

CONSUMER PRICE INDEX

Year 2008

1. Introduction

This issue of Economic and Social Indicators presents the Consumer Price Index (CPI) for the year 2008.

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 2008

The Consumer Price Index, which stood at 108.2 in December 2007, registered a net increase of 7.3 points (or 6.7%) to reach 115.5 in December 2008 (*Table 1a*).

On a monthly basis, increases in the CPI were registered during the months of January to October 2008 ranging from 0.1 point to 2.2 points while decreases were registered during the months of November (-0.7 point) and December (-1.0 point). The highest increase (2.2 points) was registered in July mainly due to price increases of petroleum products. The drop in the CPI observed during the months of November and December was largely attributable to price decreases of petroleum products and some food products.

Table 2 shows the net contribution of the main commodities that influenced the CPI during the year 2008. The main causes for the net increase were:

- ❖ higher food prices mainly rice, meat, bread, vegetables and a variety of other food products
- ❖ higher rates of electricity in January and April 2008 as well as higher bus fare in May 2008
- ❖ lower interest rates on housing loan
- ❖ lower price of gasoline (being the net effect of price increase in July 2008 followed by decreases in October, November and December 2008)

3. Changes in sub-indices by division of consumption expenditure in 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 11.7% mainly as a result of higher prices of rice (32.9%), meat (13.7%), bread (21.0%), vegetables (7.9%) together with price increases of a large variety of some other food products such as sugar (110.7%), fish (11.0%), milk (5.8%) and cooking oil (14.4%).

The sub-index for “*Alcoholic beverages and tobacco*” went up by 5.6%. This was largely attributable to price increases of cigarettes (7.1%) and rum and other cane spirits (10.0%).

The “*Clothing and footwear*” sub-index moved up by 5.3%, being the effect of higher prices of some ready-made clothing (4.3%) and footwear (7.1%).

The sub-index for “*Housing, water, electricity, gas and other fuels*” increased by 2.2% This was the net effect of the upward revisions in the electricity tariffs (21.1%) in the months of January

and April 2008 as well as higher waste water rates (25.8%) in March 2008, partly offset by lower interest rates on housing loan (17.5%).

The sub-index for "*Furnishings, household equipment and routine household maintenance*" registered a rise of 5.1% as a result of higher charges for domestic services (10.8%), price increases of some furniture (3.0%) and of some washing materials and softeners (5.5%).

The sub-index for "*Health*" rose by 5.3% mainly attributable to higher clinic charges (11.1%) and higher doctor's fees (13.6%).

The sub-index for "*Transport*" rose by 6.6%. This was the result of increases in bus fare (25.6%) and taxi fare (31.6%) as well as higher prices of diesel oil (20.3%) and air tickets (21.4%). Lower prices of gasoline (11.2%) partly offset these increases.

The sub-index for "*Communication*" decreased by 3.5%, largely attributable to lower prices of some mobile phones (11.1%).

The sub-index for "*Recreation and culture*" marginally fell by 0.6% being the effect of price decreases of some audio and video sets (17.0%) and newspapers (4.5%) partly offset by increases in prices of school textbooks (4.5%).

The sub-index for "*Education*" registered a rise of 4.9% due to higher tuition fees (7.8%) as well as higher school fees (13.3%).

The sub-index for "*Restaurants and hotels*" registered a substantial increase of 13.6% mainly as the result of higher charges for food and drinks in bars and restaurants (11.2%) and higher prices of some prepared foods (14.0%) and cakes and snacks (23.3%).

The sub-index for "*Miscellaneous goods and services*" increased by 4.3%, largely attributable to higher charges for motor vehicle insurance (11.5%) and higher prices of some goods for personal care and hygiene (1.8%).

4. Rate of inflation

The inflation rate for calendar year 2008 works out to 9.7% compared to 8.8% for calendar year 2007. The rate of inflation for financial year 2007/08 was 8.8% (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.

