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CONSUMER PRICE INDEX - 3rd Quarter: 1990

MINISTRY OF ECONOMIC PLANNING & DEVELOPMENT
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CONSUMER PRICE INDEX - 3RD QUARTER 1990

1. Movements in Consumer Price Index - third quarter 1990

The Consumer Price Index (C.P.I.) has registered a consequential increase of 10.7 points or 7.9% during the third quarter of 1990. This is the highest quarterly increase recorded since the third quarter of 1988 when the C.P.I. rose by 8.5%. (Table 1). The upward price movement reached a peak in September with an increase of 6.2 points or 4.4%, the highest increase for a single month since August 1980.

The main causes for this significant upward movement of the index during the third quarter were:

- (i) Increase in bus fare tariffs
- (ii) Upward revision of excise duty on cigarettes and alcoholic drinks with the resulting impact on retail prices of these commodities
- (iii) Increase in prices of petroleum products
- (iv) Higher prices of fresh fish and vegetables

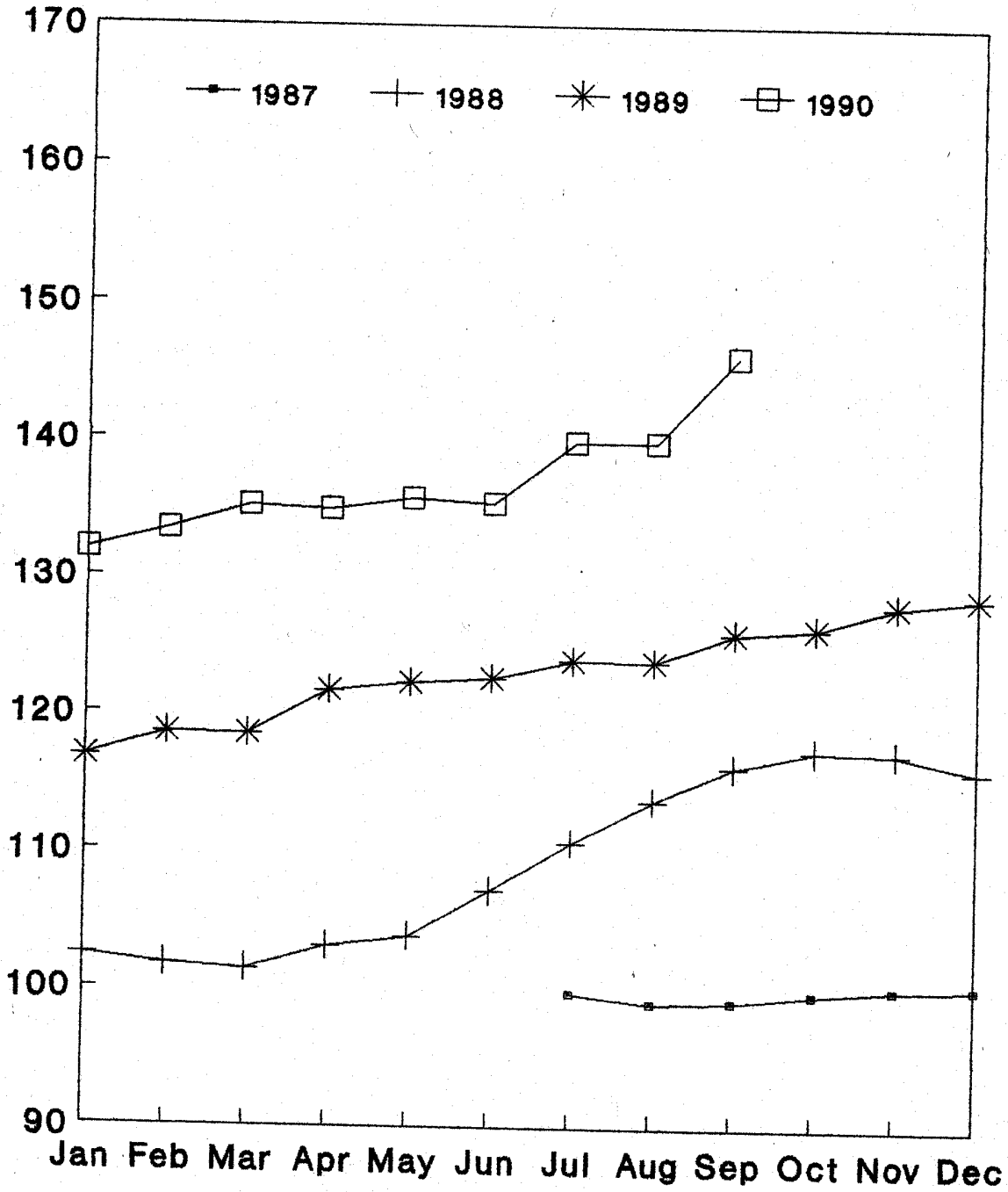
Table 1 - Monthly Consumer Price Index (July 1987 - September 1990)

