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1 □ **QUARTERLY EXPORT PRICE INDEX (EPI)**
2nd Quarter 2000

2 □ **PRODUCER PRICE INDEX - MANUFACTURING (PPI-M)**
Food, Beverages & Tobacco
(April - June 2000)

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Note: Readers are invited to make the distinction between official data which are published in the Economic Indicators and the analysis presented for the benefit of general readers. Differences of opinion may arise regarding the analytical part but these do not in any way, undermine the quality of the data. The Editors welcome constructive critical comments.

Quarterly Export Price Index (EPI) 2nd Quarter 2000 (Base Year 1997=100)

1. Introduction

This issue of the Economic and Social Indicators presents quarterly Export Price Indices for the first semester of 2000 as well as for the year 1999. The EPI provides an overall measure of changes in the prices of exports. It is a measure of pure price changes (in Mauritian rupees) of domestically produced goods exported to other countries. The base and reference period for the EPI is calendar year 1997.

A technical note on the construction of the EPI is annexed. Table 1 presents quarterly indices by Standard International Trade Classification (SITC Rev 3). Percentage changes for each quarter compared to the previous one are shown in the Table 2 while Table 3 shows the percentage change when corresponding quarters are compared.

2. Structure of the EPI

The EPI is computed using the Standard International Trade Classification of the United Nations (SITC Rev 3). The index covers only three sections of the SITC namely: "*Food and live animals*", "*Manufactured goods classified chiefly by raw materials*" and "*Miscellaneous manufactured articles*". Exports of goods falling under these sections covered 84% of total exports in the base year 1997. Distribution of weights for the different sections, groups of commodities and items are given in Table 1. In addition to the overall index, separate sub-indices are also given for different product categories.

3. Quarterly Changes (2nd quarter 2000)

The export price index fell by 2.9 points (or -2.7%) from 108.2 in the first quarter of 2000 to reach 105.3 in the second quarter. Decreases were registered in the sub-indices of all SITC sections. The highest decrease (-3.2%) concerned export prices of "*Miscellaneous manufactured articles*", which carry about 63% of the total weight. Export Prices of "*Food and live animals*" went down by 1.9% and those of "*Manufactured goods classified chiefly by material*", by 1.0%.

Compared to the corresponding quarter of 1999, the index for the second quarter of 2000 showed a 4.2% decline. Export prices of "*Food and live animals*" went down by 4.6%, those of "*Manufactured goods classified chiefly by material*" by 13.1% and those of "*Miscellaneous manufactured articles*" by 3.5%.

3.1 Sub-indices by section and commodity

Food and live animals

During the second quarter of 2000, the sub-index for "*Food and live animals*", which carries 32% of the total weight, declined by 1.9%, from 102.0 to 100.1. The price of "*sugar*", with 86% of the weight of this section, fell by 1.6%, while "*Meat and meat preparations*", "*Fish and fish preparations*" and "*Molasses*" which together share the remaining 14% of the weight, declined by 3.6%, 3.6% and 14.1% respectively.

When compared to the second quarter of 1999, the index for "*Food and live animals*" declined by 4.6%, mainly due to a 3.2% decrease in the export prices of sugar.

Manufactured goods classified chiefly by materials

Export prices of goods in this section, which consists mainly of textile fabrics, went down from 93.6 in the first quarter of 2000 to 92.6 in the second quarter, following a decrease of 2.9% in the prices of "*Other textile fabrics*".

The index for this section, compared to the second quarter of 1999, showed a decrease of 13.1% with prices of "*Cotton fabrics*" going down by 13.4% and those of "*Other textile fabrics*" by 12.5%.

Miscellaneous manufactured articles

This is the most important group of the index and carries about 63% of the total weight. It consists exclusively of articles of wearing apparel from the Export Processing Zone (EPZ).

The index for this section fell from 112.4 in the first quarter of 2000 to 108.8 in the second quarter, representing a decrease of 3.2%. Export prices of "*Articles of apparel and clothing accessories*", accounting for 97% of this section, fell by 3.2% while those of "*Optical goods, watches and clocks*" went up by 8.2%.

