**Quarterly Export and Import Price Indices**

**1st Quarter 2022**

**(Base year: 2018=100)**

**1. Introduction**

The Export Price Index (EPI) provides an overall measure of pure price changes (in Mauritian rupees) of goods exported to other countries. The Import Price Index (IPI), on the other hand, measures pure price changes (in Mauritian rupees) of goods purchased from other countries.

This issue of Economic and Social Indicators presents a new series of export and import price indices for the period covering the 1st quarter of 2021 to the 1st quarter of 2022 with the year 2018 as base year. The weights have been derived from exports and imports data for the base year, while the average import and export prices of representative products in 2018 have been used as base prices.

The new series are not strictly comparable with already published ones because of the different weight structures in the base period. To facilitate analysis, chain-linked indices with base year 2018 for the period 1st quarter 2007 to 1st quarter 2022 are given in Tables 5 and 10.

Detailed indices prior to 1st quarter 2021 are posted on Statistics Mauritius website in the historical series at:

<https://statsmauritius.govmu.org/Pages/Statistics/By_Subject/Indices/SB_Indices.aspx>

The methodologies used and the changes in the weight structure from 2013 to 2018 are given at Annex 1 and Annex 2.

**2. Terms of trade (base year: 2018 = 100)**

The terms of trade index is the ratio of export price index to import price index. A rise in this ratio indicates that the terms of trade have moved in favour of Mauritius. During the first quarter of 2022, export and import prices increased by 2.4% and 14.4% respectively when compared to the previous quarter. During the same period, the terms of trade index decreased by 9.9 points (-10.5%) to reach 84.7 from 94.6 in the fourth quarter of 2021. Compared to the corresponding quarter of 2021, export and import prices increased by 9.7% and 40.1% respectively. During the same period, the terms of trade decreased by 23.4 points (-21.6%) from 108.1 to 84.7.

|  |  |  |
| --- | --- | --- |
| **Price indices**  | **2021** | **2022** |
| 1st Qr | 2nd Qr | 3rd Qr | 4th Qr | **Year** | 1st Qr |
| **Export** | 124.4 | 126.7 | 132.4 | 133.3 | **129.2** | 136.5 |
| **Import** | 115.1 | 126.3 | 137.1 | 140.9 | **129.9** | 161.2  |
| **Terms of trade** | 108.1 | 100.3 | 96.6 | 94.6 | **99.5** | 84.7 |

**3. Export Price Index (EPI) – (Tables 1 - 5)**

**3.1 Structure of EPI**

EPI covers four of the 10 sections of the Standard International Trade Classification (SITC Rev. 4), namely “Food and live animals”, “Chemicals and related products”, “Manufactured goods

classified chiefly by material” and “Miscellaneous manufactured articles”. Exports of goods falling under these sections covered 87% of total exports in the base year. Sub-indices are also available at the division and section levels of the SITC (Tables 1-2).

**3.2 Changes in quarterly EPI (1st quarter 2022)**

3.2.1 Overall Index

The average quarterly EPI increased from 133.3 in the fourth quarter of 2021 to 136.5 in the first quarter of 2022, representing an increase of 2.4%. That was mainly due to increases in the prices of “Miscellaneous manufactured articles” (+3.4%), “Chemicals and related products, n.e.s” (+7.3%) and “Manufactured goods classified chiefly by material” (+3.1%).

Compared to price levels in the corresponding quarter of 2021, the index increased by 9.7% from 124.4 to 136.5, which was mainly due to increases in the prices of “Miscellaneous manufactured articles” (+11.8%) and “Food and live animals” (+6.9%).

### 3.2.2 Section 0: Food and live animals

“Food and live animals” carries 40.6% of the total weight. It consists mainly of “Fish and fish preparations” (64.5%) and “Sugar, sugar preparations and honey” (22.1%).

