

CONSUMER PRICE INDEX

1st quarter 2008

1. Introduction

This issue of Economic and Social Indicators presents the Consumer Price Index (CPI) during the first quarter of 2008.

A new CPI series, based on an updated basket of goods and services derived from the 2006/07 Household Budget Survey, has been introduced as from July 2007. The base period is July 2006 to June 2007. Henceforth, all monthly CPI figures will refer to this new base period.

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 – 1st quarter 2008

The Consumer Price Index, which stood at 108.2 in December 2007, registered a net increase of 2.6 points (or 2.4%) to reach 110.8 in March 2008 (*Table 1*).

On a monthly basis, the index rose by 1.4 points in January, 1.1 points in February and 0.1 point in March.

Table 2 shows the net contribution of the main commodities that influenced the CPI from December 2007 to March 2008. The main causes for the increase were:

- higher prices of government imported flour and bread as from 19 January 2008
- higher prices of some other food products among which cooking oil and milk products
- the upward revision in the price of diesel on 4 January 2008 by the APM Committee
- higher rates for waste water in March 2008.

3. Changes in sub-indices by division of consumption expenditure – 1st quarter 2008

Table 3 shows the evolution of the sub-indices for the twelve divisions of consumption expenditure during the period under review.

The “*Food and non-alcoholic beverages*” sub-index increased by 5.3% mainly as a result of higher prices of government imported flour (30.2%) and bread (22.8%) as from 19 January 2008. Also contributing to the increase were price increases of milk and milk preparations (9.0%), cooking oil (15.4%), fish (5.1%) and chicken (4.6%).

The sub-index for “*Alcoholic beverages and tobacco*” went up by 0.5%. This was largely attributable to price increases of wine (2.4%), whisky (2.5%) and, beer and stout (0.3%).

The “*Clothing and footwear*” sub-index registered an increase of 1.3% due to higher prices of some ready-made clothing (2.1%).

The sub-index for “*Housing, water, electricity, gas and other fuels*” increased by 0.5% mainly due to higher rates for waste water (25.8%), and higher prices of materials for the

maintenance and repair of dwelling (4.5%). These increases were partly offset by lower interest rates on housing loans (1.5%).

The sub-index for “Furnishings, household equipment and routine household maintenance” increased by 1.8% mainly as a result of price increases of some washing materials and softeners(2.2%), furniture (1.3%) and higher charges for the repair of household appliances (22.1%).

The sub-index for “*Health*” rose by 1.0% attributable to higher charges for doctors’ fees (3.1%) and prices increases of some eye care products (6.8%) partly offset by lower prices of some medicinal products (0.5%).

The sub-index for “Transport” moved up by 0.4%. This was the net effect of price increases of diesel oil (12.8%) and higher taxi fare (5.7%), together with lower prices of motor vehicles (2.1%) and airfare (3.2%).

The sub-index for “Communication” decreased marginally by 0.1% largely attributable to lower prices of mobile phones (3.4%)

The sub-index for “Recreation and culture” increased by 0.7%. This was mainly the result of price increases of school textbooks (4.5%).

The sub-index for “*Education*” moved up by 4.1%. in the first quarter of 2008 due higher school and tuition fees (6.8%).

The sub-index for “*Restaurants and hotels*” registered an increase of 7.0% mainly as a result of price increases of some prepared foods (7.2%), cakes and snacks (16.4%) as well as higher charges for food and drinks in bars and restaurants (3.9%).

The sub-index for “*Miscellaneous goods and services*” increased by 1.0%. This is attributable to price increases of some goods for personal care and hygiene (0.7%) and some personal effects (2.1%) together with higher charges for hairdressing (3.6%).

4. Comparison with previous series

The new CPI series is not strictly comparable with the previous series based on the 2001/02 Household Budget Survey because of different consumption patterns of households. If needed, a rough comparison with the previous series can be made by multiplying the new index by the factor 1.3426.

5. Rate of inflation

The inflation rate for calendar year 2007 works out to 8.8% and that for financial year 2006/07 was 10.7% (*Table 4*). On the basis of trends in previous years and recent price changes, the inflation rate for financial year 2007/08 is estimated at around 8.7%.

Note :

- (i) This publication is available on the CSO website <http://statsmauritius.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.
- (iii) More detailed information on the CPI is available on the CSO website and can also be made available upon request.