When compared to the corresponding quarter of 1999, the export price index of "*Miscellaneous manufactured articles*" went down by 3.5% due to a fall of 3.5% in prices of "*Articles of apparel and clothing accessories*" and another of 5.9% in the prices of "*Optical goods*".

Central Statistical Office

Ministry of Economic Development, Financial Services and Corporate Affairs

PORT LOUIS

September 2000

Table 1: Quarterly Export Price Index by SITC, 1998-2000 (base 1997 = 100)

SITC ¹ Section	Description	Weight	1998		1999				2000 ²	
			Yearly Average	1st Qr	2nd Qr	3rd Qr	4th Qr	Yearly Average	1st Qr	2nd Qr
0	Food and live animals	3,234	101.3	105.2	104.9	103.1	102.5	103.9	102.0	100.1
	Meat and meat preparations	82	115.2	114.0	99.9	111.0	99.6	106.1	99.0	95.4
	Fish and fish preparations	325	75.0	72.7	73.3	69.0	65.6	70.1	60.7	58.6
	Sugar	2,789	104.0	109.3	109.3	107.6	107.6	108.5	107.6	105.8
	Molasses	38	97.5	63.0	63.0	57.5	57.5	60.2	54.6	46.9
6	Manufactured goods classified chiefly by material	426	116.3	110.8	106.6	104.9	100.2	105.6	93.6	92.6
	Textile yarn, fabrics, made-up articles, n.e.s & related products	426	116.3	110.8	106.6	104.9	100.2	105.6	93.6	92.6
	<i>Cotton fabrics</i>	281	111.4	104.6	102.9	101.8	96.6	101.5	89.1	89.1
8	<i>Other textile fabrics</i>	145	125.9	122.9	113.7	111.0	107.2	113.7	102.4	99.5
	Miscellaneous manufactured articles	6,340	111.4	113.9	112.8	113.4	114.0	113.5	112.4	108.8
	Articles of apparel and clothing accessories	6,159	111.1	113.1	112.2	112.8	113.4	112.9	111.9	108.3
	<i>Men's or boys' coats, jackets, suits, blazers, trousers, shorts, shirts etc, not knitted or crocheted</i>	1,849	112.1	117.1	116.0	116.8	116.2	116.5	114.3	109.8
	<i>Women's or girls' coats, jackets, suits, blazers, trousers, shorts, shirts etc, not knitted or crocheted</i>	474	119.4	100.9	102.8	103.6	104.1	102.8	121.4	122.8
<i>Men's or boys' coats, jackets, suits, blazers, trousers, shorts, shirts etc, knitted or crocheted</i>	302	115.8	116.4	117.7	121.3	122.9	119.6	123.9	120.8	
<i>Women's or girls' coats, jackets, suits, blazers, trousers, shorts, shirts etc, knitted or crocheted</i>	59	112.0	116.4	126.9	127.7	128.1	124.8	129.1	130.5	
<i>Articles of apparel of textile fabrics whether or not knitted or crocheted</i>	3,475	109.1	112.3	110.7	111.0	112.1	111.5	107.9	104.0	
Optical goods, n.e.s; watches & clocks	181	119.7	140.8	134.7	133.8	134.2	135.9	117.1	126.7	
	Overall	10,000	108.3	111.0	110.0	109.7	109.7	110.1	108.2	105.3

¹ The Standard International Trade Classification Revision 3 (SITC Rev 3)

² Provisional

Table 2: Percentage change from previous period by SITC, 1998-2000 (base 1997 = 100)

