

CONSUMER PRICE INDEX

3rd quarter 2008

1. Introduction

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

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 – 3rd quarter 2008

The Consumer Price Index, which stood at 113.4 in June 2008, registered a net increase of 3.3 points (or 2.9%) to reach 116.7 in September 2008 (*Table 1a*).

On a monthly basis, the index rose by 2.2 points in July, 0.7 point in August and 0.4 point in September.

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

- higher food prices mainly rice and meat, and a large variety of other food products
- higher prices of gasoline and diesel in July 2008
- higher prices of cigarettes in September 2008

3. Changes in sub-indices by division of consumption expenditure – 3rd 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 2.8% mainly as a result of higher prices of rice (5.6%) and meat (4.0%), together with price increases of a large variety of some other food products such as sugar (110.2%), vegetables (1.9%), milk and milk preparations (1.8%), fruits(4.2 %) and soft drinks (8.1%).

The sub-index for “*Alcoholic beverages and tobacco*” went up by 3.8%. This was mainly attributable to price increases of cigarettes (7.1%) on 1 September 2008.

The “*Clothing and footwear*” sub-index moved up by 0.3%, being the net effect of higher tailoring charges (7.0%) and higher prices of some clothing materials (3.0%) partly offset by lower prices of footwear (1.0%).

The sub-index for “*Housing, water, electricity, gas and other fuels*” increased by 0.8%. This was due to higher interest rates on housing loan (0.9%), higher workman’s wages (4.2%) and increase in price of kerosene (31.2%).

The sub-index for “Furnishings, household equipment and routine household maintenance” registered a rise of 2.1% as a result of higher charges for domestic services (10.8%), price increases of some furniture (1.1%) and, washing materials and softeners (0.8%).

The sub-index for “*Health*” rose by 3.3% mainly due to higher clinic charges (8.1%) and higher doctors’ fees (4.2%).

The sub-index for “*Transport*” increased by 8.5%. This was the result of increases in prices of gasoline (19.3%) and diesel oil (19.9%) on 2 July 2008, together with higher airfare (9.9%) and taxi fare (6.0%). The upward revision of road tax charges (18.9%) in July 2008 also contributed to the increase.

The sub-index for “*Communication*” decreased by 0.2% due to lower prices of some mobile phones (10.8%).

The sub-index for “*Recreation and culture*” decreased by 0.4% being the effect of price decreases of some audio-visual equipment (7.6%), partly offset by increases in prices of some sports goods (11.5%)

The sub-index for “*Education*” registered a rise of 0.7% wholly attributable to higher university fees (24.7%).

The sub-index for “*Restaurants and hotels*” registered an increase of 3.6%, being mainly the result of higher charges for food and drinks in bars and restaurants (5.2%), and higher prices of some prepared foods (2.0%).

The sub-index for “*Miscellaneous goods and services*” increased by 0.4%, largely attributable to price increases of some goods for personal effects (1.8%) together with price increases of some goods for personal care and hygiene (0.3%).

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 financial year 2007/08 was 8.8%, same as for calendar year 2007 (*Table 5*). Based on price movements observed for the past nine months of the year and forthcoming price trends, the rate of inflation for year 2008 is forecasted at around 10.0%.

Note :

- (i) This publication is available on our 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 CPI data can be made available upon request.

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Table 1a - Monthly Consumer Price Index, January 2003 - September 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		111.9
May	106.5	110.7	117.2	124.3	138.1		113.0
June	106.9	111.3	117.3	126.2	138.8		113.4
July	107.5	112.5	118.0	129.9		103.7	115.6
August	107.4	112.7	118.0	130.9		104.1	116.3
September	107.9	113.1	117.3	131.7		105.3	116.7
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 - September 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	111.9
May	79.3	82.4	87.3	92.6	102.9	113.0
June	79.6	82.9	87.3	94.0	103.4	113.4
July	79.6	83.8	87.9	96.8	103.7	115.6
August	80.0	83.9	87.9	97.5	104.1	116.3
September	80.4	84.2	87.3	98.1	105.3	116.7
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 June and September 2008

