



TUVALU GOVERNMENT
MINISTRY OF FINANCE AND ECONOMIC PLANNING

CONSUMER PRICE INDEX REPORT
NOVEMBER 2007

(4th Quarter Report 2007)

Central Statistics Division

OVERVIEW

The prices for this fourth quarter of 2007 was collected on from 16th to 20th of November 2007. The prices were confirmed on the 21st November 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 1037.97 of the previous quarter to 1051.02 for this quarter. This result in a quarterly percentage change of **1.26%** for which result in the net change of 13.05.

This change results in the annual inflation rate of **0.48%** for the last twelve months as compared to the inflation rate of **2.05%** of the previous quarter. Reasons behind this increase in the inflation rate are explained in the *analysis of significant movement within indices (and therefore indicate which item or regimen have increase or decrease their prices).*

Graph 1 on the next page shows the Annual Inflation Rate from 1997 to this fourth quarter of 2007. The 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 eleven years from 1996 to 2007. 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 rates have been explained in earlier quarterly reports for the mention periods.

TABLE 1: ANNUAL INFLATION RATE IN PERCENTAGE BY QUARTERLY PERIOD

(Base May 2006 = 1000)

YEAR	<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

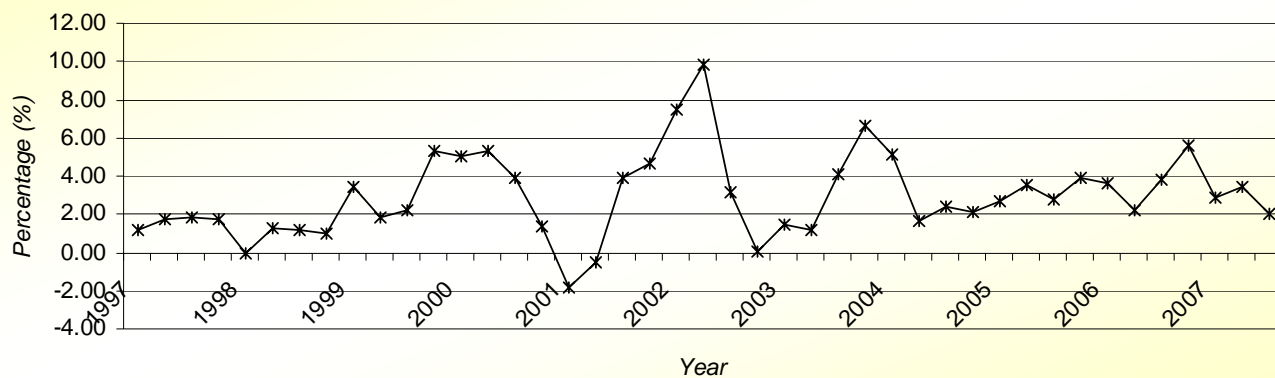


Table 2 below shows the trends of price indices by major groups, for the last three and twelve months period.

Table 2: Consumer Price Index - Funafuti, Tuvalu

Major Group	Nov-06	Aug-07	Nov-07	Changes in Percentages (%)	
				3 Months	12 Months
<i>Food</i>	1025.64	995.72	1012.93	1.73	-1.24
<i>Alcohol & Tobacco</i>	992.93	999.71	1060.56	6.09	6.81
<i>Clothing & Textiles</i>	1347.06	1342.98	1349.30	0.47	0.17
<i>Transport</i>	1182.34	1178.65	1156.45	-1.88	-2.19
<i>Housing</i>	1037.34	996.01	1008.09	1.21	-2.82
<i>Miscellaneous</i>	982.85	985.15	985.15	0.00	0.23
ALL ITEMS	1046.01	1037.97	1051.02	1.26	0.48

The above table shows an increase in the quarterly overall index of **1.26%** from the previous quarter. The increase was mainly contributed by the increase of major group index such as Alcohol & Tobacco (6.09%), Food (1.73%) and Housing (1.21%). Miscellaneous have no change in their group index from the previous quarter. One group opposing the increase is transport with negative changes of 1.27%.

