# **CONSUMER PRICE INDEX**

(Base period: January – December 2017 = 100)

## 2<sup>nd</sup> Quarter 2019

# **1. INTRODUCTION**

This issue of Economic and Social Indicators presents the Consumer Price Index (CPI) for the second quarter 2019. The methodology used for computing the CPI and the inflation rate is given in the technical note at Annex.

# 2. KEY POINTS

## 2.1 <u>The overall CPI</u>

The Consumer Price Index, which stood at 104.4 in March 2019, registered a net decrease of 1.0 point (or 1.0%) to reach 103.4 in June 2019 (Table 1a).

On a monthly basis, the CPI remained unchanged in April and May and decreased by 1.0 point in June.

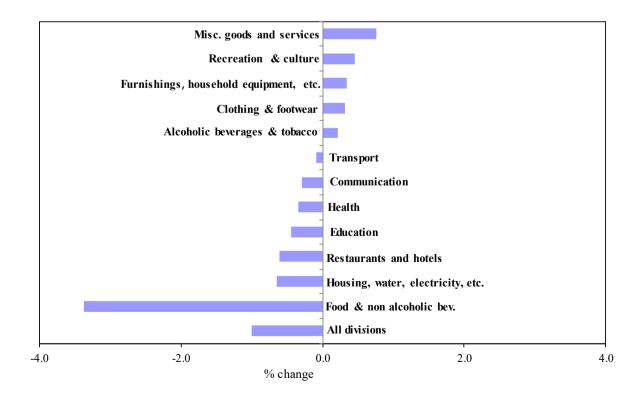
## 2.2 **Overview of CPI movements**

The main reasons for the net decrease in the CPI from March to June 2019 (Table 2) were:

- (a) price decreases of gasolene (-0.2 point) and cooking gas (-0.1 point) following 2019/20 budget;
- (b) lower prices of vegetables (-0.9 point) and meat (-0.1 point); partly offset by
- (c) higher prices of traders' rice (+0.1 point) and air tickets (+0.2 point).

# **3. MOVEMENT OF CPI SUB INDICES**

## Percentage change in CPI sub indices from March to June 2019



The changes in the sub-indices (Table 3) for the twelve divisions of consumption expenditure from March to June 2019 were as follows:

Division of consumption expenditure	Main contributors to change
Food and non-alcoholic beverages (-3.4%)	Lower prices of vegetables $(-16.4\%)$ , meat $(-1.3\%)$ and culinary herbs $(-13.3\%)$ , partly offset by higher prices of traders' rice $(+3.2\%)$ .
Alcoholic beverages and tobacco $(+0.2\%)$	Higher prices of wine $(+3.0\%)$ and whisky $(+0.7\%)$ .
Clothing and footwear $(+0.3\%)$	Higher prices of ready-made clothing $(+0.4\%)$ .
Housing, water, electricity, gas and other fuels (-0.7%)	Lower prices of cooking gas (-8.3%).
Furnishings, household equipment and routine household maintenance $(+0.3\%)$	Higher prices of furniture $(+0.6\%)$ and some major household appliances $(+0.8\%)$ , partly offset by lower prices of washing materials and softeners $(-0.9\%)$ .
Health (-0.3%)	Lower prices of medicinal products (-1.1%).
Transport (-0.1%)	Lower prices of gasolene (-4.3%) and diesel (- 5.3%), partly offset by higher prices air tickets (+11.6%) and some motor vehicles (+0.5%).
Communication (-0.3%)	Lower prices of mobile phones (-3.1%).
<i>Recreation and culture (+0.4%)</i>	Higher prices of some audio visual equipment $(+2.3\%)$ and pet food $(+2.6\%)$ .
Education (-0.4%)	Lower fees for vocational and technical courses (- 44.8%) following implementation of the scheme to provide free higher education in public tertiary education institutions.
Restaurants and hotels (-0.6%)	Lower rates for accommodation (-13.5%).
Miscellaneous goods and services (+0.8%)	Higher prices of goods for personal care $(+1.6\%)$ and jewellery $(+5.3\%)$ .

#### 4. INFLATION RATE

The headline inflation rate was 3.2% for year 2018 compared to 3.7% for year 2017 (Table 5).

The headline inflation rate excluding 'Alcoholic beverages and tobacco' was 3.1% for year 2018 compared to 2.5% for year 2017.

The headline inflation rate for the twelve months ending June 2019 works out to 1.0%, compared to 4.3% for the twelve months ending June 2018.