The index for “Food and live animals” increased by 0.2% from 121.4 in the fourth quarter of 2021 to 121.6 in the first quarter of 2022. That was mainly explained by increases in the prices of “Live animals” (+12.0%), “Sugar, sugar preparations and honey” (+0.7%) and “Coffee, tea, cocoa, spices, and manufactures thereof” (+1.3%), partly offset by decreases in the prices of “Fish and fish preparations” (-0.9%).

Compared to 113.7 in the corresponding quarter of 2021, the index rose by 6.9% to reach 121.6 in the first quarter of 2022, mainly due to increases in the prices of “Sugar, sugar preparations and honey” (+13.5%), “Fish and fish preparations” (+3.1%) and “Live animals” (+21.6%).

### 3.2.3 Section 5: Chemicals and related products, n.e.s

During the first quarter of 2022, the index for “Chemicals and related products, n.e.s” stood at 124.2 compared to 115.7 in the fourth quarter of 2021, representing an increase of 7.3%. That was explained by increases in the prices of “Medicinal and pharmaceutical products” (+8.2%) and “Organic chemicals” (+6.3%).

Compared to 112.0 in the corresponding quarter of 2021, the index increased by 10.9% to reach 124.2 in the first quarter of 2022, as a result of increases in the prices of “Medicinal and pharmaceutical products” (+10.9%) and “Organic chemicals” (+10.8%).

### 3.2.4 Section 6: Manufactured goods classified chiefly by material

### The index for “Manufactured goods classified chiefly by material” increased by 3.1% from 134.1 in the fourth quarter of 2021 to 138.3 in the first quarter of 2022. This rise is explained by an increase of 3.1% in the prices of “Textile yarn, fabrics, made-up articles, n.e.s., & related products”.

Compared to the corresponding quarter of 2021, the index rose by 9.0% from 126.9 to 138.3 in the first quarter of 2022 due to increases of 9.0% in the prices of “Textile yarn, fabrics, made-up articles, n.e.s., & related products”.

### 3.2.5 Section 8: Miscellaneous manufactured articles

“Miscellaneous manufactured articles” which carries 45.3% of the total weight, is the most important section covered by the export price index. It consists mainly of “Articles of apparel and clothing accessories” (85.5%).

The index for “Miscellaneous manufactured articles” increased from 146.0 in the fourth quarter of 2021 to 150.9 in the first quarter of 2022, representing a rise of 3.4%. That was mainly explained by increases in the prices of “Articles of apparel and clothing accessories” (+3.9%), partly offset by decreases in the prices of “Professional, scientific and controlling instruments and apparatus, n.e.s.” (-3.5%).

Compared to the corresponding quarter of 2021, the index increased by 11.8% from 135.0 to 150.9 in the first quarter of 2022, mainly explained by increases in the prices of “Articles of apparel and clothing accessories” (+13.0%).

**4. Import Price Index (IPI) (Tables 6 - 10)**

**4.1 Structure of IPI**

IPI covers nine out of the 10 SITC sections. The only section not covered is “Commodities and transactions not classified elsewhere”, because of the heterogeneity of the products and the inherent difficulties in pricing items of constant quality. Imports of goods falling under the covered sections make up for 84% of total imports in the base year. Sub-indices are also available at the division and section levels of the SITC (Tables 6-7).

**4.2 Changes in quarterly IPI (1st quarter 2022)**

4.2.1 Overall Index

The Import Price Index (IPI), calculated on a quarterly basis, increased by 14.4% from 140.9 in the fourth quarter of 2021 to 161.2 in the first quarter of 2022. That was mainly the effect of increases in the prices of “Mineral fuels, lubricants and related materials” (+29.6%), “Food and live animals” (+7.8%) and “Manufactured goods classified chiefly by material” (+4.5%).

Compared to the corresponding quarter of 2021, the index rose by 40.1% from 115.1 to 161.2 in the first quarter of 2022, mainly as a result of increases in the prices of “Mineral fuels, lubricants and related materials” (+77.7%), “Food and live animals” (+22.3%), “Manufactured goods classified chiefly by material” (+37.8%) and “Machinery and transport equipment” (+7.8%).

