



TUVALU GOVERNMENT
Statistics Division
Ministry of Finance
Economic Planning & Industries

CONSUMER PRICE INDEX REPORT
NOVEMBER 2006

(4th Quarter Report 2006)

OVERVIEW

This release of this Tuvalu **Consumer Price Index (CPI)** had a regimen and weight based on the new CPI rebase which is base on the recent **Household Income and Expenditure Survey 2004/05**. Like the old CPI, the new CPI express the index on base 1000. Replacements items of commodities that are no longer available, with additional items to the old Basket of Goods, are also introduced with their new weights. The following are included in the new regimen; these were not included in the previous index:

- **Mineral Water**
- **Ice Block**
- **Taro**
- **Garlic**
- **Curry Powder**
- **Cell Phone Call Charges**
- **Water Tank (Plastic)**
- **Nappies**

Starting from this quarter the Consumer Price Index has an expression base August (third quarter) 2006. More information on the method of deriving the new weights of regimen, are found on the **“Documentation for the Tuvalu March 2006 CPI Re-base”**. The work done on the CPI Rebase was done by Mr. Chris Ryan (Technical Adviser from the Statistics and Demography Programme) from the Secretariat of Pacific Community (SPC) and Mr. Niuatui Niuatui (Statistical Officer) from the Central Statistics Division. All prices are collected on the capital Funafuti with the assumption that it represents all of Tuvalu Islands prices.

Tuvalu Consumer Price Index Revision

The Tuvalu Consumer Price Index (CPI) increase is **2.84%** over the last three months (or from the previous quarter). This change results in the annual inflation rate of **5.64%** for the last twelve months as compared to the inflation rate of **3.83%** of the previous quarter.

Table 1 and Graph 1 on the next page (page 2) show that there is an increase in the **average rate quarterly inflation rate** (average for all four quarters) for the last 2 years (from 2004 to 2006). The average quarterly inflation rate increases from 2.81% to 3.83%. This is not the same from 2002 to 2004 where the average quarterly inflation rate decline from 5.14% to 2.81%. The reason for these changes can be found later in this report when *analyzing significant movements within indices (and therefore indicate which item or regimen have increase or decrease their prices)*.

**TABLE 1 ANNUAL INFLATION RATE IN PERCENTAGE BY QUARTERLY PERIOD
(Base November 2006 = 1000)**

<i>Year</i>	<i>Feb</i>	<i>May</i>	<i>Aug</i>	<i>Nov</i>	<i>Average Rate</i>
1985	0.4	3.8	3.5	7.1	3.7
1986	10.5	8.1	8.3	1.2	7.0
1987	-0.5	1.8	3.6	8.4	3.3
1988	6.4	9.2	7.4	2.8	6.5
1989	6.5	1.7	-0.1	2.4	2.6
1990	2.1	1.5	4	0.5	2.0
1991	5.6	7.2	7.6	11.3	7.9
1992	3.8	2.1	1.9	1.1	2.2
1993	1.8	2.3	1	4.1	2.3
1994	2.9	1.3	1.6	0	1.5
1995	2.1	5.7	6.5	5.6	5.0
1996	3.00	0.74	-0.45	0.00	0.82
1997	1.18	1.70	1.82	1.73	1.61
1998	-0.05	1.28	1.20	0.99	0.86
1999	3.48	1.85	2.19	5.31	3.21
2000	5.07	5.33	3.92	1.35	3.92
2001	-1.84	-0.53	3.87	4.64	1.53
2002	7.47	9.88	3.18	0.02	5.14
2003	1.49	1.22	4.11	6.67	3.37
2004	5.11	1.61	2.37	2.15	2.81
2005	2.66	3.49	2.81	3.92	3.22
2006	3.59	2.25	3.83	5.64	3.83