Contact person:

Mr S. Bhonoo,
Statistician,
CPI Unit,
Central Statistics Office,
LIC Building, Port Louis
Tel : 212 2316/17
Fax: 211 4150
Email: cso_cpi@mail.gov.mu

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

<u>Month</u>	<u>(Base : July 2001 - June 2002 = 100)</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>2007</u>	<u>2008</u>
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	115.6
August	107.4	112.7	118.0	130.9		104.1	116.3
September	107.9	113.1	117.3	131.7		105.3	116.7
October	108.3	114.6	118.2	132.3		106.8	117.2
November	108.4	114.7	118.8	133.3		107.6	116.5
December	108.9	115.0	119.5	133.7		108.2	115.5
Yearly average	107.0	112.1	117.6	128.1		103.8	113.9
Annual change (%) (Inflation rate)	+3.9	+ 4.7	+ 4.9	+ 8.9		+ 8.8	+ 9.7

Table 1b - Comparative Monthly Consumer Price Index , January 2003 - December 2008 ^{1/}

<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	115.6
August	80.0	83.9	87.9	97.5	104.1	116.3
September	80.4	84.2	87.3	98.1	105.3	116.7
October	80.7	85.4	88.1	98.5	106.8	117.2
November	80.7	85.4	88.5	99.3	107.6	116.5
December	81.1	85.6	89.0	99.6	108.2	115.5
Yearly average	79.7	83.5	87.6	95.4	103.8	113.9
<i>Annual change (%) (Inflation rate)</i>	+3.9	+ 4.7	+ 4.9	+ 8.9	+ 8.8	+ 9.7

^{1/} 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 December 2007 and December 2008

Commodity	Change in overall index point	% change in price index between December & December 2008
Rice	+0.9	+32.9
Meat	0.7	13.7
Bread	+0.4	+21.0
Vegetables	+0.4	+7.9
Fish	0.3	11.0
Milk	+0.2	+5.8
Cooking oil	+0.2	+14.4
Cheese	+0.1	+24.2
Sugar	+0.1	+110.7
Soft Drinks	0.1	11.9
Flour preparations	+0.1	+14.1
Flour	+0.1	+17.1
Other food products	+0.1	7.2
Tea	+0.1	17.9
Pulses	+0.1	+11.1
Fruits	-0.1	-3.6
Other food products	+0.1	+1.3
Cigarettes	+0.3	+7.1
Rum & other cane spirits	+0.2	+10.0
Wine	+0.1	+8.5
Ready made clothing	+0.2	+4.3
Footwear	+0.1	+7.1
Electricity	+0.8	+21.1
Mortgage interest on housing loan	-0.7	-17.5
Waste Water	+0.1	+25.8
Materials for the maintenance & repair of dwelling	+0.1	+6.2
Washing materials & softeners	+0.1	+5.5
Domestic services and household services	+0.1	+10.8
Furniture	+0.1	+3.0
Doctor's fee	+0.1	+13.6
Clinic fee	+0.1	+11.1
Gasoline	-0.5	-11.2
Air tickets	+0.4	+21.4

Commodity	Change in overall index point	% change in price index between December & December 2008
Bus fare	+0.3	+25.6
Taxi fare	+0.3	+31.6
Diesel	+0.2	+20.3
Motor vehicles	+0.1	+2.5
Road Tax	+0.1	+18.9
Mobile phones	-0.1	-11.1
Audio & Video Equipment	-0.1	-17.0
Books	+0.1	+4.5
Private tuition fee	+0.1	+7.8
Prepared foods	+0.3	+14.0
Expenditure in bar & restaurants	+0.2	+11.2
Cakes & snacks	+0.2	+23.3
Vehicle insurance	+0.1	+11.5
Other goods & services	+0.3	+1.6
Total	+7.3	+6.7

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

(Base: July 2006 - June 2007 = 100)