### 4.2.2 Section 0: Food and live animals

“Food and live animals” carries 21.7% of the total weight of the import price index. The two main components of this section are “Fish and fish preparations” (28.4%) and “Cereals and cereal preparations” (21.6%).

The index for this section increased by 7.8% from 132.8 in the fourth quarter of 2021 to 143.1 in the first quarter of 2022. This increase is mainly attributable to increases in the prices of “Fish and fish preparations” (+16.8%), “Cereals and cereal preparations” (+5.3%), “Vegetables and fruit” (+20.3%) and “Dairy products and birds’ eggs” (+3.4%).

Compared to the corresponding quarter of 2021, the index increased by 22.3% from 117.0 to 143.1 in the first quarter of 2022, mainly due to increases in the prices of “Fish and fish preparations” (+28.7%), “Cereals and cereal preparations” (+29.1%), “Dairy products and birds’ eggs” (+12.3%), “Miscellaneous edible products and preparations” (+21.7%) and “Meat and meat preparations” (+19.7%).

### 4.2.3 Section 1: Beverages and Tobacco

The index for “Beverages and Tobacco” increased by 1.3 % from 121.0 in the fourth quarter of 2021 to 122.6 in the first quarter of 2022, as a result of increases in the prices of “Beverages” (+3.6%).

Compared to 108.3 in the corresponding quarter of 2021, the index increased by 13.2% to reach 122.6 in the first quarter of 2022 due to price increases in “Tobacco and tobacco manufactures” (+13.9%) and “Beverages” (+12.1%).

## 4.2.4 Section 2: Crude materials, inedible, except fuels

The index for “Crude materials, inedible, except fuels” increased by 11.3% to 148.7 in the first quarter of 2022 from 133.6 in the fourth quarter of 2021, mainly due to increases in the prices of “Textile fibres and their wastes” (+15.3%).

Compared to the corresponding quarter of 2021, the index increased by 30.4% from 114.0 to 148.7 in the first quarter of 2022, mainly due to increases in the prices of “Textile fibres and their wastes” (+35.4%) and “Crude animal and vegetable materials, n.e.s.” (+25.4%).

## 4.2.5 Section 3: Mineral fuels, lubricants and related materials

“Mineral fuels, lubricants and related materials” consisting mainly of “Petroleum, petroleum products and related materials”, makes up for 37.7% of the weight of the IPI.

The index for “Mineral fuels, lubricants and related materials” increased by 29.6% from 150.7 in the fourth quarter of 2021 to 195.3 in the first quarter of 2022. That was mainly explained by increases in the prices of “Petroleum, petroleum products and related materials” (+26.0%) and “Coal, coke and briquettes” (+76.9%).

Compared to the corresponding period of 2021, the index rose by 77.7% from 109.9 to 195.3 in the first quarter of 2022, mainly due to increases in the prices of “Petroleum, petroleum products and related materials” (+72.2%) and “Coal, coke and briquettes” (+201.3%).

## 4.2.6 Section 5: Chemical materials & related products, n.e.s

The index for “Chemical materials & related products, n.e.s” increased by 0.9% from 126.5 in the fourth quarter of 2021 to 127.6 in the first quarter of 2022. This increase is mainly explained by higher prices of “Plastics in primary forms” (+6.4%), partly offset by decreases in the prices of “Essential oils and resinoids & perfume materials;toilet, etc.” (-0.7%).

Compared to the corresponding quarter of 2021, the index increased by 7.9% from 118.3 to 127.6 in the first quarter of 2022, mainly explained by increases in the prices of “Plastics in primary forms” (+42.4%) and “Medicinal and pharmaceutical products” (+3.3%).