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

Table 1a - Monthly Consumer Price Index, January 2003 - June 2007 and July 2007 - March 2008

<i>Month</i>	<i>(Base : July 2001 - June 2002 = 100)</i>					<i>(Base : July 2006 - June 2007 = 100)</i>	
	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2007</i>	<i>2008</i>
January	105.5	109.7	116.1	123.1	133.9		109.6
February	105.7	110.1	116.7	123.5	134.9		110.7
March	105.6	110.1	117.1	124.2	136.1		110.8
April	105.8	110.4	117.1	124.0	137.5		
May	106.5	110.7	117.2	124.3	138.1		
June	106.9	111.3	117.3	126.2	138.8		
July	107.5	112.5	118.0	129.9		103.7	
August	107.4	112.7	118.0	130.9		104.1	
September	107.9	113.1	117.3	131.7		105.3	
October	108.3	114.6	118.2	132.3		106.8	
November	108.4	114.7	118.8	133.3		107.6	
December	108.9	115.0	119.5	133.7		108.2	
Yearly average	107.0	112.1	117.6	128.1		103.8	
<i>Annual change (%)</i> <i>(Inflation rate)</i>	+3.9	+ 4.7	+ 4.9	+ 8.9		+ 8.8	

Table 1b - Comparative Monthly Consumer Price Index , January 2003 - March 2008 ^{1/}

<u>Month</u>	<u>(Base : July 2006 - June 2007 = 100)</u>					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
January	78.6	81.7	86.5	91.7	99.7	109.6
February	78.8	82.0	87.0	92.0	100.5	110.7
March	78.7	82.0	87.2	92.5	101.3	110.8
April	78.8	82.3	87.2	92.4	102.4	
May	79.3	82.4	87.3	92.6	102.9	
June	79.6	82.9	87.3	94.0	103.4	
July	79.6	83.8	87.9	96.8	103.7	
August	80.0	83.9	87.9	97.5	104.1	
September	80.4	84.2	87.3	98.1	105.3	
October	80.7	85.4	88.1	98.5	106.8	
November	80.7	85.4	88.5	99.3	107.6	
December	81.1	85.6	89.0	99.6	108.2	
Yearly average	79.7	83.5	87.6	95.4	103.8	
Annual change (%) (Inflation rate)	+3.9	+ 4.7	+ 4.9	+ 8.9	+ 8.8	

^{1/} The CPI for January 2003 to June 2007 originally based on July 2001-June 2002 has been converted to the new base July 2006 - June 2007=100

Table 2 - Net contribution of main commodities that affected the index between December 2007 and March 2008

Commodity	Change in overall index point	% change in price index between Dec 2007 & March 2008
Bread	+0.5	+22.8
Milk & milk preparations	+0.4	+9.0
Cooking oil	+0.2	+15.4
Fish	+0.1	+5.1
Chicken	+0.1	+4.6
Flour and flour preparations	+0.1	+12.6
Rice	+0.1	+3.2
Vegetables	-0.1	-1.3
Meat	+0.1	+2.7
Tea	+0.1	+15.9
Other food products	+0.1	+2.1
Ready made clothing	+0.1	+2.1
Mortgage interest on housing loan	-0.1	-1.5
Waste Water	+0.1	+25.8
Laundry soap and other washing materials	+0.1	+2.2
Diesel	+0.1	+12.8
Motor vehicles	-0.1	-2.1
Airfare	-0.1	-3.2
Taxi fare and motor vehicles repair	+0.1	+4.4
School and tuition fees	+0.1	+6.8
Prepared foods	+0.1	+7.2
Cakes & snacks	+0.1	+16.4
Expenditure in bar and restaurants	+0.1	+3.9
Other goods and services	+0.3	+0.6
Total	+2.6	+2.4

Table 3 : Monthly sub-indices by division of consumption expenditure, December 2007 - March 2008*(Base: July 2006 - June 2007 = 100)*

Division	Description	Weight	December 2007	January 2008	February 2008	March 2008	% change between December 2007 & March 2008
01	Food and non-alcoholic beverages	286	114.0	116.5	119.5	120.0	+ 5.3
02	Alcoholic beverages and tobacco	92	108.2	108.6	108.7	108.7	+ 0.5
03	Clothing and footwear	51	106.6	107.6	108.3	108.0	+ 1.3
04	Housing, water, electricity, gas and other fuels	131	105.7	106.1	105.7	106.2	+ 0.5
05	Furnishings, household equipment and routine household maintenance	64	106.7	107.4	108.0	108.6	+ 1.8
06	Health	30	107.0	107.2	108.0	108.1	+ 1.0
07	Transport	147	106.2	107.3	107.3	106.6	+ 0.4
08	Communication	36	99.8	99.8	99.7	99.7	-0.1
09	Recreation and culture	48	100.9	101.8	101.8	101.6	+ 0.7
10	Education	32	102.7	106.0	106.9	106.9	+ 4.1
11	Restaurants and hotels	43	108.8	111.7	114.7	116.4	+ 7.0
12	Miscellaneous goods and services	40	107.4	108.2	108.4	108.5	+ 1.0
Total		1,000	108.2	109.6	110.7	110.8	+ 2.4

Table 4 - Monthly sub-indices by division and group of consumption expenditure, July 2007- March 2008*(Base: July 2006-June 2007=100)*

