

# CONSUMER PRICE INDEX

(Base period: July 2006–June 2007 = 100)

1<sup>st</sup> Quarter 2013

## 1. INTRODUCTION

This issue of Economic and Social Indicators presents the Consumer Price Index (CPI) for the first quarter of 2013. The methodology used for computing the CPI and the inflation rate is given in the technical note at Annex.

## 2. KEY POINTS

### 2.1 The overall CPI

The Consumer Price Index, which stood at 134.6 in December 2012, registered a net increase of 2.5 points (or 1.9%) to reach 137.1 in March 2013 (Table 2a).

On a monthly basis, the CPI increased by 1.1 points (+0.8%) in January, by 0.9 point (+0.7%) in February and then increased by 0.5 point (+0.4%) in March 2013.

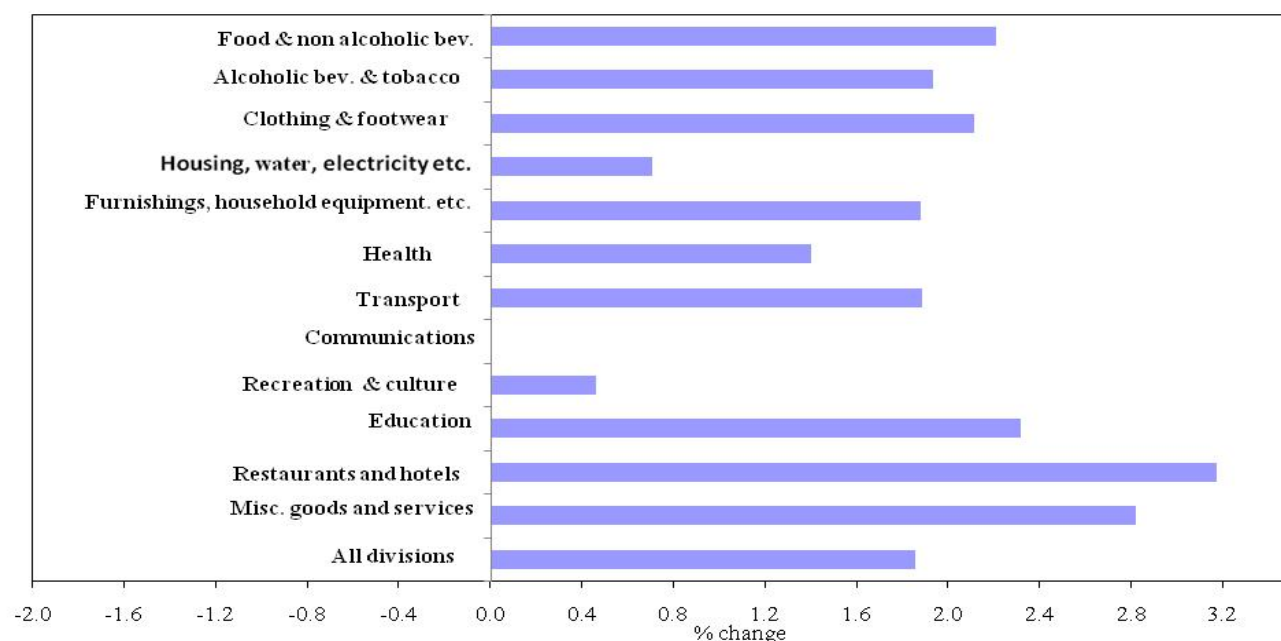
### 2.2 Overview of CPI movements

The main reasons for the net increase in the CPI from December 2012 to March 2013 (Table 3) were:

- (a) higher prices of food and non-alcoholic beverages, mainly vegetables, meat, traders' rice, squashes, syrups, pulses, milk and a variety of other food products;
- (b) higher prices of alcoholic beverages;
- (c) higher prices of ready made clothing;
- (d) higher charges for domestic services;
- (e) higher prices for gasoline and diesel;
- (f) higher private school fees;
- (g) higher charges for food and drinks in bars and restaurants; partly offset by
- (h) lower prices for air tickets.