## 4.2.7 Section 6: Manufactured goods classified chiefly by material

The index for “Manufactured goods classified chiefly bymaterial” increased by 4.5% from 161.5 in the fourth quarter of 2021 to 168.7 in the first quarter of 2022, mainly due to higher prices of “Iron and steel” (+16.6%) and “Non-ferrous metals” (+7.1%), partly offset by decreases in the prices of “Textile yarn, fabrics, made-up articles, n.e.s” (-1.6%).

Compared to the corresponding quarter of 2021, the index rose by 37.8% from 122.4 to 168.7 in the first quarter of 2022, mainly due to increases in the prices of “Iron and steel” (+76.4%), “Textile yarn, fabrics, made-up articles, n.e.s” (+26.7%), “Non-metallic mineral manufactures, n.e.s.” (+26.2%) and “Non-ferrous metals” (+48.0%).

## 4.2.8 Section 7: Machinery and transport equipment

The index for “Machinery and transport equipment”, with 15.2% of the total weight, stood at 127.1 in the first quarter of 2022. Compared to the previous quarter’s figure of 125.5, an increase of 1.3% is noted, mainly due to higher prices of “Road vehicles” (+1.1%), “Electrical machinery, apparatus and appliances, n.e.s., & parts thereof reproducing apparatus” (+6.9%) and “Office machines and automatic data processing machines” (+1.4%), partly offset by decreases in the prices of “General industrial machinery & equipment, n.e.s.” (-2.4%).

Compared to the corresponding quarter of 2021, the index rose by 7.8%, from 117.9 to 127.1 in the first quarter of 2022, mainly due to increases in the prices of “Road vehicles” (+6.7%), “Telecommunications and sound recording” (+14.7%) and “Electrical machinery, apparatus and appliances, n.e.s., & parts thereof reproducing apparatus” (+19.3%).

## 4.2.9 Section 8: Miscellaneous manufactured articles

The index for “Miscellaneous manufactured articles” decreased by 5.4% from 135.3 in the fourth quarter of 2021 to 128.0 in the first quarter of 2022. That was mainly due to decreases in the prices of “Photographic apparatus, equipment and supplies and optical goods, n.e.s.; watches & clocks” (-14.3%) and “Footwear” (-3.5%).

Compared to the corresponding quarter of 2021, the index increased by 0.4% from 127.5 to 128.0 in the first quarter of 2022. This rise was mainly attributable to higher prices of “Footwear” (+3.3%), “Furniture & parts thereof; bedding, mattresses, mattress support, cushions & similar stuffed furnishings” (+9.1%) and “Professional, scientific and controlling inst. and app” (+6.7%), partly offset by decreases in the prices of “Photographic apparatus, equipment and supplies and optical goods, n.e.s.; watches & clocks” (-11.2%).

**Statistics Mauritius**

Ministry of Finance, Economic Planning & Development

Port-Louis

**Contact Persons:**

Ms. A. D. Soobhug

Statistician

asoobhug@govmu.org

Mr. J. Sowdagur

Senior Statistical Officer

jasowdagur@govmu.org

Statistics Mauritius, L.I.C Centre, J. Kennedy Street

Port Louis

Telephone: (230) 208 1800

Fax: (230) 211 4150

**June 2022**

### Annex 1

**Export Price Index (EPI)**

**Methodology for the computation of the EPI**

**1. Definition**

The Export Price index (EPI) provides an overall measure of pure price changes in Mauritian Rupees of goods exported to other countries. This index is constructed from the export prices of a "constant" well-defined representative basket of commodities selected from trade data in the base year.

The first series of EPI was calculated with year 1993 as base. It was subsequently rebased to

year 1997, 2003, 2007, 2013 and the present series has as base period year 2018.

The concepts and definitions of the EPI largely follow the guidelines provided in the “IMF Export and Import Price Index Manual, Theory and Practice, 2009”.

