



**TUVALU GOVERNMENT**  
**MINISTRY OF FINANCE AND ECONOMIC PLANNING**

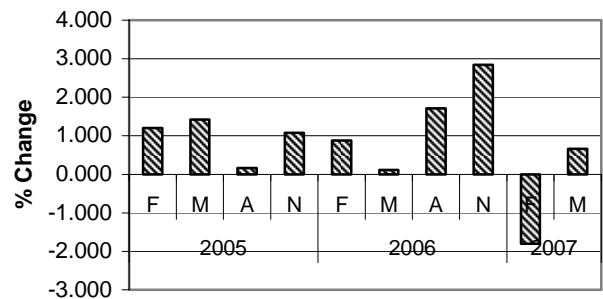
**CONSUMER PRICE INDEX REPORT**  
**AUGUST 2007**

**(3<sup>rd</sup> Quarter Report 2007)**

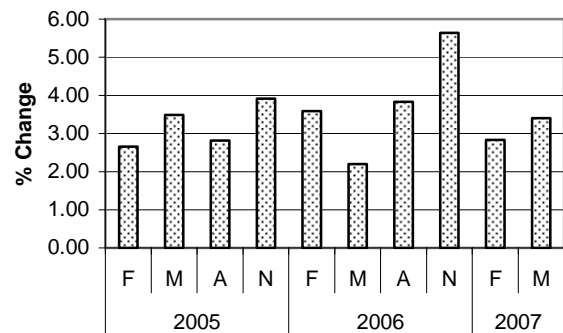
**Highlights**

- *The Consumer Price Index rose 0.38 percent in the August 2007 quarter.*
- *Food prices increased 1.67%, with main contributions coming from higher prices for Meat in particular chicken cuts frozen and sausages.*
- *Transport rose by 4.56%, driven by higher prices for diesel and petrol.*
- *Housing rose by 1.58% with strong contribution from Butane Gas and Kerosene.*
- *Miscellaneous fell by 1.27% due to small drop in general prices for commodities under the group.*
- *CPI increase by 2.05% for the year up to the August 2007 quarter.*

**Consumer Price Index**  
*Quarterly Percentage Change*



**Consumer Price Index**  
*Annual Percentage Change*



## OVERVIEW

The prices for this second quarter of 2007 was collected on from 21<sup>st</sup> to 23<sup>rd</sup> of August 2007. The prices were confirmed on the 24<sup>th</sup> August 2007. There were no substitution taken place for this quarter. The method of substitution is used when items are no longer on the shelves.

The Tuvalu Consumer Price Index (CPI) expression base is currently based on May (second quarter) 2006. Prices are collected from the following Outlets:

*Fetuvalu High School, Falesa Gas, NAFICOT, Marine Department, Funafuti Fusi (Fakai Funfuti Branch), Samuelu Hardware, Kaupule Funafuti, Semaia Bus Service, Matagi Gali Bar, Vaiaku Lagi Hotel, Lucky Set Bar, Setusa & Pasefika Fish Market, Manaema Bakery, Telecom, Travel Office, TEC, Personnel & Training Department, Bread Market, Sulani & Afelee Video Library.*

### Tuvalu Consumer Price Index Revision

The All Group Index of the Tuvalu Consumer Price Index (CPI) for this quarter of the year is an increase from 1034.01 of the previous quarter to 1037.97 for this quarter. This result in a quarterly percentage change of **0.38%** for which result in the net change of 3.96.

This change results in the annual inflation rate of **2.05%** for the last twelve months as compared to the inflation rate of **3.40%** of the previous quarter. The reason behind this increase in the inflation rate can be found later in this report when *analyzing significant movement within indices (and therefore indicate which item or regimen have increase or decrease their prices)*. This observation is shown in Graph 1 (next page). Graph 1 shows the Annual Inflation Rate from 1997 to this quarter (third) of 2007. This Annual Inflation Rate is the difference of All Group Index in percentage between a current quarter and the same quarter of the previous year.

Table 1 on the next page show that there is an increase in the **average rate quarterly inflation rate** (average for all four quarters) for the last two years from 2004 to 2006. There is an increase from 2.83% in 2004 to 3.80% in 2006. However there is a decrease from 3.38% in 2003 to 2.83% in 2005. The reason for the decreases and increases in inflation rate have been explain in earlier quarterly report for the mention period.