## 3. MOVEMENT OF CPI SUB INDICES

Figure 1: % change in CPI sub indices between December 2012 and March 2013



The changes in the sub-indices for the twelve divisions of consumption expenditure during the first quarter of 2013 were as follows:

<i>Food and non-alcoholic beverages (+2.2%)</i>	The rise of 2.2% was mainly the result of higher prices of vegetables (+4.8%), milk (+1.5%), meat (+2.2%), traders' rice (+3.5%), squashes and syrups (+22.6) and pulses (+11.3%).
<i>Alcoholic beverages and tobacco (+ 1.9%)</i>	The rise of 1.9% was mainly attributable to price increases of beer and stout (+6.3%).
<i>Clothing and footwear (+ 2.1%)</i>	The increase of 2.1% was mainly due to higher prices of some ready-made clothing (+2.4%).
<i>Housing, water, electricity, gas and other fuels (+0.7%)</i>	The rise of 4.9% was essentially the result of higher workman's wages (+9.0%).
<i>Furnishings, household equipment and routine household maintenance (+1.9%)</i>	The increase of 1.9% was largely due to higher prices of some washing materials and softeners (+1.4%) and higher charges for domestic services (+6.3%).
<i>Health (+1.4%)</i>	The increase of 1.4% was mainly the effect of higher clinic charges (+1.6%) and higher doctors' fees (+1.7%).
<i>Transport (+1.9%)</i>	The increase of 1.9% was mainly due to higher prices of gasoline (+6.0%) and diesel (+6.7%) partly offset by lower airfares (-4.1%).
<i>Communication</i>	Unchanged
<i>Recreation and culture (+0.5%)</i>	The increase of 0.5% was mainly due to price increases of magazines (+1.5%) and books (+0.4%).
<i>Education (+2.3%)</i>	The increase of 2.3% was essentially due to higher pre-primary schools fees (+11.8%) and private tuition fees (+1.9%).
<i>Restaurants and hotels (+3.2%)</i>	The rise of 3.2% was the result of price increases of prepared foods (+5.5%) and higher charges for food and drinks in bars and restaurants (+2.9%).
<i>Miscellaneous goods and services (+2.8%)</i>	The rise of 2.8% was mainly attributable to price increases of some goods for personal care (+4.1%).

#### 4. INFLATION RATE

The headline inflation rate was 3.9% for year 2012 compared to 6.5% for year 2011.

The headline inflation rate excluding 'Alcoholic beverages and tobacco' was 2.6% for year 2012 compared to 5.3% for year 2011.

The headline inflation rate for the twelve months ending March 2013 works out to 3.6% compared to 5.9% for the twelve months ending March 2012.

The headline inflation rate excluding 'Alcoholic beverages and tobacco' for the twelve months ending March 2013 works out to 2.5% compared to 4.6% for the twelve months ending March 2012.

#### 5. INTERNATIONAL COMPARISON OF INFLATION RATE

The table below compares the inflation rate (as measured by the percentage change in the average CPI for a given year relative to the previous year) of Mauritius with those of our main importing countries and some countries in the region for the latest available year, mainly 2012.

**Table 1 - Inflation rate (%) of selected countries, year 2012**

Country	Inflation rate (%)	Country	Inflation rate (%)
France	2.0	Australia	2.2
United Kingdom	2.7	United States	1.7
China	2.6	Botswana	7.4
India	9.3	<b>Mauritius</b>	<b>3.9</b>
Japan	0.0	Seychelles	7.1
Singapore	4.5	South Africa	5.8

Source – National Statistical Office of respective countries.

#### 6. Updating of the CPI basket

In line with international recommendations, updating of the Consumer Price Index basket is done every five years in Mauritius. Statistics Mauritius conducted the Household Budget Survey from January to December 2012 to collect information on the consumption pattern of the population with a view to updating the basket of goods and services.

The next issue of Economic and Social Indicators on Consumer Price Index, to be released in July 2013, will introduce a new series of indices with base period: January - December 2012.

**Statistics Mauritius**  
**Ministry of Finance and Economic Development**  
**Port Louis**  
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Note :

- (i) This publication is available on the website of the Statistics Mauritius at <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 can be made available upon request.

