

# CONSUMER PRICE INDEX

2<sup>nd</sup> quarter 2008

## 1. Introduction

This issue of Economic and Social Indicators presents the Consumer Price Index (CPI) during the second quarter of 2008.

A new CPI series, based on an updated basket of goods and services derived from the 2006/07 Household Budget Survey, has been introduced as from July 2007. The base period is July 2006 to June 2007. Henceforth, all monthly CPI figures will refer to this new base period.

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 – 2<sup>nd</sup> quarter 2008

The Consumer Price Index, which stood at 110.8 in March 2008, registered a net increase of 2.6 points (or 2.3%) to reach 113.4 in June 2008 (*Table 1a*).

On a monthly basis, the index rose by 1.1 points in April and May respectively and 0.4 point in June.

Table 2 shows the net contribution of the main commodities that influenced the CPI from March to June 2008. The main causes for the net increase in the CPI were:

- higher prices of trader's rice
- higher rates for electricity charges in April 2008, higher bus fare in May 2008 as well as price increases of air tickets
- lower interest rates on housing loans

## 3. Changes in sub-indices by division of consumption expenditure – 2<sup>nd</sup> quarter 2008

Table 3 shows the evolution of the sub-indices for the twelve divisions of consumption expenditure during the period under review.

The “*Food and non-alcoholic beverages*” sub-index increased by 3.3% mainly as a result of higher prices of rice (31.1%), vegetables (4.4%) and chicken (4.6%), together with price increases of a large variety of some other food products such as fish (1.9%), pulses (8.5%), cheese (4.9%) and eggs (6.5%). These increases were partly offset by lower prices of milk (5.0%) and fruits (6.3%).

The sub-index for “*Alcoholic beverages and tobacco*” went up by 1.8%. This was largely attributable to price increases of rum and some cane spirits (10.4%).

The “*Clothing and footwear*” sub-index remained unchanged due to price increases of some footwear (2.2%) offset by price decreases of some ready made clothing (0.6%).

The sub-index for “*Housing, water, electricity, gas and other fuels*” increased by 3.7%. This was the net effect of higher rates of electricity (20.2%) on 1<sup>st</sup> April 2008 and lower interest rates on housing loans (6.7%).

The sub-index for “*Furnishings, household equipment and routine household maintenance*” registered a rise of 0.6% as a result of price increases of some washing materials and softeners (2.0%) and, some household and cooking appliances (1.7%).

The sub-index for “*Health*” rose by 0.4% attributable to higher clinic charges (2.8%) and doctor’s fees (0.8%) partly offset by lower prices of medicinal products (1.6%).

The sub-index for “*Transport*” moved up by 3.7%. This was the net result of increases in bus fare (23.9%) on 5 May 2008, airfare (15.0%) and taxi fare (3.6%), coupled with lower prices of motor vehicles (1.6%).

The sub-index for “*Communication*” decreased by 3.0% largely attributable to a downward revision in the price of some telephone services (3.3%).

The sub-index for “*Recreation and culture*” remained unchanged being the effect of price increases of pet foods (8.1%) and some recreational goods (4.2%), partly offset by fall in prices of some audio-visual equipment (2.7%).

The sub-index for “*Education*” showed no change in the second quarter of 2008.

The sub-index for “*Restaurants and hotels*” registered an increase of 1.5%, mainly as the result of higher prices of some prepared foods (2.3%) and higher charges for food and drinks in bars and restaurants (0.7%).

The sub-index for “*Miscellaneous goods and services*” increased by 2.8%, largely attributable to higher charges for motor vehicle insurance (11.5%) and price increases of some goods for personal care and hygiene (1.1%).

#### **4. Comparison with previous series**

The new CPI series is not strictly comparable with the previous series based on the 2001/02 Household Budget Survey because of different consumption patterns of households. If needed, a rough comparison with the previous series can be made by multiplying the new index by the factor 1.3426.

#### **5. Rate of inflation**

The inflation rate for financial year 2007/08 works out to 8.8%, same as that for calendar year 2007 (*Table 5*).

## 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.
- (iii) More detailed information on CPI data can be made available upon request.