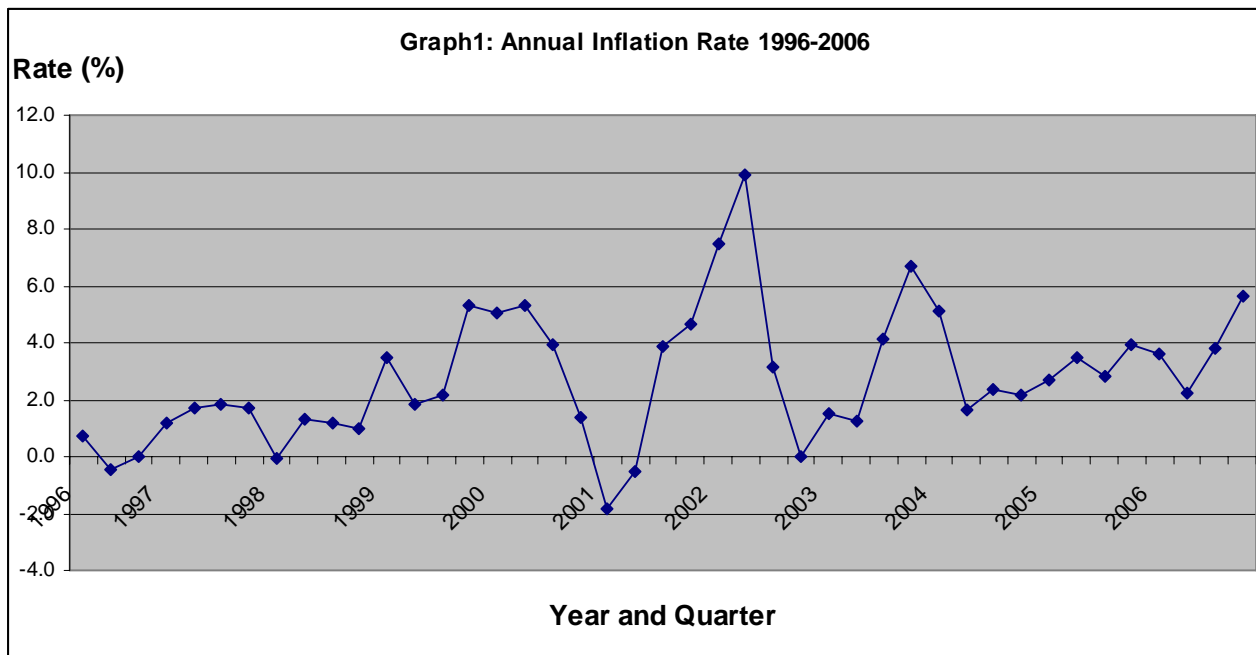


Table 2 below shows the trends of price indices by major groups, for the last three and twelve months periods.

Table 2: Consumer Price Index by Major Groups (Nov 05 – Nov 06)

<i>Major Group</i>	<i>Nov-05</i>	<i>Aug-06</i>	<i>Nov-06</i>	Changes in Percentages (%)	
				3 Months	12 Months
<i>Food</i>	981.54	1009.75	1025.64	1.57	4.49
<i>Alcohol & Tobacco</i>	1009.82	989.28	992.93	0.37	-1.67
<i>Clothing & Textiles</i>	947.35	977.96	1347.06	37.74	42.19
<i>Transport</i>	981.78	1181.47	1182.34	0.07	20.43
<i>Housing</i>	986.29	989.95	1037.34	4.79	5.18
<i>Miscellaneous</i>	995.16	993.85	982.85	-1.11	-1.24
ALL ITEMS	990.16	1017.09	1046.01	2.84	5.64

The above table shows an increase in the overall index of **2.84%** from the previous quarter. The increase contributed by major groups such as Clothing & Textiles 37.74% followed by Housing 4.79%, Food 1.57%, Alcohol and Tobacco 0.37% and Transport 0.07%. There is one group which indicates a decrease of 1.11% is Miscellaneous.

For the last twelve months there is an increase in the overall index of **5.64%**. This increase was contributed by major groups such as Clothing & Textiles 42.19%, Transport 20.43%, Housing 5.18% and Food 4.49%. Two major groups indicates decline, Alcohol & Tobacco 1.67% and Miscellaneous 1.24%.

The following explanations briefly indicate the significant movements within the indices:

Note: Please do note that some items have increases **significantly** because these items have change in terms of **quantity and quality** (expected as this is a new re-base CPI with new items and new specifications for old items).

