

CONSUMER PRICE INDEX

(Base period: July 2006–June 2007 = 100)

3rd Quarter 2011

1. INTRODUCTION

This issue of Economic and Social Indicators presents the Consumer Price Index (CPI) for the third quarter of 2011. The methodology used for computing the CPI and the inflation rate is given in the technical note at Annex.

2. KEY POINTS

2.1 The overall CPI

The Consumer Price Index, which stood at 127.8 in June 2011, registered a net increase of 0.5 point (or 0.4%) to reach 128.3 in September 2011 (Table 2a).

On a monthly basis, the CPI increased by 0.4 point (+0.3%) in July, 0.2 point (+0.2%) in August and then decreased by 0.1 point (-0.1%) in September 2011.

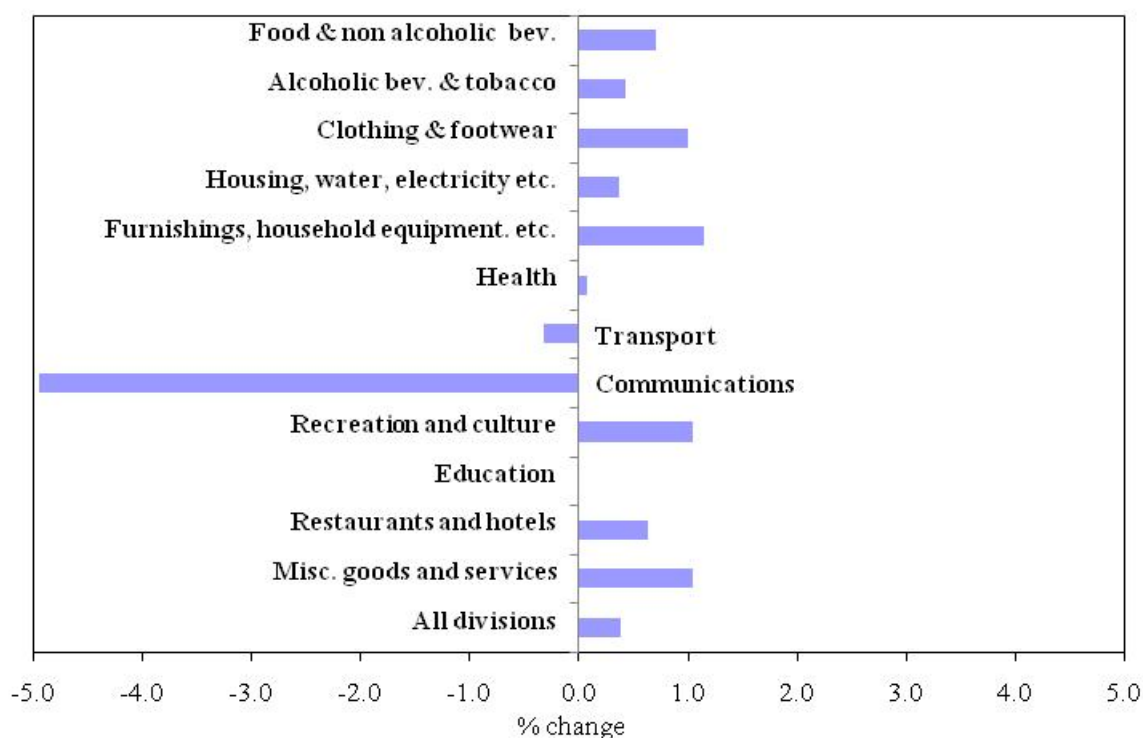
2.2 Overview of CPI movements

The main reasons for the net increase in the CPI from June to September 2011 (Table 3) were:

- (a) higher food prices mainly meat, rice, milk and a variety of other food products;
- (b) higher price of rum;
- (c) higher prices of ready-made clothing;
- (d) higher prices of washing materials and softeners;
partly offset by
- (e) lower prices of vegetables;
- (f) lower prices of motor vehicles; and
- (g) lower telephone call charges.