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Table 2a - Monthly Consumer Price Index, January 2003 - March 2013

<i>Month</i>	<i>( Base : July 2001 - June 2002 = 100 )</i>					<i>( Base : July 2006 - June 2007 = 100 )</i>						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
January	105.5	109.7	116.1	123.1	133.9		109.6	115.3	118.2	125.8	131.9	135.7
February	105.7	110.1	116.7	123.5	134.9		110.7	115.8	118.6	126.7	131.9	136.6
March	105.6	110.1	117.1	124.2	136.1		110.8	116.1	118.8	127.4	132.3	137.1
April	105.8	110.4	117.1	124.0	137.5		111.9	116.2	119.3	127.6	132.5	
May	106.5	110.7	117.2	124.3	138.1		113.0	116.2	119.1	127.6	132.5	
June	106.9	111.3	117.3	126.2	138.8		113.4	117.1	119.9	127.8	132.8	
July	107.5	112.5	118.0	129.9		103.7	115.6	117.8	120.2	128.2	133.0	
August	107.4	112.7	118.0	130.9		104.1	116.3	117.5	120.6	128.4	133.2	
September	107.9	113.1	117.3	131.7		105.3	116.7	117.8	120.7	128.3	133.3	
October	108.3	114.6	118.2	132.3		106.8	117.2	117.3	121.0	128.2	133.6	
November	108.4	114.7	118.8	133.3		107.6	116.5	117.3	121.9	130.4	134.4	
December	108.9	115.0	119.5	133.7		108.2	115.5	117.2	124.4	130.4	134.6	
Yearly average	107.0	112.1	117.6	128.1		103.8	113.9	116.8	120.2	128.1	133.0	
<i>Annual change (%) (Inflation rate)</i>	<b>+3.9</b>	<b>+ 4.7</b>	<b>+ 4.9</b>	<b>+ 8.9</b>		<b>+ 8.8</b>	<b>+ 9.7</b>	<b>+ 2.5</b>	<b>+ 2.9</b>	<b>+ 6.5</b>	<b>+ 3.9</b>	

Table 2b - Comparative Monthly Consumer Price Index , January 2003 - March 2013 <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>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
January	78.6	81.7	86.5	91.7	99.7	109.6	115.3	118.2	125.8	131.9	135.7
February	78.8	82.0	87.0	92.0	100.5	110.7	115.8	118.6	126.7	131.9	136.6
March	78.7	82.0	87.2	92.5	101.3	110.8	116.1	118.8	127.4	132.3	137.1
April	78.8	82.3	87.2	92.4	102.4	111.9	116.2	119.3	127.6	132.5	
May	79.3	82.4	87.3	92.6	102.9	113.0	116.2	119.1	127.6	132.5	
June	79.6	82.9	87.3	94.0	103.4	113.4	117.1	119.9	127.8	132.8	
July	80.1	83.8	87.9	96.8	103.7	115.6	117.8	120.2	128.2	133.0	
August	80.0	83.9	87.9	97.5	104.1	116.3	117.5	120.6	128.4	133.2	
September	80.4	84.2	87.3	98.1	105.3	116.7	117.8	120.7	128.3	133.3	
October	80.7	85.4	88.1	98.5	106.8	117.2	117.3	121.0	128.2	133.6	
November	80.7	85.4	88.5	99.3	107.6	116.5	117.3	121.9	130.4	134.4	
December	81.1	85.6	89.0	99.6	108.2	115.5	117.2	124.4	130.4	134.6	
Yearly average	79.7	83.5	87.6	95.4	103.8	113.9	116.8	120.2	128.1	133.0	
<b>Annual change (%) (Inflation rate)</b>	<b>+3.9</b>	<b>+ 4.7</b>	<b>+ 4.9</b>	<b>+ 8.9</b>	<b>+ 8.8</b>	<b>+ 9.7</b>	<b>+ 2.5</b>	<b>+ 2.9</b>	<b>+ 6.5</b>	<b>+ 3.9</b>	

<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 3 - Net contribution of main commodities that affected the index between December 2012 and March 2013**

<b>Commodity</b>	<b>Contribution to change in overall index point</b>	<b>% change in price index</b>
Vegetables	+0.3	+4.8
Meat	+0.2	+2.2
Traders' rice	+0.1	+3.5
Squashes and syrups	+0.1	+22.6
Other food products	+0.2	+1.1
Alcoholic beverages	+0.3	+3.7
Ready made clothing	+0.1	+2.4
Workman's wages	+0.1	+9.1
Domestic services and household services	+0.1	+6.3
Gasolene	+0.3	+6.0
Passenger transport by air	-0.1	-4.1
Diesel	+0.1	+6.7
Private school and tuition fees	+0.1	+4.0
Prepared foods	+0.1	+5.5
Expenditure in bar,restaurants	+0.1	+2.9
Goods for personal care	+0.1	+4.1
Other goods and services	+0.3	+0.5
<b>All commodities</b>	<b>+2.5</b>	<b>+1.9</b>

