

**CONSUMER PRICE INDEX**  
**2nd Quarter 2005**

**TABLE OF CONTENTS:**

Introduction

Table 1 - Monthly Consumer Price Index, January 1998 - June 2005

Table 2 - Net contribution of main commodities that affected the index during the second quarter of 2005

Table 3 - Monthly sub-indices by division of consumption expenditure, January - June 2005

Table 4 - Inflation rate (%), 1975 - 2005

Technical note

# CONSUMER PRICE INDEX

## 2nd Quarter 2005

### 1. Introduction

This issue of Economic and Social Indicator presents the monthly Consumer Price Index (CPI) for the second quarter of 2005 with the period July 2001 to June 2002 as base. It also includes a table on inflation rates for past years as well as a forecast for calendar year 2005.

The methodology used for computing the CPI and the inflation rate is given in the technical note at Annex.

### 2. Main movements in the Consumer Price Index – 2nd Quarter 2005.

The Consumer Price Index, which stood at 117.1 in March 2005, registered an increase of 0.2 point (or 0.2%) during the second quarter of 2005 to reach 117.3 in June 2005 (*Table 1*).

The index, in fact, remained at the same level in April and then increased by 0.1 point in both May and June.

As shown in *Table 2*, the main contributors to the rise in the CPI during the period under review were increases in the price indices of fresh vegetables, meat and whisky together with higher charges in bars and restaurants. These increases were partly offset by lower prices of fruits and items such as ready-made clothing, household appliances, personal transport, and goods for personal care and hygiene, which were affected by reduction in customs duty following implementation of budgetary measures on 5 April 2005.

### 3. Changes in sub-indices by division of consumption expenditure.

*Table 3* shows the evolution of the sub-indices for the twelve divisions of consumption expenditure during the second quarter of 2005.

The “*Food and non-alcoholic beverages*” sub-index increased by 0.9% mainly as a result of higher price indices of fresh vegetables (8.6%), meat (1.1%) and fish (1.1%). The effect of these increases was partly offset by price decreases of fruits (7.0%).

The sub-index for “*Alcoholic beverages and tobacco*” went up by 1.3%. This was attributable mainly to price increases of whisky (22.1%).

The “*Clothing and footwear*” sub-index dropped by 1.7% mainly due to lower prices of some ready-made garments (2.8%).

The sub-index for “*Housing, water, electricity, gas and other fuels*” increased by 0.4% following higher prices of some materials for the maintenance and repair of dwellings (2.5%).

The sub-index for “Furnishings, household equipment and routine household maintenance” declined by 0.4% mainly as a result of lower prices of household appliances (4.8%) and some washing materials (1.7%) following recent budgetary measures.

The sub-index for “*Health*” increased by 0.1% due to price increases of medicinal products (0.2%).

The sub-index for “Transport” decreased by 0.6%. This was due to price decreases of motor vehicles (1.5%) and lower prices of diesel oil (-6.8%) applicable since 2 April 2005

The sub-index for “*Communication*” dropped by 0.5% reflecting lower prices of mobile phones (14.9%) due to recent budgetary measures.

The “*Recreation and culture*” sub-index decreased by 0.2%. This was mainly due to price decreases of some gardening products (19.7%).

The sub-index for “*Education*” remained unchanged.

The sub-index for “*Restaurants and hotels*” registered an increase of 1.1% mainly as a result of higher charges in bars and restaurants (2.8%).

The sub-index for “*Miscellaneous goods and services*” decreased by 1.8%, mainly attributable to price decreases of some goods for personal care and hygiene (4.4%) following recent budgetary measures.

#### **4. Rate of inflation**

The rate of inflation for financial year 2004/05 was 5.6% compared to 3.9% for financial year 2003/04 (*Table 4*). For calendar year 2004, the rate of inflation was 4.7%. On the basis of trends in previous years and recent price changes, the rate of inflation for calendar year 2005 is estimated at around 5.3%.

**Central Statistics Office  
Ministry of Finance and Economic Development  
Port Louis  
July 2005.**

Note :

- (i) This publication is available on our website <http://statsmauritus.gov.mu>. From the homepage, choose “Publications” followed by “Economic and Social Indicators”, then “Consumer Price Index”.
  
- (ii) The monthly CPI is also available on our website. It is posted within 5 working days after the reference month.