3. MOVEMENT OF CPI SUB INDICES

Figure 1: % change in CPI sub indices between June and September 2011



The changes in the sub-indices for the twelve divisions of consumption expenditure during the third quarter of 2011 were as follows:

| | |
|---|--|
| <i>Food and non-alcoholic beverages (+0.7%)</i> | The rise of 0.7% was the result of higher prices of meat (+1.6%), rice (+1.9%), milk (+1.6%) and fish (+1.5%) partly offset by lower prices of vegetables (-2.2%). |
| <i>Alcoholic beverages and tobacco (+ 0.4%)</i> | The rise of 0.4% was mainly attributable to price increases of rum (+3.4%). |
| <i>Clothing and footwear (+ 1.0%)</i> | The increase of 1.0% was mainly due to higher prices of some ready-made clothing (+1.3%). |
| <i>Housing, water, electricity, gas and other fuels (+0.4%)</i> | The rise of 0.4% was essentially the result of higher interest rates on housing loans (+1.5%). |
| <i>Furnishings, household equipment and routine household maintenance (+1.1%)</i> | The increase of 1.1% was largely due to higher prices of some washing materials and softeners (+4.6%). |
| <i>Health (+0.1%)</i> | The slight increase of 0.1% was mainly due to higher doctors' fees (+0.7%) partly offset by lower medicinal products (-0.6%) |
| <i>Transport (-0.3%)</i> | The decrease of 0.3% was mainly due to lower prices of motor vehicles (-1.3%) and air tickets (-1.1%) |
| <i>Communication (-4.9%)</i> | The fall of 4.9% was essentially the result of lower telephone call charges (-7.8%). |
| <i>Recreation and culture (+1.0%)</i> | The increase of 1.0% was mainly due to higher prices of some newspapers (+4.0%) and some audio & video equipment (+7.6%). |
| <i>Education</i> | Unchanged |
| <i>Restaurants and hotels (+0.6%)</i> | The rise of 0.6% was the result of price increases of some prepared foods (+1.0%). |
| <i>Miscellaneous goods and services (+1.0%)</i> | The rise of 1.0% was mainly attributable to price increases of some goods for personal effects (+11.8%) and some goods for personal care (+1.0%). |

4. INFLATION RATE

The inflation rate for financial year 2010/11 was 5.1%, while that for financial year 2009/10 was 1.7% (Table 6).

For calendar year 2010, the inflation rate was 2.9%. On the basis of trends in previous years and recent price changes, the inflation rate for calendar year 2011 is estimated at around 6.5%.

5. INTERNATIONAL COMPARISON OF INFLATION RATE

The table below compares the inflation rate (as measured by the percentage change in the average CPI for a given year relative to the previous year) of Mauritius with those of our main importing countries and some countries in the region for the latest available year, mainly 2010.

Table 1 - Inflation rate (%) of selected countries, year 2010

| Country | Inflation rate (%) | Country | Inflation rate (%) |
|----------------|--------------------|------------------|--------------------|
| France | 1.7 | Australia | 2.8 |
| United Kingdom | 3.3 | United States | 1.6 |
| China | 3.3 | Botswana | 7.0 |
| India | 13.2 | Mauritius | 2.9 |
| Japan | -0.7 | Seychelles | -2.4 |
| Singapore | 2.8 | South Africa | 4.3 |

Source – World Economic Outlook database, April 2011.

Note :

- (i) This publication is available on the website of the Statistics Mauritius at <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 can be made available upon request.