**Table 4 : Monthly sub-indices by division of consumption expenditure, December 2012 - March 2013***(Base: July 2006 - June 2007 = 100)*

<b>Division</b>	<b>Description</b>	<b>Weight</b>	<b>December 2012</b>	<b>January 2013</b>	<b>February 2013</b>	<b>March 2013</b>	<b>% change between December 2012 and March 2013</b>
<b>01</b>	Food and non-alcoholic beverages	<b>286</b>	144.8	146.6	148.2	148.0	<b>+ 2.2</b>
<b>02</b>	Alcoholic beverages and tobacco	<b>92</b>	176.1	176.9	179.7	179.5	<b>+ 1.9</b>
<b>03</b>	Clothing and footwear	<b>51</b>	137.4	139.9	140.2	140.3	<b>+ 2.1</b>
<b>04</b>	Housing, water, electricity, gas and other fuels	<b>131</b>	113.2	113.9	113.9	114.0	<b>+ 0.7</b>
<b>05</b>	Furnishings, household equipment and routine household maintenance	<b>64</b>	127.6	129.1	130.2	130.0	<b>+ 1.9</b>
<b>06</b>	Health	<b>30</b>	135.6	136.6	136.9	137.5	<b>+ 1.4</b>
<b>07</b>	Transport	<b>147</b>	127.5	127.5	127.3	129.9	<b>+ 1.9</b>
<b>08</b>	Communication	<b>36</b>	91.6	91.6	91.6	91.6	<b>-</b>
<b>09</b>	Recreation and culture	<b>48</b>	108.9	109.3	109.2	109.4	<b>+ 0.5</b>
<b>10</b>	Education	<b>32</b>	120.9	123.7	123.7	123.7	<b>+ 2.3</b>
<b>11</b>	Restaurants and hotels	<b>43</b>	154.4	155.5	157.2	159.3	<b>+ 3.2</b>
<b>12</b>	Miscellaneous goods and services	<b>40</b>	127.8	129.6	130.2	131.4	<b>+ 2.8</b>
<b>All Divisions</b>		<b>1,000</b>	<b>134.6</b>	<b>135.7</b>	<b>136.6</b>	<b>137.1</b>	<b>+ 1.9</b>



**Table 5 - Monthly CPI by division and group of consumption expenditure, March 2012 - March 2013***( Base: July 2006-June 2007=100)*