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Table 1a - Monthly Consumer Price Index, January 2003 - June 2007 and July 2007 - June 2008

<i>Month</i>	<i>(Base : July 2001 - June 2002 = 100 )</i>					<i>(Base : July 2006 - June 2007 = 100 )</i>	
	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2007</i>	<i>2008</i>
January	105.5	109.7	116.1	123.1	133.9		109.6
February	105.7	110.1	116.7	123.5	134.9		110.7
March	105.6	110.1	117.1	124.2	136.1		110.8
April	105.8	110.4	117.1	124.0	137.5		111.9
May	106.5	110.7	117.2	124.3	138.1		113.0
June	106.9	111.3	117.3	126.2	138.8		113.4
July	107.5	112.5	118.0	129.9		103.7	
August	107.4	112.7	118.0	130.9		104.1	
September	107.9	113.1	117.3	131.7		105.3	
October	108.3	114.6	118.2	132.3		106.8	
November	108.4	114.7	118.8	133.3		107.6	
December	108.9	115.0	119.5	133.7		108.2	
Yearly average	107.0	112.1	117.6	128.1		103.8	
<i>Annual change (%)</i> <i>(Inflation rate)</i>	+3.9	+ 4.7	+ 4.9	+ 8.9		+ 8.8	

Table 1b - Comparative Monthly Consumer Price Index , January 2003 - June 2008 <sup>1/</sup>

<u>Month</u>	<u>( Base : July 2006 - June 2007 = 100 )</u>					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
January	78.6	81.7	86.5	91.7	99.7	109.6
February	78.8	82.0	87.0	92.0	100.5	110.7
March	78.7	82.0	87.2	92.5	101.3	110.8
April	78.8	82.3	87.2	92.4	102.4	111.9
May	79.3	82.4	87.3	92.6	102.9	113.0
June	79.6	82.9	87.3	94.0	103.4	113.4
July	79.6	83.8	87.9	96.8	103.7	
August	80.0	83.9	87.9	97.5	104.1	
September	80.4	84.2	87.3	98.1	105.3	
October	80.7	85.4	88.1	98.5	106.8	
November	80.7	85.4	88.5	99.3	107.6	
December	81.1	85.6	89.0	99.6	108.2	
Yearly average	79.7	83.5	87.6	95.4	103.8	
<i>Annual change (%) (Inflation rate)</i>	+3.9	+ 4.7	+ 4.9	+ 8.9	+ 8.8	

<sup>1/</sup> The CPI for January 2003 to June 2007 originally based on July 2001-June 2002 has been converted to the new base July 2006 - June 2007=100

**Table 2 - Net contribution of main commodities that affected the index between March and June 2008**

<b>Commodity</b>	<b>Change in overall index point</b>	<b>% change in price index between March &amp; June 2008</b>
Rice	+0.9	+31.1
Milk	-0.2	-5.0
Vegetables	+0.2	+4.4
Chicken	+0.1	+4.6
Fruits	-0.1	-6.2
Fish	+0.1	+1.9
Other food products	+0.1	+0.7
Rum and other cane spirits	+0.2	+10.4
Electricity	+0.8	+20.2
Mortgage interest on housing loan	-0.3	-6.7
Bus fare	+0.3	+23.9
Air tickets	+0.3	+15.0
Motor vehicles	-0.1	-1.6
Telephone services	-0.1	-3.3
Prepared food	+0.1	+2.3
Vehicle insurance	+0.1	+11.5
Other goods and services	+0.2	+0.3
<b>Total</b>	<b>+2.6</b>	<b>+2.3</b>

**Table 3 : Monthly sub-indices by division of consumption expenditure, January - June 2008**

*(Base: July 2006 - June 2007 = 100)*

Division	Description	Weight	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008	% change between March & June 2008
01	Food and non-alcoholic beverages	286	116.5	119.5	120.0	121.0	122.6	123.9	+ 3.3
02	Alcoholic beverages and tobacco	92	108.6	108.7	108.7	109.2	110.8	110.7	+ 1.8
03	Clothing and footwear	51	107.6	108.3	108.0	107.6	108.0	108.0	-
04	Housing, water, electricity, gas and other fuels	131	106.1	105.7	106.2	111.0	110.0	110.1	+ 3.7
05	Furnishings, household equipment and routine household maintenance	64	107.4	108.0	108.6	109.0	108.7	109.3	+ 0.6
06	Health	30	107.2	108.0	108.1	108.6	108.6	108.5	+ 0.4
07	Transport	147	107.3	107.3	106.6	107.0	110.3	110.5	+ 3.7
08	Communication	36	99.8	99.7	99.7	99.7	99.4	96.7	- 3.0
09	Recreation and culture	48	101.8	101.8	101.6	101.8	101.8	101.6	-
10	Education	32	106.0	106.9	106.9	106.9	106.9	106.9	-
11	Restaurants and hotels	43	111.7	114.7	116.4	116.8	117.9	118.1	+ 1.5
12	Miscellaneous goods and services	40	108.2	108.4	108.5	108.4	110.4	111.5	+ 2.8
<b>Total</b>		<b>1,000</b>	<b>109.6</b>	<b>110.7</b>	<b>110.8</b>	<b>111.9</b>	<b>113.0</b>	<b>113.4</b>	<b>+ 2.3</b>