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Table 2a - Monthly Consumer Price Index, January 2003 - September 2011

| <i><u>Month</u></i> | <i>(Base : July 2001 - June 2002 = 100)</i> | | | | | <i>(Base : July 2006 - June 2007 = 100)</i> | | | | |
|--|---|--------------------|--------------------|--------------------|--------------------|---|--------------------|--------------------|--------------------|--------------------|
| | <i><u>2003</u></i> | <i><u>2004</u></i> | <i><u>2005</u></i> | <i><u>2006</u></i> | <i><u>2007</u></i> | <i><u>2007</u></i> | <i><u>2008</u></i> | <i><u>2009</u></i> | <i><u>2010</u></i> | <i><u>2011</u></i> |
| January | 105.5 | 109.7 | 116.1 | 123.1 | 133.9 | | 109.6 | 115.3 | 118.2 | 125.8 |
| February | 105.7 | 110.1 | 116.7 | 123.5 | 134.9 | | 110.7 | 115.8 | 118.6 | 126.7 |
| March | 105.6 | 110.1 | 117.1 | 124.2 | 136.1 | | 110.8 | 116.1 | 118.8 | 127.4 |
| April | 105.8 | 110.4 | 117.1 | 124.0 | 137.5 | | 111.9 | 116.2 | 119.3 | 127.6 |
| May | 106.5 | 110.7 | 117.2 | 124.3 | 138.1 | | 113.0 | 116.2 | 119.1 | 127.6 |
| June | 106.9 | 111.3 | 117.3 | 126.2 | 138.8 | | 113.4 | 117.1 | 119.9 | 127.8 |
| July | 107.5 | 112.5 | 118.0 | 129.9 | | 103.7 | 115.6 | 117.8 | 120.2 | 128.2 |
| August | 107.4 | 112.7 | 118.0 | 130.9 | | 104.1 | 116.3 | 117.5 | 120.6 | 128.4 |
| September | 107.9 | 113.1 | 117.3 | 131.7 | | 105.3 | 116.7 | 117.8 | 120.7 | 128.3 |
| October | 108.3 | 114.6 | 118.2 | 132.3 | | 106.8 | 117.2 | 117.3 | 121.0 | |
| November | 108.4 | 114.7 | 118.8 | 133.3 | | 107.6 | 116.5 | 117.3 | 121.9 | |
| December | 108.9 | 115.0 | 119.5 | 133.7 | | 108.2 | 115.5 | 117.2 | 124.4 | |
| Yearly average | 107.0 | 112.1 | 117.6 | 128.1 | | 103.8 | 113.9 | 116.8 | 120.2 | |
| <i>Annual change (%) (Inflation rate)</i> | +3.9 | +4.7 | +4.9 | +8.9 | | +8.8 | +9.7 | +2.5 | +2.9 | |

Table 2b - Comparative Monthly Consumer Price Index , January 2003 - September 2011 ^{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> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| January | 78.6 | 81.7 | 86.5 | 91.7 | 99.7 | 109.6 | 115.3 | 118.2 | 125.8 |
| February | 78.8 | 82.0 | 87.0 | 92.0 | 100.5 | 110.7 | 115.8 | 118.6 | 126.7 |
| March | 78.7 | 82.0 | 87.2 | 92.5 | 101.3 | 110.8 | 116.1 | 118.8 | 127.4 |
| April | 78.8 | 82.3 | 87.2 | 92.4 | 102.4 | 111.9 | 116.2 | 119.3 | 127.6 |
| May | 79.3 | 82.4 | 87.3 | 92.6 | 102.9 | 113.0 | 116.2 | 119.1 | 127.6 |
| June | 79.6 | 82.9 | 87.3 | 94.0 | 103.4 | 113.4 | 117.1 | 119.9 | 127.8 |
| July | 80.1 | 83.8 | 87.9 | 96.8 | 103.7 | 115.6 | 117.8 | 120.2 | 128.2 |
| August | 80.0 | 83.9 | 87.9 | 97.5 | 104.1 | 116.3 | 117.5 | 120.6 | 128.4 |
| September | 80.4 | 84.2 | 87.3 | 98.1 | 105.3 | 116.7 | 117.8 | 120.7 | 128.3 |
| October | 80.7 | 85.4 | 88.1 | 98.5 | 106.8 | 117.2 | 117.3 | 121.0 | |
| November | 80.7 | 85.4 | 88.5 | 99.3 | 107.6 | 116.5 | 117.3 | 121.9 | |
| December | 81.1 | 85.6 | 89.0 | 99.6 | 108.2 | 115.5 | 117.2 | 124.4 | |
| Yearly average | 79.7 | 83.5 | 87.6 | 95.4 | 103.8 | 113.9 | 116.8 | 120.2 | |
| Annual change (%) (Inflation rate) | +3.9 | + 4.7 | + 4.9 | + 8.9 | + 8.8 | + 9.7 | + 2.5 | + 2.9 | |