For the last twelve months there is an increase in the overall index of **0.48%**. This increase was contributed by major groups such as Alcohol & Tobacco (6.81%), Miscellaneous (0.23%) and Clothing & Textiles (0.17%). Three major groups shows a decline, Housing (-2.82%), Transport (-2.19%) and Food (-1.24%).

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 records an increase of 1.73% for this quarter as compared to the previous quarter (from 995.72 to 1012.93). The increase is mainly due to the following increase of index for subgroup – Fruits & Sugar & Sweets (6.28%), Vegetables (2.51%), Beverages (2.03%), and Meat (1.33%). Opposing the

increase of subgroups is subgroup fish (-0.66%). The following are major increase for some of the commodities:

- *English Cabbage* 57.90% (i.e. from \$3.80 to \$6.00)
- *Apples* 16.00% (i.e. from \$4.80 to \$5.60)
- *Lamb Necks* 14.90% (i.e. from \$4.70 to \$5.40)
- *Tea* 10.53% (i.e. from \$1.90 to \$2.10)
- *Salt Beef* 11.11% (i.e. from \$9.90 to \$11.00)
- *Ice Cream* 10.94% (i.e. from \$6.40 to \$7.10)
- *Brown Sugar* 7.69% (i.e. from \$1.30 to \$1.40)
- *Onions* 5.00% (i.e. from \$2.00 to \$2.10)

Offsetting the above increase is the decrease in the price of the following commodities:

- *Potatoes* -13.64% (i.e. from \$2.20 to \$2.10)
- *Pears* -12.20% (i.e. from \$0.60 to \$1.00)
- *Canned Mackerel* -2.56% (i.e. from \$1.95 to \$1.90)

The group total contribution resulted from its items-to-price with change in price is 5.78

Alcohol & Tobacco

The group records an increase of 6.09% to the overall index as a result of the increase to the price of beer (8.37%) and Distilled Spirit (72.73%). The average price of beer increase from \$2.03 to \$2.20 and for Distilled Spirit, it increases from \$22.00 to \$38.00.

The total group total contribution resulted from items-to-price with change in price is 5.78.

Clothing & Textiles

This group recorded a quarterly increase of 0.47% (from 1342.98 to 1349.30). The only commodity affected this group is Girls Primary School Uniform which increases from \$11.35 to \$15.00 (32.16%). Item-to-price contribution for this commodity and therefore the whole group is 0.18.

Transport

The group index recorded a decrease from 1178.65 to 1156.45 (-1.88%). Petrol has the most effect to this decrease with price decrease from \$1.80 to \$1.75 (-2.78%) with a contribution of -2.3. Diesel has a minor effect to the changes in the group index with positive contribution of 0.251. Diesel price increases from \$1.70 to \$1.85 (8.82%).

Total contribution for this group is -2.13.

Housing

Two sub groups have effect to the group; House Maintenance and Fuel & Electricity. Commodity Timber under House Maintenance increases its price from \$2.10 to \$2.60 resulting in a quarterly change of 23.81%. Timber has a contribution of 2.38. For subgroup Fuel & Electricity, two commodities contribute to the effect on the subgroup; Kerosene and Butane Gas. Kerosene has a quarterly price increase of 6.25%

from \$1.60 to \$1.70. However it is the opposite for Butane Gas which has a quarterly price decrease of 20.41% (i.e. from \$49.00 to \$39.00) and with a contribution of -2.14

The group total contribution resulted from items-to-price with change in price is 2.19.

CONCLUSION

This Consumer Price Index shows an increase of **1.26%** for the last quarter of 2007 as compared to the increase of **0.38%** for the previous third quarter, 2007. The annual inflation rate from the same fourth quarter of 2006 to this fourth quarter of 2007 is **0.48%**.

