

CONSUMER PRICE INDEX
Year 2005

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CONSUMER PRICE INDEX

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1. Introduction

This issue of Economic and Social Indicators presents the monthly Consumer Price Index (CPI) for the year 2005 with the period July 2001 to June 2002 as base. It also includes a table on inflation rates for past years till year 2005.

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 in 2005

The Consumer Price Index (CPI) rose from 115.0 in December 2004 to 119.5 in December 2005, representing an increase of 4.5 points (or 3.9%) during the year 2005 (*Table 1*).

On a monthly basis, September was the only month in which a drop in CPI (0.7 point) was registered, mainly due to introduction of free bus transport to students. It is to be noted that free bus transport has been provided to elderly persons as from 15 August 2005. The index remained unchanged in April and August. As for the remaining months of the year, increases between 0.1 point and 1.1 points were noted, the highest one occurring in January. The average monthly increase for the year works out to 0.4 point.

In the course of the year, major price increases were noted for the following commodities: fresh vegetables, ginger, meat, fish, cigarettes (in July), gasoline, diesel oil, cooking gas and kerosene (in November) and ready made clothing. Higher fees for school and private tuition, and higher charges for expenditure in bars and restaurants also contributed to the overall increase in CPI in 2005.

As far as petroleum products are concerned, the following changes were observed in 2005:

January 2005 : gasoline (-3.3%) and diesel oil (+7.2%)

April 2005 : diesel oil (-6.8%)

October 2005 : gasoline (+14.9%) and diesel oil (+14.8%).

3. Changes in sub-indices by division of consumption expenditure

Table 3 shows the evolution of the sub-indices for the twelve divisions of consumption expenditure during the year 2005. Except for sub-indices "Transport" and "Communication", which declined by 3.0% and 0.8% respectively, all the other sub-indices registered increases ranging from 2.2% to 7.0%.

The sub-index for “*Food and non-alcoholic beverages*” increased by 6.1%. This was attributable mainly to price increases of fresh vegetables (14.3%), ginger (115.3%), fresh fruits (9.9%), fish (7.7%), meat (6.6%), chicken (3.0%), milk and milk preparations (3.3%), soft drinks (4.7%), margarine (10.8%) and cheese (8.4%).

The sub-index for “*Alcoholic beverages and tobacco*” went up by 5.1%. This was mainly due to price increases of whisky (22.6%), rum and other cane spirits (4.1%), and cigarettes (5.4%).

The sub-index for “*Clothing and footwear*” increased by 3.3% mainly as a result of price increases of ready made clothing (3.7%) and footwear (1.8%).

The “*Housing, water, electricity, gas and other fuels*” sub-index registered an increase of 6.1%. This was mainly attributable to higher prices of cooking gas (16.8%) and kerosene (131.4%) in November as well as price increases of some materials for maintenance and repair of dwellings (13.1%).

The sub-index for “*Furnishings, household equipment and routine household maintenance*” rose by 5.5%. This was the result of higher charges for domestic services (7.5%) and price increases of washing materials and softeners (6.4%), furniture (6.5%) and some glasswares and tablewares (14.9%).

The sub-index for “*Health*” increased by 5.6% following higher doctors’ fees (5.5%) and clinic charges (15.7%).

A drop of 3.0% was observed in the “*Transport*” sub-index. This was the result of net effect of free bus transport to elderly and students coupled with price increases of gasoline (11.1%), diesel oil (14.8%), motor vehicles (1.4%) and higher air fare (4.7%).

The sub-index for “*Communication*” declined by 0.8% as a result of decrease in prices of mobile phones (24.2%).

The sub-index for “*Recreation and culture*” increased by 3.4% mainly due to price increases of school textbooks (10.4%) and some newspapers and magazines (8.8%).

The sub-index for “*Education*” rose by 7.0% mainly due to higher fees for schools (7.2%) and private tuition (10.7%).

The sub-index for “*Restaurants and hotels*” increased by 6.5% mainly as a result of higher charges in bars and restaurants (7.2%), and price increases of prepared meals (5.3%) and pastry and snacks (8.8%).

The sub-index for “*Miscellaneous goods and services*” went up by 2.2%. This was mainly due to price increases of some goods for personal care and hygiene (1.9%) and some goods for personal effects (6.9%).

4. Rate of inflation

The rate of inflation for calendar year 2005 works out to 4.9% compared to 4.7% for calendar year 2004. The rate of inflation for financial year 2004/05 was 5.6% (*Table 4*).

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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.

