

CONSUMER PRICE INDEX

Year 2006

1. Introduction

This issue of Economic and Social Indicators presents the monthly Consumer Price Index (CPI) for the year 2006 with the period July 2001 to June 2002 as base. It also includes a table on inflation rates for past years till year 2006.

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 2006

The Consumer Price Index (CPI) increased from 119.5 in December 2005 to 133.7 in December 2006. This represents an increase of 14.2 points or 11.9% during the year 2006 (*Table 1*).

On a monthly basis, increases in the CPI were registered in all the months of 2006 except for April (drop of 0.4 point). The highest increase (3.7 points) was registered in July mainly as a result of budgetary measures. As regards the drop in the CPI during the month of April, this was largely attributable to price decreases of gasoline during that month.

In the course of the year, major increases were noted in the price of government imported rice and flour, bread and other flour preparations, soft drinks, cigarettes and alcoholic beverages as a result of budgetary measures. In addition, changes in the prices of petroleum products and cooking gas were noted as follows:

January 2006 : gasoline (+20.0%), diesel oil (+20.0%) and cooking gas (+10.0%)
April 2006 : gasoline (-10.0%) and diesel oil (+20.0%)
July 2006 : gasoline (+20.0%), diesel oil (+14.9%) and cooking gas (+9.1%)
October 2006 : gasoline (+ 8.1%), diesel oil (+7.8%) and cooking gas (+5%).

Other commodities such as fish, ready made clothing, electricity and taxi fare were also subject to price increases during the year.

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 2006. Except for sub-index "Communication", which declined by 2.5%, all the other sub-indices registered increases ranging from 3.1% to 20.2%.

The sub-index for “*Food and non-alcoholic beverages*” increased by 13.7%. In 2006, the price of bread went up by 56.8% following subsequent increases in January, June and July. Price increases of government imported rice (54.3%) on 3 July 2006 and government imported flour (92.7%) in January and July 2006 also contributed to the rise. Other contributors to the increase were fish (12.0%), beef (23.5%), milk and milk preparations (8.2%), trader’s rice (13.8%), chicken (7.2%) and soft drinks (19.5%).

The sub-index for “*Alcoholic beverages and tobacco*” went up by 18.0%. This was mainly due to price increases of cigarettes (17.8%) as from 10 June 2006 following budgetary measures, beer and stout (25.4%), and rum (17.9%).

The sub-index for “*Clothing and footwear*” increased by 6.5% mainly as a result of price increases of some ready made clothing (8.8%) and some clothing materials (9.8%).

The “*Housing, water, electricity, gas and other fuels*” sub-index registered an increase of 10.4%. This was mainly attributable to a rise of 26.0% in the price of cooking gas following subsequent increases in January, July and October 2006. The upward revision of electricity rates in January 2006 as well as price increase of kerosene (90.6%) also contributed to the increase.

The sub-index for “*Furnishings, household equipment and routine household maintenance*” rose by 7.6%. This was the result of price increases of washing materials and softeners (8.6%), furniture (6.6%) and some household appliances (6.9%).

The sub-index for “*Health*” increased by 7.3% following higher doctors’ fees (17.9%) and price increases of some medicinal products (1.9%).

The sub-index for “*Transport*” increased by 15.4%. This was largely due to price increases of gasoline (40.0%), diesel oil (52.5%) and taxi fare (38.4%).

The sub-index for “*Communication*” declined by 2.5% as a result of lower rates for telephone services (4.6%) whose effects were partly offset by price increases of postal services (43.2%) in October 2006.

The sub-index for “*Recreation and culture*” increased by 6.7% mainly due to price increases of some newspapers and magazines (17.7%) and higher rentals for video films (36.7%).

The sub-index for “*Education*” rose by 3.1% mainly due to higher fees for schools (4.2%) and private tuition (4.2%).

The sub-index for “*Restaurants and hotels*” increased by 20.2% mainly as a result of higher charges for food and drinks in bars and restaurants (18.4%), coupled with price increases of prepared meals (16.8%) and, pastry and snacks (33.3%).

The sub-index for “*Miscellaneous goods and services*” went up by 8.7%. This was mainly due to price increases of some jewellery products (49.2%) and some goods for personal care and hygiene (6.3%).