^{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 3 - Net contribution of main commodities that affected the index between June and September 2011.

| Commodity | Contribution to change in overall index point | % change in price index |
|-------------------------------|--|--------------------------------|
| Vegetables | -0.1 | -2.2 |
| Meat | +0.1 | +1.6 |
| Rice | +0.1 | +1.9 |
| Milk | +0.1 | +1.6 |
| Other food products | +0.1 | +0.8 |
| Rum & Other cane spirits | +0.1 | +2.9 |
| Ready made clothing | +0.1 | +1.3 |
| Washing materials & softeners | +0.1 | +4.6 |
| Motor Vehicles | -0.1 | -1.3 |
| Telephone call charges | -0.2 | -7.8 |
| Other goods & services | +0.2 | +0.3 |
| All commodities | +0.5 | +0.4 |

Table 4 : Monthly sub-indices by division of consumption expenditure, January - September 2011

(Base: July 2006 - June 2007 = 100)

| Division | Description | Weight | January 2011 | February 2011 | March 2011 | April 2011 | May 2011 | June 2011 | July 2011 | August 2011 | September 2011 | % change between June and September 2011 |
|----------------------|--|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|--|
| 01 | Food and non-alcoholic beverages | 286 | 139.0 | 140.6 | 141.7 | 141.2 | 141.4 | 141.8 | 142.3 | 142.3 | 142.8 | + 0.7 |
| 02 | Alcoholic beverages and tobacco | 92 | 137.8 | 137.9 | 138.1 | 137.8 | 138.0 | 138.0 | 138.5 | 138.2 | 138.6 | + 0.4 |
| 03 | Clothing and footwear | 51 | 128.3 | 128.5 | 128.5 | 128.9 | 129.1 | 130.5 | 130.1 | 131.4 | 131.8 | + 1.0 |
| 04 | Housing, water, electricity, gas and other fuels | 131 | 107.3 | 107.3 | 107.3 | 107.6 | 107.6 | 107.8 | 108.0 | 108.1 | 108.2 | + 0.4 |
| 05 | Furnishings, household equipment and routine household maintenance | 64 | 121.9 | 122.0 | 121.9 | 122.1 | 122.1 | 121.8 | 122.4 | 123.2 | 123.2 | + 1.1 |
| 06 | Health | 30 | 126.1 | 126.1 | 125.9 | 129.2 | 129.0 | 129.2 | 129.1 | 129.3 | 129.3 | + 0.1 |
| 07 | Transport | 147 | 123.0 | 125.7 | 127.7 | 128.2 | 127.8 | 127.9 | 128.7 | 128.6 | 127.5 | - 0.3 |
| 08 | Communication | 36 | 95.2 | 95.1 | 95.1 | 94.9 | 94.9 | 95.0 | 94.8 | 94.8 | 90.3 | - 4.9 |
| 09 | Recreation and culture | 48 | 105.2 | 105.3 | 105.3 | 105.4 | 105.7 | 105.7 | 106.6 | 106.4 | 106.8 | + 1.0 |
| 10 | Education | 32 | 118.1 | 118.1 | 118.1 | 118.1 | 118.1 | 118.1 | 118.1 | 118.1 | 118.1 | - |
| 11 | Restaurants and hotels | 43 | 136.9 | 138.0 | 139.9 | 140.9 | 140.9 | 141.1 | 141.1 | 141.5 | 142.0 | + 0.6 |
| 12 | Miscellaneous goods and services | 40 | 124.0 | 124.0 | 123.8 | 124.2 | 124.9 | 124.6 | 125.2 | 125.9 | 125.9 | + 1.0 |
| All Divisions | | 1,000 | 125.8 | 126.7 | 127.4 | 127.6 | 127.6 | 127.8 | 128.2 | 128.4 | 128.3 | + 0.4 |

