

CONSUMER PRICE INDEX

(Base period: January – December 2012 = 100)

2nd Quarter 2017

1. INTRODUCTION

This issue of Economic and Social Indicators presents the Consumer Price Index (CPI) for the second quarter 2017. 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 112.5 in March 2017, registered a net increase of 2.8 points (or 2.5%) to reach 115.3 in June 2017 (Table 1a).

On a monthly basis, the CPI increased by 0.9 point in April, 1.2 points in May and 0.7 point in June.

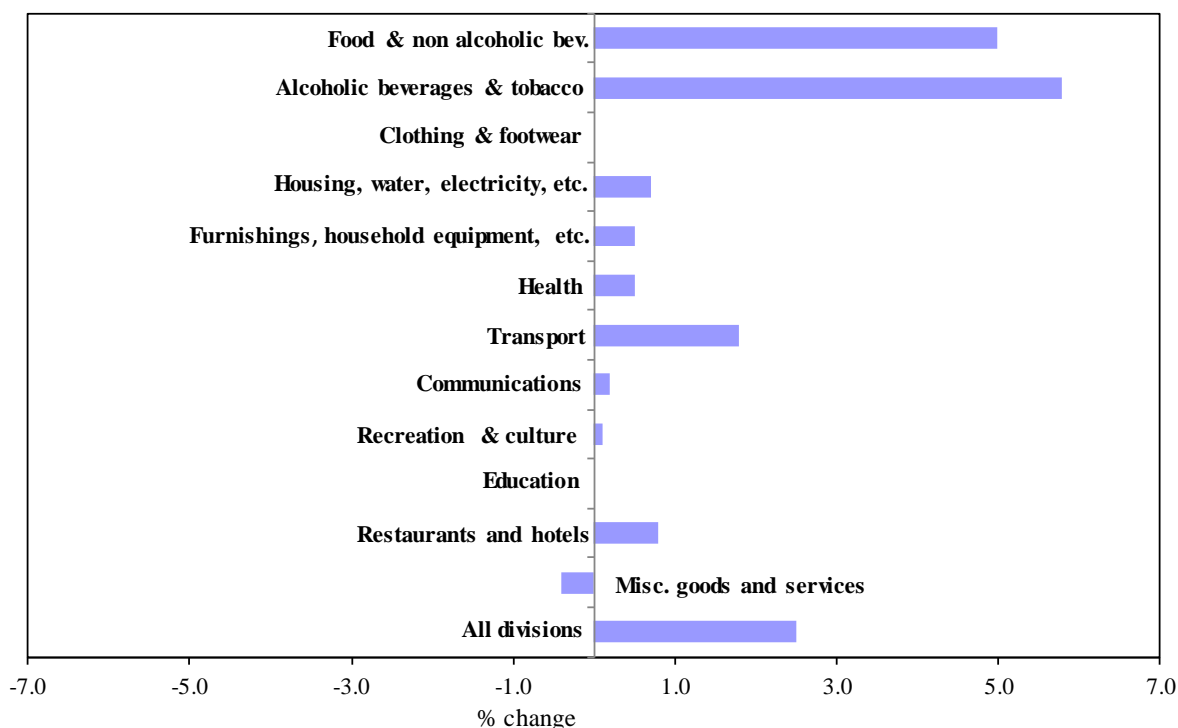
2.2 Overview of CPI movements

The main reasons for the net increase in the CPI from March to June 2017 (Table 2) were:

- price increases following 2017/18 budget (+0.7 point) namely: cigarettes (+0.5 point), rum and other cane spirits (+0.1 point), and beer and stout (+0.1 point);
- higher prices of vegetables (+1.4 points), fruits (+0.1 point) and some other food products (+0.1 point);
- higher interest rates on housing loan (+0.1 point);
- higher prices of air tickets (+0.3 point) and some other goods and services (+0.1 point).