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Table 1 - Monthly Consumer Price Index, January 1998 - December 2005

| <i>Month</i> | <i>(Base : July 1996 - June 1997 = 100)</i> | | | | | <i>(Base : July 2001 - June 2002 = 100)</i> | | | |
|---|---|--------------|--------------|--------------|--------------|---|--------------|--------------|--------------|
| | <i>1998</i> | <i>1999</i> | <i>2000</i> | <i>2001</i> | <i>2002</i> | <i>2002</i> | <i>2003</i> | <i>2004</i> | <i>2005</i> |
| January | 105.5 | 114.6 | 120.0 | 125.9 | 133.5 | | 105.5 | 109.7 | 116.1 |
| February | 106.0 | 114.9 | 120.6 | 126.5 | 134.7 | | 105.7 | 110.1 | 116.7 |
| March | 106.7 | 115.1 | 121.0 | 126.3 | 135.4 | | 105.6 | 110.1 | 117.1 |
| April | 107.4 | 115.6 | 120.9 | 126.5 | 135.7 | | 105.8 | 110.4 | 117.1 |
| May | 108.0 | 115.8 | 121.0 | 126.8 | 135.9 | | 106.5 | 110.7 | 117.2 |
| June | 109.6 | 117.4 | 121.0 | 127.8 | 135.9 | | 106.9 | 111.3 | 117.3 |
| July | 109.7 | 117.8 | 121.3 | 129.7 | | 103.1 | 107.5 | 112.5 | 118.0 |
| August | 110.0 | 118.3 | 121.7 | 129.9 | | 103.6 | 107.4 | 112.7 | 118.0 |
| September | 112.1 | 118.5 | 121.9 | 130.1 | | 104.0 | 107.9 | 113.1 | 117.3 |
| October | 112.7 | 118.5 | 124.6 | 130.5 | | 105.0 | 108.3 | 114.6 | 118.2 |
| November | 113.1 | 118.9 | 124.8 | 131.1 | | 104.9 | 108.4 | 114.7 | 118.8 |
| December | 113.4 | 119.6 | 125.2 | 131.8 | | 104.8 | 108.9 | 115.0 | 119.5 |
| Yearly average | 109.5 | 117.1 | 122.0 | 128.6 | | 103.0 | 107.0 | 112.1 | 117.6 |
| Annual change (%) (Inflation rate) | + 6.8 | + 6.9 | + 4.2 | + 5.4 | | + 6.4 | +3.9 | + 4.7 | + 4.9 |

Table 2 - Net contribution of main commodities that affected the index during the year 2005

| Commodity | Change in overall index point | % change in price index between Dec. 2004 & Dec. 2005 |
|---|--------------------------------------|--|
| Fresh vegetables | + 0.6 | + 14.3 |
| Ginger | + 0.4 | + 115.3 |
| Fish | + 0.3 | + 7.7 |
| Meat | + 0.2 | + 6.6 |
| Fresh fruits | + 0.1 | + 9.9 |
| Milk and milk preparations | + 0.1 | + 3.3 |
| Chicken | + 0.1 | + 3.0 |
| Soft drinks | + 0.1 | + 4.7 |
| Margarine | + 0.1 | + 10.8 |
| Cheese | + 0.1 | + 8.4 |
| Cigarettes | + 0.3 | + 5.4 |
| Whisky | + 0.1 | + 22.6 |
| Rum and other cane spirits | + 0.1 | + 4.1 |
| Ready made clothing | + 0.2 | + 3.7 |
| Cooking gas | + 0.2 | + 16.8 |
| Materials for maintenance and repair of dwellings | + 0.2 | + 13.1 |
| Kerosene | + 0.1 | + 131.4 |
| Washing materials and softeners | + 0.1 | + 6.4 |
| Furniture | + 0.1 | + 6.5 |
| Domestic services | + 0.1 | + 7.5 |
| Glasswares & tablewares | + 0.1 | + 14.9 |
| Clinic fees | + 0.1 | + 15.7 |
| Doctors' fees | + 0.1 | + 5.5 |
| Bus fare | - 1.2 | - 34.6 |
| Gasolene | + 0.4 | + 11.1 |
| Diesel Oil | + 0.1 | + 14.8 |
| Airfare | + 0.1 | + 4.7 |
| Motor vehicles | + 0.1 | + 1.4 |
| Newspapers & magazines | + 0.1 | + 8.8 |
| School textbooks | + 0.1 | + 10.4 |
| School and tuition fees | + 0.2 | + 9.6 |
| Expenditure in bars and restaurants | + 0.2 | + 7.2 |
| Prepared meals | + 0.1 | + 5.3 |
| Pastry & snacks | + 0.1 | + 8.8 |
| Goods for personal effects | + 0.1 | + 6.9 |
| Other goods and services | + 0.2 | + 1.2 |
| Total | + 4.5 | + 3.9 |