Table 5 - Monthly CPI by division and group of consumption expenditure, October 2010 - September 2011

(Base: July 2006-June 2007=100)

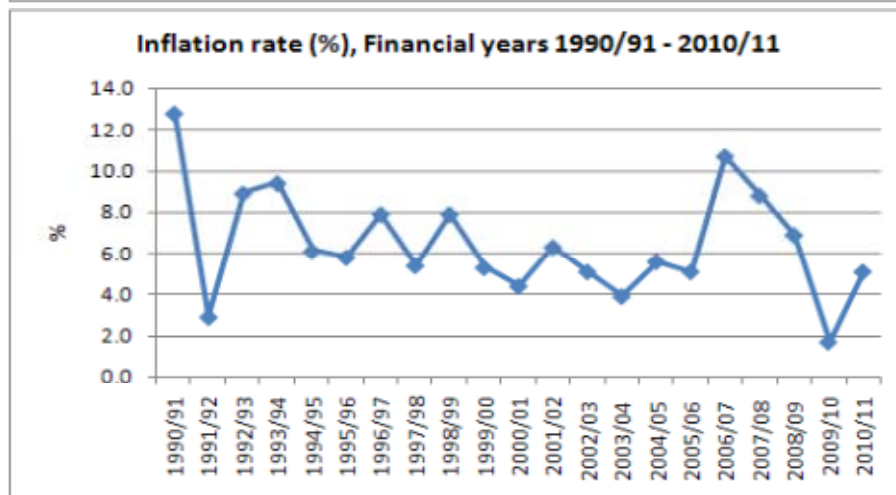
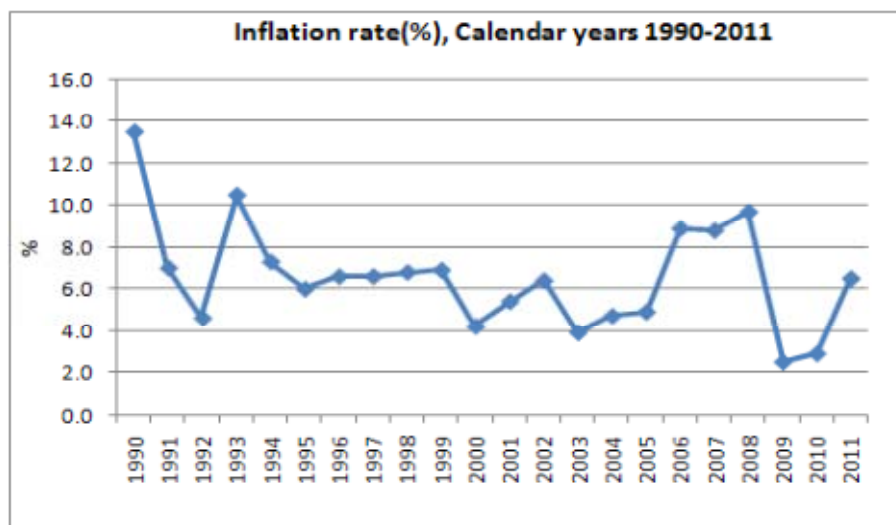
| Description | Weight | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 | Sep-11 |
|---|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Division 01 - Food and non alcoholic beverages | 286 | 135.4 | 136.3 | 137.0 | 139.0 | 140.6 | 141.7 | 141.2 | 141.4 | 141.8 | 142.3 | 142.3 | 142.8 |
| Group 1 - Food | 265 | 136.3 | 137.2 | 138.1 | 140.0 | 141.4 | 142.5 | 141.9 | 142.1 | 142.4 | 142.8 | 143.0 | 143.5 |
| Group 2 - Non-alcoholic beverages | 21 | 123.3 | 124.4 | 123.3 | 126.1 | 130.4 | 131.0 | 132.4 | 132.4 | 134.0 | 135.3 | 133.6 | 133.8 |
| Division 02 - Alcoholic beverages and tobacco | 92 | 117.7 | 124.7 | 137.4 | 137.8 | 137.9 | 138.1 | 137.8 | 138.0 | 138.0 | 138.5 | 138.2 | 138.6 |
| Group 1 - Alcoholic beverages | 50 | 115.6 | 122.0 | 134.2 | 134.9 | 135.1 | 135.5 | 135.0 | 135.4 | 135.3 | 136.3 | 135.8 | 136.5 |
| Group 2 - Tobacco | 42 | 120.3 | 127.9 | 141.2 | 141.2 | 141.2 | 141.2 | 141.2 | 141.2 | 141.2 | 141.2 | 141.2 | 141.2 |
| Division 03 - Clothing and footwear | 51 | 126.8 | 126.9 | 127.5 | 128.3 | 128.5 | 128.5 | 128.9 | 129.1 | 130.5 | 130.1 | 131.4 | 131.8 |
| Group 1 - Clothing | 39 | 127.6 | 127.5 | 128.3 | 129.3 | 129.5 | 129.6 | 130.0 | 130.2 | 131.8 | 131.3 | 133.0 | 133.4 |
| Group 2 - Footwear | 12 | 124.1 | 124.7 | 125.0 | 125.0 | 125.1 | 125.0 | 125.3 | 125.3 | 126.3 | 126.4 | 126.1 | 126.3 |
| Division 04 - Housing, water, electricity, gas and other fuels | 131 | 104.2 | 103.7 | 107.2 | 107.3 | 107.3 | 107.3 | 107.6 | 107.6 | 107.8 | 108.0 | 108.1 | 108.2 |
