

# CONSUMER PRICE INDEX

1<sup>st</sup> Quarter 2009

## 1. Introduction

This issue of Economic and Social Indicators presents the Consumer Price Index (CPI) for the first quarter of 2009.

The methodology used for computing the CPI and the inflation rate is given in the technical note at Annex.

## 2. Main movements in the Consumer Price Index – 1<sup>st</sup> Quarter 2009

The Consumer Price Index, which stood at 115.5 in December 2008, registered a net increase of 0.6 point (or 0.5%) to reach 116.1 in March 2009 (*Table 1a*).

On a monthly basis, the index fell by 0.2 point in January, and rose by 0.5 and 0.3 point in February and March respectively.

Table 2 shows the net contribution of the main commodities that influenced the CPI from December 2008 to March 2009. The main causes for the increase were:

- higher prices of vegetables and sugar;
- lower prices of milk, bread, flour and cooking oil; and
- lower prices of diesel oil.

## 3. Changes in sub-indices by division of consumption expenditure – 1<sup>st</sup> Quarter 2009

Table 3 shows the evolution of the sub-indices for the twelve divisions of consumption expenditure during the period under review.

The “*Food and non-alcoholic beverages*” sub-index increased by 0.9% mainly as a result of higher prices of vegetables (6.3%), sugar (75.8%), fish (4.6%), fruits (9.4%) and cheese (6.2%). These increases were partly offset by lower prices of milk (7.1%), bread (3.4%), flour (11.6%) and cooking oil (6.2%)

The sub-index for “*Alcoholic beverages and tobacco*” went up by 1.9%. This was largely attributable to price increases of cigarettes (2.6%) and some alcoholic beverages (1.4%).

The “*Clothing and footwear*” sub-index registered an increase of 0.4% essentially due to price increases of some ready made clothing (0.7%).

The sub-index for “*Housing, water, electricity, gas and other fuels*” decreased by 0.6% following price decreases of cooking gas (3.3%) and kerosene (19.8%).

The sub-index for “*Furnishings, household equipment and routine household maintenance*” registered a rise of 1.2% as a result of price increases of some washing materials and softeners (2.5%), and some household and cooking appliances (1.2%).

The sub-index for “*Health*” rose by 2.0% attributable to higher doctor’s fees (5.0%) and higher prices of medicinal products (0.7%).

The sub-index for “*Transport*” fell by 2.3%. This was the result of the downward revision in the prices of gasoline (0.5%) and diesel oil (14.9%) together with lower prices of motor vehicles (2.2%) and airfare (6.1%).

The sub-index for “*Communication*” decreased by 1.1% largely attributable to a downward revision in the price for internet connection (14.5%).

The sub-index for “*Recreation and culture*” showed an increase of 1.7% attributable to higher prices of school textbooks (4.3%) as well as some decorative articles (14.5%) and recreational goods (4.3%).

The sub-index for “*Education*” moved up by 3.0%, driven by higher fees for pre-primary, primary and secondary schools (10.9%) as well as for private tuition (0.9%).

The sub-index for “*Restaurants and hotels*” decreased by 0.3%. This was the net effect of lower prices of some cakes and snacks (3.9%) and higher charges for food and drinks in bars and restaurants (0.3%).

The sub-index for “*Miscellaneous goods and services*” increased by 3.7%, largely attributable to higher charges for motor vehicle insurance (8.7%) and price increases of some goods for personal care and hygiene (2.6%).

#### **4. Rate of inflation**

The inflation rate for calendar year 2008 was 9.7% while that for financial year 2007/08 was 8.8% (*Table 5*).

Base on price movements observed for the past months and forthcoming price trends, the inflation rate for financial year 2008/09 is forecasted at around 7.0%.

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Note :

- (i) This publication is available on our website <http://statsmauritius.gov.mu>. From the homepage, choose “Publications” followed by “Economic and Social Indicators”, then “Consumer Price Index”.
- (ii) The monthly CPI is also available on our website. It is posted within 5 working days after the reference month.
- (iii) More detailed information on CPI can be made available upon request.