Description	Weight	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
<b>Division 01 - Food and non alcoholic beverages</b>	<b>286</b>	<b>143.4</b>	<b>144.1</b>	<b>144.1</b>	<b>145.1</b>	<b>145.3</b>	<b>145.7</b>	<b>145.8</b>	<b>146.3</b>	<b>145.8</b>	<b>144.8</b>	<b>146.6</b>	<b>148.2</b>	<b>148.0</b>
Group 1 - Food	265	143.7	144.2	144.2	145.2	145.5	145.8	146.1	146.6	146.0	145.1	146.9	148.4	148.1
Group 2 - Non-alcoholic beverages	21	140.7	143.0	143.6	143.8	143.2	143.4	142.6	143.0	142.8	140.7	142.6	145.9	146.8
<b>Division 02 - Alcoholic beverages and tobacco</b>	<b>92</b>	<b>160.5</b>	<b>160.6</b>	<b>160.7</b>	<b>160.8</b>	<b>160.7</b>	<b>160.6</b>	<b>160.6</b>	<b>160.7</b>	<b>171.8</b>	<b>176.1</b>	<b>176.9</b>	<b>179.7</b>	<b>179.5</b>
Group 1 - Alcoholic beverages	50	158.3	158.5	158.6	158.7	158.5	158.4	158.5	158.5	168.0	171.1	172.6	177.7	177.3
Group 2 - Tobacco	42	163.2	163.2	163.2	163.2	163.2	163.2	163.2	163.2	176.4	182.0	182.0	182.0	182.0
<b>Division 03 - Clothing and footwear</b>	<b>51</b>	<b>135.2</b>	<b>136.2</b>	<b>136.1</b>	<b>136.6</b>	<b>136.7</b>	<b>137.9</b>	<b>138.1</b>	<b>138.1</b>	<b>137.5</b>	<b>137.4</b>	<b>139.9</b>	<b>140.2</b>	<b>140.3</b>
Group 1 - Clothing	39	137.5	138.4	138.5	138.7	138.5	140.0	140.2	140.2	139.3	139.3	142.5	142.6	142.7
Group 2 - Footwear	12	127.9	128.9	128.5	129.8	130.9	131.4	131.3	131.3	131.8	131.4	131.5	132.2	132.4
<b>Division 04 - Housing, water, electricity, gas and other fuels</b>	<b>131</b>	<b>113.4</b>	<b>113.1</b>	<b>112.9</b>	<b>113.1</b>	<b>113.1</b>	<b>113.1</b>	<b>113.2</b>	<b>113.2</b>	<b>113.2</b>	<b>113.2</b>	<b>113.9</b>	<b>113.9</b>	<b>114.0</b>
Group 1 - Actual rentals for housing	14	110.7	110.7	110.7	110.7	110.7	110.7	111.2	111.2	111.2	111.2	111.2	111.2	111.2
Group 2 - Mortgage interest on housing loan	37	69.7	68.1	67.5	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0
Group 3 - Maintenance and repair of the dwelling	14	128.0	128.9	128.9	129.1	129.3	129.3	129.7	129.9	130.0	130.0	136.4	136.7	136.9
Group 4 - Water supply and miscellaneous services relating to the dwelling	16	132.0	132.0	132.0	132.0	132.0	132.0	132.0	132.0	132.0	132.0	132.0	132.0	132.0
Group 5 - Electricity, gas and other fuels	50	136.5	136.5	136.5	136.5	136.5	136.5	136.5	136.5	136.5	136.5	136.5	136.5	136.7
<b>Division 05 - Furnishings, household equipment and routine</b>	<b>64</b>	<b>125.9</b>	<b>126.1</b>	<b>125.7</b>	<b>126.0</b>	<b>127.4</b>	<b>127.8</b>	<b>128.3</b>	<b>128.4</b>	<b>126.6</b>	<b>127.6</b>	<b>129.1</b>	<b>130.2</b>	<b>130.0</b>
Group 1 - Furniture and furnishings, carpets and other floor coverings	17	111.9	113.3	111.5	113.0	114.5	114.6	115.0	115.2	110.1	113.0	113.0	113.0	112.9
Group 2 - Household textiles	4	121.7	122.2	122.9	122.5	124.4	127.5	127.8	128.1	128.2	128.6	128.4	130.4	130.5
Group 3 - Household appliances	9	112.7	115.2	114.3	114.9	115.4	114.6	116.3	116.4	112.5	113.0	113.8	114.6	115.6
Group 4 - Glassware, tableware and household utensils	3	122.1	121.7	121.8	121.8	122.1	122.7	122.7	123.3	123.4	122.2	122.2	122.2	122.1
Group 5 - Tools and equipment for house and garden	2	124.0	124.2	123.9	123.4	123.8	124.1	124.7	124.2	124.9	124.9	125.7	125.3	126.0
Group 6 - Goods and services for routine household maintenance	29	139.3	138.2	138.4	138.2	139.9	140.4	140.6	140.7	141.0	141.2	144.4	146.2	145.4