Table 3 : Monthly sub-indices by division of consumption expenditure, December 2004 - December 2005*(Base: July 2001 - June 2002 = 100)*

| Division | Description | Weight | Dec. 2004 | Jan. 2005 | Feb. 2005 | Mar. 2005 | Apr. 2005 | May 2005 | Jun. 2005 | Jul. 2005 | Aug. 2005 | Sep. 2005 | Oct. 2005 | Nov. 2005 | Dec. 2005 | % change between December 2004 & December 2005 |
|----------|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
| 01 | Food and non-alcoholic beverages | 299 | 114.7 | 116.5 | 117.3 | 117.8 | 118.3 | 118.8 | 118.9 | 119.7 | 119.1 | 119.5 | 120.3 | 120.7 | 121.7 | + 6.1 |
| 02 | Alcoholic beverages and tobacco | 86 | 122.6 | 123.5 | 124.0 | 124.2 | 125.5 | 125.3 | 125.8 | 128.6 | 128.7 | 129.5 | 129.9 | 130.6 | 128.9 | + 5.1 |
| 03 | Clothing and footwear | 60 | 105.8 | 106.5 | 106.7 | 107.0 | 104.9 | 105.2 | 105.2 | 105.2 | 105.1 | 105.7 | 106.6 | 107.6 | 109.3 | + 3.3 |
| 04 | Housing, water, electricity, gas and other fuels | 96 | 108.6 | 108.7 | 109.2 | 109.6 | 109.9 | 110.0 | 110.0 | 110.7 | 111.0 | 111.1 | 111.2 | 112.8 | 115.2 | + 6.1 |
| 05 | Furnishings, household equipment and routine household maintenance | 80 | 109.4 | 111.5 | 112.0 | 112.1 | 111.5 | 111.2 | 111.7 | 113.0 | 113.6 | 113.5 | 114.0 | 114.5 | 115.4 | + 5.5 |
| 06 | Health | 28 | 118.2 | 119.2 | 120.1 | 120.8 | 121.0 | 121.0 | 120.9 | 121.0 | 125.2 | 125.0 | 125.3 | 125.0 | 124.8 | + 5.6 |
| 07 | Transport | 139 | 120.8 | 119.7 | 119.7 | 120.0 | 119.8 | 119.7 | 119.3 | 120.0 | 118.7 | 111.9 | 116.0 | 116.7 | 117.2 | -3.0 |
| 08 | Communication | 31 | 135.5 | 135.4 | 135.4 | 135.5 | 135.1 | 134.8 | 134.8 | 134.8 | 134.8 | 134.8 | 134.8 | 134.8 | 134.4 | -0.8 |
| 09 | Recreation and culture | 53 | 102.8 | 105.0 | 104.9 | 105.2 | 105.4 | 105.3 | 105.0 | 105.4 | 105.5 | 105.5 | 105.6 | 105.9 | 106.3 | + 3.4 |
| 10 | Education | 24 | 111.7 | 115.7 | 119.5 | 119.5 | 119.5 | 119.5 | 119.5 | 119.5 | 119.5 | 119.5 | 119.5 | 119.5 | 119.5 | + 7.0 |
| 11 | Restaurants and hotels | 50 | 117.7 | 119.7 | 120.4 | 120.3 | 121.0 | 121.0 | 121.6 | 121.8 | 122.9 | 123.6 | 123.6 | 123.6 | 125.3 | + 6.5 |
| 12 | Miscellaneous goods and services | 54 | 116.4 | 118.1 | 120.6 | 120.8 | 119.5 | 118.7 | 118.6 | 118.8 | 119.3 | 119.4 | 118.7 | 118.8 | 119.0 | + 2.2 |
| | Total | 1,000 | 115.0 | 116.1 | 116.7 | 117.1 | 117.1 | 117.2 | 117.3 | 118.0 | 118.0 | 117.3 | 118.2 | 118.8 | 119.5 | + 3.9 |

Table 4 - Inflation rate (%), 1975 - 2005

| <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 |

Technical note

1. Methodology used for the computation of the Consumer Price Index

(Base July 2001 – June 2002 = 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 2001/02 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 and houses, 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, 41 groups and 83 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 6,200 price quotations are collected in respect of 824 item indicators from some 370 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, Curepipe, Vacoas, Mahebourg, Flacq, Goodlands, Pamplemousses and Port Mathurin.

Information on rent is obtained from a quarterly rent survey of some 150 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 2001 to June 2002, 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 preceding twelve-month period.

Note: More information about the concept, computation and use of the CPI is available online in the publication “HBS 2001/02 and updated CPI” [<http://statsmauriti.us.gov.mu/report/natacc/hbs02/index.htm>].