Three of the six major groups an increase in the November 2007 quarter. The most significant increase came from Alcohol (up 6.09%), Food (up 1.73%) and Housing (up 1.21%) and clothing & textiles (0.47%). One major group which shows no difference is Miscellaneous with an index of 985.15. Transport for this quarter opposes the increase with a downward decrease of 1.88%.

The most significant individual upward increase comes from distilled spirit (up 72.8%), English cabbage (up 57.9%), girl's primary school uniform (up 32.2%), timber (up 23.8%), lamb neck (up 14.9%) and salt beef (up 11.11%). The cost of distilled spirit has increase because of the change of the country of import from Fiji to NZ. Because of the lack of supply for English Cabbage within Australia (due to bad growing condition in some areas) where supply comes from, the price for this item increases. The growing demand for timber from Asia has contributed to the increase in price for Timber where most (80%) of our supplies come from. Lamb neck has gone up its prices because of the short of supply within NZ where most of our frozen meet comes from.

The most significant individual downward contributions come from petrol (down 2.77%). This is because world supply of oil has been gone up to meet the demand for oil (mainly USA). Other individual items with major downward contributions are potatoes (down 13.6%) and pears (down 12.2%). The reason for this downward decrease is because there is excess supply in NZ (due to good conditions in growing areas for these two commodities) where 87% of our supplies comes from.



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Statistical Analyst

Appendix 1: Annual Consumer Price Index (CPI)

Annual indices on the base 2nd 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		
	Nov-05	Feb-06	May-06	Aug-06	Nov-06	Feb-07	May-07	Aug-07	Nov-07
1 Food Group									
1.1 Meat	954.97	974.47	1000.00	999.69	1005.26	1002.45	1016.066	1032.733	1046.466
1.2 Fish	902.00	968.64	1000.00	1053.33	1053.33	1064.37	1064.367	1064.367	1063.717
1.3 Dairy Produce	1005.61	996.02	1000.00	1166.46	1255.23	1275.02	1275.021	1311.245	1325.208
1.4 Cereals	1024.99	1028.00	1000.00	1006.46	1000.00	1016.12	1037.587	1037.587	1037.587
1.5 Sugar and Sweets	915.67	915.67	1000.00	1000.00	1055.41	1103.90	937.6794	882.2731	937.6794
1.6 Fruits & Vegetables	1059.35	1093.75	1000.00	1044.18	1069.15	1276.91	1138.181	1126.34	1154.657
1.7 Beverages	1009.21	996.95	1000.00	961.15	1016.56	995.04	958.4243	958.4243	977.85
1.8 Cooking Oil and Fats	1004.29	1000.00	1000.00	1000.00	1225.61	1194.66	1073.983	1073.983	1073.983
1.9 Miscellaneous	989.62	1000.00	1000.00	868.93	926.97	967.97	994.8431	944.9337	949.824
Total Food Group	981.54	994.65	1000.00	1009.75	1025.64	1022.72	979.3269	995.7205	1012.929
2 Alcohol & Tobacco Group									
2.1 Alcohol	1017.77	1016.64	1000.00	970.38	980.45	999.20	999.1989	999.1989	1167.386
2.2 Tobacco	1004.56	1004.56	1000.00	1000.00	1000.00	1000.00	1000	1000	1000
Total Alcohol & Tobacco	1009.82	1009.37	1000.00	989.28	992.93	999.71	999.7102	999.7102	1060.564
3 Clothing & Textiles									
3.1 Clothing	973.26	979.78	1000.00	951.56	1477.34	1553.93	1553.928	1553.928	1562.942
3.2 Textiles	922.02	922.02	1000.00	1040.17	1040.17	846.02	846.0244	846.0244	846.0244
Total Clothing & Textiles	947.35	950.12	1000.00	977.96	1347.06	1342.98	1342.977	1342.977	1349.305
4 Transport Group									
4.1 Fares	n.a	n.a	1000.00	1000.00	1000.00	1000.00	1000	1000	1000
4.2 Private Transport	975.13	993.75	1000.00	1224.47	1225.55	1036.81	1157.44	1220.987	1193.52
Total Transport Group	981.78	999.12	1000.00	1181.47	1182.34	1029.75	1127.279	1178.652	1156.447
5 Housing Group									
5.1 House Rentals	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000	1000	1000
5.2 House Maintenance	989.32	981.47	1000.00	951.05	960.48	966.51	966.5063	966.5063	1030.531
5.3 Fuel & Electricity	958.96	958.96	1000.00	1000.00	1099.75	1010.38	1034.021	1068.042	1065.726
5.4 Household Appliances)	n.a	n.a	1000.00	1000.00	1000.00	849.83	849.8288	849.8288	849.8288
Total Housing Group	986.29	983.36	1000.00	989.95	1037.34	969.73	980.504	996.0069	1008.092
6 Miscellaneous Group									
6.1 Education	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000	1000	1000
6.2 Telecom	1000.00	1000.00	1000.00	1000.00	1000.00	1000.00	1000	1000	1000
6.3 Entertainment	1032.79	1032.79	1000.00	1000.00	1000.00	807.23	807.2286	807.2286	807.2286
6.4 Toiletries	969.47	972.50	1000.00	1000.00	890.05	892.93	890.0464	890.0464	890.0464
6.5 Cleaning Materials	984.26	1000.00	1000.00	1000.00	985.93	985.93	985.9268	901.4875	901.4875
6.6 Miscellaneous	1262.29	1367.48	1000.00	967.41	967.41	967.41	1147.621	1147.621	1147.621
Total Misc. Group	995.16	1005.17	1000.00	993.85	982.85	964.09	997.8391	985.1483	985.1483
All Groups	990.16	998.89	1000.00	1017.09	1046.01	1027.21	1034.012	1037.972	1051.017