**TABLE 1: ANNUAL INFLATION RATE IN PERCENTAGE BY QUARTERLY PERIOD**

(Base May 2006 = 1000)

<b>YEAR</b>	<i>February</i>	<i>May</i>	<i>August</i>	<i>November</i>	<i>Average Rate</i>
1996	3.0	0.7	-0.5	0.0	0.80
1997	1.2	1.7	1.8	1.7	1.60
1998	-0.1	1.3	1.2	1.0	0.85
1999	3.5	1.8	2.2	5.3	3.20
2000	5.1	5.3	3.9	1.3	3.90
2001	-1.8	-0.5	3.9	4.6	1.53
2002	7.5	9.9	3.2	0.0	5.15
2003	1.5	1.2	4.1	6.7	3.38
2004	5.1	1.6	2.4	2.2	2.83
2005	2.7	3.5	2.8	3.9	3.23
2006	3.6	2.2	3.8	5.6	3.80
2007	2.8	3.4	2.1		

**Note:** Central Statistics Divison can provide earlier inflation rates from 1985 to 1995

**Graph 1: Tuvalu Annual Inflation Rate**

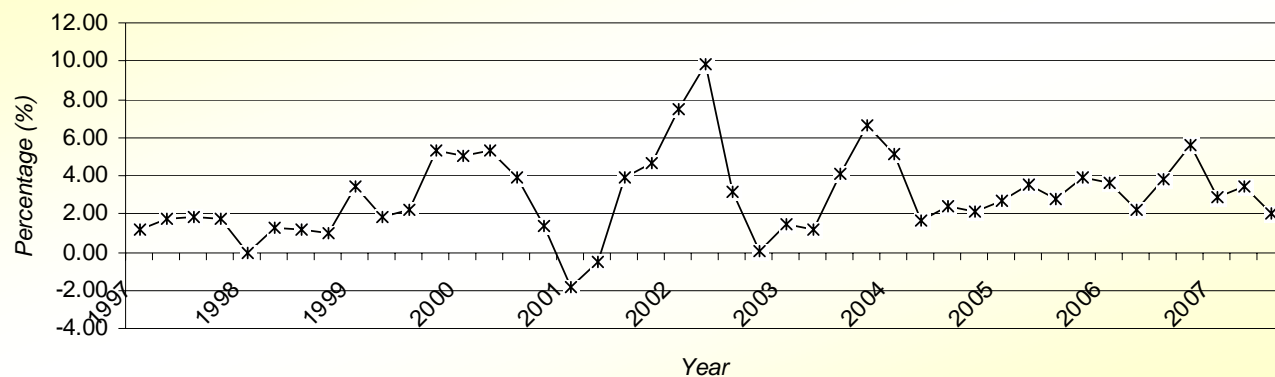


Table 2 below shows the trends of price indices by major groups, for the last three and twelve months period.

*Table 2: Consumer Price Index - Funafuti, Tuvalu*

<i>Major Group</i>	<i>Aug-06</i>	<i>May-07</i>	<i>Aug-07</i>	<b>Changes in Percentages (%)</b>	
				<b>3 Months</b>	<b>12 Months</b>
<i>Food</i>	1009.75	979.33	995.72	1.67	-1.39
<i>Alcohol &amp; Tobacco</i>	989.28	999.71	999.71	0.00	1.05
<i>Clothing &amp; Textiles</i>	977.96	1342.98	1342.98	0.00	37.32
<i>Transport</i>	1181.47	1127.28	1178.65	4.56	-0.24
<i>Housing</i>	989.95	980.50	996.01	1.58	0.61
<i>Miscellaneous</i>	993.85	997.84	985.15	-1.27	-0.88
<b>ALL ITEMS</b>	<b>1017.09</b>	<b>1034.01</b>	<b>1037.97</b>	<b>0.38</b>	<b>2.05</b>

As stated before, the above table shows an increase in the overall index of **0.38%** from the previous quarter. The increase was mainly contributed by the increase of major group index such as Transport (4.56%), Food (1.67%) and Housing (1.58%). Alcohol & Tobacco and Clothing & have no change in their group index from the previous quarter. One group opposing the increase is miscellaneous with a negative change of 1.27%.