Commodity	Change in overall index point	% change in price index between June & September 2008
Rice	+0.2	+5.6
Meat	+0.2	+4.0
Sugar	+0.1	+110.2
Vegetables	+0.1	+1.9
Milk & milk preparations	+0.1	+1.8
Soft Drinks	+0.1	+8.1
Fruits	+0.1	+4.2
Other food products	+0.1	+1.2
Cigarettes	+0.3	+7.1
Alcoholic beverages	+0.1	+1.0
Domestic services	+0.1	+10.8
Clinic fees	+0.1	+8.1
Gasoline	+0.8	+19.3
Airfare	+0.2	+9.9
Diesel	+0.2	+19.9
Road Tax	+0.1	+18.9
Taxi fare	+0.1	+6.0
Food and drinks in bars & restaurants	+0.1	+5.2
Other goods and services	+0.2	+0.6
Total	+3.3	+2.9

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

Division	Description	Weight	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	% change between June & September 2008
01	Food and non-alcoholic beverages	286	116.5	119.5	120.0	121.0	122.6	123.9	126.0	127.3	127.4	+ 2.8
02	Alcoholic beverages and tobacco	92	108.6	108.7	108.7	109.2	110.8	110.7	111.1	110.8	114.9	+ 3.8
03	Clothing and footwear	51	107.6	108.3	108.0	107.6	108.0	108.0	108.4	108.5	108.3	+ 0.3
04	Housing, water, electricity, gas and other fuels	131	106.1	105.7	106.2	111.0	110.0	110.1	110.4	110.7	111.0	+ 0.8
05	Furnishings, household equipment and routine household maintenance	64	107.4	108.0	108.6	109.0	108.7	109.3	110.8	111.7	111.6	+ 2.1
06	Health	30	107.2	108.0	108.1	108.6	108.6	108.5	111.8	112.5	112.1	+ 3.3
07	Transport	147	107.3	107.3	106.6	107.0	110.3	110.5	119.3	119.7	119.9	+ 8.5
08	Communication	36	99.8	99.7	99.7	99.7	99.4	96.7	96.6	96.4	96.5	- 0.2
09	Recreation and culture	48	101.8	101.8	101.6	101.8	101.8	101.6	101.5	101.5	101.2	- 0.4
10	Education	32	106.0	106.9	106.9	106.9	106.9	106.9	106.9	107.7	107.7	+ 0.7
11	Restaurants and hotels	43	111.7	114.7	116.4	116.8	117.9	118.1	119.2	121.9	122.3	+ 3.6
12	Miscellaneous goods and services	40	108.2	108.4	108.5	108.4	110.4	111.5	111.5	111.2	112.0	+ 0.4
Total		1,000	109.6	110.7	110.8	111.9	113.0	113.4	115.6	116.3	116.7	+ 2.9

