

# ASG-DEPARTMENT OF COMMERCE



## Consumer Price Index Newsletter

July 1, 2005  
Volume 1, Issue 49

### Current Inflation Rate

Rate of inflation measured at the end of the Second Quarter 2005 is 4.2 percent  
The overall index registered at 125.8 index points; an increase of 0.8 percentage point from the previous quarter.

### 2ND QUARTER (APRIL TO JUNE 2005) COMPARATIVE INDEX ANALYSIS.

#### Food Group: -0.5%

The Food Group continues to climb this quarter by 0.5 percent due to increases in meat, fish, dairy produce, sugar and sweets, Cereals & Bakery products, beverages and other prepared food.

#### Housing Group: 0.2%

There is a slight increase in the housing group attributed to increases in construction materials, electrical appliances, kerosene and other household items.

#### Clothing Group: -1.2%

There was a noticeable decrease in the clothing group this quarter credited to the Men's & Boy's, Women's & Girl's and dress material & baby clothing.

#### Transportation Group: 2.4%

A high increase was seen this quarter in the transportation index. This increase was due to the rise in prices for diesel, unleaded gasoline, motor oil, car batteries and air-fare to Hawaii, Manu'a & Apia.

#### Alcohol & Tobacco Group: -0.4%

Alcohol & Tobacco index decreased due to a drop in alcoholic beverages.

#### Miscellaneous Group: 1.0%

Miscellaneous went up by 1.0 percent increase in this quarter due to a rise in film processing, haircuts, and especially school fees.

CHART 1: FOOD & ALCOHOL TOBACCO

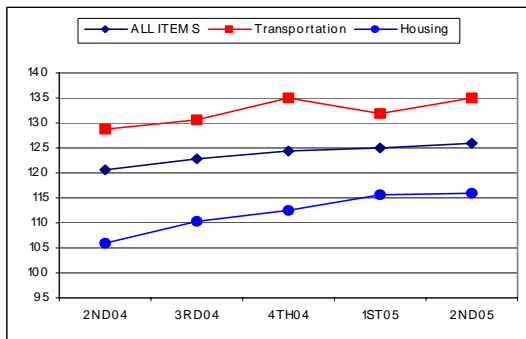
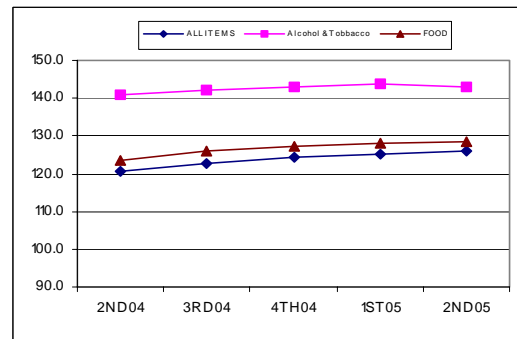


CHART 2: TRANSPORTATION & HOUSING



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COMPARATIVE INDEX ANALYSIS

Quarter	Year	All Items	Food	Housing	Clothing	Transportation	Alcohol	Misc.
2	2005	125.8	128.6	115.8	102.4	135.0	143.0	121.5
1	2005	125.0	128.0	115.6	103.6	131.9	143.6	120.3
4	2004	124.5	127.1	112.4	103.5	135.0	142.9	120.3
3	2004	122.8	125.9	110.4	102.6	130.7	142.2	120.2
2	2004	120.7	123.7	107.1	102.5	128.9	140.8	118.3