For the last twelve months there is an increase in the overall index of **2.05%**. This increase was contributed by major groups such as Clothing & Textiles 37.32%, Alcohol & Tobacco (1.05%) and Housing (0.61%). Three major groups indicate a relatively small decline, Food -1.39%, Miscellaneous -1.95% and Transport -0.24%.

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

**Note:** Refer to appendix 2

*(Contributions generally show the effect of items with price changed, sub-groups and major groups onto the overall net change of the CPI. It simply indicate the 'quantity added to or subtracted from the previous quarter all groups index' to provide the current CPI)*

### **Food Group**

The group index records an increase of 1.64% for this quarter as compared to the previous quarter (from 1016.07 to 1032.73). The increase is mainly due to the following increase in prices of sausages (4.05%) and chicken cuts frozen (3.797%). Their combine item-to-price contribution is 2.12.

Offsetting the above increase is the decrease in the price of whole frozen chicken (-2.703%) and lamb necks (-4.082%). Their combine item-to-price contribution is -0.50  
The group total contribution resulted from its items-to-price with change in price is 1.63

### **Transport**

The group recorded the highest contribution onto the overall net change of the CPI. It recorded a quarterly increase of 4.56%. Petrol and diesel are the two contributors with items-to-price contribution of 4.77 and 0.17 respectively. Quarterly price changes are 5.88% for Petrol (i.e. from \$1.70 to \$1.80) and 6.25% for diesel (i.e. from \$1.60 to \$1.70).

### **Housing**

The increase of 1.58% (from 980.50 to 996.01) of this group contributed to the overall index. This results from the increase in the price of Kerosene from \$1.50 to \$1.60 (6.67%) and Butane Gas, from \$45.00 to \$49.00 (8.89%).

The group total contribution resulted from items-to-price with change in price is 2.80.

### **Miscellaneous**

This group recorded a quarterly decrease of 1.27% (from 997.84 to 985.15). The only subgroup that contributes to this effect is Cleaning Materials for commodity- Bar Soap -32.43% (from \$3.70 to \$2.50). From the above changes in prices; results in the contribution of -1.86.

## **CONCLUSION**

This Consumer Price Index shows an increase of **0.38%** for the first quarter as compared to the increase of **0.66%** for the previous quarter (first quarter 2007). The annual inflation rate from same (third) quarter of 2006 to this third quarter of 2007 is **2.05%**. 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.



Niuatui I Niuatui  
**Statistical Analyst**

## Appendix 1: Annual Consumer Price Index (CPI)

Annual indices on the base 2<sup>nd</sup> Quarter 2006 are shown in the following tables. They have been calculated as the simple average of the constituent's quarters using un-rounded quarterly index numbers. Please note that fares and household appliances were not part of items selected in basket of goods prior to May 2006.

(Base May 2006 = 1000)