SITC ¹ Section	Description	Weight	1998					1999					2000 ²	
			Yearly average	1st Qr	2nd Qr	3rd Qr	4th Qr	Yearly average	1st Qr	2nd Qr				
0	Food and live animals	3,234	1.3	-0.5	-0.3	-1.7	-0.6	2.6	-0.5	-1.9				
	Meat and meat preparations	82	15.2	-6.0	-12.4	11.1	-10.3	-7.9	-0.6	-3.6				
	Fish and fish preparations	325	-25.0	-4.8	0.8	-5.9	-4.8	-6.5	-7.5	-3.6				
	Sugar	2,789	4.0	0.0	0.0	-1.6	0.0	4.3	0.0	-1.6				
	Molasses	38	-2.5	3.3	0.0	-8.6	-0.1	-38.2	-5.0	-14.1				
6	Manufactured goods classified chiefly by material	426	16.3	-2.4	-3.8	-1.6	-4.4	-9.2	-6.6	-1.0				
	Textile yarn, fabrics, made-up articles, n.e.s & related products	426	16.3	-2.5	-3.8	-1.6	-4.4	-9.2	-6.6	-1.0				
	Cotton fabrics	281	11.4	0.3	-1.6	-1.1	-5.0	-8.9	-7.8	0.0				
	Other textile fabrics	145	25.9	-6.6	-7.5	-2.4	-3.4	-9.7	-4.5	-2.9				
	Miscellaneous manufactured articles	6,340	11.4	-3.4	-1.0	0.5	0.5	1.9	-1.4	-3.2				
8	Articles of apparel and clothing accessories	6,159	11.1	-3.7	-0.8	0.6	0.5	1.6	-1.3	-3.2				
	Men's or boys' coats, jackets, suits, blazers, trousers, shorts, shirts etc, not knitted or crocheted	1,849	12.1	0.0	-0.9	0.6	-0.5	3.9	-1.6	-3.9				
	Women's or girls' coats, jackets, suits, blazers, trousers, shorts, shirts etc, not knitted or crocheted	474	19.4	-17.4	1.8	0.8	0.5	-13.9	16.6	1.1				
	Men's or boys' coats, jackets, suits, blazers, trousers, shorts, shirts etc, knitted or crocheted	302	15.8	-4.1	1.1	3.1	1.3	3.3	0.8	-2.5				
	Women's or girls' coats, jackets, suits, blazers, trousers, shorts, shirts etc, knitted or crocheted	59	12.0	0.7	9.0	0.6	0.3	11.4	0.8	1.1				
	Articles of apparel of textile fabrics whether or not knitted or crocheted	3,475	9.1	-3.7	-1.5	0.3	1.0	2.3	-3.7	-3.6				
	Optical goods, n.e.s	181	19.7	5.6	-4.3	-0.7	0.3	13.5	-12.7	8.2				
	Overall	10,000	8.3	-2.5	-0.9	-0.2	0.0	1.6	-1.3	-2.7				

¹ The Standard International Trade Classification Revision 3 (SITC Rev 3)² Provisional

Table 3: Percentage change from corresponding period by SITC, 1998-2000 (base 1997 = 100)

SITC ¹ Section	Description	Weight	1998		1999				2000 ²	
			Yearly average	1st Qr	2nd Qr	3rd Qr	4th Qr	Yearly average	1st Qr	2nd Qr
0	Food and live animals	3,234	1.3	8.7	7.9	-2.2	-3.0	2.6	-3.0	-4.6
	Meat and meat preparations	82	15.2	6.7	-12.8	-6.2	-17.9	-7.9	-13.2	-4.5
	Fish and fish preparations	325	-25.0	-1.1	-3.2	-7.6	-14.0	-6.5	-16.5	-20.1
	Sugar	2,789	4.0	10.8	10.7	-1.6	-1.6	4.3	-1.6	-3.2
	Molasses	38	-2.5	-53.0	-53.0	-5.5	-5.6	-38.2	-13.2	-25.5
6	Manufactured goods classified chiefly by material	426	16.3	-4.8	-11.3	-8.9	-11.7	-9.2	-15.5	-13.1
	Textile yarn, fabrics, made-up articles, n.e.s & related products	426	16.3	-4.8	-11.3	-8.9	-11.8	-9.2	-15.5	-13.1
	Cotton fabrics	281	11.4	-9.3	-12.8	-5.9	-7.3	-8.9	-14.8	-13.4
	Other textile fabrics	145	25.9	3.5	-8.6	-14.0	-18.5	-9.7	-16.6	-12.5
8	Miscellaneous manufactured articles	6,340	11.4	9.7	2.8	-0.5	-3.3	1.9	-1.3	-3.5
	Articles of apparel and clothing accessories	6,159	11.1	8.9	2.4	-0.7	-3.4	1.6	-1.1	-3.5
	Men's or boys' coats, jackets, suits, blazers, trousers, shorts, shirts etc, not knitted or crocheted	1,849	12.1	10.6	5.0	1.6	-0.8	3.9	-2.4	-5.3
	Women's or girls' coats, jackets, suits, blazers, trousers, shorts, shirts etc, not knitted or crocheted	474	19.4	-11.7	-14.6	-14.3	-14.8	-13.9	20.3	19.4
	Men's or boys' coats, jackets, suits, blazers, trousers, shorts, shirts etc, knitted or crocheted	302	15.8	6.9	2.5	2.7	1.2	3.3	6.4	2.6
	Women's or girls' coats, jackets, suits, blazers, trousers, shorts, shirts etc, knitted or crocheted	59	12.0	9.1	13.6	11.9	10.9	11.4	10.9	2.9
	Articles of apparel of textile fabrics whether or not knitted or crocheted	3,475	9.1	11.3	3.3	-0.6	-3.9	2.3	-3.9	-6.0
	Optical goods, n.e.s	181	19.7	35.6	16.1	6.5	0.6	13.5	-16.8	-5.9
	Overall	10,000	8.3	8.7	3.6	-1.4	-3.6	1.6	-2.5	-4.2