Contact person:

Mr S. Bhonoo,  
Statistician,  
CPI Unit,  
Central Statistics Office,  
LIC Building, Port Louis  
Tel : 212 2316/17  
Fax: 211 4150  
Email: [cso\\_cpi@mail.gov.mu](mailto:cso_cpi@mail.gov.mu)

Table 1 - Monthly Consumer Price Index, January 1998 - June 2005

<i>Month</i>	<i>( Base : July 1996 - June 1997 = 100 )</i>					<i>( Base : July 2001 - June 2002 = 100 )</i>			
	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>
January	105.5	114.6	120.0	125.9	133.5		105.5	109.7	116.1
February	106.0	114.9	120.6	126.5	134.7		105.7	110.1	116.7
March	106.7	115.1	121.0	126.3	135.4		105.6	110.1	117.1
April	107.4	115.6	120.9	126.5	135.7		105.8	110.4	117.1
May	108.0	115.8	121.0	126.8	135.9		106.5	110.7	117.2
June	109.6	117.4	121.0	127.8	135.9		106.9	111.3	117.3
July	109.7	117.8	121.3	129.7		103.1	107.5	112.5	
August	110.0	118.3	121.7	129.9		103.6	107.4	112.7	
September	112.1	118.5	121.9	130.1		104.0	107.9	113.1	
October	112.7	118.5	124.6	130.5		105.0	108.3	114.6	
November	113.1	118.9	124.8	131.1		104.9	108.4	114.7	
December	113.4	119.6	125.2	131.8		104.8	108.9	115.0	
Yearly average	109.5	117.1	122.0	128.6		103.0	107.0	112.1	
<i>Annual change (%)</i> <i>(Inflation rate)</i>	+ 6.8	+ 6.9	+ 4.2	+ 5.4		+ 6.4	+3.9	+ 4.7	

**Table 2 - Net contribution of main commodities that affected the index during the second quarter of 2005**

<b>Commodity</b>	<b>Change in overall index point</b>	<b>% change in price index between March &amp; June 2005</b>
Fresh vegetables	+ 0.4	+ 8.6
Fruits	- 0.1	- 7.0
Meat	+ 0.1	+ 1.1
Whisky	+ 0.1	+ 22.1
Ready made clothing	- 0.1	- 7.8
Household appliances	- 0.1	- 4.8
Personal transport	- 0.1	- 1.5
Expenditure in bars and restaurants	+ 0.1	+ 2.8
Goods for personal care and hygiene	- 0.1	- 4.4
<b>Total</b>	<b>+ 0.2</b>	<b>+ 0.2</b>

**Table 3 : Monthly sub-indices by division of consumption expenditure, January - June 2005**

*(Base: July 2001 - June 2002 = 100)*

Division	Description	Weight	January 2005	February 2005	March 2005	April 2005	May 2005	June 2005	% change between March & June 2005
01	Food and non-alcoholic beverages	299	116.5	117.3	117.8	118.3	118.8	118.9	+ 0.9
02	Alcoholic beverages and tobacco	86	123.5	124.0	124.2	125.5	125.3	125.8	+ 1.3
03	Clothing and footwear	60	106.5	106.7	107.0	104.9	105.2	105.2	- 1.7
04	Housing, water, electricity, gas and other fuels	96	108.7	109.2	109.6	109.9	110.0	110.0	+ 0.4
05	Furnishings, household equipment and routine household maintenance	80	111.5	112.0	112.1	111.5	111.2	111.7	- 0.4
06	Health	28	119.2	120.1	120.8	121.0	121.0	120.9	+ 0.1
07	Transport	139	119.7	119.7	120.0	119.8	119.7	119.3	- 0.6
08	Communication	31	135.4	135.4	135.5	135.1	134.8	134.8	- 0.5
09	Recreation and culture	53	105.0	104.9	105.2	105.4	105.3	105.0	- 0.2
10	Education	24	115.7	119.5	119.5	119.5	119.5	119.5	-
11	Restaurants and hotels	50	119.7	120.4	120.3	121.0	121.0	121.6	+ 1.1
12	Miscellaneous goods and services	54	118.1	120.6	120.8	119.5	118.7	118.6	- 1.8
	<b>Total</b>	<b>1,000</b>	<b>116.1</b>	<b>116.7</b>	<b>117.1</b>	<b>117.1</b>	<b>117.2</b>	<b>117.3</b>	<b>+ 0.2</b>