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Table 1a - Monthly Consumer Price Index, January 2003 - March 2009

<i>Month</i>	<i>( Base : July 2001 - June 2002 = 100 )</i>					<i>( Base : July 2006 - June 2007 = 100 )</i>		
	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
<b>January</b>	<b>105.5</b>	<b>109.7</b>	<b>116.1</b>	<b>123.1</b>	<b>133.9</b>		<b>109.6</b>	<b>115.3</b>
<b>February</b>	<b>105.7</b>	<b>110.1</b>	<b>116.7</b>	<b>123.5</b>	<b>134.9</b>		<b>110.7</b>	<b>115.8</b>
<b>March</b>	<b>105.6</b>	<b>110.1</b>	<b>117.1</b>	<b>124.2</b>	<b>136.1</b>		<b>110.8</b>	<b>116.1</b>
<b>April</b>	<b>105.8</b>	<b>110.4</b>	<b>117.1</b>	<b>124.0</b>	<b>137.5</b>		<b>111.9</b>	
<b>May</b>	<b>106.5</b>	<b>110.7</b>	<b>117.2</b>	<b>124.3</b>	<b>138.1</b>		<b>113.0</b>	
<b>June</b>	<b>106.9</b>	<b>111.3</b>	<b>117.3</b>	<b>126.2</b>	<b>138.8</b>		<b>113.4</b>	
<b>July</b>	<b>107.5</b>	<b>112.5</b>	<b>118.0</b>	<b>129.9</b>		<b>103.7</b>	<b>115.6</b>	
<b>August</b>	<b>107.4</b>	<b>112.7</b>	<b>118.0</b>	<b>130.9</b>		<b>104.1</b>	<b>116.3</b>	
<b>September</b>	<b>107.9</b>	<b>113.1</b>	<b>117.3</b>	<b>131.7</b>		<b>105.3</b>	<b>116.7</b>	
<b>October</b>	<b>108.3</b>	<b>114.6</b>	<b>118.2</b>	<b>132.3</b>		<b>106.8</b>	<b>117.2</b>	
<b>November</b>	<b>108.4</b>	<b>114.7</b>	<b>118.8</b>	<b>133.3</b>		<b>107.6</b>	<b>116.5</b>	
<b>December</b>	<b>108.9</b>	<b>115.0</b>	<b>119.5</b>	<b>133.7</b>		<b>108.2</b>	<b>115.5</b>	
<b>Yearly average</b>	<b>107.0</b>	<b>112.1</b>	<b>117.6</b>	<b>128.1</b>		<b>103.8</b>	<b>113.9</b>	
<i>Annual change (%)</i> <i>(Inflation rate)</i>	<b>+3.9</b>	<b>+ 4.7</b>	<b>+ 4.9</b>	<b>+ 8.9</b>		<b>+ 8.8</b>	<b>+ 9.7</b>	

Table 1b - Comparative Monthly Consumer Price Index , January 2003 - March 2009 <sup>1/</sup>

<u>Month</u>	<i>( Base : July 2006 - June 2007 = 100 )</i>						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
January	78.6	81.7	86.5	91.7	99.7	109.6	115.3
February	78.8	82.0	87.0	92.0	100.5	110.7	115.8
March	78.7	82.0	87.2	92.5	101.3	110.8	116.1
April	78.8	82.3	87.2	92.4	102.4	111.9	
May	79.3	82.4	87.3	92.6	102.9	113.0	
June	79.6	82.9	87.3	94.0	103.4	113.4	
July	79.6	83.8	87.9	96.8	103.7	115.6	
August	80.0	83.9	87.9	97.5	104.1	116.3	
September	80.4	84.2	87.3	98.1	105.3	116.7	
October	80.7	85.4	88.1	98.5	106.8	117.2	
November	80.7	85.4	88.5	99.3	107.6	116.5	
December	81.1	85.6	89.0	99.6	108.2	115.5	
Yearly average	79.7	83.5	87.6	95.4	103.8	113.9	
<i>Annual change (%) (Inflation rate)</i>	+3.9	+ 4.7	+ 4.9	+ 8.9	+ 8.8	+ 9.7	

<sup>1/</sup> The CPI for January 2003 to June 2007 originally based on July 2001-June 2002 has been converted to the new base July 2006 - June 2007=100