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 (Aug-07)	current weights (Nov-07)	Previous Price	Price Relative	Current Price	Quarterly % Change	Items-to-price Contribution (base1000)
		1. FOOD GROUP							
1.1	Meat								
1.1.1	Lamb Necks	0.3114	0.3326	0.3822	\$4.70	\$4.70	\$5.40	14.894	0.4954
1.1.5	Sausages	0.6833	0.7410	0.7603	\$7.70	\$7.70	\$7.90	2.597	0.1925
1.1.6	Salt Beef	0.5405	0.5693	0.6325	\$9.90	\$9.90	\$11.00	11.111	0.6325
1.1.7	Canned Corned Beef (A)	0.7797	0.7434	0.7615	\$4.10	\$4.10	\$4.20	2.439	0.1813
1.1.8	Canned Corned Beef (B)	1.1003	1.1488	1.1326	\$3.55	\$3.55	\$3.50	-1.408	-0.1618
Sub-Group Index(base 1000)		1032.73	1046.47					1.33	1.3400
1.2	Fish								
1.2.4	Canned Mackerel in Natural Oil (A)	0.1036	0.1036	0.1010	\$1.95	\$1.95	\$1.90	-2.564	-0.0266
Sub-Group Index(base 1000)		1064.37	1063.72					-0.06	-0.0266
1.3	Dairy Produce								
1.3.4	Ice-Cream	0.3580	0.3321	0.3684	\$6.40	\$6.40	\$7.10	10.938	0.3632
Sub-Group Index(base 1000)		1311.24	1325.21					1.06	0.3632
1.5	Sugar and Sweets								
1.5.1	Brown Sugar per kilo (loose)	4.7472	3.8571	4.1538	\$1.30	\$1.30	\$1.40	7.692	2.9670
Sub-Group Index(base 1000)		882.27	937.68					6.28	2.9670
1.6	Fruits & Vegetables								
1.6.2	Apples	0.2130	0.3195	0.3728	\$4.80	\$4.80	\$5.60	16.667	0.5326
1.6.3	Pears	0.2025	0.1444	0.1268	\$4.10	\$4.10	\$3.60	-12.195	-0.1761
1.6.4	Potatoes	0.3256	0.4776	0.4125	\$2.20	\$2.20	\$1.90	-13.636	-0.6513
1.6.5	Onions	0.4664	0.6219	0.6530	\$2.00	\$2.00	\$2.10	5.000	0.3110
1.6.6	English Cabbages	0.1748	0.1208	0.1907	\$3.80	\$3.80	\$6.00	57.895	0.6993
1.6.7	Taro	0.2807	0.2994	0.2900	\$3.20	\$3.20	\$3.10	-3.125	-0.0936
Sub-Group Index(base 1000)		1126.34	1154.66					2.51	0.6220
1.7	Beverages								
1.7.2	Tea	0.4278	0.3694	0.4083	\$1.90	\$1.90	\$2.10	10.526	0.3889
Sub-Group Index(base 1000)		958.42	977.85					2.03	0.3889
1.9	Miscellaneous Food								
1.9.2	Tomato Sauce	0.3351	0.3710	0.3834	\$3.00	\$3.00	\$3.10	3.333	0.1237
Sub-Group Index(base 1000)		944.93	949.82					0.52	0.1237
Group Index(base 1000)		995.72	1012.93					1.73	5.7781
		2. ALCOHOL & TOBACCO GROUP							
2.1	Alcohol								
2.1.1	Beer	3.0220	3.1460	3.4094	\$2.03	\$2.03	\$2.20	8.374	2.6346
2.1.2	Distilled Spirit	0.8810	0.6057	1.0461	\$22.00	\$22.00	\$38.00	72.727	4.4048
Sub-Group Index(base 1000)		999.20	1167.39					16.83	7.0394
Group Index(base 1000)		999.71	1060.56					6.09	7.0394
		3. CLOTHING & TEXTILES							
3.1	Clothing								
3.1.3	Girls Primary School Uniform Dre	0.0546	0.0546	0.0722	\$11.35	\$11.35	\$15.00	32.159	0.1757
Sub-Group Index(base 1000)		1553.93	1562.94					0.58	0.1757
Group Index(base 1000)		1342.98	1349.30					0.47	0.1757