Table 4 - Inflation rate (%), 1975 - 2005

<i>Calendar year</i>	<i>Inflation rate</i>	<i>Financial year</i>	<i>Inflation rate</i>
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
1997	6.6	1996 - 97	7.9
1998	6.8	1997 - 98	5.4
1999	6.9	1998 - 99	7.9
2000	4.2	1999 - 2000	5.3
2001	5.4	2000 - 2001	4.4
2002	6.4	2001 - 2002	6.3
2003	3.9	2002 - 2003	5.1
2004	4.7	2003 - 2004	3.9
2005	Around 5.3 <sup>1</sup>	2004 - 2005	5.6

<sup>1</sup> Forecast

## Technical note

### 1. Methodology used for the computation of the Consumer Price Index

(Base July 2001 – June 2002 = 100)

#### (a) Definition

The **Consumer Price Index** (CPI) is a measure of changes over time in the general level of prices of goods and services, which the private consumer buys or pays for. It is an important macro-economic indicator used for a variety of purposes such as adjustment of wages and pensions and in industrial contracts.

#### (b) Measurement of the CPI

The CPI is measured by computing the average change over time in the cost of a fixed market basket of consumer goods and services. As prices vary, the total cost of the basket also varies and thus the CPI measures the change in the cost of this basket. It provides a way to compare what this basket costs at a given period relative to a reference or base period.

The cost of the CPI basket is assigned a value of 100.0 in the base period and the costs in other periods are expressed as percentages of the cost in the base period. For example, if the CPI is 110, this means that there has been an increase of 10% in the cost of the basket since the base year; similarly an index of 90 means a 10% decrease in the cost of the basket.

#### (c) The CPI basket

The composition of the CPI basket, which is based on the expenditure pattern of private Mauritian households, has been derived from the 2001/02 Household Budget Survey (HBS) data adjusted for underreporting of alcoholic beverages and tobacco.

The items constituting the basket have been selected on the basis of the importance of household consumption expenditure on them. The item's relative importance, which is called the "weight" (usually expressed as a figure per 1000), is the expenditure share of the item. Non-consumption items such as income tax, social security contributions, purchase of land and houses, shares and life insurance are excluded.

The commodities in the basket are classified according to the UN COICOP (Classification of Consumption Expenditure according to Purpose) with 12 divisions, 41 groups and 83 classes.

(d) Price collection

Prices are the primary inputs in the calculation of the CPI and are collected on a regular basis. Each month, around 6,200 price quotations are collected in respect of 824 item indicators from some 370 outlets across the islands of Mauritius and Rodrigues.

Prices of non-perishable items are collected monthly in the nine geographical districts of the island of Mauritius and in Rodrigues.

Prices of fresh fruits, vegetables, meat and fish are collected on a weekly basis from 9 markets in Port Louis, Rose Hill, Curepipe, Vacoas, Mahebourg, Flacq, Goodlands, Pamplemousses and Port Mathurin.

Information on rent is obtained from a quarterly rent survey of some 150 rented dwellings.

The prices collected are those that any member of the public would have to pay to purchase the specified goods or services. Any sales or excise taxes attached to the goods are included.

(e) Calculating the CPI

Once the prices have been collected, they are carefully examined for consistency and validity before they are entered into the CPI calculations. Independent random field checks are also made to ensure that price collection is done properly.

The CPI is computed according to the Laspeyres Formula as a weighted average of price relatives of individual items. The weights are fixed and correspond to the base period expenditures.

The following formula is used for computing the CPI at time  $t$  is

$$I_t = \frac{\sum W_i (P_{it} / P_{i0})}{\sum W_i} \times 100$$

where,

- $I_t$  : CPI for period  $t$  with reference to a base period 0
- $P_{i0}$  : Price of item  $i$  at time 0, i.e. during base period
- $P_{it}$  : Price of item  $i$  at time  $t$
- $W_i$  : Weight of item  $i$

The base period is July 2001 to June 2002, the period during which the latest HBS was conducted.

## **2. Inflation**

### **(a) Definition of Inflation**

Inflation is the percentage change in the level of prices (as measured by the CPI) from one period to another.

### **(b) Calculating the Inflation Rate**

In Mauritius, like in many other countries, the rate of inflation is calculated by comparing the average level of prices during a twelve-month period with the average level during the preceding twelve-month period.

Note: More information about the concept, computation and use of the CPI is available online in the publication “HBS 2001/02 and updated CPI” [<http://statsmauriti.us.gov.mu/report/natacc/hbs02/index.htm>].