3. MOVEMENT OF CPI SUB INDICES

Percentage change in CPI sub indices from March to June 2017



The changes in the sub-indices (Table 3) for the twelve divisions of consumption expenditure from March to June 2017 were as follows:

<i>Food and non-alcoholic beverages (+5.0%)</i>	The increase of 5.0% was mainly the result of higher prices for vegetables (+21.2%), fruits (+4.0%) and tea (+8.0%), partly offset by lower prices of bread (-2.2%).
<i>Alcoholic beverages and tobacco (+5.8%)</i>	The increase of 5.8% was due to higher prices of cigarettes (+ 7.8%), rum and other cane spirits (+4.3%), beer and stout (+2.4%), whisky (+7.2%) and wine (+3.3%).
<i>Clothing and footwear</i>	The sub-index remained unchanged following lower prices of footwear (-0.7%), partly offset by higher prices of ready-made clothing (+0.2%).
<i>Housing, water, electricity, gas and other fuels (+0.7%)</i>	The increase of 0.7% was due to higher interest rates on housing loan (+2.9%).
<i>Furnishings, household equipment and routine household maintenance (+0.5%)</i>	The increase of 0.5% was due to higher charges for domestic services (+2.9%) and furniture (+1.7%), partly offset by lower prices of major household appliances (-2.8%)
<i>Health (+0.5%)</i>	The increase of 0.5% was due to higher clinic fees (+2.6%), partly offset by lower prices of medicinal products (-0.4%).
<i>Transport (+1.8%)</i>	The increase of 1.8% was due to higher prices of air tickets (+20.9%), partly offset by lower prices of some motor vehicles (-0.6%).
<i>Communication (+0.2%)</i>	The increase of 0.2% was due to higher charges for internet connection (+0.5%) and mobile phones (+1.4%).
<i>Recreation and culture (+0.1%)</i>	The increase of 0.1% was mainly the result of higher prices of information processing equipment (+1.3%), and stationery and school requisites (+0.9%).
<i>Education</i>	Unchanged.
<i>Restaurants and hotels (+0.8%)</i>	The increase of 0.8% was mainly due to higher hotel rates (+2.7%) and higher prices of prepared food (+1.0%).
<i>Miscellaneous goods and services (-0.4%)</i>	The decrease of -0.4% was mainly the effect of lower prices of goods for personal care (-1.2%).

4. INFLATION RATE

The headline inflation rate was 1.0% for year 2016 compared to 1.3% for year 2015 (Table 5).

The headline inflation rate excluding 'Alcoholic beverages and tobacco' was 0.4% for year 2016 compared to 1.2% for year 2015.

The headline inflation rate for the twelve months ending June 2017 works out to 2.4%, compared to 0.9% for the twelve months ending June 2016.

The headline inflation rate excluding “Alcoholic beverages and tobacco” for the twelve months ending June 2017 works out to 1.2% compared to 0.7% for the twelve months ending June 2016.

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 year 2016.

Table 1 - Inflation rate (%) of selected countries, year 2016

Country	Inflation rate (%)	Country	Inflation rate (%)
France	0.3	Australia	1.3
United Kingdom	0.6	United States	1.3
China	2.0	Botswana	2.8
India	4.9	Mauritius	1.0
Japan	-0.1	Seychelles	-1.0
Singapore	-0.5	South Africa	6.3

Source – World Economic Outlook Database, April 2017

Note :

- (i) This publication is available on the website of Statistics Mauritius at <http://statsmauritius.govmu.org> 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 1a - Monthly Consumer Price Index, January 2008 - June 2017