**Table 2 - Net contribution of main commodities that affected the index between December 2008 and March 2009**

<b>Commodity</b>	<b>Change in overall index point</b>	<b>% change in price index between Dec 2008 &amp; March 2009</b>
Bread	-0.1	-3.4
Flour	-0.1	-11.6
Fish	+0.1	+4.6
Milk	-0.3	-7.1
Fruits	+0.1	+9.4
Cooking oil	-0.1	-6.2
Vegetables	+0.3	+6.3
Sugar	+0.2	+75.8
Other food products	+0.1	+0.3
Cigarettes	+0.1	+2.6
Alcoholic beverages	+0.1	+1.4
Cooking gas	-0.1	-3.3
Washing materials & softeners	+0.1	+2.5
Doctor's fee	+0.1	+5.0
Diesel	-0.2	-14.9
Passenger transport by air	-0.1	-6.1
Motor vehicles	-0.1	-2.2
Pre-primary, primary & secondary school fees	+0.1	+10.9
Vehicle insurance	+0.1	+8.7
Goods for personal care & hygiene	+0.1	+2.6
Other goods & services	+0.2	+0.3
<b>Total</b>	<b>+0.6</b>	<b>+0.5</b>

**Table 3 : Monthly sub-indices by division of consumption expenditure, December 2008 - March 2009***(Base: July 2006 - June 2007 = 100)*

Division	Description	Weight	December 2008	January 2009	February 2009	March 2009	% change between December 2008 & March 2009
01	Food and non-alcoholic beverages	286	127.3	127.7	128.1	128.4	+ 0.9
02	Alcoholic beverages and tobacco	92	114.3	114.9	115.2	116.5	+ 1.9
03	Clothing and footwear	51	112.2	112.4	113.2	112.7	+ 0.4
04	Housing, water, electricity, gas and other fuels	131	108.0	107.4	107.4	107.4	- 0.6
05	Furnishings, household equipment and routine household maintenance	64	112.1	113.0	113.2	113.4	+ 1.2
06	Health	30	112.7	112.8	113.4	114.9	+ 2.0
07	Transport	147	113.2	109.4	110.9	110.6	- 2.3
08	Communication	36	96.3	96.3	96.4	95.2	-1.1
09	Recreation and culture	48	100.3	101.3	101.7	102.0	+ 1.7
10	Education	32	107.7	110.9	110.9	110.9	+ 3.0
11	Restaurants and hotels	43	123.6	123.0	122.9	123.2	- 0.3
12	Miscellaneous goods and services	40	112.0	113.0	115.3	116.1	+ 3.7
<b>Total</b>		<b>1,000</b>	<b>115.5</b>	<b>115.3</b>	<b>115.8</b>	<b>116.1</b>	<b>+ 0.5</b>

**Table 4 - Monthly CPI by division and group of consumption expenditure, March 2008- March 2009***( Base: July 2006-June 2007=100)*