Base : July 1986 - June 1987 = 100

| | <u>1987</u> | <u>1988</u> | <u>1989</u> | <u>1990</u> |
|------------------|--------------|--------------|--------------|-------------|
| January | | 102.4 | 116.8 | 131.9 |
| February | | 101.7 | 118.6 | 133.4 |
| March | | 101.4 | 118.5 | 135.2 |
| April | | 103.1 | 121.7 | 134.9 |
| May | | 103.8 | 122.3 | 135.7 |
| June | | 107.2 | 122.6 | 135.4 |
| July | 99.8 | 110.7 | 124.0 | 139.9 |
| August | 99.1 | 113.8 | 123.9 | 139.9 |
| September | 99.2 | 116.3 | 126.0 | 146.1 |
| October | 99.8 | 117.5 | 126.4 | |
| November | 100.2 | 117.4 | 128.1 | |
| December | 100.3 | 116.1 | 128.7 | |
| 12 month average | <u>100.1</u> | <u>109.3</u> | <u>123.1</u> | |
| Annual change % | 0.6 | 9.2 | 12.6 | |

MONTHLY CONSUMER PRICE INDEX

(July 1987 - September 1990)
Base : July 1988 - June 1989 = 100



2. Changes by group and commodity

The evolution of the quarterly indices by major commodity group is shown in Table 2. The "Alcoholic beverages and tobacco" group shows a sharp increase of more than 25%, from 145.7 in the second quarter to 182.5 in the third quarter. This is largely attributable to the full impact of price increases of alcoholic beverages and cigarettes on the index during the third quarter of 1990.

Although increases in bus and taxi fares and the price of gasoline have affected the C.P.I. only during the last month of the third quarter, the quarterly index of the "Transport and communication" group has moved upwards by more than 10%.

The "Miscellaneous goods and services" group, which includes consumption in bars and restaurants, has shown a sizeable increase of more than 5% between the second and third quarters of 1990.

The remaining groups have shown only slight or moderate changes ranging between 1 and 4%.

Table 3 shows the net contributions of the main commodities that have influenced the movement of the index from the beginning of July to the end of September 1990.

The upward revision of bus fares tariffs is the most important single contributor to the rise of the C.P.I. during the third quarter of 1990, being alone responsible for a 3.1 point increase.

Higher prices of alcoholic drinks and cigarettes following the revision of excise duties on these commodities have pushed the index up by 1.2 and 1.7 points respectively.

Prices of gasoline and kerosene which have been revised upwards by more than 40% have caused the index to rise by 0.8 and 0.6 point respectively.

The scarcity of fresh fish has caused prices of this commodity to rise by 15% in August and a further 5% in September. These consecutive increases have together raised the index by 0.6 point.

A substantial increase in the level of prices of fresh vegetables during July was followed by a general fall in August, and another, slight increase in September, together producing a net rise of 0.7 point for the quarter.

Table 2 - Sub-indices by major commodity group (Base : July 1986 - June 1987 = 100)

| Major Commodity Group | % weight | 1989 | | | | 1990 | | |
|---|----------|---------|---------|---------|---------|---------|---------|---------|
| | | 1st Qr. | 2nd Qr. | 3rd Qr. | 4th Qr. | 1st Qr. | 2nd Qr. | 3rd Qr. |
| 1. Food and non-alcoholic beverages | 41.9 | 122.2 | 127.8 | 131.4 | 135.2 | 138.8 | 141.3 | 143.9 |
| 2. Alcoholic beverages and tobacco | 7.2 | 137.5 | 142.2 | 142.8 | 143.2 | 145.1 | 145.7 | 182.5 |
| 3. Clothing and footwear | 8.4 | 101.1 | 107.2 | 109.3 | 113.2 | 123.6 | 123.8 | 124.7 |
| 4. Fuel and light | 5.7 | 100.1 | 100.3 | 100.6 | 101.4 | 101.5 | 101.5 | 104.8 |
| 5. Housing and household operations | 13.5 | 118.1 | 120.2 | 122.7 | 125.3 | 129.0 | 131.7 | 134.9 |
| 6. Medical care and health expenses | 3.0 | 122.4 | 123.7 | 124.9 | 130.1 | 138.0 | 140.0 | 145.1 |
| 7. Transport and communication | 9.3 | 119.4 | 123.2 | 124.8 | 124.9 | 130.7 | 130.6 | 147.1 |
| 8. Recreation, entertainment, education and cultural services | 6.0 | 96.9 | 99.4 | 101.5 | 110.7 | 135.9 | 135.9 | 137.7 |
| 9. Miscellaneous goods and services | 5.0 | 122.3 | 126.2 | 127.1 | 128.2 | 138.0 | 143.4 | 150.9 |
| All Groups | 100.0 | 118.0 | 122.2 | 124.6 | 127.7 | 133.5 | 135.3 | 142.0 |