**Table 4 - Monthly CPI by division and group of consumption expenditure, July 2007- June 2008***( Base: July 2006-June 2007=100)*

Description	Wt	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
<b>Division 01 - Food and non alcoholic beverages of which</b>	<b>286</b>	<b>106.7</b>	<b>107.2</b>	<b>108.3</b>	<b>110.7</b>	<b>112.4</b>	<b>114.0</b>	<b>116.5</b>	<b>119.5</b>	<b>120.0</b>	<b>121.0</b>	<b>122.6</b>	<b>123.9</b>
Group 1 - Food	265	107.1	107.7	108.8	111.4	113.1	114.8	117.1	120.5	120.9	122.0	123.8	125.2
Group 2 - Non-alcoholic beverages	21	101.0	100.9	102.3	102.0	103.6	103.4	108.5	108.1	107.4	108.0	107.5	107.3
<b>Division 02 - Alcoholic beverages and tobacco of which</b>	<b>92</b>	<b>103.1</b>	<b>105.3</b>	<b>107.3</b>	<b>108.0</b>	<b>108.5</b>	<b>108.2</b>	<b>108.6</b>	<b>108.7</b>	<b>108.7</b>	<b>109.2</b>	<b>110.8</b>	<b>110.7</b>
Group 1 - Alcoholic beverages	50	101.9	101.9	105.5	106.8	107.7	107.2	108.0	108.2	108.0	109.0	111.9	111.8
Group 2 - Tobacco	42	104.5	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4
<b>Division 03 - Clothing and footwear of which</b>	<b>51</b>	<b>102.8</b>	<b>103.4</b>	<b>103.7</b>	<b>105.0</b>	<b>105.5</b>	<b>106.6</b>	<b>107.6</b>	<b>108.3</b>	<b>108.0</b>	<b>107.7</b>	<b>108.0</b>	<b>108.0</b>
Group 1 - Clothing	39	103.7	104.4	104.7	105.6	106.0	106.6	107.4	108.5	108.8	108.6	108.3	108.2
Group 2 - Footwear	12	99.7	100.1	100.4	102.7	104.0	106.3	108.2	107.6	105.3	104.8	106.9	107.6
<b>Division 04 - Housing, water, electricity, gas and other fuels of which</b>	<b>131</b>	<b>101.4</b>	<b>101.3</b>	<b>105.1</b>	<b>105.2</b>	<b>105.7</b>	<b>105.7</b>	<b>106.1</b>	<b>105.7</b>	<b>106.2</b>	<b>111.0</b>	<b>110.0</b>	<b>110.1</b>
Group 1 - Actual rentals for housing	14	100.0	100.0	102.0	102.0	102.0	102.0	102.0	102.0	102.5	102.5	102.5	103.7
Group 2 - Mortgage interest on housing loan	37	102.9	102.9	102.9	103.4	105.0	105.0	105.0	103.5	103.5	100.3	96.6	96.6
Group 3 - Maintenance and repair of the dwelling	14	104.1	104.0	104.8	104.9	105.0	105.1	107.1	107.5	107.5	106.6	106.7	107.0
Group 4 - Water supply and miscellaneous services relating to the dwelling	16	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	103.2	103.2	103.2	103.2
Group 5 - Electricity, gas and other fuels	50	100.4	100.2	109.2	109.2	109.2	109.2	109.7	109.7	109.7	125.0	125.0	125.0
<b>Division 05 - Furnishings, household equipment and routine household maintenance of which</b>	<b>64</b>	<b>103.9</b>	<b>104.4</b>	<b>105.0</b>	<b>105.9</b>	<b>106.7</b>	<b>106.7</b>	<b>107.4</b>	<b>108.0</b>	<b>108.6</b>	<b>109.0</b>	<b>108.7</b>	<b>109.3</b>
Group 1 - Furniture and furnishings, carpets and other floor coverings	17	104.8	104.2	105.3	105.6	105.3	104.9	105.1	105.5	106.2	106.2	106.2	106.2
Group 2 - Household textiles	4	101.4	101.5	101.5	101.5	101.9	101.9	102.0	102.2	102.9	102.9	102.9	103.0
Group 3 - Household appliances	9	102.7	104.0	104.1	103.8	103.8	104.0	104.4	107.6	108.4	107.9	105.9	109.6
Group 4 - Glassware, tableware and household utensils	3	101.5	101.5	101.8	102.2	103.5	104.9	104.9	105.3	106.8	107.4	107.4	107.4
Group 5 - Tools and equipment for house and garden	2	106.0	106.0	106.0	105.3	105.6	105.4	105.9	105.9	105.8	105.5	105.4	105.3
Group 6 - Goods and services for routine household maintenance	29	104.2	105.3	105.9	107.8	109.4	109.6	110.8	110.7	111.3	112.2	112.1	112.4