4. Rate of inflation

The rate of inflation for calendar year 2006 works out to 8.9% compared to 4.9% for calendar year 2005. The rate of inflation for financial year 2005/06 was 5.1% (*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 2006

<i><u>Month</u></i>	<i><u>(Base : July 1996 - June 1997 = 100)</u></i>					<i><u>(Base : July 2001 - June 2002 = 100)</u></i>				
	<i><u>1998</u></i>	<i><u>1999</u></i>	<i><u>2000</u></i>	<i><u>2001</u></i>	<i><u>2002</u></i>	<i><u>2002</u></i>	<i><u>2003</u></i>	<i><u>2004</u></i>	<i><u>2005</u></i>	<i><u>2006</u></i>
January	105.5	114.6	120.0	125.9	133.5	105.5	109.7	116.1	123.1	
February	106.0	114.9	120.6	126.5	134.7	105.7	110.1	116.7	123.5	
March	106.7	115.1	121.0	126.3	135.4	105.6	110.1	117.1	124.2	
April	107.4	115.6	120.9	126.5	135.7	105.8	110.4	117.1	124.0	
May	108.0	115.8	121.0	126.8	135.9	106.5	110.7	117.2	124.3	
June	109.6	117.4	121.0	127.8	135.9	106.9	111.3	117.3	126.2	
July	109.7	117.8	121.3	129.7		103.1	107.5	112.5	118.0	129.9
August	110.0	118.3	121.7	129.9		103.6	107.4	112.7	118.0	130.9
September	112.1	118.5	121.9	130.1		104.0	107.9	113.1	117.3	131.7
October	112.7	118.5	124.6	130.5		105.0	108.3	114.6	118.2	132.3
November	113.1	118.9	124.8	131.1		104.9	108.4	114.7	118.8	133.3
December	113.4	119.6	125.2	131.8		104.8	108.9	115.0	119.5	133.7
Yearly average	109.5	117.1	122.0	128.6		103.0	107.0	112.1	117.6	128.1
Annual change (%) <i>(Inflation rate)</i>	+ 6.8	+ 6.9	+ 4.2	+ 5.4		+ 6.4	+ 3.9	+ 4.7	+ 4.9	+ 8.9

Table 2 - Net contribution of main commodities that affected the index during the year 2006

Commodity	Change in overall index point	% change in price index between Dec. 2005 & Dec. 2006
Bread	+1.2	+ 56.8
Government imported rice	+0.4	+ 54.3
Soft drinks	+0.3	+ 19.5
Fish	+0.5	+ 12.0
Trader's rice	+0.2	+ 13.8
Government imported flour	+0.2	+ 92.7
Beef	+0.3	+ 23.5
Milk and milk preparations	+0.3	+ 8.2
Pulses	+0.2	+ 30.8
Cooking oil	+0.2	+ 12.9
Frozen mutton	+0.2	+ 16.9
Chicken	+0.2	+ 7.2
Flour preparations	+0.1	+ 24.1
Frozen beef	+0.1	+ 21.2
Pastry products	+0.1	+ 29.0
Margarine	+0.1	+ 17.2
Fresh eggs	+0.1	+ 23.3
Fresh fruits	+0.1	+ 4.7
Ginger	-0.1	- 8.7
Cheese	+0.1	+ 8.2
Other food products	+0.3	+ 3.7
Cigarettes	+1.1	+ 17.8
Rum	+0.2	+ 17.9
Whisky	+0.1	+ 20.0
Beer and stout	+0.4	+ 25.4
Wine	+0.1	+ 15.0
Ready made clothing	+0.4	+ 8.8
Cooking gas	+0.4	+ 26.0
Electricity	+0.3	+ 9.4
Kerosene	+0.2	+ 90.6

Table 2 - Net contribution of main commodities that affected the index during the year 2006 (contd.)