<u>Month</u>	<u>(Base : July 2006 - June 2007 = 100)</u>						<u>(Base : Jan - Dec 2012 = 100)</u>				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
January	109.6	115.3	118.2	125.8	131.9	135.7	107.2	107.9	108.3	110.2	
February	110.7	115.8	118.6	126.7	131.9	136.6	108.5	110.7	110.1	111.5	
March	110.8	116.1	118.8	127.4	132.3	137.1	107.7	110.1	111.1	112.5	
April	111.9	116.2	119.3	127.6	132.5		103.4	107.7	110.0	110.2	113.4
May	113.0	116.2	119.1	127.6	132.5		103.3	106.8	107.3	108.2	114.6
June	113.4	117.1	119.9	127.8	132.8		103.4	106.8	107.2	108.4	115.3
July	115.6	117.8	120.2	128.2	133.0		103.6	106.8	107.4	108.5	
August	116.3	117.5	120.6	128.4	133.2		103.3	107.2	108.4	109.4	
September	116.7	117.8	120.7	128.3	133.3		103.5	106.5	108.6	109.6	
October	117.2	117.3	121.0	128.2	133.6		103.9	105.9	107.5	109.1	
November	116.5	117.3	121.9	130.4	134.4		105.0	105.9	107.0	109.4	
December	115.5	117.2	124.4	130.4	134.6		105.3	105.5	106.9	109.4	
<i>Yearly average</i>	<i>113.9</i>	<i>116.8</i>	<i>120.2</i>	<i>128.1</i>	<i>133.0</i>		<i>103.5</i>	<i>106.9</i>	<i>108.3</i>	<i>109.3</i>	
Annual change (%) (Inflation rate)	+ 9.7	+ 2.5	+ 2.9	+ 6.5	+ 3.9		+ 3.5	+ 3.2	+ 1.3	+ 1.0	

Table 1b - Comparative Monthly Consumer Price Index , January 2008 - June 2017 ^{1/}
(Base: January - December 2012 = 100)

<u>Month</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
January	82.4	86.7	88.9	94.6	99.2	102.0	107.2	107.9	108.3	110.2
February	83.2	87.1	89.2	95.3	99.2	102.7	108.5	110.7	110.1	111.5
March	83.3	87.3	89.3	95.8	99.5	103.1	107.7	110.1	111.1	112.5
April	84.1	87.4	89.7	95.9	99.6	103.4	107.7	110.0	110.2	113.4
May	85.0	87.4	89.5	95.9	99.6	103.3	106.8	107.3	108.2	114.6
June	85.3	88.0	90.2	96.1	99.8	103.4	106.8	107.2	108.4	115.3
July	86.9	88.6	90.4	96.4	100.0	103.6	106.8	107.4	108.5	
August	87.4	88.3	90.7	96.5	100.2	103.3	107.2	108.4	109.4	
September	87.7	88.6	90.8	96.5	100.2	103.5	106.5	108.6	109.6	
October	88.1	88.2	91.0	96.4	100.5	103.9	105.9	107.5	109.1	
November	87.6	88.2	91.7	98.0	101.1	105.0	105.9	107.0	109.4	
December	86.8	88.1	93.5	98.0	101.2	105.3	105.5	106.9	109.4	
<i>Yearly average</i>	<i>85.7</i>	<i>87.8</i>	<i>90.4</i>	<i>96.3</i>	<i>100.0</i>	<i>103.5</i>	<i>106.9</i>	<i>108.3</i>	<i>109.3</i>	
Annual change (Inflation rate)	+ 9.7	+ 2.5	+ 2.9	+ 6.5	+ 3.9	+ 3.5	+ 3.2	+ 1.3	+ 1.0	

^{1/} *The CPI for January 2008 to March 2013, originally based on July 2006-June 2007, has been converted to the new base January - December 2012=100 using a linking factor of 1.33. Example: the monthly CPI for January 2013 has been converted to the new base by dividing 135.7 by 1.33 (=102.0)*

Table 2 - Net contribution of main commodities that affected the index from March to June 2017

Commodity	Contribution to change in overall index point	Percentage change in price index
Vegetables	+ 1.4	+ 21.2
Fruits	+ 0.1	+ 4.0
Other food products	+ 0.1	+ 0.5
Cigarettes	+ 0.5	+ 7.8
Rum & Other cane Spirits	+ 0.1	+ 4.3
Beer & Stout	+ 0.1	+ 2.4
Mortgage interest on housing loan	+ 0.1	+ 2.9
Air tickets	+ 0.3	+ 20.9
Other goods and services	+ 0.1	+ 0.2
Overall	+ 2.8	+ 2.5

Table 3 : Monthly sub-indices by division of consumption expenditure, January to June 2017 - (Base: January - December 2012 = 100)