**2. Scope**

The 2018 index is based on the Nomenclature of the Standard International Trade Classification of the United Nations (SITC Rev 4). The EPI covers four of the 10 sections of the SITC, namely “Food and live animals”, “Chemicals and related products”, “Manufactured goods classified chiefly by material” and “Miscellaneous manufactured articles”. Exports of goods falling under these sections covered 87% of total exports in the base year. Separate sub-indices are produced for each SITC section and division.

The EPI covers total exports (domestic exports and re-exports). The most important commodities in the 2018 EPI are “Articles of apparel and clothing accessories”, “Fish and fish preparations”, “Sugar” and “Textile yarn, fabrics, made-up articles, n.e.s., and related products”.

However, some commodities were excluded in the computation of the weights because of their heterogeneity and the inherent difficulties in pricing them to a constant quality. Those were precious stones, jewellery, recorded media and free publications, and all products classified within the Sections 1, 3, 7 and 9 of the SITC; together they accounted for around 20% of total exports in 2018. In addition, SITC sections 2 and 4 were not represented due to low exports value.

The index thus covers about 80% of the value of merchandise exported during 2018. Commodities directly represented (i.e, price movements followed) constitute 62% of the total value of exports. For the 18% not directly represented, their prices are considered to move similarly to those represented directly.

**3. Selection of products to be priced and outlets**

Around 56 exporters (outlets) have been selected from trade declarations submitted to the Customs Department in 2018 for pricing of the commodities through quarterly price surveys. These exporters are the major ones trading on a regular basis.

A total of around 125 products, representing the 33 commodities directly represented in the index, were selected for pricing on the basis of their share in total exports, regularity of trade

of exports and also their importance in the trader’s exports. There must also be a sustained demand for the product variety.

Specifications of products to be priced (physical and qualitative) were established in collaboration with the selected exporters to ensure that same items are priced at each price survey. Specifications include: pricing basis, contract basis, country of destination, unit of measurement, mode of transport, terms of payment, currency and any other conditions like quality and quantity of the product, that have a bearing on the price.

**4. Weighting scheme**

Weights, derived from the 2018 exports, for each section, division, group and commodity, were based on their export values. Products selected for pricing purposes represent all commodities that fall within that weight group.

**Changes in the weights from 2013 to 2018**

The changes in weights at section level are shown in the table below.

|  |  |  |  |
| --- | --- | --- | --- |
| **Section**  | **Description** | **2013** | **2018** |
|   | All sections  | 10,000 | 10,000 |
| 0 | Food and live animals | 4,908 | 4,055 |
| 5 | Chemicals and related products, n.e.s. | 215 | 554 |
| 6 | Manufactured goods classified chiefly by material | 305 | 866 |
| 8 | Miscellaneous manufactured articles | 4,572 | 4,525 |

It is noted that the weight for:

1. “Food and live animals” decreased by 17% in 2018, compared to an increase of 49% in 2013, mainly due to decreases in the importance of “Sugar”, “Fish and fish preparations” and “Cereals and cereal preparations”.
2. “Chemicals and related products, n.e.s.”, however, increased by 158% in 2018, compared to a decrease of 8% in 2013, mainly because of the growing importance of “Medicinal and pharmaceutical products”.
3. “Manufactured goods classified chiefly by material” increased by 184% in 2018, compared to a decrease of 60% in 2013, mainly because of the growing importance of “Textile yarn, fabrics, made-up articles, n.e.s., and related products”, and
4. “Miscellaneous manufactured articles” decreased slightly, mainly due to a decrease in the export value of “Articles of apparel and clothing accessories”.

**5. Base period prices**

Monthly prices were collected from selected exporters for each month of 2018 and yearly average prices, known as base year prices, were calculated for each commodity. Monthly indices were calculated and averaged to work out quarterly indices for the base year.

**6. Price collection**

A preliminary survey of the selected exporters was conducted in 2021 to gather information on products (specific brand and type) relating to the selected commodities and monthly prices

for 2018 onwards were collected. Hereafter, the selected exporters are visited every quarter but prices are collected for each month of the quarter for the computation of monthly and quarterly indices. The collected prices are reported on a free on board (F.O.B.) basis and are mostly contract prices.