Clothing and Textiles

The group records an increase of 37.74% for this quarter. The increase is mainly due to the following increase in prices of the following items:

- Men's T-Shirt **152.04%** (i.e. from \$9.80 to \$24.70)
- Men's Singlet **147.19%** (i.e. from \$8.90 to \$22.00)

Offsetting the above increase is the decrease in prices of:

- *Nappies* 11.00% (i.e. from \$0.90 to \$0.80)

Housing

The increase of 4.79% of this group contributed to the overall index, results from the increase in the prices of:

- *Cement* 5.88% (i.e. from \$17.00 to \$18.00)
- *Kerosene* **28.57%** (i.e. from \$1.40 to \$1.80)
- *Butane Gas* 4.88% (i.e. from \$41.00 to \$43.00)

Food

The increase of 1.57% recorded for this group is mainly due to the **increase of prices** to the following items from the previous quarter:

- *Lamb Chops* **16.42%** (i.e. from \$6.70 to \$7.80)
- *Condense Milk* **50.00%** (i.e. from \$2.40 to \$3.60)
- *Butter* **71.43%** (i.e. from \$2.80 to \$4.80)
- *Chicken, Whole Frozen* 1.39% (i.e. from \$7.20 to \$7.30)
- *Sausages* 1.37% (i.e. from \$7.20 to \$7.40)
- *Brown Sugar* 6.25% (i.e. from \$1.60 to \$1.70)
- *Onions* **33.33%** (i.e. from \$1.80 to \$2.40)
- *Potatoes* 6.67% (i.e. from \$1.50 to \$1.60)
- *Cassava* 12.50% (i.e. from \$2.40 to \$2.20)
- *Tea* 11.11% (i.e. from \$1.80 to \$2.00)
- *Soft Drinks* 11.11% (i.e. from \$0.90 to \$1.00)
- *Cooking Oil* **35.06%** (i.e. from \$3.85 to \$5.20)
- *Dripping* 3.70% (i.e. from \$2.70 to \$2.80)
- *Tomato Sauce* 8.93% (i.e. from \$2.80 to \$3.05)
- *Soya Sauce* 6.67% (i.e. from \$1.50 to \$1.60)
- *Meals take Away* 14.00% (i.e. from \$5.00 to \$5.70)

Offsetting the above increase is the decrease in prices of:

- *Lamb Necks* 0.135% (i.e. from \$4.50 to \$4.30)
- *Eggs* 0.475% (i.e. from \$6.30 to \$6.00)
- *Cabin Biscuit* 0.837% (i.e. from \$3.40 to \$3.30)
- *Oranges* 0.315% (i.e. from \$5.20 to \$2.90)
- *Pears* 0.525% (i.e. from \$6.20 to \$3.70)
- *English Cabbage* 0.429% (i.e. from \$5.40 to \$2.60)
- *Salt* 0.242% (i.e. from \$1.60 to \$1.50)

Alcohol & Tobacco

The group records an increase of 0.37% to the overall index as a result of the following increase of price of wine; 20.48% increase from the previous quarter (i.e. from \$21.00 to \$25.30). This increase is offset by the decrease of the price of distilled spirit; 0.15% (i.e. from \$32.00 to \$31.43).

Transport

The increase of 0.07% for this group on the overall index result from the increase of diesel; 2.87% from the previous quarter (i.e. from \$1.80 to \$1.85).

Miscellaneous

The decrease of 1.11% for this group to the overall index is mainly due to the decrease in prices of deodorant and bar soap. The decline for prices in deodorant is 47.56% (i.e. from \$4.10 to \$2.15) and for bar soap is 5.13% (i.e. from \$3.90 to \$3.70).

CONCLUSION

This Consumer Price Index shows an increase of **5.64%** for the fourth quarter as compared to the increase of **1.71%** for the third quarter of this year. The annual inflation rate from last (fourth) quarter of 2005 to this last (fourth) quarter is **3.83%**. The increase in the overall index attributed by the changes made to the affected items such as price changes by the changes made to the country of import.