

Consumer Price Index - 1st Quarter 1986

1. Movements in Consumer Price Index - 1st Quarter 1986

During the first quarter of 1986, prices of fresh vegetables followed the same trend as in previous years and registered a substantial rise accounting for an increase of 1.3 points in the index. Moderate price increases were also noted in some other food items such as fresh fish, meat and eggs. Due to a fall in the exchange rate of the dollar, price reductions were noted for edible oil and petroleum products which checked the rise of the index by 0.3 and 0.4 point respectively. The net change in the overall index during the first quarter was a rise of 1.1 points or 0.9%, from 123.6 in December 1985 to 124.7 in March 1986. The rise in the index for the corresponding period of 1985 was 3.5 points or 3.0% (Table 1)

Table 1 - Monthly Consumer Price Index (Jan 1984 - March 1986)

Base : Jan - June 1982 = 100

	<u>1984</u>	<u>1985</u>	<u>1986</u>
January	109.9	119.1	124.0
February	110.6	120.7	124.2
March	112.4	121.7	124.7
April	113.2	121.0	
May	113.5	121.1	
June	113.2	121.2	
July	114.0	121.9	
August	115.6	122.7	
September	117.4	124.2	
October	118.0	124.2	
November	117.4	124.0	
December	118.2	123.6	

2. Table 2 shows the evolution of the quarterly indices by major commodity group. The highest increase is observed in the "Medical care" group which rises from 136.4 in the last quarter of 1985 to 140.6 in the first quarter of 1986. As the relative importance of this group in the overall index is only 3%, the incidence on the overall index is marginal. The "Food and non-alcoholic beverages" group which is the most important group advanced from 128.7 in the fourth quarter of 1985 to 129.5 in the first quarter of 1986. All the other groups rose moderately except "Fuel and light" which decreased from 114.5 to 111.3 due to a fall in prices of petroleum products.

Table 2 - Sub-indices by major commodity group (Base : January - June 1982 = 100)

Commodity Group	% Weight	1985				Yearly Average	1986 1st Quarter
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
1. Food and non-alcoholic beverages	43.9	125.5	125.4	127.6	128.7	126.8	129.5
2. Alcoholic beverages and tobacco	6.5	111.3	111.2	111.2	112.3	111.5	112.3
3. Fuel and light	6.4	113.5	113.5	114.2	114.5	113.9	111.3
4. Housing	10.4	112.6	123.1	124.7	125.0	123.9	124.5
5. Clothing, footwear and bedding, etc.	10.5	117.8	119.5	121.9	121.9	120.3	122.0
6. Transport and communication	10.0	110.3	111.6	112.8	113.3	112.0	113.0
7. Medical Care	3.0	121.9	124.4	129.1	136.4	128.0	140.6
8. Education	2.9	113.0	113.9	115.5	115.6	114.5	118.7
9. Miscellaneous	6.4	122.7	124.7	126.6	128.0	125.5	129.9
ALL GROUPS	100	120.5	121.1	122.9	123.9	122.1	124.3

3. Table 3 gives the net contribution of the main commodities to the change in the index from the beginning of 1986 to the end of March. The most important change was a 25% increase in the prices of fresh vegetables, contributing an increase of 1.3 points to the index. On the other hand, prices of edible oil and petroleum products fell by about 7% and 9% respectively causing a total decrease of 0.7 points in the index.

Table 3 - Change in Consumer Price Index by commodity during the first quarter of 1986

<u>Commodity</u>	<u>Change</u>
Edible oil	- 0.3
Fresh meat	+ 0.1
Fresh fish	+ 0.1
Salted fish	- 0.1
Eggs	+ 0.1
Fresh vegetables	+ 1.3
Kerosene	- 0.3
Motorcar petrol	- 0.1
Construction materials	- 0.1
Medicinal products	+ 0.1
Football admission tickets	+ 0.1
Other goods and services	+ 0.2
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	+ 1.1
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4. Rate of Inflation

The current annual rate of inflation for the twelve months ending March 1986 is 5.4% compared to 8.2% for the twelve months ending March 1985. This rate was 8.3% for financial year 1984-85 and 6.7% for calendar year 1985.

Current price trends indicate that the rate of inflation for financial year 1985/86 will be below 5%.

Table 4 - Inflation Rate (%), 1975 - 1985

<u>Calendar Year</u>	<u>Inflation Rate</u>	<u>Financial Year</u>	<u>Inflation Rate</u>
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
3 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