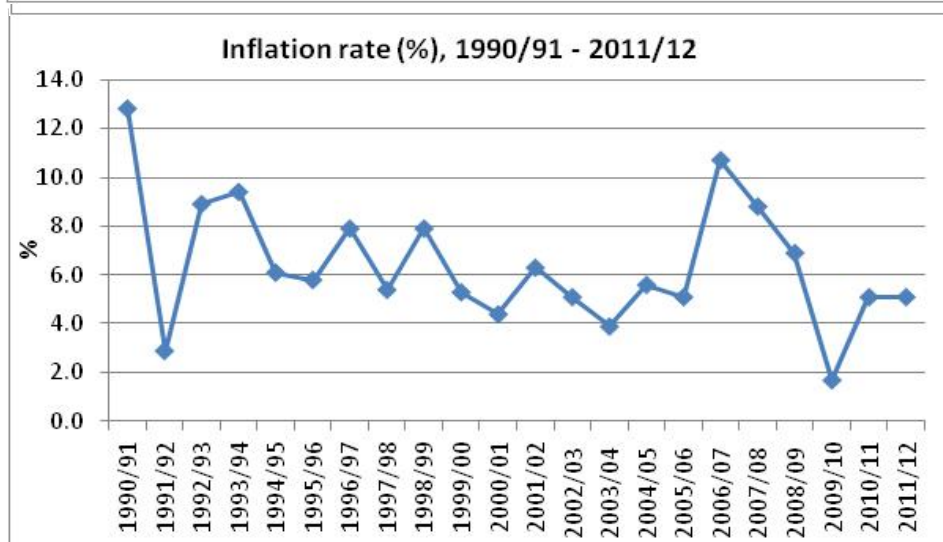
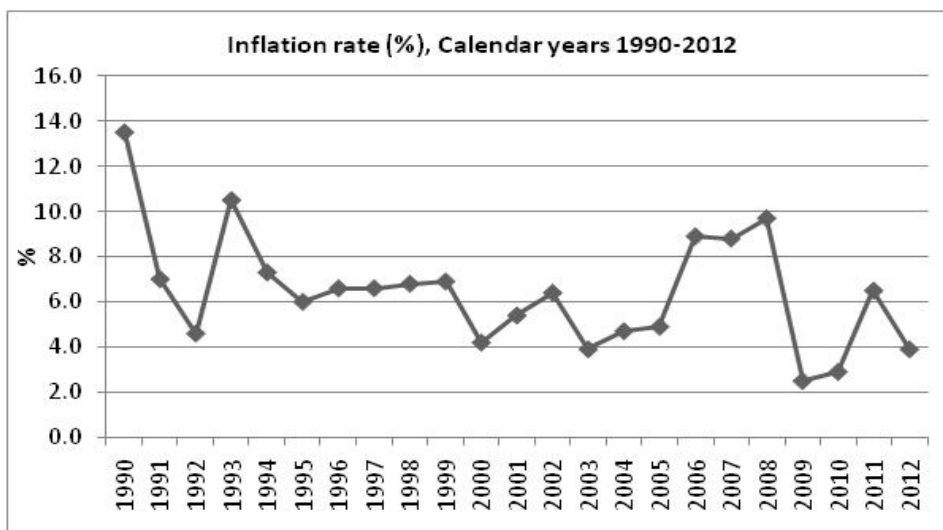


**Table 5 - Monthly CPI by division and group of consumption expenditure, March 2012 - March 2013***( Base: July 2006-June 2007=100)*

Description	Weight	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
<b>Division 11 - Restaurants and hotels</b>	<b>43</b>	<b>151.0</b>	<b>150.9</b>	<b>151.0</b>	<b>151.1</b>	<b>151.3</b>	<b>151.5</b>	<b>151.8</b>	<b>151.8</b>	<b>153.3</b>	<b>154.4</b>	<b>155.5</b>	<b>157.2</b>	<b>159.3</b>
Group 1 - Catering services	42	151.0	151.0	151.1	151.4	151.6	152.0	152.3	152.3	153.7	154.4	155.7	157.7	159.9
Group 2 - Accomodation services	1	151.1	146.4	146.4	138.2	138.2	130.7	130.7	130.7	133.5	155.0	149.4	135.2	135.2
<b>Division 12 - Miscellaneous goods and services</b>	<b>40</b>	<b>127.8</b>	<b>127.8</b>	<b>127.8</b>	<b>127.9</b>	<b>128.6</b>	<b>128.8</b>	<b>127.9</b>	<b>128.8</b>	<b>129.2</b>	<b>127.8</b>	<b>129.6</b>	<b>130.2</b>	<b>131.4</b>
Group 1 - Personal care	23	124.8	124.9	125.2	125.3	125.9	126.1	124.6	126.0	126.0	123.6	125.9	126.9	128.8
Group 3 - Personal effects, not elsewhere classified	3	167.6	167.4	164.9	164.6	169.4	170.0	170.8	171.7	176.7	176.6	176.3	177.0	178.5
Group 4 - Social protection	1	141.1	141.1	141.1	141.1	141.1	141.1	141.1	141.1	141.1	141.1	155.4	155.4	155.4
Group 5 - Insurance	10	122.9	122.9	122.9	122.9	122.9	122.9	122.9	122.9	122.9	122.9	122.9	122.9	122.9
Group 7 - Other services not elsewhere classified	3	122.8	122.8	123.3	123.3	123.3	123.5	122.7	122.2	122.9	122.9	124.0	124.5	124.5
<b>All divisions</b>	<b>1000</b>	<b>132.3</b>	<b>132.5</b>	<b>132.5</b>	<b>132.8</b>	<b>133.0</b>	<b>133.2</b>	<b>133.3</b>	<b>133.6</b>	<b>134.4</b>	<b>134.6</b>	<b>135.7</b>	<b>136.6</b>	<b>137.1</b>