	2005		2006				2007		
	Aug-05	Nov-05	Feb-06	May-06	Aug-06	Nov-06	Feb-07	May-07	Aug-07
<b>1 Food Group</b>									
1.1 Meat	946.81	954.97	974.47	1000	999.69	1005.26	1002.45	1016.07	1032.73
1.2 Fish	1014.40	902.00	968.64	1000	1053.33	1053.33	1064.37	1064.37	1064.37
1.3 Dairy Produce	984.13	1005.61	996.02	1000	1166.46	1255.23	1275.02	1275.02	1311.24
1.4 Cereals	1011.68	1024.99	1028.00	1000	1006.46	1000.00	1016.12	1037.59	1037.59
1.5 Sugar and Sweets	915.67	915.67	915.67	1000	1000.00	1055.41	1103.90	937.679	882.273
1.6 Fruits & Vegetables	982.49	1059.35	1093.75	1000	1044.18	1069.15	1276.91	1138.18	1126.34
1.7 Beverages	982.39	1009.21	996.95	1000	961.15	1016.56	995.04	958.424	958.424
1.8 Cooking Oil and Fats	1004.29	1004.29	1000.00	1000	1000.00	1225.61	1194.66	1073.98	1073.98
1.9 Miscellaneous	984.05	989.62	1000.00	1000	868.93	926.97	967.97	994.843	944.934
<b>Total Food Group</b>	<b>977.13</b>	<b>981.54</b>	<b>994.65</b>	<b>1000</b>	<b>1009.75</b>	<b>1025.64</b>	<b>1022.72</b>	<b>979.327</b>	<b>995.72</b>
<b>2 Alcohol &amp; Tobacco Group</b>									
2.1 Alcohol	993.92	1017.77	1016.64	1000	970.38	980.45	999.20	999.199	999.199
2.2 Tobacco	993.12	1004.56	1004.56	1000	1000.00	1000.00	1000.00	1000	1000
<b>Total Alcohol &amp; Tobacco</b>	<b>993.44</b>	<b>1009.82</b>	<b>1009.37</b>	<b>1000</b>	<b>989.28</b>	<b>992.93</b>	<b>999.71</b>	<b>999.71</b>	<b>999.71</b>
<b>3 Clothing &amp; Textiles</b>									
3.1 Clothing	953.68	973.26	979.78	1000	951.56	1477.34	1553.93	1553.93	1553.93
3.2 Textiles	922.02	922.02	922.02	1000	1040.17	1040.17	846.02	846.024	846.024
<b>Total Clothing &amp; Textiles</b>	<b>939.01</b>	<b>947.35</b>	<b>950.12</b>	<b>1000</b>	<b>977.96</b>	<b>1347.06</b>	<b>1342.98</b>	<b>1342.98</b>	<b>1342.98</b>
<b>4 Transport Group</b>									
4.1 Fares	n.a	n.a	n.a	1000	1000.00	1000.00	1000.00	1000	1000
4.2 Private Transport	958.41	975.13	993.75	1000	1224.47	1225.55	1036.81	1157.44	1220.99
<b>Total Transport Group</b>	<b>964.29</b>	<b>981.78</b>	<b>999.12</b>	<b>1000</b>	<b>1181.47</b>	<b>1182.34</b>	<b>1029.75</b>	<b>1127.28</b>	<b>1178.65</b>
<b>5 Housing Group</b>									
5.1 House Rentals	1000.00	1000.00	1000.00	1000	1000.00	1000.00	1000.00	1000	1000
5.2 House Maintenance	983.07	989.32	981.47	1000	951.05	960.48	966.51	966.506	966.506
5.3 Fuel & Electricity	917.30	958.96	958.96	1000	1000.00	1099.75	1010.38	1034.02	1068.04
5.4 Household Appliances)	n.a	n.a	n.a	1000	1000.00	1000.00	849.83	849.829	849.829
<b>Total Housing Group</b>	<b>962.93</b>	<b>986.29</b>	<b>983.36</b>	<b>1000</b>	<b>989.95</b>	<b>1037.34</b>	<b>969.73</b>	<b>980.504</b>	<b>996.007</b>
<b>6 Miscellaneous Group</b>									
6.1 Education	1000.00	1000.00	1000.00	1000	1000.00	1000.00	1000.00	1000	1000
6.2 Telecom	1000.00	1000.00	1000.00	1000	1000.00	1000.00	1000.00	1000	1000
6.3 Entertainment	1032.79	1032.79	1032.79	1000	1000.00	1000.00	807.23	807.229	807.229
6.4 Toiletries	994.76	969.47	972.50	1000	1000.00	890.05	892.93	890.046	890.046
6.5 Cleaning Materials	999.22	984.26	1000.00	1000	1000.00	985.93	985.93	985.927	901.488
6.6 Miscellaneous	1262.29	1262.29	1367.48	1000	967.41	967.41	967.41	1147.62	1147.62
<b>Total Misc. Group</b>	<b>1000.73</b>	<b>995.16</b>	<b>1005.17</b>	<b>1000</b>	<b>993.85</b>	<b>982.85</b>	<b>964.09</b>	<b>997.839</b>	<b>985.148</b>
<b>All Groups</b>	<b>979.60</b>	<b>990.16</b>	<b>998.89</b>	<b>1000</b>	<b>1017.09</b>	<b>1046.01</b>	<b>1027.21</b>	<b>1034.01</b>	<b>1037.97</b>

## Appendix 2: Specifications of the Quarterly Change of the CPI

The table below provides the quarterly index of the groups that contribute to the observed Consumer Price Index of Tuvalu (Base May 2006)