Division	Description	Weight	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Percentage change between March and June 2017
01	Food and non-alcoholic beverages	273	111.5	115.1	117.9	120.0	123.6	123.8	+5.0
02	Alcoholic beverages and tobacco	96	135.2	135.2	135.1	134.4	135.1	142.9	+5.8
03	Clothing and footwear	45	122.3	123.1	123.2	123.1	123.4	123.2	+0.0
04	Housing, water, electricity, gas and other fuels	120	95.9	95.9	95.9	96.7	96.7	96.5	+0.7
05	Furnishings, household equipment and routine household maintenance	61	107.8	107.9	108.1	109.0	108.8	108.7	+0.5
06	Health	40	122.4	122.4	123.0	122.9	124.7	123.6	+0.5
07	Transport	151	98.7	99.9	101.0	102.4	102.9	102.8	+1.8
08	Communication	39	94.4	94.4	94.4	94.5	94.6	94.6	0.2
09	Recreation and culture	44	109.9	109.8	110.3	110.2	110.2	110.4	+0.1
10	Education	45	115.2	115.2	115.2	115.2	115.2	115.2	+0.0
11	Restaurants and hotels	45	118.7	118.8	119.8	120.3	120.5	120.7	+0.8
12	Miscellaneous goods and services	41	107.6	107.9	108.1	108.1	107.7	107.7	-0.4
All Divisions		1,000	110.2	111.5	112.5	113.4	114.6	115.3	+2.5

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Table 4 - Monthly CPI by division and group of consumption expenditure, July 2016 - June 2017*(Base: January - December 2012 = 100)*

Description	Wgt	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
Division 01 - Food and non alcoholic beverages	273	110.7	111.3	111.9	110.2	110.4	110.3	111.5	115.1	117.9	120.0	123.6	123.8
Group 1 - Food	254	110.6	111.2	111.8	109.7	110.1	109.9	111.1	114.9	117.9	120.2	124.0	124.1
Group 2 - Non-alcoholic beverages	19	113.1	112.6	113.8	116.0	115.0	115.6	116.9	118.4	117.7	117.2	118.9	120.2
Division 02 - Alcoholic beverages and tobacco	96	120.0	133.3	133.6	134.0	135.4	134.3	135.2	135.2	135.1	134.4	135.1	142.9
Group 1 - Alcoholic beverages	51	115.8	123.1	123.8	123.8	125.5	123.4	125.2	125.2	125.1	123.7	125.0	129.5
Group 2 - Tobacco	45	124.7	144.7	144.7	145.6	146.6	146.6	146.6	146.6	146.6	146.6	146.6	158.0
Division 03 - Clothing and footwear	45	120.9	121.2	120.8	118.5	120.8	120.9	122.3	123.1	123.2	123.1	123.4	123.2
Group 1 - Clothing	34	121.3	121.3	120.7	117.8	120.7	120.5	122.0	122.9	123.0	123.2	123.2	123.2
Group 2 - Footwear	11	119.9	120.9	121.1	120.7	121.1	122.4	123.1	123.7	123.8	123.0	124.2	122.9
Division 04 - Housing, water, electricity, gas and other fuels	120	99.4	96.5	96.0	96.0	96.0	96.0	95.9	95.9	95.9	96.7	96.7	96.5
Group 1 - Actual rentals for housing	13	103.5	103.5	103.5	103.5	103.5	103.5	103.5	103.5	103.8	103.8	103.8	103.8
Group 2 - Mortgage interest on housing loan	30	89.9	87.4	85.5	85.5	85.5	85.5	84.3	84.3	84.3	87.5	87.5	86.8
Group 3 - Maintenance and repair of the dwelling	12	122.4	122.4	122.5	122.5	122.6	122.7	123.9	124.1	124.1	124.1	124.1	124.1
Group 4 - Water supply and miscellaneous services relating to the dwelling	12	97.7	97.7	97.7	97.7	97.7	97.7	97.7	97.7	97.7	97.7	97.7	97.7
Group 5 - Electricity, gas and other fuels	53	99.0	93.8	93.8	93.8	93.8	93.8	93.8	93.8	93.8	93.8	93.8	93.8
Division 05 - Furnishings, household equipment and routine household maintenance	61	109.2	107.1	108.9	108.2	107.7	106.6	107.8	107.9	108.1	109.0	108.8	108.7
Group 1 - Furniture and furnishings, carpets and other floor coverings	16	103.4	99.8	102.5	101.2	101.0	100.4	100.6	100.8	100.3	102.2	102.2	102.0
Group 2 - Household textiles	3	116.7	117.6	117.9	118.2	118.1	117.2	117.2	117.6	118.9	120.1	121.1	120.9
Group 3 - Household appliances	12	107.9	104.4	107.0	105.8	105.9	104.0	106.3	107.0	106.7	107.3	106.7	104.1