The headline inflation rate excluding "Alcoholic beverages and tobacco" for the twelve months ending June 2019 works out to 1.1% compared to 3.5% for the twelve months ending June 2018.

### 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 for year 2018 with those of our main importing countries and some countries in the region.

Country	Inflation rate (%)	Country	Inflation rate (%)
France	2.1	Australia	2.0
United Kingdom	2.5	United States	2.4
China	2.1	Botswana	3.2
India	3.5	Mauritius	3.2
Japan	1.0	Seychelles	3.7
Singapore	0.4	South Africa	4.6

#### Inflation rate (%) of selected countries, year 2018

Source – World Economic Outlook Database, April 2019

Statistics Mauritius Ministry of Finance and Economic Development Port Louis July 2019 Note :

- (i) This publication is available on the website of Statistics Mauritius at <u>http://statsmauritius.govmu.org</u> 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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		<u>( Bas</u>	e : Jan to D	ec 2012 = 1	<u>00)</u>		<u>( Base : Jan - L</u>	Dec 2017 = 100 )
<u>Month</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2018</u>	<u>2019</u>
January	102.0	107.2	107.9	108.3	110.2	117.0		103.8
February	102.7	108.5	110.7	110.1	111.5	119.3		104.4
March	103.1	107.7	110.1	111.1	112.5	120.0		104.4
April	103.4	107.7	110.0	110.2	113.4		103.8	104.4
May	103.3	106.8	107.3	108.2	114.6		103.6	104.4
June	103.4	106.8	107.2	108.4	115.3		102.8	103.4
July	103.6	106.8	107.4	108.5	114.3		102.6	
August	103.3	107.2	108.4	109.4	114.4		101.9	
September	103.5	106.5	108.6	109.6	113.4		102.0	
October	103.9	105.9	107.5	109.1	112.9		102.4	
November	105.0	105.9	107.0	109.4	113.3		102.8	
December	105.3	105.5	106.9	109.4	114.0		102.4	
Yearly average	103.5	106.9	108.3	109.3	113.3			
Annual change (%) (Inflation rate)	+ 3.5	+ 3.2	+ 1.3	+ 1.0	+ 3.7		+ 3.2	

 Table 1A - Monthly Consumer Price Index, January 2013 - June 2019

<u>Month</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
January	90.0	94.6	95.2	95.6	97.3	103.2	103.8
February	90.6	95.7	97.7	97.2	98.4	105.3	104.4
March	90.9	95.0	97.1	98.1	99.3	105.9	104.4
April	91.2	95.0	97.1	97.3	100.1	103.8	104.4
May	91.1	94.2	94.7	95.5	101.1	103.6	104.4
June	91.2	94.2	94.5	95.7	101.7	102.8	103.4
July	91.4	94.2	94.8	95.7	100.9	102.6	
August	91.1	94.6	95.6	96.5	100.9	101.9	
September	91.3	94.0	95.8	96.7	100.1	102.0	
October	91.7	93.4	94.9	96.2	99.6	102.4	
November	92.7	93.4	94.4	96.5	100.0	102.8	
December	92.9	93.1	94.3	96.5	100.6	102.4	
Yearly average	91.4	94.3	95.5	96.5	100.0	103.2	
Annual change (%) (Inflation rate)	+ 3.5	+ 3.2	+ 1.3	+ 1.0	+ 3.7	+ 3.2	

 Table 1B - Comparative Monthly Consumer Price Index , January 2013 - June 2019
 1/

 (Base: January - December 2017 = 100)

<sup>1/</sup> The CPI for January 2013 to March 2018, originally based on Jan to Dec 2012, has been converted to the new base January - December 2017=100 using a linking factor of 1.133167. Example: the monthly CPI for January 2018 has been converted to the new base by dividing 117.0 by 1.133167 (=103.2)

Commodity	Contribution to change in overall index point	Percentage change in price index
Vegetables	- 0.9	- 16.4
Meat	- 0.1	- 1.3
Traders' Rice	+ 0.1	+ 3.2
Cooking gas	- 0.1	- 8.3
Gasolene	- 0.2	- 4.3
Air tickets	+ 0.2	+ 11.6
Overall	- 1.0	- 1.0

# Table 2 - Net contribution of main commodities that affected the index from March to June 2019

Table 3 : Monthly sub-indices by divis	on of consumption expenditure	, January to June 2019 -	(Base: January - December 2017 = 100)