Description	Wt	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
<b>Division 01 - Food and non alcoholic beverages</b>	<b>286</b>	<b>120.0</b>	<b>121.0</b>	<b>122.6</b>	<b>123.9</b>	<b>126.0</b>	<b>127.3</b>	<b>127.4</b>	<b>128.3</b>	<b>128.2</b>	<b>127.3</b>	<b>127.7</b>	<b>128.1</b>	<b>128.4</b>
Group 1 - Food	<b>265</b>	120.9	122.0	123.8	125.2	127.5	128.7	128.8	129.7	129.6	128.6	129.0	129.4	129.9
Group 2 - Non-alcoholic beverages	<b>21</b>	107.4	108.0	107.5	107.3	106.9	109.9	110.1	110.1	110.7	110.4	112.4	111.0	110.7
<b>Division 02 - Alcoholic beverages and tobacco</b>	<b>92</b>	<b>108.7</b>	<b>109.2</b>	<b>110.8</b>	<b>110.7</b>	<b>111.1</b>	<b>110.8</b>	<b>114.9</b>	<b>114.7</b>	<b>114.9</b>	<b>114.3</b>	<b>114.9</b>	<b>115.2</b>	<b>116.5</b>
Group 1 - Alcoholic beverages	<b>50</b>	108.0	109.0	111.9	111.8	112.6	112.1	113.0	112.6	113.0	111.8	112.9	113.1	113.4
Group 2 - Tobacco	<b>42</b>	109.4	109.4	109.4	109.4	109.4	109.4	117.2	117.2	117.2	117.2	117.2	117.7	120.3
<b>Division 03 - Clothing and footwear</b>	<b>51</b>	<b>108.0</b>	<b>107.7</b>	<b>108.0</b>	<b>108.0</b>	<b>108.4</b>	<b>108.5</b>	<b>108.3</b>	<b>109.6</b>	<b>110.5</b>	<b>112.2</b>	<b>112.4</b>	<b>113.2</b>	<b>112.7</b>
Group 1 - Clothing	<b>39</b>	108.8	108.6	108.3	108.2	108.5	109.2	108.9	110.1	110.6	111.6	111.9	112.7	112.3
Group 2 - Footwear	<b>12</b>	105.3	104.8	106.9	107.6	107.9	106.1	106.5	108.0	110.4	113.9	113.9	114.9	114.0
<b>Division 04 - Housing, water, electricity, gas and other fuels</b>	<b>131</b>	<b>106.2</b>	<b>111.0</b>	<b>110.0</b>	<b>110.1</b>	<b>110.4</b>	<b>110.7</b>	<b>111.0</b>	<b>111.1</b>	<b>110.0</b>	<b>108.0</b>	<b>107.4</b>	<b>107.4</b>	<b>107.4</b>
Group 1 - Actual rentals for housing	<b>14</b>	102.5	102.5	102.5	103.7	103.7	103.7	103.7	103.7	103.7	105.1	105.1	105.1	105.3
Group 2 - Mortgage interest on housing loan	<b>37</b>	103.5	100.3	96.6	96.6	96.6	97.0	97.4	97.4	93.6	86.7	86.7	86.7	86.7
Group 3 - Maintenance and repair of the dwelling	<b>14</b>	107.5	106.6	106.7	107.0	109.5	109.7	110.5	111.7	111.5	111.5	111.5	111.6	111.3
Group 4 - Water supply and miscellaneous services relating to the dwelling	<b>16</b>	103.2	103.2	103.2	103.2	103.2	103.2	103.2	103.2	103.2	103.2	103.2	103.2	103.2
Group 5 - Electricity, gas and other fuels	<b>50</b>	109.7	125.0	125.0	125.0	125.0	125.6	125.6	125.6	125.6	125.1	123.6	123.6	123.6
<b>Division 05 - Furnishings, household equipment and routine household maintenance</b>	<b>64</b>	<b>108.6</b>	<b>109.0</b>	<b>108.7</b>	<b>109.3</b>	<b>110.8</b>	<b>111.7</b>	<b>111.6</b>	<b>111.7</b>	<b>112.3</b>	<b>112.1</b>	<b>112.9</b>	<b>113.2</b>	<b>113.4</b>
Group 1 - Furniture and furnishings, carpets and other floor coverings	<b>17</b>	106.2	106.2	106.2	106.2	105.1	107.2	107.3	107.3	107.3	108.0	108.3	108.4	108.4
Group 2 - Household textiles	<b>4</b>	102.9	102.9	102.9	103.0	103.0	101.8	104.1	104.4	105.7	105.8	106.4	106.5	106.5
Group 3 - Household appliances	<b>9</b>	108.4	107.9	105.9	109.6	110.2	110.1	109.0	109.0	109.8	107.7	108.0	109.5	109.2
Group 4 - Glassware, tableware and household utensils	<b>3</b>	106.8	107.4	107.4	107.4	107.1	109.3	109.6	109.8	109.9	110.0	110.0	110.8	110.8
Group 5 - Tools and equipment for house and garden	<b>2</b>	105.8	105.5	105.4	105.3	105.0	105.6	105.9	105.6	105.7	105.7	105.5	106.0	105.8
Group 6 - Goods and services for routine household maintenance	<b>29</b>	111.3	112.2	112.1	112.4	116.2	116.8	116.5	116.8	117.5	117.4	118.9	119.0	120.5