¹ The Standard International Trade Classification Revision 3 (SITC Rev 3)² Provisional

Table 4: Quarterly Export Price Index by SITC, 1998-2000 (base 1997 = 100)

SITC ¹ Section	Description	Weight	1997					1998				
			1st Qr	2nd Qr	3rd Qr	4th Qr	Yearly Average	1st Qr	2nd Qr	3rd Qr	4th Qr	Yearly Average
			0	Food and live animals	3,234	100.6	100.5	98.9	100.1	100.0	96.8	97.2
	Meat and meat preparations	82	94.4	97.8	100.5	107.2	100.0	106.9	114.5	118.3	121.3	115.2
	Fish and fish preparations	325	88.9	90.3	105.2	115.7	100.0	73.5	75.7	74.6	76.3	75.0
	Sugar	2,789	101.3	101.3	98.7	98.7	100.0	98.7	98.7	109.3	109.3	104.0
	Molasses	38	161.6	134.1	52.2	52.2	100.0	134.1	134.1	60.9	60.9	97.5
6	Manufactured goods classified chiefly by material	426	97.1	98.4	100.9	103.7	100.0	116.4	120.2	115.2	113.6	116.3
	Textile yarn, fabrics, made-up articles, n.e.s. & related products	426	97.1	98.4	100.9	103.7	100.0	116.4	120.2	115.2	113.6	116.3
	Cotton fabrics	281	97.1	97.3	101.8	103.7	100.0	115.3	118.0	108.1	104.3	111.4
	Other textile fabrics	145	97.0	100.4	99.0	103.5	100.0	118.6	124.3	129.0	131.6	125.9
8	Miscellaneous manufactured articles	6,340	98.3	97.4	100.6	103.8	100.0	103.9	109.7	114.0	117.9	111.4
	Articles of apparel and clothing accessories	6,159	98.2	97.4	100.7	103.8	100.0	103.9	109.5	113.6	117.4	111.1
	Men's or boys' coats, jackets, suits, blazers, trousers, shorts, shirts etc, not knitted or Women's or girls' coats, jackets, suits, blazers, trousers, shorts, shirts etc, not knitted or Men's or boys' coats, jackets, suits, blazers, trousers, shorts, shirts etc, knitted or crocheted Women's or girls' coats, jackets, suits, blazers, trousers, shorts, shirts etc, knitted or crocheted	1,849	97.7	97.2	100.8	104.4	100.0	105.9	110.4	114.9	117.1	112.1
	Articles of apparel of textile fabrics whether or not knitted or crocheted	474	95.8	93.1	104.3	106.9	100.0	114.3	120.4	120.8	122.2	119.4
	Articles of apparel of other textile fabrics	302	95.4	96.8	102.3	105.6	100.0	108.9	114.8	118.2	121.4	115.8
	Articles of apparel of other textile fabrics whether or not knitted or crocheted	59	100.5	95.9	101.0	102.5	100.0	106.7	111.7	114.1	115.6	112.0
	Optical goods, n.e.s., watches and clocks	3,475	99.0	98.1	100.0	102.9	100.0	100.9	107.1	111.6	116.7	109.1
	Overall	181	101.1	97.3	98.0	103.5	100.0	103.8	116.0	125.6	133.4	119.7
	Overall	10,000	99.0	98.4	100.1	102.6	100.0	102.1	106.1	111.3	113.8	108.3