Table 3 - Net contributions of main commodities affecting the C.P.I
during the third quarter of 1990

| <u>Commodity</u> | <u>Change in index point</u> |
|-----------------------------------|------------------------------|
| Fresh fish | + 0.6 |
| Powdered milk | + 0.3 |
| Eggs | + 0.1 |
| Fresh vegetables | + 0.7 |
| Other food products | + 0.4 |
| Alcoholic beverages | + 1.2 |
| Cigarettes | + 1.7 |
| Kerosene | + 0.6 |
| Domestic services | + 0.2 |
| Medical care goods and services | + 0.2 |
| Motor vehicle maintenance charges | + 0.2 |
| Gasoline | + 0.8 |
| Bus fare | + 3.1 |
| Taxi fare | + 0.2 |
| Other goods and services | + 0.4 |
| <u>TOTAL</u> | <u>+ 10.7</u> |

3. Rate of Inflation

The current annual rate of inflation for the twelve months ending September 1990 works out to 11.7% compared to 14.7% for the corresponding twelve months ending September 1989. This rate was 12.6% for calendar year 1989 and 10.7% for financial year 1989 - 90 (Table 4).

With substantial price increases noted in September and likely price trends in the next few months, the rate of inflation for the current calendar year which was forecast at around 12% is now revised upwards to around 14%.

Table 4 - Inflation Rate (%) 1980 - 1990

| <u>Calendar year</u> | <u>Inflation rate</u> | <u>Financial year</u> | <u>Inflation rate</u> |
|----------------------|-----------------------|-----------------------|-----------------------|
| 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 | 14.0 ^{1/} | 1989 - 90 | 10.7 |

^{1/} Forecast

Central Statistical Office
Port Louis

October 1990

Balance of Visible Trade (Rs Million)

(Monthly) 1/

| | <u>1989</u> | | | <u>1990</u> | | |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | <u>April</u> | <u>May</u> | <u>June</u> | <u>April</u> | <u>May</u> | <u>June</u> |
| Exports ^{2/} | 963 | 1,229 | 1,509 | 1,250 | 1,550 | 1,500 |
| Imports | 1,383 | 1,800 | 1,641 | 1,665 | 2,045 | 1,890 |
| | <u>- 420</u> | <u>- 571</u> | <u>- 132</u> | <u>- 415</u> | <u>- 495</u> | <u>- 390</u> |

Cumulative^{1/}

| | <u>July 1988 - June 1989</u> | <u>July 1989 - June 1990</u> |
|-----------------------|------------------------------|------------------------------|
| Exports ^{2/} | 14,950 | 16,125 |
| Imports | 17,795 | 21,280 |
| | <u>-2,845</u> | <u>-5,155</u> |

1/ provisional

2/ including ships' stores and bunkers

Government Revenue and Expenditure (Rs Million)

| | <u>1989</u> | | | <u>1990</u> | | |
|---------------------|--------------|------------|-------------|--------------|------------|-------------|
| | <u>April</u> | <u>May</u> | <u>June</u> | <u>April</u> | <u>May</u> | <u>June</u> |
| Current Revenue | 587.8 | 530.6 | 709.3 | 678.1 | 618.2 | 952.9 |
| Current Expenditure | 766.4 | 419.9 | 1,181.8 | 778.0 | 624.8 | 1,147.2 |

Cumulative

| | <u>July 1988 - June 1989</u> | <u>July 1989 - June 1990</u> |
|---------------------|------------------------------|------------------------------|
| Current Revenue | 7,193.5 | 8,367.2 |
| Current Expenditure | 7,655.8 | 8,199.8 |

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