**Table 6 - Inflation rate (%), 1990 - 2012**

<i>Calendar year</i>	<i>Inflation rate</i>	<i>Year</i>	<i>Inflation rate</i>
1990	13.5	1990/91	12.8
1991	7.0	1991/92	2.9
1992	4.6	1992/93	8.9
1993	10.5	1993/94	9.4
1994	7.3	1994/95	6.1
1995	6.0	1995/96	5.8
1996	6.6	1996/97	7.9
1997	6.6	1997/98	5.4
1998	6.8	1998/99	7.9
1999	6.9	1999/00	5.3
2000	4.2	2000/01	4.4
2001	5.4	2001/02	6.3
2002	6.4	2002/03	5.1
2003	3.9	2003/04	3.9
2004	4.7	2004/05	5.6
2005	4.9	2005/06	5.1
2006	8.9	2006/07	10.7
2007	8.8	2007/08	8.8
2008	9.7	2008/09	6.9
2009	2.5	2009/10	1.7
2010	2.9	2010/11	5.1
2011	6.5	2011/12	5.1
2012	3.9		



## 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 an indicator of changes over time in the general level of prices of goods and services acquired by Mauritian consumers.

#### (b) Measurement of the CPI

The CPI measures price change by comparing, through time, the cost of a fixed basket of goods and services. As prices vary over time, the total cost of the basket also changes 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 CPI basket is based on the expenditures of private Mauritian households in a reference period, currently July 2006 to June 2007. The composition of the current CPI basket has been derived from the 2006/07 Household Budget Survey (HBS) data. It has been determined in accordance with latest ILO and SADC recommendations.

The items constituting the basket have been selected on the basis of the importance of household consumption expenditure on them. The basket includes all important items on which consumption expenditure is significant, i.e. accounting for around 0.1% or more of total household consumption expenditure. Each item's relative importance, which is called the "weight" (usually expressed on a total of 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 coverage

The prices used in the CPI calculation 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.

Price collection is done on a regular basis. Each month, around 7,800 price quotations are collected in respect of 1,080 item indicators from some 400 outlets selected to be representative of regions 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, Quatre Bornes, Vacoas, Mahebourg, Flacq, Goodlands, Pamplemousses and Port Mathurin.

Information on rent is obtained from a quarterly rent survey of some 100 rented dwellings.

(e) Formula for computation of the CPI

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 Laspeyres Index measures the cost of a basket of goods and services at different points in time, relative to the cost of the same basket in the base period.

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

The headline inflation rate in Mauritius, like in many other countries, is calculated by using the annual average method, i.e. by comparing the average level of prices during a twelve-month period with the average level during the corresponding previous twelve-month period. This type of inflation rate is more appropriate for adjusting wages, salaries and pensions to compensate for loss of purchasing power. *All inflation rates presented in this publication relate to the headline inflation.*

Another commonly used method of calculating the inflation rate is the so called ‘year-on-year’ method. The year-on-year inflation rate is calculated as the percentage change in the CPI for a given month with respect to the CPI for the corresponding month of the previous year. It is generally used by central banks for monetary policy decisions. Year-on-year inflation rates are not presented in this publication but can be easily calculated through the available monthly CPI.

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://statsmauritius.gov.mu/English/Pages/Household-Budget-Survey-2006-07.aspx> ]