**Table 4 - Monthly CPI by division and group of consumption expenditure, March 2008- March 2009***( Base: July 2006-June 2007=100)*

Description	Wt	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09
<b>Division 11 - Restaurants and hotels</b>	<b>43</b>	<b>116.4</b>	<b>116.8</b>	<b>117.9</b>	<b>118.1</b>	<b>119.2</b>	<b>121.9</b>	<b>122.3</b>	<b>123.2</b>	<b>123.6</b>	<b>123.6</b>	<b>123.0</b>	<b>122.9</b>	<b>123.2</b>
Group 1 - Catering services	<b>42</b>	116.4	116.8	118.2	118.4	119.4	122.3	122.7	123.4	123.9	123.9	123.2	123.2	123.4
Group 2 - Accomodation services	<b>1</b>	116.7	113.8	107.8	107.8	107.8	107.8	107.8	112.1	112.1	112.1	115.3	112.1	112.1
<b>Division 12 - Miscellaneous goods and services</b>	<b>40</b>	<b>108.5</b>	<b>108.4</b>	<b>110.4</b>	<b>111.5</b>	<b>111.5</b>	<b>111.2</b>	<b>111.9</b>	<b>112.1</b>	<b>112.1</b>	<b>112.0</b>	<b>113.0</b>	<b>115.3</b>	<b>116.1</b>
Group 1 - Personal care	<b>23</b>	111.0	110.8	110.3	112.1	111.7	111.2	112.3	112.2	112.4	112.1	113.4	113.9	115.1
Group 3 - Personal effects, not elsewhere classified	<b>3</b>	119.2	119.0	119.4	119.7	120.2	121.1	121.9	124.4	124.4	124.4	124.2	124.9	126.0
Group 4 - Social protection	<b>1</b>	108.6	108.6	108.6	108.6	108.6	108.6	108.6	108.6	108.6	108.6	118.5	118.5	118.5
Group 5 - Insurance	<b>10</b>	100.0	100.0	109.2	109.2	109.2	109.2	109.2	109.2	109.2	109.2	109.2	116.9	116.9
Group 7 - Other services not elsewhere classified	<b>3</b>	107.0	107.4	107.4	107.4	108.9	109.3	109.3	109.0	109.2	109.7	109.7	110.1	110.4
<b>All divisions</b>	<b>1000</b>	<b>110.8</b>	<b>111.9</b>	<b>113.0</b>	<b>113.4</b>	<b>115.6</b>	<b>116.3</b>	<b>116.7</b>	<b>117.2</b>	<b>116.5</b>	<b>115.5</b>	<b>115.3</b>	<b>115.8</b>	<b>116.1</b>

Table 5- Inflation rate (%), 1974 - 2009

Calendar year	Inflation rate	Financial year	Inflation rate
1975	14.7	1974 - 75	20.6
1976	13.4	1975 - 76	14.7
1977	9.2	1976 - 77	9.6
1978	8.5	1977 - 78	10.1
1979	14.5	1978 - 79	8.0
1980	42.0	1979 - 80	33.0
1981	14.5	1980 - 81	26.5
1982	11.4	1981 - 82	13.4
1983	5.6	1982 - 83	7.5
1984	7.3	1983 - 84	5.6
1985	6.7	1984 - 85	8.3
1986	1.8	1985 - 86	4.3
1987	0.6	1986 - 87	0.7
1988	9.2	1987 - 88	1.5
1989	12.6	1988 - 89	16.0
1990	13.5	1989 - 90	10.7
1991	7.0	1990 - 91	12.8
1992	4.6	1991 - 92	2.9
1993	10.5	1992 - 93	8.9
1994	7.3	1993 - 94	9.4
1995	6.0	1994 - 95	6.1
1996	6.6	1995 - 96	5.8
1997	6.6	1996 - 97	7.9
1998	6.8	1997 - 98	5.4
1999	6.9	1998 - 99	7.9
2000	4.2	1999 - 2000	5.3
2001	5.4	2000 - 2001	4.4
2002	6.4	2001 - 2002	6.3
2003	3.9	2002 - 2003	5.1
2004	4.7	2003 - 2004	3.9
2005	4.9	2004 - 2005	5.6
2006	8.9	2005 - 2006	5.1
2007	8.8	2006 - 2007	10.7
2008	9.7	2007 - 2008	8.8
		2008 - 2009	Around 7.0 <sup>1/</sup>