Division	Description	Weight	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Percentage change between March and June 2019
01	Food and non-alcoholic beverages	248	105.6	109.2	110.0	109.6	109.5	106.3	- 3.4
02	Alcoholic beverages and tobacco	110	105.0	105.3	105.0	104.8	104.9	105.2	+ 0.2
03	Clothing and footwear	46	104.5	104.5	104.5	104.5	104.5	104.8	+ 0.3
04	04 Housing, water, electricity, gas and other fuels		98.2	98.2	98.2	98.2	98.2	97.5	- 0.7
05	<b>05</b> Furnishings, household equipment and routine household maintenance		103.0	103.6	103.3	103.1	103.5	103.6	+ 0.3
06	Health		105.2	105.3	105.3	105.2	105.0	105.0	- 0.3
07	Transport	147	105.4	103.6	103.1	104.0	104.4	103.0	-0.1
08	Communication	44	99.5	99.5	99.5	99.2	99.2	99.2	- 0.3
09	Recreation and culture	42	101.1	101.8	101.3	101.8	101.4	101.7	+ 0.4
10	Education	50	105.5	100.5	100.5	100.5	100.0	100.0	-0.4
11	11 Restaurants and hotels		105.5	105.1	105.1	105.1	104.4	104.5	-0.6
12	12 Miscellaneous goods and services		102.7	103.6	103.0	103.2	103.2	103.8	+ 0.8
	All Divisions	1000	103.8	104.4	104.4	104.4	104.4	103.4	-1.0

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

July 2018 to June 2019 (*Base: January - December 2017 = 100*)

Description	Wgt	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Division 01 - Food and non alcoholic beverages	248	102.7	100.8	100.9	102.4	102.6	101.6	105.6	109.2	110.0	109.6	109.5	106.3
Group 1 - Food	230	102.5	100.5	100.6	102.3	102.4	101.6	105.7	109.6	110.4	110.0	109.8	106.4
Group 2 - Non-alcoholic beverages	18.0	105.3	103.9	104.3	103.8	104.1	101.8	104.4	104.7	104.3	104.5	105.6	104.6
Division 02 - Alcoholic beverages and tobacco	110	103.8	103.6	104.2	104.0	105.0	104.2	105.0	105.3	105.0	104.8	104.9	105.2
Group 1 - Alcoholic beverages	61	100.9	100.5	101.6	101.3	103.0	101.6	103.1	103.6	103.0	102.6	102.9	103.4
Group 2 - Tobacco	49	107.4	107.4	107.4	107.4	107.4	107.4	107.4	107.4	107.4	107.4	107.4	107.4
Division 03 - Clothing and footwear	46	101.5	101.5	101.7	101.7	102.5	102.9	104.5	104.5	104.5	104.5	104.5	104.8
Group 1 - Clothing	36	101.8	101.8	102.0	102.0	102.5	103.1	104.5	104.5	104.5	104.5	104.5	104.9
Group 2 - Footwear	10	100.4	100.4	100.4	100.4	102.5	102.3	104.5	104.5	104.5	104.5	104.5	104.5
Division 04 - Housing, water, electricity, gas and other fuels	112	98.1	98.0	98.1	97.4	97.7	97.7	98.2	98.2	98.2	98.2	98.2	97.5
Group 1 - Actual rentals for housing	10	101.4	101.4	101.4	101.4	101.4	101.4	101.4	101.4	101.4	101.4	101.4	101.4
Group 2 - Mortgage interest on housing loan	31	94.9	94.6	94.6	92.1	93.4	93.4	93.4	93.4	93.4	93.4	93.4	93.4
Group 3 - Maintenance and repair of the dwelling	13	103.5	103.5	103.6	103.7	103.7	103.7	107.3	107.3	107.5	107.6	107.7	107.7
Group 4 - Water supply and miscellaneous services relating to the dwelling	11	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 5 - Electricity, gas and other fuels	47	97.6	97.6	97.6	97.6	97.6	97.6	97.6	97.6	97.6	97.6	97.6	96.1
Division 05 - Furnishings, household equipment and routine household maintenance	59	102.4	101.8	101.6	102.4	102.6	100.9	103.0	103.6	103.3	103.1	103.5	103.6
Group 1 - Furniture and furnishings, carpets and other floor coverings	14	103.0	101.8	99.5	101.9	101.7	99.4	101.6	101.6	101.6	101.2	101.6	102.3
Group 2 - Household textiles	5	102.3	102.3	102.3	102.3	102.8	101.6	102.2	102.5	102.5	102.5	103.1	103.3
Group 3 - Household appliances	12	100.2	99.1	99.6	99.6	99.6	98.5	99.7	101.3	100.9	100.8	101.5	101.7