Division	Description	Weight	Dec 2007	Jan 2008	Feb 2008	Mar 2008	Apr 2008	May 2008	June 2008	Jul 2008	Aug 2008	Sep 2008	Oct 2008	Nov 2008	Dec 2008	% change between Dec 2007 & Dec 2008
01	Food and non-alcoholic beverages	286	114.0	116.5	119.5	120.0	121.0	122.6	123.9	126.0	127.3	127.4	128.3	128.2	127.3	+ 11.7
02	Alcoholic beverages and tobacco	92	108.2	108.6	108.7	108.7	109.2	110.8	110.7	111.1	110.8	114.9	114.7	114.9	114.3	+ 5.6
03	Clothing and footwear	51	106.6	107.6	108.3	108.0	107.6	108.0	108.0	108.4	108.5	108.3	109.6	110.5	112.2	+ 5.3
04	Housing, water, electricity, gas and other fuels	131	105.7	106.1	105.7	106.2	111.0	110.0	110.1	110.4	110.7	111.0	111.1	110.0	108.0	+ 2.2
05	Furnishings, household equipment and routine household maintenance	64	106.7	107.4	108.0	108.6	109.0	108.7	109.3	110.8	111.7	111.6	111.7	112.3	112.1	+ 5.1
06	Health	30	107.0	107.2	108.0	108.1	108.6	108.6	108.5	111.8	112.5	112.1	113.1	112.8	112.7	+ 5.3
07	Transport	147	106.2	107.3	107.3	106.6	107.0	110.3	110.5	119.3	119.7	119.9	120.7	116.3	113.2	+ 6.6
08	Communication	36	99.8	99.8	99.7	99.7	99.7	99.4	96.7	96.6	96.4	96.5	96.5	96.5	96.3	- 3.5
09	Recreation and culture	48	100.9	101.8	101.8	101.6	101.8	101.8	101.6	101.5	101.5	101.2	101.3	100.6	100.3	- 0.6
10	Education	32	102.7	106.0	106.9	106.9	106.9	106.9	106.9	106.9	107.7	107.7	107.7	107.7	107.7	+ 4.9
11	Restaurants and hotels	43	108.8	111.7	114.7	116.4	116.8	117.9	118.1	119.2	121.9	122.3	123.2	123.6	123.6	+ 13.6
12	Miscellaneous goods and services	40	107.4	108.2	108.4	108.5	108.4	110.4	111.5	111.5	111.2	112.0	112.1	112.1	112.1	+ 4.4
Total		1,000	108.2	109.6	110.7	110.8	111.9	113.0	113.4	115.6	116.3	116.7	117.2	116.5	115.5	+ 6.7

Table 4 - Monthly CPI by division and group of consumption expenditure, December 2007- December 2008

(Base: July 2006-June 2007=100)