Table 4 (contd.) - Monthly CPI by division and group of consumption expenditure, July 2016 - June 2017*(Base: January - December 2012 = 100)*

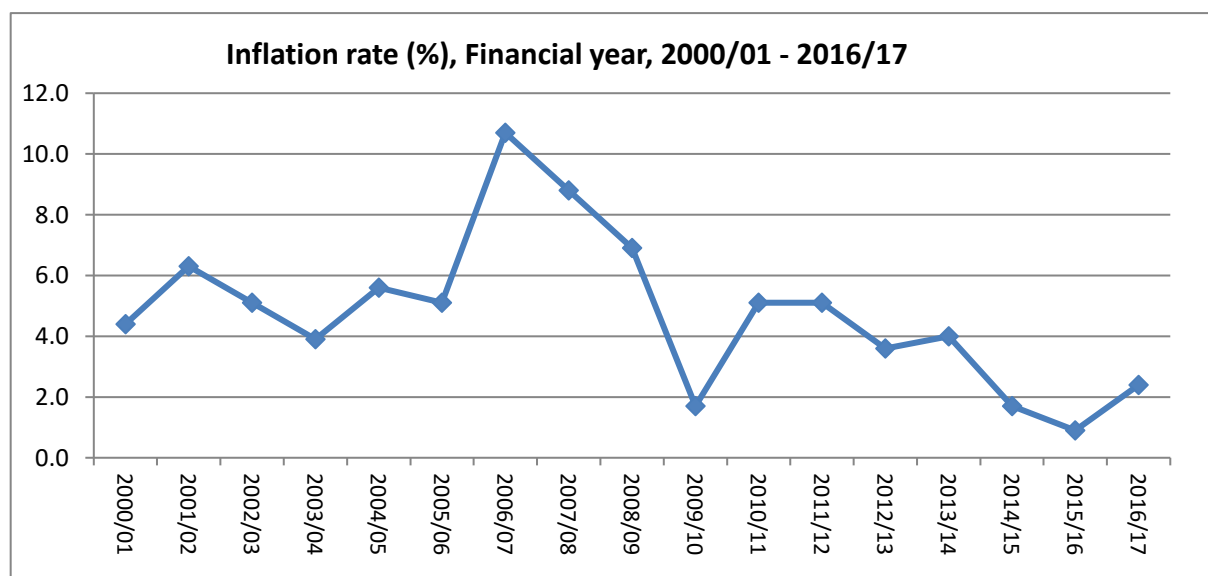
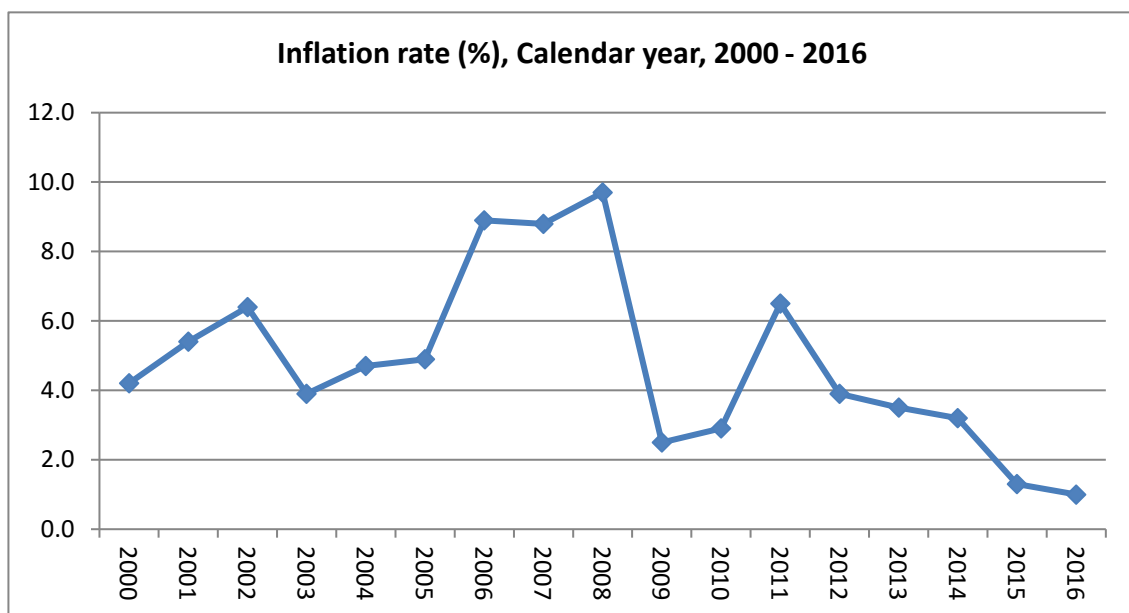
Description	Wgt	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
Group 4 - Glassware, tableware and household utensils	2	118.7	118.4	118.6	117.8	118.4	118.3	118.4	118.9	118.6	119.8	119.8	118.9
Group 5 - Tools and equipment for house and garden	2	104.2	104.3	104.4	104.0	104.1	104.2	103.9	103.4	103.5	103.5	103.8	103.7
Group 6 - Goods and services for routine household maintenance	26	112.2	110.9	112.2	112.1	110.9	109.7	111.3	111.1	111.8	112.2	111.8	113.0
Division 06 - Health	40	117.6	118.3	118.5	118.6	118.5	118.5	122.4	122.4	123.0	122.9	124.7	123.6
Group 1 - Medical products, appliances and equipment	14	107.2	107.1	107.8	108.0	107.7	108.0	108.1	108.1	108.2	107.9	108.0	107.9
Group 2 - Outpatient services	17	127.7	129.1	129.1	129.1	129.1	129.1	134.3	134.3	134.3	134.3	134.3	134.3
Group 3 - Hospital services	9	115.0	115.0	115.0	115.0	115.0	115.0	122.1	122.1	124.5	124.5	132.4	127.7
