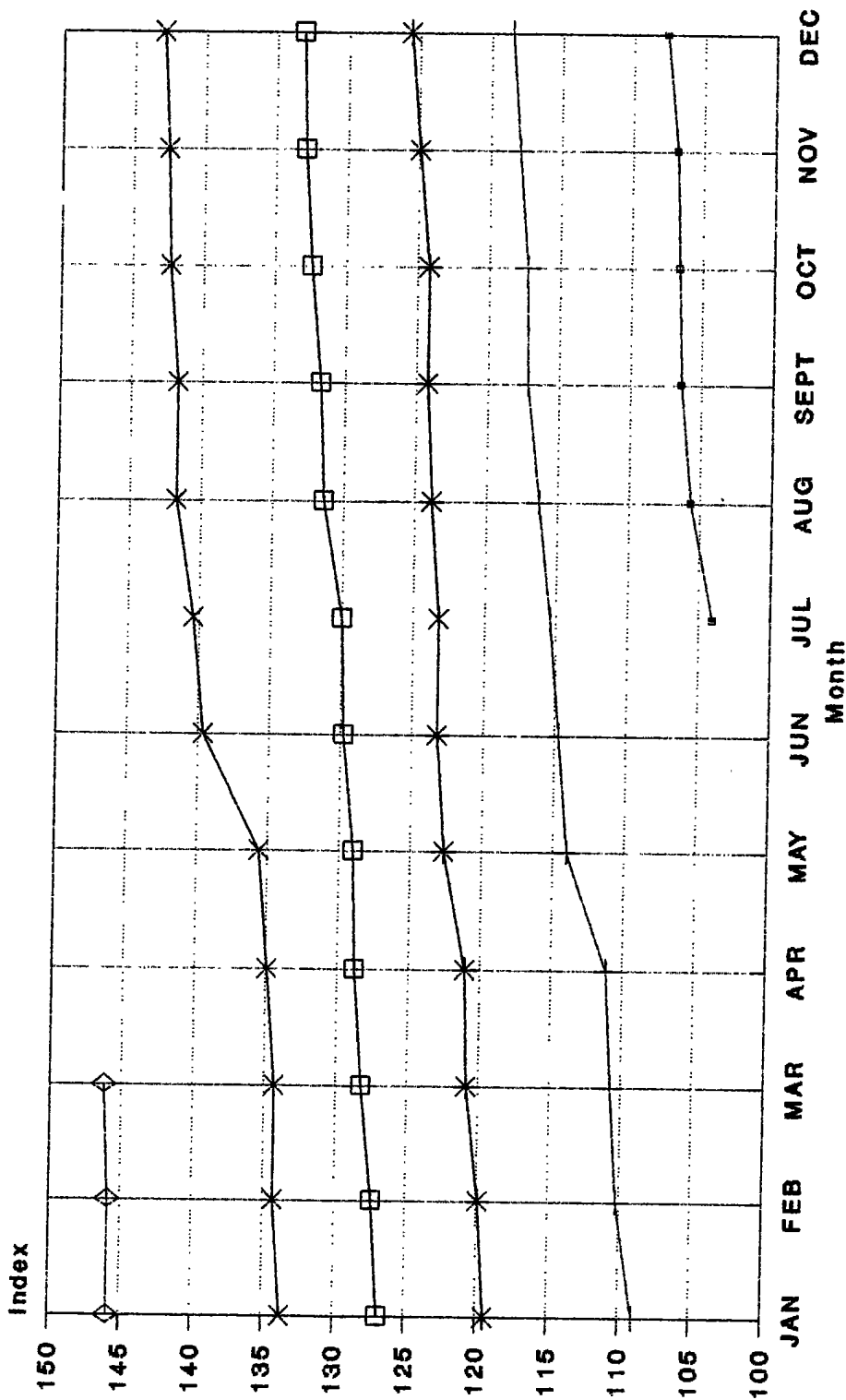
Major Commodity Group	Weight	Dec-96	Jan-97	Feb-97	Mar-97	Change between Dec 96 & March 97 (%)
1. Food and non alcoholic beverages	392	146.5	148.7	147.8	148.3	+1.2
2. Alcoholic beverages and tobacco	82	160.2	160.2	160.2	160.2	+0.0
3. Clothing and footwear	88	140.9	141.1	141.2	141.2	+0.2
4. Fuel and light	52	111.6	113.9	113.9	113.9	+2.1
5. Housing and household operations	131	136.8	136.9	137.0	137.8	+0.7
6. Medical care and health expenses	36	152.7	153.3	155.2	156.1	+2.2
7. Transport and communication	97	132.5	148.3	150.0	149.8	+13.1
8. Recreation, entertainment, education and cultural services	66	145.5	151.5	153.1	153.1	+5.2
9. Miscellaneous goods and services	56	146.9	147.6	148.0	148.0	+0.7
<b>ALL GROUPS</b>	<b>1000</b>	<b>142.9</b>	<b>145.9</b>	<b>145.9</b>	<b>146.2</b>	<b>+2.3</b>

**Table 4 - Inflation rate (%), 1975 - 1997**

<b><u>Calendar year</u></b>	<b><u>Inflation rate</u></b>	<b><u>Financial year</u></b>	<b><u>Inflation rate</u></b>
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	6.6	1995-96	5.8

CHART 1

Movement in the C.P.I.-(July 92-Mar 97)  
Monthly movement



(Base: July 91-June 92=100)