Commodity	Change in overall index point	% change in price index between Dec. 2005 & Dec. 2006
Materials for the maintenance and repair of dwellings	+0.1	+ 8.3
Washing materials and softeners	+0.2	+ 8.6
Furniture	+0.1	+ 6.6
Household appliances	+0.1	+ 6.9
Household textiles	+0.1	+ 7.6
Household utensils	+0.1	+ 24.9
Domestic and household services	+0.1	+ 4.8
Doctors' fees	+0.2	+ 17.9
Gasolene	+1.6	+ 40.0
Taxi fare	+0.5	+ 38.4
Diesel oil	+0.4	+ 52.5
Maintenance and repairs of motor vehicles	+0.1	+ 13.0
Airfare	+0.1	+ 4.5
Motor vehicles	-0.2	- 3.9
Postal services	+0.1	+ 43.2
Telephone services	-0.2	- 4.6
Newspapers & magazines	+0.2	+ 17.7
Cultural services	+0.1	+ 4.6
Private tuition fees (primary & secondary)	+0.1	+ 4.2
Expenditure in bars and restaurants	+0.6	+ 18.4
Pastry and snacks	+0.3	+ 33.3
Prepared meals	+0.3	+ 16.8
Jewellery products	+0.3	+ 49.2
Goods for personal care and hygiene	+0.2	+ 6.3
Other goods and services	+0.4	+ 3.1
Total	+14.2	+ 11.9

Table 3 : Monthly sub-indices by division of consumption expenditure, December 2005 - December 2006*(Base: July 2001 - June 2002 = 100)*

Division	Description	Weight	Dec. 2005	Jan. 2006	Feb. 2006	Mar. 2006	Apr. 2006	May 2006	Jun. 2006	Jul. 2006	Aug. 2006	Sep. 2006	Oct. 2006	Nov. 2006	Dec. 2006	% change between December 2005 & December 2006
01	Food and non-alcoholic beverages	299	121.7	125.5	126.1	126.9	127.1	126.6	127.3	132.3	133.8	135.3	135.3	137.4	138.4	+ 13.7
02	Alcoholic beverages and tobacco	86	128.9	130.4	130.5	131.8	131.3	132.5	148.8	152.6	152.1	153.7	153.3	153.9	152.1	+ 18.0
03	Clothing and footwear	60	109.3	111.0	111.2	111.6	111.6	112.8	113.4	113.4	113.9	114.8	114.9	115.4	116.4	+ 6.5
04	Housing, water, electricity, gas and other fuels	96	115.2	119.3	120.5	120.9	121.0	121.1	122.2	125.4	125.4	125.5	127.0	127.2	127.2	+ 10.4
05	Furnishings, household equipment and routine household maintenance	80	115.4	116.1	116.8	117.2	117.7	119.1	119.6	121.0	121.3	122.9	123.3	124.0	124.2	+ 7.6
06	Health	28	124.8	129.7	130.1	130.0	129.9	131.0	131.6	131.9	133.0	133.4	133.5	134.0	133.9	+ 7.3
07	Transport	139	117.2	125.2	125.2	125.2	123.1	123.7	121.5	129.3	131.6	131.3	133.7	134.8	135.2	+ 15.4
08	Communication	31	134.4	133.6	133.0	133.0	132.6	128.3	128.5	128.5	128.7	128.7	131.0	131.0	131.0	-2.5
09	Recreation and culture	53	106.3	107.5	107.6	109.3	110.1	112.5	112.5	112.6	113.3	113.2	113.4	113.4	113.4	+ 6.7
10	Education	24	119.5	122.7	123.2	123.2	123.2	123.2	123.2	123.2	123.2	123.2	123.2	123.2	123.2	+ 3.1
11	Restaurants and hotels	50	125.3	132.5	132.5	134.9	134.9	135.4	141.1	147.7	149.2	149.6	149.6	149.4	150.6	+ 20.2
12	Miscellaneous goods and services	54	119.0	120.4	120.8	121.4	122.0	123.3	124.4	124.6	125.3	126.5	127.4	129.5	129.3	+ 8.7
Total		1,000	119.5	123.1	123.5	124.2	124.0	124.3	126.2	129.9	130.9	131.7	132.3	133.3	133.7	+ 11.9

Table 4 - Inflation rate (%), 1975 - 2006

<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
2006	8.9	2005-2006	5.1

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://www.gov.mu/portal/sites/ncb/cso/report/natacc/hbs02/index.htm>].