Item		Base Year weight	previous weight (Aug-07)	current weights (Nov-07)	Previous Price	Price Relative	Current Price	Quarterly % Change	Items-to-price Contribution (base1000)
		<i>4. TRANSPORT</i>							
4.2	Private Transport								
4.2.1	Petrol	7.1570	8.5884	8.3498	\$1.80	\$1.80	\$1.75	-2.778	-2.3857
4.2.2	Diesel	0.2343	0.2845	0.3096	\$1.70	\$1.70	\$1.85	8.824	0.2510
Sub-Group Index(base 1000)			1220.99	1193.52				-2.25	-2.1346
Group Index(base 1000)			1178.65	1156.45				-1.88	-2.1346
		<i>5. HOUSING</i>							
5.2	House Maintenance								
5.2.1	Timber	1.2363	0.9986	1.2363	\$2.10	\$2.10	\$2.60	23.810	2.3775
Sub-Group Index(base 1000)			966.51	1030.53				6.62	2.3775
5.3	Fuel & Electricity								
5.3.2	Kerosene	2.7285	3.1183	3.3132	\$1.60	\$1.60	\$1.70	6.250	1.9489
5.3.3	Butane Gas	0.8774	1.0485	0.8346	\$49.00	\$49.00	\$39.00	-20.408	-2.1399
Sub-Group Index(base 1000)			1068.04	1065.73				-0.22	-0.1909
Group Index(base 1000)			996.01	1008.09				1.21	2.1866
All Group Index (base 1000)			1037.97	1051.02				1.26	13.0451