| Group 1 - Actual rentals for housing | 14 | 107.6 | 107.6 | 107.6 | 107.6 | 107.6 | 109.0 | 109.0 | 109.0 | 109.0 | 109.0 | 109.0 | 109.4 |
| Group 2 - Mortgage interest on housing loan | 37 | 70.9 | 69.2 | 69.2 | 69.2 | 69.2 | 68.2 | 69.5 | 69.5 | 70.0 | 71.1 | 71.1 | 71.1 |
| Group 3 - Maintenance and repair of the dwelling | 14 | 118.2 | 118.6 | 118.6 | 119.3 | 119.5 | 119.5 | 119.5 | 119.5 | 119.6 | 119.6 | 120.0 | 120.1 |
| Group 4 - Water supply and miscellaneous services relating to the dwelling | 16 | 103.2 | 103.2 | 103.2 | 103.2 | 103.2 | 103.2 | 103.2 | 103.2 | 103.2 | 103.2 | 103.2 | 103.2 |
| Group 5 - Electricity, gas and other fuels | 50 | 124.2 | 124.2 | 133.2 | 133.4 | 133.4 | 133.6 | 133.5 | 133.5 | 133.5 | 133.5 | 133.5 | 133.5 |
| Division 05 - Furnishings, household equipment and routine household | 64 | 120.8 | 120.4 | 120.7 | 121.9 | 122.0 | 121.9 | 122.1 | 122.1 | 121.8 | 122.4 | 123.2 | 123.2 |
| Group 1 - Furniture and furnishings, carpets and other floor coverings | 17 | 111.5 | 110.8 | 111.0 | 111.1 | 111.5 | 112.3 | 111.7 | 111.7 | 112.0 | 111.8 | 111.8 | 111.6 |
| Group 2 - Household textiles | 4 | 117.0 | 117.4 | 117.7 | 118.7 | 119.1 | 119.1 | 118.6 | 119.0 | 120.1 | 116.9 | 117.4 | 118.8 |
| Group 3 - Household appliances | 9 | 113.3 | 113.7 | 112.4 | 114.8 | 114.4 | 114.4 | 114.7 | 113.9 | 114.5 | 114.5 | 114.3 | 113.8 |
| Group 4 - Glassware, tableware and household | 3 | 116.2 | 116.9 | 116.9 | 116.8 | 116.8 | 115.9 | 116.5 | 116.0 | 116.4 | 116.4 | 116.9 | 117.9 |
| Group 5 - Tools and equipment for house and | 2 | 120.0 | 119.8 | 119.8 | 120.1 | 120.2 | 121.8 | 122.4 | 122.1 | 122.4 | 122.4 | 121.7 | 121.7 |
| Group 6 - Goods and services for routine | 29 | 129.7 | 128.9 | 129.9 | 131.4 | 131.6 | 131.0 | 131.5 | 131.7 | 130.6 | 132.5 | 134.1 | 134.2 |