CHART 3: CLOTHING & MISCELLANEOUS

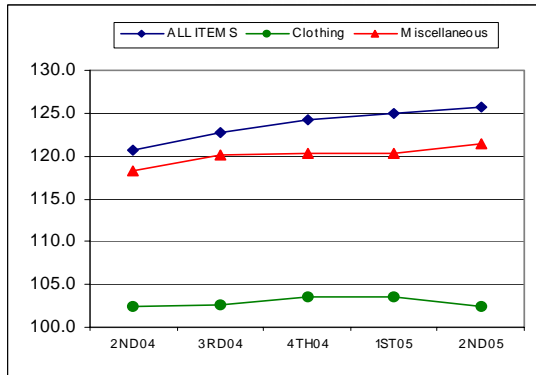
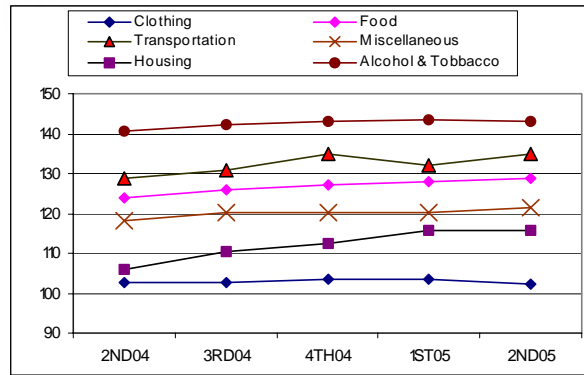
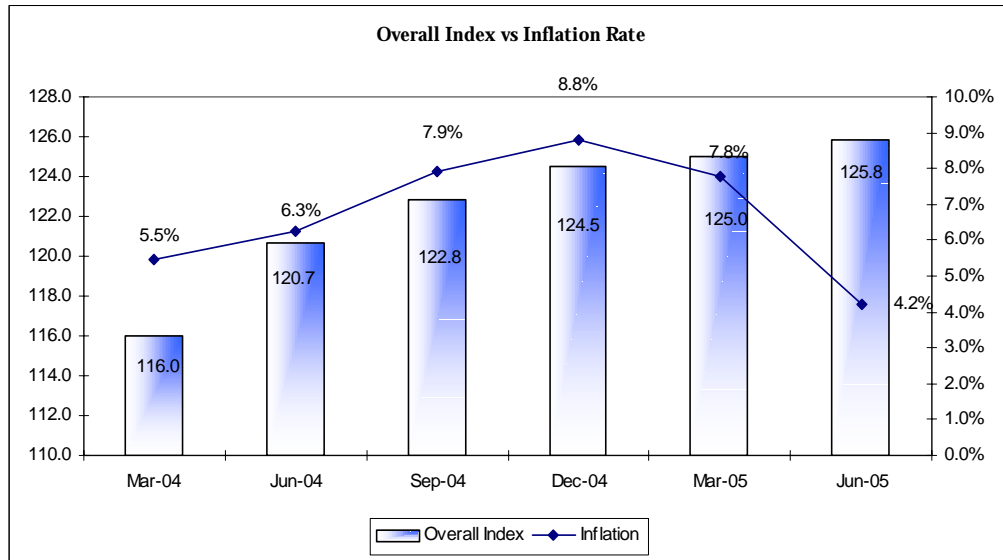