Division 07 - Transport	151	98.7	97.4	97.1	97.5	98.1	99.0	98.7	99.9	101.0	102.4	102.9	102.8
Group 1 - Purchase of vehicles	52	115.4	112.8	113.7	114.3	114.5	114.9	114.8	114.6	115.4	117.1	117.3	114.8
Group 2 - Operation of personal transport equipment	66	84.2	84.2	84.1	84.1	84.1	84.1	84.4	87.6	90.6	90.6	90.7	90.7
Group 3 - Transport services	33	101.4	99.5	97.2	97.8	100.1	103.6	101.8	101.3	98.8	102.8	104.7	108.0
Division 08 - Communication	39	94.3	94.3	94.5	94.6	94.5	94.6	94.4	94.4	94.4	94.5	94.6	94.6
Group 2 - Telephone and telefax equipment	3	69.3	69.7	72.1	73.4	72.9	72.9	70.7	71.4	71.4	71.4	72.4	72.4
Group 3 - Telephone and telefax services	36	96.3	96.3	96.3	96.3	96.3	96.4	96.3	96.3	96.3	96.5	96.5	96.5
Division 09 - Recreation and culture	44	109.4	109.4	109.7	109.1	109.0	109.1	109.9	109.8	110.3	110.2	110.2	110.4
Group 1 - Audio-visual, photographic and information processing equipment	12	86.5	86.6	87.6	85.4	84.9	83.9	84.6	84.0	84.2	84.0	83.5	84.5
Group 3 - Other recreational items and equipment, gardens and pets	5	112.5	112.0	112.0	112.0	112.1	113.2	114.4	115.3	116.5	116.0	116.7	116.1