Description	Wt	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
<b>Division 11 - Restaurants and hotels of which</b>	<b>43</b>	<b>103.6</b>	<b>104.2</b>	<b>106.0</b>	<b>106.4</b>	<b>108.0</b>	<b>108.8</b>	<b>111.7</b>	<b>114.7</b>	<b>116.4</b>	<b>116.8</b>	<b>117.9</b>	<b>118.1</b>
Group 1 - Catering services	<b>42</b>	103.7	104.3	106.2	106.4	107.6	108.3	111.2	114.9	116.4	116.8	118.2	118.4
Group 2 - Accomodation services	<b>1</b>	100.2	100.2	99.3	105.9	122.4	131.0	131.0	109.9	116.7	113.8	107.8	107.8
<b>Division 12 - Miscellaneous goods and services of which</b>	<b>40</b>	<b>104.6</b>	<b>105.3</b>	<b>106.0</b>	<b>106.7</b>	<b>107.6</b>	<b>107.3</b>	<b>108.2</b>	<b>108.4</b>	<b>108.5</b>	<b>108.4</b>	<b>110.4</b>	<b>111.5</b>
Group 1 - Personal care	<b>23</b>	106.8	107.9	109.2	110.2	110.5	109.9	110.7	110.9	111.0	110.8	110.3	112.1
Group 3 - Personal effects, not elsewhere classified	<b>3</b>	105.2	105.2	105.0	105.5	116.6	116.8	117.5	118.6	119.2	119.0	119.4	119.7
Group 4 - Social protection	<b>1</b>	103.4	103.4	103.4	103.4	103.4	103.4	108.6	108.6	108.6	108.6	108.6	108.6
Group 5 - Insurance	<b>10</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	109.2	109.2
Group 7 - Other services not elsewhere classified	<b>3</b>	102.6	103.1	104.1	104.1	104.1	104.1	107.0	107.0	107.0	107.4	107.4	107.4
<b>All Divisions</b>	<b>1000</b>	<b>103.7</b>	<b>104.1</b>	<b>105.3</b>	<b>106.8</b>	<b>107.6</b>	<b>108.2</b>	<b>109.6</b>	<b>110.7</b>	<b>110.8</b>	<b>111.9</b>	<b>113.0</b>	<b>113.4</b>

Table 5 - Inflation rate (%), 1974 - 2008

Calendar year	Inflation rate	Financial year	Inflation rate
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
2007	8.8	2006 - 2007	10.7
		2007 - 2008	8.8

## Technical note

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

(Base July 2006 – June 2007 = 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 2006/07 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, 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, 43 groups and 84 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 7,800 price quotations are collected in respect of 1,080 item indicators from some 400 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, Q.Bornes, Vacoas, Mahebourg, Flacq, Goodlands, Pamplemousses and Port Mathurin.

Information on rent is obtained from a quarterly rent survey of some 100 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 2006 to June 2007, 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 corresponding previous twelve-month period.

Note: More information about the concept, computation and use of the CPI is available online in the publication “HBS 2006/07 and updated CPI” [<http://www.gov.mu/portal/goc/cso/ei664/toc.htm>]