Table 5 - Monthly CPI by division and group of consumption expenditure, October 2010 - September 2011*(Base: July 2006-June 2007=100)*

| Description | Weight | Oct-10 | Nov-10 | Dec-10 | Jan-11 | Feb-11 | Mar-11 | Apr-11 | May-11 | Jun-11 | Jul-11 | Aug-11 | Sep-11 |
|---|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Division 11 - Restaurants and hotels | 43 | 130.3 | 130.9 | 136.8 | 136.9 | 138.0 | 139.9 | 140.9 | 140.9 | 141.1 | 141.4 | 141.5 | 142.0 |
| Group 1 - Catering services | 42 | 130.5 | 130.9 | 136.6 | 136.7 | 137.9 | 139.9 | 140.8 | 140.8 | 141.1 | 141.4 | 141.5 | 142.0 |
| Group 2 - Accommodation services | 1 | 123.5 | 130.5 | 144.2 | 147.2 | 140.5 | 140.5 | 147.2 | 147.2 | 143.9 | 143.9 | 143.9 | 143.9 |
| Division 12 - Miscellaneous goods and services | 40 | 122.9 | 122.7 | 122.7 | 124.0 | 124.0 | 123.8 | 124.2 | 124.9 | 124.6 | 125.2 | 125.9 | 125.9 |
| Group 1 - Personal care | 23 | 121.0 | 120.4 | 120.3 | 121.7 | 121.0 | 120.6 | 121.2 | 122.3 | 121.6 | 122.5 | 123.3 | 122.8 |
| Group 3 - Personal effects, not elsewhere classified | 3 | 154.6 | 155.1 | 155.1 | 155.8 | 155.8 | 155.7 | 156.1 | 156.7 | 157.8 | 158.0 | 162.0 | 166.2 |
| Group 4 - Social protection | 1 | 120.4 | 120.4 | 120.4 | 120.4 | 120.4 | 120.4 | 120.4 | 120.4 | 120.4 | 120.4 | 120.4 | 120.4 |
| Group 5 - Insurance | 10 | 120.4 | 120.4 | 120.4 | 121.3 | 122.9 | 122.9 | 122.9 | 122.9 | 122.9 | 122.9 | 122.9 | 122.9 |
| Group 7 - Other services not elsewhere classified | 3 | 114.9 | 116.0 | 116.7 | 120.2 | 120.2 | 120.2 | 120.2 | 121.0 | 121.0 | 121.5 | 121.7 | 121.4 |
| All divisions | 1000 | 121.0 | 121.9 | 124.4 | 125.8 | 126.7 | 127.4 | 127.6 | 127.6 | 127.8 | 128.2 | 128.4 | 128.3 |