## Table 4 (contd.) - Monthly CPI by division and group of consumption expenditure,

## July 2018 to June 2019 (Base: January - December 2017 = 100)

Description	Wgt	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Group 4 - Glassware,	8		8	Ŷ								Ĵ	
tableware and household													
utensils	2	99.9	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	99.5	99.5
Group 5 - Tools and													
equipment for house and													
garden	2	101.2	101.6	101.7	103.0	103.0	103.0	103.0	103.0	103.0	103.4	103.4	103.4
Group 6 - Goods and services													
for routine household maintenance	24	103.6	103.3	103.8	104.3	104.8	102.7	105.8	106.4	105.9	105.8	106.0	105.8
maintenance	27	105.0	105.5	105.8	104.5	104.0	102.7	105.8	100.4	105.9	105.8	100.0	105.0
Division 06 - Health	38	103.2	103.4	103.3	103.3	103.3	103.2	105.2	105.3	105.3	105.2	105.0	105.0
Group 1 - Medical products,													
appliances and equipment	14	100.8	101.2	101.0	101.0	101.1	100.8	100.9	101.2	101.2	100.9	100.3	100.3
Group 2 - Outpatient services	15	104.9	104.9	104.9	104.9	104.9	104.9	107.4	107.4	107.4	107.4	107.4	107.4
Group 2 - Outpatient services	15	104.9	104.9	104.9	104.9	104.9	104.9	107.4	107.4	107.4	107.4	107.4	107.4
Group 3 - Hospital services	9	104.1	104.1	104.1	104.1	104.1	104.1	108.2	108.2	108.2	108.2	108.2	108.2
Division 07 - Transport	147	106.8	105.3	105.1	105.7	106.9	107.0	105.4	103.6	103.1	104.0	104.4	103.0
Group 1 - Purchase of vehicles	50	99.0	98.3	98.4	98.5	98.6	99.5	99.8	99.8	99.9	101.2	100.4	100.4
Group 2 - Operation of													
personal transport equipment	64	112.0	112.0	112.2	112.5	112.5	112.5	109.5	107.8	107.8	107.8	107.8	104.1
Group 3 - Transport services	33	108.7	102.9	101.3	103.6	108.5	108.0	105.6	101.2	99.0	101.0	104.1	105.0
Division 08 -	55	100.7	102.9	101.5	105.0	100.5	100.0	105.0	101.2	· · · · ·	101.0	10	105.0
Communication	44	99.1	99.1	99.1	99.1	99.0	99.0	99.5	99.5	99.5	99.2	99.2	99.2
Group 2 - Telephone and													
telefax equipment	5	92.0	92.0	92.0	92.2	91.0	91.0	95.1	95.1	95.5	92.5	92.5	92.5
Group 3 - Telephone and													
telefax services	39	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 09 - Recreation and													
culture	42	100.6	100.9	101.0	101.0	101.0	100.9	101.1	101.8	101.3	101.8	101.4	101.7
Group 1 - Audio-visual,													
photographic and information													
processing equipment Group 3 - Other recreational	9	98.0	99.7	99.7	99.7	99.7	95.1	95.3	96.1	94.3	96.3	94.1	95.3
items and equipment, gardens													
and pets	6	102.0	102.1	102.3	102.2	102.4	102.5	102.6	102.7	101.9	102.0	102.4	102.7

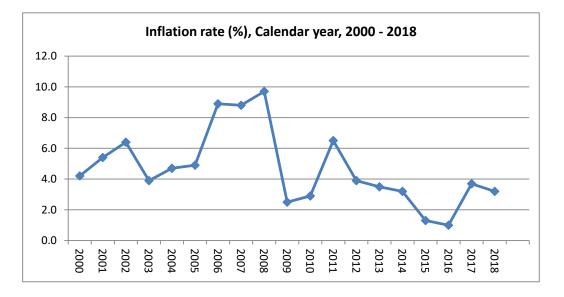
## Table 4 (contd.) - Monthly CPI by division and group of consumption expenditure,