1/ Forecast

## Technical note

### 1. Methodology used for the computation of the Consumer Price Index

(Base July 2006 – June 2007 = 100)

#### (a) Definition

The **Consumer Price Index (CPI)** is a measure of changes over time in the general level of prices of goods and services, which the private consumer buys or pays for. It is an important macro-economic indicator used for a variety of purposes such as adjustment of wages and pensions and in industrial contracts.

#### (b) Calculation of the CPI

The CPI is computed as the average change over time in the cost of a fixed market basket of consumer goods and services. As prices vary over time, the total cost of the basket also varies (for e.g prices of cheese vary from prices of meat at the same time) and thus the CPI measures the change in the cost of this basket. It provides a way to compare what this basket costs at a given period relative to a reference or base period.

The cost of the CPI basket is assigned a value of 100 in the base period and the costs in other periods are expressed as percentage changes compared to the base period. For example, if the CPI is 110, this means that there has been an increase of 10% in the cost of the basket since the base year; similarly an index of 90 means a 10% decrease in the cost of the basket.

#### (c) The CPI basket

The composition of the CPI basket, which is based on the expenditure pattern of private Mauritian households, has been derived from the 2006/07 Household Budget Survey (HBS) data adjusted for underreporting of alcoholic beverages and tobacco.

The items constituting the basket have been selected on the basis of the importance of household consumption expenditure on them. The item's relative importance, which is called the “weight” (usually expressed as a figure per 1000), is the expenditure share of the item. Non-consumption items such as income tax, social security contributions, purchase of land, shares and life insurance are excluded.

The commodities in the basket are classified according to the UN COICOP (Classification of Consumption Expenditure according to Purpose) with 12 divisions, 43 groups and 84 classes.

(d) Price collection

Prices are the primary inputs in the calculation of the CPI and are collected on a regular basis. Each month, around 7,800 price quotations are collected in respect of 1,080 item indicators from some 400 outlets across the islands of Mauritius and Rodrigues.

Prices of non-perishable items are collected monthly in the nine geographical districts of the island of Mauritius and in Rodrigues.

Prices of fresh fruits, vegetables, meat and fish are collected on a weekly basis from 9 markets in Port Louis, Rose Hill, Q.Bornes, Vacoas, Mahebourg, Flacq, Goodlands, Pamplemousses and Port Mathurin.

Information on rent is obtained from a quarterly rent survey of some 100 rented dwellings.

The prices collected are those that any member of the public would have to pay to purchase the specified goods or services. Any taxes on products attached to the goods are included.

(e) Calculating the CPI

Once the prices have been collected, they are carefully examined for consistency and validity before they are entered into the CPI calculations. Independent random field checks are also made to ensure that price collection is done properly.

The CPI is computed according to the Laspeyres Formula as a weighted average of price relatives of individual items. The weights are fixed and correspond to the base period expenditures.

The formula used for computing the CPI at time  $t$  is

$$I_t = \frac{\sum W_i (P_{it} / P_{i0})}{\sum W_i} \times 100$$

**where,**

- $I_t$  : CPI for period  $t$  with reference to a base period 0
- $P_{i0}$  : Price of item  $i$  at time 0, i.e. during base period
- $P_{it}$  : Price of item  $i$  at time  $t$
- $W_i$  : Weight of item  $i$

The base period is July 2006 to June 2007, the period during which the latest HBS was conducted.

## **2. Inflation**

### **(a) Definition of Inflation**

Inflation is the percentage change in the level of prices (as measured by the CPI) from one period to another.

### **(b) Calculating the Inflation Rate**

In Mauritius, like in many other countries, the rate of inflation is calculated by comparing the average level of prices during a twelve-month period with the average level during the corresponding previous twelve-month period.

Note: More information about the concept, computation and use of the CPI is available online in the publication “HBS 2006/07 and updated CPI” [<http://www.gov.mu/portal/goc/cso/ei664/toc.htm>]