Table 6 - Inflation rate (%), 1990 - 2011

| <i>Calendar year</i> | <i>Inflation rate</i> | <i>Financial year</i> | <i>Inflation rate</i> |
|----------------------|--------------------------|-----------------------|-----------------------|
| 1990 | 13.5 | 1990/91 | 12.8 |
| 1991 | 7.0 | 1991/92 | 2.9 |
| 1992 | 4.6 | 1992/93 | 8.9 |
| 1993 | 10.5 | 1993/94 | 9.4 |
| 1994 | 7.3 | 1994/95 | 6.1 |
| 1995 | 6.0 | 1995/96 | 5.8 |
| 1996 | 6.6 | 1996/97 | 7.9 |
| 1997 | 6.6 | 1997/98 | 5.4 |
| 1998 | 6.8 | 1998/99 | 7.9 |
| 1999 | 6.9 | 1999/00 | 5.3 |
| 2000 | 4.2 | 2000/01 | 4.4 |
| 2001 | 5.4 | 2001/02 | 6.3 |
| 2002 | 6.4 | 2002/03 | 5.1 |
| 2003 | 3.9 | 2003/04 | 3.9 |
| 2004 | 4.7 | 2004/05 | 5.6 |
| 2005 | 4.9 | 2005/06 | 5.1 |
| 2006 | 8.9 | 2006/07 | 10.7 |
| 2007 | 8.8 | 2007/08 | 8.8 |
| 2008 | 9.7 | 2008/09 | 6.9 |
| 2009 | 2.5 | 2009/10 | 1.7 |
| 2010 | 2.9 | 2010/11 | 5.1 |
| 2011 | Around 6.5 ^{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 an indicator of changes over time in the general level of prices of goods and services acquired by Mauritian consumers.

(b) Measurement of the CPI

The CPI measures price change by comparing, through time, the cost of a fixed basket of goods and services. As prices vary over time, the total cost of the basket also changes 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 CPI basket is based on the expenditures of private Mauritian households in a reference period, currently July 2006 to June 2007. The composition of the current CPI basket has been derived from the 2006/07 Household Budget Survey (HBS) data. It has been determined in accordance with latest ILO and SADC recommendations.

The items constituting the basket have been selected on the basis of the importance of household consumption expenditure on them. The basket includes all important items on which consumption expenditure is significant, i.e. accounting for around 0.1% or more of total household consumption expenditure. Each item's relative importance, which is called the "weight" (usually expressed on a total of 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 coverage

The prices used in the CPI calculation 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.

Price collection is done on a regular basis. Each month, around 7,800 price quotations are collected in respect of 1,080 item indicators from some 400 outlets selected to be representative of regions 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, Quatre Bornes, Vacoas, Mahebourg, Flacq, Goodlands, Pamplemousses and Port Mathurin.

Information on rent is obtained from a quarterly rent survey of some 100 rented dwellings.

(e) Formula for computation of the CPI

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 Laspeyres Index measures the cost of a basket of goods and services at different points in time, relative to the cost of the same basket in the base period.

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

The headline inflation rate in Mauritius, like in many other countries, is calculated by using the annual average method, i.e. by comparing the average level of prices during a twelve-month period with the average level during the corresponding previous twelve-month period. This type of inflation rate is more appropriate for adjusting wages, salaries and pensions to compensate for loss of purchasing power. *All inflation rates presented in this publication relate to the headline inflation.*

Another commonly used method of calculating the inflation rate is the so called ‘year-on-year’ method. The year-on-year inflation rate is calculated as the percentage change in the CPI for a given month with respect to the CPI for the corresponding month of the previous year. It is generally used by central banks for monetary policy decisions. Year-on-year inflation rates are not presented in this publication but can be easily calculated through the available monthly CPI.

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>]