**7. Uses of the EPI**

The Export Price Index is an important economic indicator which is used, inter alia, to:

1. measure changes in prices of exports
2. analyse the effect of export price changes on the various sectors of the economy
3. calculate changes in the volume of exports
4. calculate the terms of trade (that is the ratio of export prices to import prices)
5. analyse the effect of exchange rates on export prices.

It also serves as a basis to assess the competitiveness of Mauritian products in relation to price trends of common products of other countries with which Mauritius competes for markets.

**8. Calculation of the EPI**

The lowest level (SITC 7 digit) indices are calculated as a geometric average of the price relatives of the basic observations (products). Laspeyres formula, based on the weighted average of price relatives, is used to calculate higher level indices. The mathematical form of the formula is shown below:

 Where 1ot is the index for period t compared to base period 0

 wi is the weight of the ith element

 Pio is the base price of the ith element

 Pit is the price of the ith element in period t

is the price relative of the ith element in period t relative to base period 0

 Pit

 Pot

Σ means summation over all selected elements

**9. Missing Prices**

In case of missing prices for a product, imputation is carried out as recommended in the “IMF Export and Import Price Index Manual, Theory and Practice, 2009”.

### Annex 2

**Import Price Index (IPI)**

**Methodology for the computation of the IPI**

**1. Definition**

The Import Price Index (IPI) provides an overall measure of pure price changes in Mauritian Rupees of goods imported into the country. This index is constructed from import prices of a "constant" well-defined representative basket of commodities selected from imports data in the base year.

The concepts and definitions of the IPI largely follow the guidelines provided in the “IMF Export and Import Price Index Manual, Theory and Practice, 2009”.

The first series of IPI were calculated with year 2002 as base and reference prices for the year 2003. It was subsequently rebased to years 2007, 2013 and the present series has as base period year 2018.

**2. Scope**

The commodities are classified according to the United Nations Standard International Trade Classification (SITC Rev 4). The IPI covers nine out of the 10 Standard International Trade Classification sections. The only section not covered is “Commodities and transactions not classified elsewhere”, because of the heterogeneity of the products and the inherent difficulties in pricing items of a constant quality.

For the computation of the 2018 weights, some commodities accounting for around 16% of total imports in 2018 were excluded because of their heterogeneity and the inherent difficulties in pricing them to a constant quality. Those were: precious stones, jewellery, cellular telephones, recorded media and free publications, aircraft, helicopters and marine vessels, certain machine parts, textile wastes and Section 9 of the SITC described as “Commodities and transactions not classified elsewhere”.

Thus, the index covers about 84.0% of the value of merchandise imported in 2018. Commodities directly represented (price movements followed) constitute around 57% of the total value of imports. For the 27% not directly represented, their prices are considered to move similarly to those represented directly.

**3. Selection of products to be priced and outlets**

Some 178 importers (outlets) have been selected from trade declarations submitted to the Customs Department in 2018 for the pricing of the commodities. These importers are the major ones importing the selected commodities on a regular basis.

A total of around 275 products, representing the 112 commodities directly represented, were selected for pricing on the basis of regularity of imports and also their importance in the trader’s imports. There must also be a sustained demand for the product variety.

Specifications of products to be priced (physical and qualitative) were established in collaboration with the selected importers to ensure that same items are priced every quarter. Specifications include: pricing basis, contract basis, country of origin, unit of measurement, mode of transport, terms of payment, currency and any other conditions like quality and quantity of the product, that have a bearing on the price.

**4. Weighting scheme**

Weights, derived from the 2018 imports, for each section, division, group and commodity, were based on their import values. Products selected for pricing purposes represent all commodities that fall within that weight group.