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

Description	Wt	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08
Division 01 - Food and non alcoholic beverages of which	286	110.7	112.4	114.0	116.5	119.5	120.0	121.0	122.6	123.9	126.0	127.3	127.4
Group 1 - Food	265	111.4	113.1	114.8	117.1	120.5	120.9	122.0	123.8	125.2	127.5	128.7	128.8
Group 2 - Non-alcoholic beverages	21	102.0	103.6	103.4	108.5	108.1	107.4	108.0	107.5	107.3	106.9	109.9	110.1
Division 02 - Alcoholic beverages and tobacco of which	92	108.0	108.5	108.2	108.6	108.7	108.7	109.2	110.8	110.7	111.1	110.8	114.9
Group 1 - Alcoholic beverages	50	106.8	107.7	107.2	108.0	108.2	108.0	109.0	111.9	111.8	112.6	112.1	113.0
Group 2 - Tobacco	42	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4	117.2
Division 03 - Clothing and footwear of which	51	105.0	105.5	106.6	107.6	108.3	108.0	107.7	108.0	108.0	108.4	108.5	108.3
Group 1 - Clothing	39	105.6	106.0	106.6	107.4	108.5	108.8	108.6	108.3	108.2	108.5	109.2	108.9
Group 2 - Footwear	12	102.7	104.0	106.3	108.2	107.6	105.3	104.8	106.9	107.6	107.9	106.1	106.5
Division 04 - Housing, water, electricity, gas and other fuels of which	131	105.2	105.7	105.7	106.1	105.7	106.2	111.0	110.0	110.1	110.4	110.7	111.0
Group 1 - Actual rentals for housing	14	102.0	102.0	102.0	102.0	102.0	102.5	102.5	102.5	103.7	103.7	103.7	103.7
Group 2 - Mortgage interest on housing loan	37	103.4	105.0	105.0	105.0	103.5	103.5	100.3	96.6	96.6	96.6	97.0	97.4
Group 3 - Maintenance and repair of the dwelling	14	104.9	105.0	105.1	107.1	107.5	107.5	106.6	106.7	107.0	109.5	109.7	110.5
Group 4 - Water supply and miscellaneous services relating to the dwelling	16	100.0	100.0	100.0	100.0	100.0	103.2	103.2	103.2	103.2	103.2	103.2	103.2
Group 5 - Electricity, gas and other fuels	50	109.2	109.2	109.2	109.7	109.7	109.7	125.0	125.0	125.0	125.0	125.6	125.6
Division 05 - Furnishings, household equipment and routine household maintenance of which	64	105.9	106.7	106.7	107.4	108.0	108.6	109.0	108.7	109.3	110.8	111.7	111.6
Group 1 - Furniture and furnishings, carpets and other floor coverings	17	105.6	105.3	104.9	105.1	105.5	106.2	106.2	106.2	106.2	105.1	107.2	107.3
Group 2 - Household textiles	4	101.5	101.9	101.9	102.0	102.2	102.9	102.9	102.9	103.0	103.0	101.8	104.1
Group 3 - Household appliances	9	103.8	103.8	104.0	104.4	107.6	108.4	107.9	105.9	109.6	110.2	110.1	109.0
Group 4 - Glassware, tableware and household utensils	3	102.2	103.5	104.9	104.9	105.3	106.8	107.4	107.4	107.4	107.1	109.3	109.6
Group 5 - Tools and equipment for house and garden	2	105.3	105.6	105.4	105.9	105.9	105.8	105.5	105.4	105.3	105.0	105.6	105.9

Division 11 - Restaurants and hotels of which	43	106.4	108.0	108.8	111.7	114.7	116.4	116.8	117.9	118.1	119.2	121.9	122.3
Group 1 - Catering services	42	106.4	107.6	108.3	111.2	114.9	116.4	116.8	118.2	118.4	119.4	122.3	122.7
Group 2 - Accommodation services	1	105.9	122.4	131.0	131.0	109.9	116.7	113.8	107.8	107.8	107.8	107.8	107.8
Division 12 - Miscellaneous goods and services of which	40	106.7	107.6	107.3	108.2	108.4	108.5	108.4	110.4	111.5	111.5	111.2	111.9
Group 1 - Personal care	23	110.2	110.5	109.9	110.7	110.9	111.0	110.8	110.3	112.1	111.7	111.2	112.3
Group 3 - Personal effects, not elsewhere classified	3	105.5	116.6	116.8	117.5	118.6	119.2	119.0	119.4	119.7	120.2	121.1	121.9
Group 4 - Social protection	1	103.4	103.4	103.4	108.6	108.6	108.6	108.6	108.6	108.6	108.6	108.6	108.6
Group 5 - Insurance	10	100.0	100.0	100.0	100.0	100.0	100.0	100.0	109.2	109.2	109.2	109.2	109.2
Group 7 - Other services not elsewhere classified	3	104.1	104.1	104.1	107.0	107.0	107.0	107.4	107.4	107.4	108.9	109.3	109.3
All Divisions	1000	106.8	107.6	108.2	109.6	110.7	110.8	111.9	113.0	113.4	115.6	116.3	116.7

Table 5 - Inflation rate (%), 1975 - 2008

<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	4.9	2004 - 2005	5.6
2006	8.9	2005 - 2006	5.1
2007	8.8	2006 - 2007	10.7
2008	Around 10.0 ^{1/}	2007 - 2008	8.8

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>]