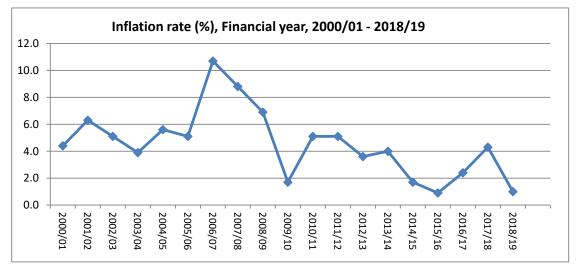
July 2018 to June 2019 (Base	: January - December 2017 = 100)
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Description	Wgt	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Group 4 - Recreational and cultural services	15	100.4	100.4	100.4	100.4	100.4	100.4	100.4	100.8	100.8	100.8	100.8	100.8
Group 5 - Newspapers, books and stationery	12	102.0	101.8	102.0	102.1	102.1	105.2	105.6	106.9	106.8	107.0	107.2	107.2
Division 10 - Education	50	104.2	104.2	104.2	104.2	104.2	104.2	105.5	100.5	100.5	100.5	100.0	100.0
Group 1 - Pre-primary and primary education	5	106.4	106.4	106.4	106.4	106.4	106.4	110.6	110.6	110.6	110.6	110.6	110.6
Group 2 - Secondary education	10	104.2	104.2	104.2	104.2	104.2	104.2	109.1	109.1	109.1	109.1	109.1	109.1
Group 3 - Post-secondary and non-tertiary education	0.5	100.0	100.0	100.0	100.0	100.0	100.0	100.0	125.0	125.0	125.0	125.0	125.0
Group 4 - Tertiary education	34	103.9	103.9	103.9	103.9	103.9	103.9	103.9	96.1	96.1	96.1	96.1	96.1
Group 5 - Education not definable by level	0.5	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	55.2	55.2
Division 11 - Restaurants and hotels	54	101.3	102.4	103.5	103.5	103.8	104.1	105.5	105.1	105.1	105.1	104.4	104.5
Group 1 - Catering services	51	101.3	102.4	103.3	103.3	103.7	104.1	105.1	105.2	105.2	105.2	104.4	104.3
Group 2 - Accomodation services	3	100.4	103.1	107.2	107.2	104.9	110.9	110.9	104.9	104.9	104.9	90.7	90.7
Division 12 - Miscellaneous goods and services	50	102.3	102.0	102.1	102.0	101.6	101.0	102.7	103.6	103.0	103.2	103.2	103.8
Group 1 - Personal care	22	103.2	102.5	102.6	102.4	101.4	100.0	102.0	104.0	102.7	103.1	103.0	104.2
Group 3 - Personal effects, not elsewhere classified	2	101.3	101.4	101.5	102.3	103.3	102.9	103.7	103.8	104.1	104.1	104.9	106.9
Group 4 - Social protection	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 5 - Insurance	21	102.0	102.0	102.0	102.0	102.0	102.0	103.7	103.7	103.7	103.7	103.7	103.7
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	100.0	100.0	100.0	100.0	100.0	100.0	101.9	101.9	101.9	101.9	101.9	101.9
All divisions	1000	102.6	101.9	102.0	102.4	102.8	102.4	103.8	104.4	104.4	104.4	104.4	103.4

Calendar year	Inflation rate	Financial Year	Inflation rate
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
2017	3.7	2017/18	4.3
2018	3.2	2018/19	1.0

Table 5 - Headline inflation rate (%), 2000 - 2019





### **Technical note**

## 1. Methodology used for the computation of the Consumer Price Index (Base period: January - December 2017 = 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) <u>The CPI basket</u>

The CPI basket is based on the expenditures of private households in a reference period, currently January to December 2017. The composition of the current CPI basket has been derived from the 2017 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) <u>Price coverage</u>

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 8,000 price quotations are collected in respect of 1,093 item indicators from some 520 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

$$I_{t} = \frac{\sum W_{i} (P_{it} / P_{i0})}{\sum W_{i}} X 100$$

where,

I t : CPI for period t with reference to a base period 0

 $\mathbf{P}_{i0}$ : Price of item *i* at time 0, i.e. during base period

 $\mathbf{P}_{it}$  : Price of item *i* at time t

 $W_i$ : Weight of item *i* 

The base period is January to December 2017, the period during which the latest HBS was conducted.

### 2. Inflation

#### (a) <u>Definition of Inflation</u>

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 ' <u>HBS 2017 Methodological Report and updated CPI</u> '