Description	Wt	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
Division 01 - Food and non alcoholic beverages	286	114.0	116.5	119.5	120.0	121.0	122.6	123.9	126.0	127.3	127.4	128.3	128.2	127.3
Group 1 - Food	265	114.8	117.1	120.5	120.9	122.0	123.8	125.2	127.5	128.7	128.8	129.7	129.6	128.6
Group 2 - Non-alcoholic beverages	21	103.4	108.5	108.1	107.4	108.0	107.5	107.3	106.9	109.9	110.1	110.1	110.7	110.4
Division 02 - Alcoholic beverages and tobacco	92	108.2	108.6	108.7	108.7	109.2	110.8	110.7	111.1	110.8	114.9	114.7	114.9	114.3
Group 1 - Alcoholic beverages	50	107.2	108.0	108.2	108.0	109.0	111.9	111.8	112.6	112.1	113.0	112.6	113.0	111.8
Group 2 - Tobacco	42	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4	109.4	117.2	117.2	117.2	117.2
Division 03 - Clothing and footwear	51	106.6	107.6	108.3	108.0	107.7	108.0	108.0	108.4	108.5	108.3	109.6	110.5	112.2
Group 1 - Clothing	39	106.6	107.4	108.5	108.8	108.6	108.3	108.2	108.5	109.2	108.9	110.1	110.6	111.6
Group 2 - Footwear	12	106.3	108.2	107.6	105.3	104.8	106.9	107.6	107.9	106.1	106.5	108.0	110.4	113.9
Division 04 - Housing, water, electricity, gas and other fuels	131	105.7	106.1	105.7	106.2	111.0	110.0	110.1	110.4	110.7	111.0	111.1	110.0	108.0
Group 1 - Actual rentals for housing	14	102.0	102.0	102.0	102.5	102.5	102.5	103.7	103.7	103.7	103.7	103.7	103.7	105.1
Group 2 - Mortgage interest on housing loan	37	105.0	105.0	103.5	103.5	100.3	96.6	96.6	96.6	97.0	97.4	97.4	93.6	86.7
Group 3 - Maintenance and repair of the dwelling	14	105.1	107.1	107.5	107.5	106.6	106.7	107.0	109.5	109.7	110.5	111.7	111.5	111.5
Group 4 - Water supply and miscellaneous services relating to the dwelling	16	100.0	100.0	100.0	103.2	103.2	103.2	103.2	103.2	103.2	103.2	103.2	103.2	103.2
Group 5 - Electricity, gas and other fuels	50	109.2	109.7	109.7	109.7	125.0	125.0	125.0	125.0	125.6	125.6	125.6	125.6	125.1
Division 05 - Furnishings, household equipment and routine household maintenance	64	106.7	107.4	108.0	108.6	109.0	108.7	109.3	110.8	111.7	111.6	111.7	112.3	112.1
Group 1 - Furniture and furnishings, carpets and other floor coverings	17	104.9	105.1	105.5	106.2	106.2	106.2	106.2	105.1	107.2	107.3	107.3	107.3	108.0
Group 2 - Household textiles	4	101.9	102.0	102.2	102.9	102.9	102.9	103.0	103.0	101.8	104.1	104.4	105.7	105.8
Group 3 - Household appliances	9	104.0	104.4	107.6	108.4	107.9	105.9	109.6	110.2	110.1	109.0	109.0	109.8	107.7
Group 4 - Glassware, tableware and household utensils	3	104.9	104.9	105.3	106.8	107.4	107.4	107.4	107.1	109.3	109.6	109.8	109.9	110.0
Group 5 - Tools and equipment for house and garden	2	105.4	105.9	105.9	105.8	105.5	105.4	105.3	105.0	105.6	105.9	105.6	105.7	105.7
Group 6 - Goods and services for routine household maintenance	29	109.6	110.8	110.7	111.3	112.2	112.1	112.4	116.2	116.8	116.5	116.8	117.5	117.4

Group 4 - Tertiary education	11	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.6	101.8	101.8	101.8	101.8	101.8
Group 5 - Education not definable by level	1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Division 11 - Restaurants and hotels	43	108.8	111.7	114.7	116.4	116.8	117.9	118.1	119.2	121.9	122.3	123.2	123.6	123.6	
Group 1 - Catering services	42	108.3	111.2	114.9	116.4	116.8	118.2	118.4	119.4	122.3	122.7	123.4	123.9	123.9	
Group 2 - Accommodation services	1	131.0	131.0	109.9	116.7	113.8	107.8	107.8	107.8	107.8	107.8	112.1	112.1	112.1	
Division 12 - Miscellaneous goods and services	40	107.3	108.2	108.4	108.5	108.4	110.4	111.5	111.5	111.2	111.9	112.1	112.1	112.0	
Group 1 - Personal care	23	109.9	110.7	110.9	111.0	110.8	110.3	112.1	111.7	111.2	112.3	112.2	112.4	112.1	
Group 3 - Personal effects, not elsewhere classified	3	116.8	117.5	118.6	119.2	119.0	119.4	119.7	120.2	121.1	121.9	124.4	124.4	124.4	
Group 4 - Social protection	1	103.4	108.6	108.6	108.6	108.6	108.6	108.6	108.6	108.6	108.6	108.6	108.6	108.6	
Group 5 - Insurance	10	100.0	100.0	100.0	100.0	100.0	109.2	109.2	109.2	109.2	109.2	109.2	109.2	109.2	
Group 7 - Other services not elsewhere classified	3	104.1	107.0	107.0	107.0	107.4	107.4	107.4	108.9	109.3	109.3	109.0	109.2	109.7	
All Divisions	1000	108.2	109.6	110.7	110.8	111.9	113.0	113.4	115.6	116.3	116.7	117.2	116.5	115.5	

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
2008	9.7	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) Calculation of the CPI

The CPI is computed as the average change over time in the cost of a fixed market basket of consumer goods and services. As prices vary over time, the total cost of the basket also varies (for e.g prices of cheese vary from prices of meat at the same time) 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>]