¹ The Standard International Trade Classification Revision 3 (SITC Rev 3)

Technical Note

Export Price Index (EPI)

Methodology for the Construction of the EPI

Definition

The Export Price Index (EPI) is a measure of price change of domestically produced Mauritian products shipped to other countries, i.e it excludes re-exports. In addition to the overall index, separate sub-indices are also calculated for different product categories at more detailed level.

The first series of EPI was calculated with the year 1993 as base and reference period. The index was subsequently revised with 1997 as base year and new weights calculated on exports during that year.

Comparison with Unit Value Index

The Unit Value Export Index provides only a proxy measure for price changes of exported goods. It is derived from value and quantity data of products or groups of products obtained from trade returns and is thus highly dependent on the degree of homogeneity of the groups of products considered. On the other hand, the EPI measures pure price changes and is based on actual price measurements of relatively more homogeneous group of products. It requires elaborate specifications of products and takes into account all the main price determining factors such as country of destination, quality, mode of transport and mode of payment.

Scope and Classification

The EPI covers all domestic exports, the most important commodities being sugar and textile fabrics and articles of apparel and clothing accessories produced by the EPZ sector.

The index is based on the Nomenclature of the Standard International Trade Classification of the United Nations (SITC Rev 3). Separate sub-indices are produced for each SITC section and for more detailed groups where possible.

Selection of Items and Firms

A representative sample of 43 firms has been selected from trade declarations submitted to the Customs and Excise Department in 1997. The sample was drawn from exporting firms on the basis of regularity of their trade and their volume of exports. A total of 100 items (Entry Level Items, ELI's) which represent 35 product groups are priced from the selected enterprises.

Weighting Scheme

The weights are derived from the 1997 domestic exports. Weights assigned to each section and group are based on their export values in 1997. Each product or group of products selected for pricing purposes represents all products that fall within that weight group.

Base and Reference Period

The base price as well as the reference period for the EPI is calendar year 1997. Bench mark data for the year 1997, based on trade returns, have been used to derive weights. The selected firms have supplied prices of selected commodities for each of the 12 months in 1997. The yearly average price of each product has then been worked out and is used as base price for that product.

Price Collection

Prices are collected directly from co-operating export firms. As far as possible price quotations are reported on a free on board (F.O.B.) basis and are mostly contract prices. Each reporting firm is visited once every quarter but prices are supplied on a monthly basis and are averaged for each quarter.

Sugar and Molasses

Due to their specificity, sugar and molasses have been treated differently. Sugar and molasses produced during a crop year, which normally extends between July and June of the following year, are usually exported during that same crop year. Export prices of these commodities, sugar in particular, are mostly negotiated prices. These prices can be quite volatile between quarters depending on the destination of the shipments. Therefore, in order to eliminate these price distortions between quarters, the same average yearly price for the crop year is used for the four quarters comprising that crop year. The base price of these commodities for the year 1997 is the average price for crops years 1996/97 and 1997/98.

Calculation of the EPI

A modified Laspeyres formula based on the weighted average of price relatives is used to calculate the EPI: the mathematical form of the formula is shown below:

$$I_{ot} = \frac{\sum W_i \times \frac{P_{it}}{P_{io}} \times 100}{\sum W_i}$$

Where I_{ot} is the index for period t compared to base period 0

w_i is the weight of the i^{th} element

P_{io} is the base price of the i^{th} element

P_{it} is the price of the i^{th} element in period t

$\frac{P_{it}}{P_{io}}$ is the price relative of the i^{th} element
in period t relative to base period 0

Σ means summation over all selected elements

Uses

The primary use of the EPI is to deflate export trade statistics. It provides quarterly measures of price trends of Mauritian products sold abroad and can be used for calculating changes in the volume of exports.

It can also serve as a basis to assess the competitiveness of Mauritian products in relation to price trends of common products of other countries with which Mauritius competes for markets.