**Changes in the weights from 2013 to 2018**

The changes in weights at section level are shown in the table below.

|  |  |  |  |
| --- | --- | --- | --- |
| **Section**  | **Description** | **2013** | **2018** |
|   | All sections  | 10,000 | 10,000 |
| 0 | Food and live animals | 2,511 | 2,169 |
| 1 | Beverages and tobacco | 293 | 333 |
| 2 | Crude materials, inedible, except fuels | 241 | 262 |
| 3 | Minerals fuels, lubricants and related materials | 3,996 | 3,766 |
| 4 | Animal and vegetable oils, fats and waxes | 97 | 92 |
| 5 | Chemicals and related products, n.e.s. | 570 | 717 |
| 6 | Manufactured goods classified chiefly by material | 1,116 | 852 |
| 7 | Machinery and transport equipment | 887 | 1,515 |
| 8 | Miscellaneous manufactured articles | 289 | 294 |

It is to be noted that the weight for:

1. “Food and live animals” decreased by 14% in 2018, compared to an increase of 25% in 2013, mainly due to decreases in the importance of “Sugar”, “Fish and fish preparations” and, “Cereals and cereal preparations”.
2. “Mineral fuels, lubricants and related materials” decreased by 6% in 2018, compared to an increase of nearly 40% in 2013, mainly due to the lower import value of “Petroleum, petroleum products and related materials”.
3. “Manufactured goods classified chiefly by material” decreased by 24% in 2018, compared to a decrease of from 11% in 2013, mainly due to lower share of imports of “Textile yarn, fabrics, made-up articles, n.e.s”, “Non-metallic mineral manufactures, n.e.s.” and, “Iron and steel”.
4. “Machinery and transport equipment” increased by 71%, compared to a decrease of 51% in 2013, mainly due to higher share of imports of “Telecommunications and sound recording” and,
5. “Chemicals and related products, n.e.s.” increased by 26%, compared to a decrease of 33% in 2013, mainly due to a higher share of imports of “Medicinal and pharmaceutical products”.

**5. Base period prices**

Quarterly prices were collected from selected importers for each quarter of 2018 and yearly average prices, known as base year prices, were calculated for each commodity thus, quarterly indices were worked out for the base year.

**6. Price collection**

A preliminary survey of the selected importers was conducted in 2021 to gather information on the products (specific brand and type) relating to the selected commodities and to collect prices for the four quarters of 2018. Hereafter, the selected importers are visited every quarter to collect the required prices for updating the index. Given that most imports occur at intervals longer than a month, prices refer to the last consignment of the quarter. The collected prices are reported on a cost, insurance, freight (C.I.F) basis and are mostly contract prices.

**7. Petroleum products and rice**

It is to be noted that the index for petroleum products is calculated differently given that these products, namely gasoline, gas oil, aviation fuel, fuel oil, LPG are imported more than once during a quarter. All prices available for the quarter are collected and average prices for the quarter are computed for each product. The same pricing system is applicable for rice imported by the State Trading Corporation.

**8. Uses of the Import Price Index**

The Import Price Index is an important economic indicator, which is used, inter alia, to:

1. measure changes in prices of imports
2. analyse the effect of import price changes on the various sectors of the economy
3. calculate changes in the volume of imports
4. calculate the terms of trade (that is the ratio of export prices to import prices)
5. analyse the effect of exchange rates on import prices.

**9. Calculation of the IPI**

The lowest level indices (SITC 7 digit) are determined as a geometric average of the price relatives of the basic observations (products). Laspeyres formula, based on the weighted average of price relatives, is used to calculate higher level indices.

The mathematical form of the formula is shown below:

 Where 1ot is the index for period t compared to base period 0

 wi is the weight of the ith element

 Pio is the base price of the ith element

 Pit is the price of the ith element in period t

is the price relative of the ith element in period t relative to base period 0

 Pit

 Pot

Σ means summation over all selected elements

**10. Missing Prices**

In case of missing prices for a product, imputation is carried out as recommended in the “IMF Export and Import Price Index Manual, Theory and Practice, 2009”.