Table 4 (contd.) - Monthly CPI by division and group of consumption expenditure, July 2016 - June 2017*(Base: January - December 2012 = 100)*

Description	Wgt	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
Group 4 - Recreational and cultural services	12	125.2	125.2	125.2	125.2	125.2	125.2	125.2	125.2	126.5	126.5	126.5	126.5
Group 5 - Newspapers, books and stationery	15	114.1	114.3	114.2	114.3	114.4	115.2	116.4	116.3	116.3	116.3	116.5	116.4
Division 10 - Education	45	112.4	112.4	112.4	112.4	112.4	112.4	115.2	115.2	115.2	115.2	115.2	115.2
Group 1 - Pre-primary and primary education	7	123.9	123.9	123.9	123.9	123.9	123.9	126.9	126.9	126.9	126.9	126.9	126.9
Group 2 - Secondary education	16	115.9	115.9	115.9	115.9	115.9	115.9	121.2	121.2	121.2	121.2	121.2	121.2
Group 3 - Post-secondary and non-tertiary education	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
Group 4 - Tertiary education	20	106.1	106.1	106.1	106.1	106.1	106.1	107.1	107.1	107.1	107.1	107.1	107.1
Group 5 - Education not definable by level	1	116.4	116.4	116.4	116.4	116.4	116.4	116.4	116.4	116.4	116.4	116.4	116.4
Division 11 - Restaurants and hotels	45	115.0	116.8	116.8	117.2	117.8	118.8	118.7	118.8	119.8	120.3	120.5	120.7
Group 1 - Catering services	43	115.6	117.6	117.6	117.8	118.2	118.6	118.9	118.9	119.9	120.5	120.5	120.7
Group 2 - Accommodation services	2	101.1	101.1	101.1	103.3	107.3	123.4	114.4	117.1	117.1	115.6	120.3	120.3
Division 12 - Miscellaneous goods and services	41	107.2	106.7	107.3	106.8	106.2	105.5	107.6	107.9	108.1	108.1	107.7	107.7
Group 1 - Personal care	21	109.7	108.8	110.0	109.3	108.3	106.9	109.2	109.7	110.0	109.9	109.2	108.9
Group 3 - Personal effects, not elsewhere classified	3	105.4	105.0	104.7	103.0	102.1	101.8	101.8	102.1	102.2	103.3	102.8	103.6
Group 4 - Social protection	1	115.5	115.5	115.5	115.5	115.5	115.5	131.6	131.6	131.6	131.6	131.6	131.6
Group 5 - Insurance	12	100.0	100.0	100.0	100.0	100.0	100.0	102.1	102.1	102.1	102.1	102.1	102.1
Group 6 - Financial services not elsewhere classified	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
Group 7 - Other services not elsewhere classified	3	119.8	119.8	119.8	119.4	119.3	119.3	119.3	119.3	119.3	119.2	119.5	119.9
All divisions	1000	108.5	109.4	109.6	109.1	109.4	109.4	110.2	111.5	112.5	113.4	114.6	115.3

Table 5 - Headline inflation rate (%), 2000 - 2017

<i>Calendar year</i>	<i>Inflation rate</i>	<i>Financial Year</i>	<i>Inflation rate</i>
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	2012/13	3.6
2013	3.5	2013/14	4.0
2014	3.2	2014/15	1.7
2015	1.3	2015/16	0.9
2016	1.0	2016/17	2.4



Technical note

1. Methodology used for the computation of the Consumer Price Index (Base period: January - December 2012 = 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 households in a reference period, currently January to December 2012. The composition of the current CPI basket has been derived from the 2012 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, 42 groups and 80 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 1,020 item indicators from some 500 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 January to December 2012, 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 2012 Methodological Report and updated CPI](#)”.