Description	Weight	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08
Division 01 - Food and non alcoholic beverages	286	106.7	107.2	108.3	110.7	112.4	114.0	116.5	119.5	120.0
Group 1 - Food	265	107.1	107.7	108.8	111.4	113.1	114.8	117.1	120.5	120.9
Group 2 - Non-alcoholic beverages	21	101.0	100.9	102.3	102.0	103.6	103.4	108.5	108.1	107.4
Division 02 - Alcoholic beverages and tobacco	92	103.1	105.3	107.3	108.0	108.5	108.2	108.6	108.7	108.7
Group 1 - Alcoholic beverages	50	101.9	101.9	105.5	106.8	107.7	107.2	108.0	108.2	108.0
Group 2 - Tobacco	42	104.5	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4
Division 03 - Clothing and footwear	51	102.8	103.4	103.7	105.0	105.5	106.6	107.6	108.3	108.0
Group 1 - Clothing	39	103.7	104.4	104.7	105.6	106.0	106.6	107.4	108.5	108.8
Group 2 - Footwear	12	99.7	100.1	100.4	102.7	104.0	106.3	108.2	107.6	105.3
Division 04 - Housing, water, electricity, gas and other fuels	131	101.4	101.3	105.1	105.2	105.7	105.7	106.1	105.7	106.2
Group 1 - Actual rentals for housing	14	100.0	100.0	102.0	102.0	102.0	102.0	102.0	102.0	102.5
Group 2 - Mortgage interest on housing loan	37	102.9	102.9	102.9	103.4	105.0	105.0	105.0	103.5	103.5
Group 3 - Maintenance and repair of the dwelling	14	104.1	104.0	104.8	104.9	105.0	105.1	107.1	107.5	107.5
Group 4 - Water supply and miscellaneous services relating to the dwelling	16	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	103.2
Group 5 - Electricity, gas and other fuels	50	100.4	100.2	109.2	109.2	109.2	109.2	109.7	109.7	109.7
Division 05 - Furnishings, household equipment and routine household maintenance	64	103.9	104.4	105.0	105.9	106.7	106.7	107.4	108.0	108.6
Group 1 - Furniture and furnishings, carpets and other floor coverings	17	104.8	104.2	105.3	105.6	105.3	104.9	105.1	105.5	106.2
Group 2 - Household textiles	4	101.4	101.5	101.5	101.5	101.9	101.9	102.0	102.2	102.9
Group 3 - Household appliances	9	102.7	104.0	104.1	103.8	103.8	104.0	104.4	107.6	108.4
Group 4 - Glassware, tableware and household utensils	3	101.5	101.5	101.8	102.2	103.5	104.9	104.9	105.3	106.8
Group 5 - Tools and equipment for house and garden	2	106.0	106.0	106.0	105.3	105.6	105.4	105.9	105.9	105.8
Group 6 - Goods and services for routine household maintenance	29	104.2	105.3	105.9	107.8	109.4	109.6	110.8	110.7	111.3

Description	Weight	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08
Division 11 - Restaurants and hotels	43	103.6	104.2	106.0	106.4	108.0	108.8	111.7	114.7	116.4
Group 1 - Catering services	42	103.7	104.3	106.2	106.4	107.6	108.3	111.2	114.9	116.4
Group 2 - Accommodation services	1	100.2	100.2	99.3	105.9	122.4	131.0	131.0	109.9	116.7
Division 12 - Miscellaneous goods and services	40	104.6	105.3	106.0	106.7	107.6	107.3	108.2	108.4	108.5
Group 1 - Personal care	23	106.8	107.9	109.2	110.2	110.5	109.9	110.7	110.9	111.0
Group 3 - Personal effects, not elsewhere classified	3	105.2	105.2	105.0	105.5	116.6	116.8	117.5	118.6	119.2
Group 4 - Social protection	1	103.4	103.4	103.4	103.4	103.4	103.4	108.6	108.6	108.6
Group 5 - Insurance	10	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Group 7 - Other services not elsewhere classified	3	102.6	103.1	104.1	104.1	104.1	104.1	107.0	107.0	107.0
All Divisions	1000	103.7	104.1	105.3	106.8	107.6	108.2	109.6	110.7	110.8

Table 5- Inflation rate (%), 1974 - 2008

Calendar year	Inflation rate	Financial year	Inflation rate
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	4.9	2004 - 2005	5.6
2006	8.9	2005 - 2006	5.1
2007	8.8	2006 - 2007	10.7
		2007 - 2008	Around 8.7 ¹

¹ Forecast

Technical note

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

(Base July 2006 – June 2007 = 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 in the base period and the costs in other periods are expressed as percentage changes compared to 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 2006/07 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, 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, 43 groups and 84 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 7,800 price quotations are collected in respect of 1,080 item indicators from some 400 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, Q.Bornes, Vacoas, Mahebourg, Flacq, Goodlands, Pamplemousses and Port Mathurin.

Information on rent is obtained from a quarterly rent survey of some 100 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 taxes on products 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 formula 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 2006 to June 2007, 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 corresponding previous twelve-month period.

Note: More information about the concept, computation and use of the CPI is available online in the publication “HBS 2006/07 and updated CPI” [<http://www.gov.mu/portal/goc/cso/ei664/toc.htm>]