Item	Base Year weight	previous weight (May-07)	current weights (Aug-07)	Previous Price	Price Relative	Current Price	Quarterly % Change	Items-to-price Contribution (base1000)
<b>1. FOOD GROUP</b>								
1.1 Meat								
1.1.1 Lamb Necks	0.3114	0.3468	0.3326	\$4.90	\$4.90	\$4.70	-4.082	-0.1415
1.1.3 Chicken, Whole frozen	1.2740	1.3094	1.2740	\$7.40	\$7.40	\$7.20	-2.703	-0.3539
1.1.4 Chicken Cuts Frozen	4.8267	4.8267	5.0100	\$7.90	\$7.90	\$8.20	3.797	1.8329
1.1.5 Sausages	0.6833	0.7122	0.7410	\$7.40	\$7.40	\$7.70	4.054	0.2887
<b>Sub-Group Index(base 1000)</b>		<b>1016.07</b>	<b>1032.73</b>				<b>1.64</b>	<b>1.6262</b>
1.3 Dairy Produce								
1.3.2 Powdered Milk	1.0836	1.0051	1.0993	\$6.40	\$6.40	\$7.00	9.375	0.9423
<b>Sub-Group Index(base 1000)</b>		<b>1275.02</b>	<b>1311.24</b>				<b>2.84</b>	<b>0.9423</b>
1.5 Sugar and Sweets								
1.5.1 Brown Sugar per kilo (loose)	4.7472	4.1538	3.8571	\$1.40	\$1.40	\$1.30	-7.143	-2.9670
<b>Sub-Group Index(base 1000)</b>		<b>937.68</b>	<b>882.27</b>				<b>-5.91</b>	<b>-2.9670</b>
1.6 Fruits & Vegetables								
1.6.4 Potatoes	0.3256	0.4342	0.4776	\$2.00	\$2.00	\$2.20	10.000	0.4342
1.6.8 Cassava	0.4166	0.4860	0.4166	\$2.80	\$2.80	\$2.40	-14.286	-0.6943
<b>Sub-Group Index(base 1000)</b>		<b>1138.18</b>	<b>1126.34</b>				<b>-1.04</b>	<b>-0.2601</b>
1.9 Miscellaneous Food								
1.9.3 Soy Sauce	0.3913	0.5301	0.4039	\$2.10	\$2.10	\$1.60	-23.810	-1.2622
<b>Sub-Group Index(base 1000)</b>		<b>994.84</b>	<b>944.93</b>				<b>-5.02</b>	<b>-1.2622</b>
<b>Group Index(base 1000)</b>		<b>979.33</b>	<b>995.72</b>				<b>1.67</b>	<b>-1.9208</b>
<b>4. TRANSPORT</b>								
4.2 Private Transport								
4.2.1 Petrol	7.1570	8.1113	8.5884	\$1.70	\$1.70	\$1.80	5.882	4.7713
4.2.2 Diesel	0.2343	0.2678	0.2845	\$1.60	\$1.60	\$1.70	6.250	0.1674
<b>Sub-Group Index(base 1000)</b>		<b>1157.44</b>	<b>1220.99</b>				<b>5.49</b>	<b>4.9387</b>
<b>Group Index(base 1000)</b>		<b>1127.28</b>	<b>1178.65</b>				<b>4.56</b>	<b>4.9387</b>
<b>5. HOUSING</b>								
5.3 Fuel & Electricity								
5.3.2 Kerosene	2.7285	2.9234	3.1183	\$1.50	\$1.50	\$1.60	6.667	1.9489
5.3.3 Butane Gas	0.8774	0.9630	1.0485	\$45.00	\$45.00	\$49.00	8.889	0.8560
<b>Sub-Group Index(base 1000)</b>		<b>1034.02</b>	<b>1068.04</b>				<b>3.29</b>	<b>2.8049</b>
<b>Group Index(base 1000)</b>		<b>980.50</b>	<b>996.01</b>				<b>1.58</b>	<b>2.8049</b>
<b>6. MISCELLANEOUS</b>								
6.5 Cleaning Materials								
6.5.2 Bar Soap	0.6055	0.5744	0.3881	\$3.70	\$3.70	\$2.50	-32.432	-1.8630
<b>Sub-Group Index(base 1000)</b>		<b>985.93</b>	<b>901.49</b>				<b>-8.56</b>	<b>-1.8630</b>
<b>Group Index(base 1000)</b>		<b>997.84</b>	<b>985.15</b>				<b>-1.27</b>	<b>-1.8630</b>
<b>All Group Index (base 1000)</b>		<b>1034.01</b>	<b>1037.97</b>				<b>0.38</b>	<b>3.9598</b>