CHART 4: SUB GROUP INDICES



INDEX & INFLATION PERCENT CHANGE BY QUARTER



<b>AVERAGE RETAIL PRICES OF SELECTED COMMODITIES: 3RD QTR 2004 TO 2ND QTR 2005</b>
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Commodity	Unit	Ave. 2001	Ave. 2002	Ave. 2003	Ave. 2004	3qtr04	4qtr04	1qtr05	2qtr05
Boneless chuck	Pound	1.41	1.22	1.58	1.79	1.65	1.71	1.87	1.91
Sausage	Pound	1.41	1.19	2.41	2.55	2.50	2.53	2.55	2.61
Chicken-whole	Pound	1.02	0.97	1.04	1.16	1.19	1.19	1.14	1.12
Turkey tail	Pound	0.57	0.49	0.57	0.60	0.61	0.61	0.57	0.59
Corned beef cnd.	Pound	3.57	3.66	4.21	4.41	4.39	4.38	4.40	4.46
Spam	12 oz	2.23	2.16	2.27	2.40	2.28	2.43	2.45	2.45
Fresh fish	Pound	2.15	2.00	2.35	2.37	2.37	2.37	2.37	2.37
Mackerel, cnd.	15 oz	0.60	0.77	0.69	0.67	0.68	0.66	0.66	0.66
Tuna, cnd.	6.5 oz	1.19	0.87	1.24	1.24	1.24	1.24	1.24	1.24
Green banana	Pound	0.61	0.54	0.73	0.75	0.78	0.76	0.73	0.73
Matured coconut	Each	0.31	0.37	0.30	0.30	0.30	0.30	0.30	0.30
Apple	Pound	0.87	0.91	0.95	1.06	0.98	1.07	1.10	1.10
Taro	Pound	2.07	2.25	2.03	2.33	2.18	2.38	2.38	2.38
Cabbage	Pound	0.71	0.71	0.67	0.71	0.67	0.72	0.73	0.72
Milk, fresh	Liter	0.96	0.98	1.05	1.12	1.10	1.10	1.14	1.12
Butter	227 gm	0.62	0.72	0.81	0.95	0.85	0.94	0.97	1.03
Ice cream	2 liter	3.41	3.30	3.70	3.78	3.75	3.75	3.75	3.87
Rice	22.5 kg	13.80	14.04	15.26	16.95	16.84	16.93	17.02	17.02
Bread	Loaf	0.73	0.74	0.74	0.74	0.74	0.74	0.74	0.74
Sugar	2 kg	1.16	1.20	1.38	1.48	1.43	1.46	1.45	1.58
Coffee, cnd.	13 oz	3.48	3.49	2.56	2.86	2.81	2.89	2.86	2.88
Pepsi cola	12 oz	0.56	0.49	0.65	0.65	0.65	0.65	0.65	0.65
Soy sauce	40 oz	3.50	3.52	3.57	3.69	3.66	3.67	3.71	3.70
Salt	700 gm	0.72	0.79	0.90	1.02	0.94	1.01	1.03	1.09
Cooking oil	16 fl oz	1.10	1.16	1.23	1.44	1.28	1.40	1.51	1.57
Fresh eggs	Dozen	1.04	1.12	1.12	1.14	1.13	1.17	1.14	1.12
Spaghetti, cnd.	14.75 oz	0.80	0.79	0.82	0.87	0.85	0.87	0.87	0.89
Hamburger	Sandwich	1.85	1.95	1.96	1.99	1.98	2.03	1.98	1.98
Kerosene	Gallon	1.76	1.78	1.97	2.29	2.05	2.34	2.27	2.50
Bottle gas	91 pounds	86.25	86.25	86.25	86.25	86.25	86.25	86.25	86.25
Beer, Budweiser	12 fl oz	1.31	1.36	1.45	1.47	1.47	1.46	1.47	1.47
Beer, Vailima	750 ml	2.45	2.41	2.53	2.57	2.59	2.61	2.53	2.56
Beer, Coors Light	12 fl oz	1.35	1.41	1.41	1.41	1.41	1.41	1.41	1.41
Cigarettes-Benson	20's	4.28	4.24	4.17	4.22	4.15	4.17	4.27	4.27
Cigarettes-Kools	20's	4.30	4.67	4.10	4.10	3.99	4.05	4.17	4.17
Gasoline	Gallon	1.59	1.44	2.07	2.43	2.23	2.54	2.34	2.59
Electricity	300 kWh	50.71	46.23	56.90	64.61	60.67	63.42	68.42	65.94



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**GENERAL INFORMATION**

The American Samoa Consumer Price Index (CPI) is designed to measure changes in prices of commodities and services normally purchased by the consuming community. The American Samoa CPI (like the U.S. CPI) is based on the concept of representative "market basket," a sample of goods and services that the consumer purchases. The CPI was first developed during the early part of 1974. The selection of weight distribution was based on "General Statement of Articles of Import of Merchandise into American Samoa from July 1970 - June 1971". The weight distributions was later updated using household expenditure patterns derived from a house hold income and expenditure survey conducted by EDPO in 1982.

A total of approximately 268 items are divided into 6 major groups and sub-groups, and indices are computed at different levels of aggregations..

**CPI GROUPS AND WEIGHTS**

Food	470	118
Housing	170	47
Clothing	60	24
Transportation	140	22
Miscellaneous	105	47
Alcohol/Tobacco	55	10
	1000	268

The index uses a system, which is known as Modified Laspeyres. This gives exactly the same result as an ordinary Laspeyres index, but the method of calculation is different. The formula for the Modified Laspeyres Index can be written as:  $I_n = \frac{E(W_{n-1} \times P_n / P_{n-1})}{E(W_{n-1})}$  where  $I_n$  is the value of the index in the current period (i.e. period 'n'),  $W_{n-1}$  is the weight (or index value) of each item in the previous period (i.e. in period 'n-1'), and the fraction  $P_n/P_{n-1}$  is the price relative for each item, between the current price ( $P_n$ ) and the price in the previous quarter ( $P_{n-1}$ ).

Closes to 800 price quotations are collected during the middle month of each quarter for computing the CPI. The total number of business and government outlets included in the collection and construction of the CPI is approximately 51, ranging from major retail outlets and grocery stores to a variety of services establishments such as gas stations, snack bar and government utility offices.

**Interpreting index changes.**

In compiling the CPI, price movements for the different component items are combined using WEIGHTS, which represent the relative importance of each of the components to total expenditure of the population.

In determining price relatives, average prices of the selected consumer basket are matched to previous prices to get actual movements. These price relatives are then multiplied by the previous expenditure weights to derive new expenditure weights. These weights are then combined into composite expenditure groups and sub-groups.