



# CONSUMER PRICE INDEX NEWSLETTER



DEPARTMENT OF COMMERCE - STATISTIC'S DIVISION

3RD QUARTER ( JULY—SEPT ) 2009

VOLUME 1 - ISSUE : 66

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**Headline:** Local inflation for the 3rd quarter of 2009 recorded at 0.4 percent.

The American Samoa Consumer Price Index registered at 112.2 index points (a increase of 2.4 percent from the second quarter of 2009). Food group registered at 126.6 points (a 1.9 percent quarterly increase.) Housing registered at 105.7 points (a increase of 1.8 percent) Transportation which included fuel and oil registered at 119.4 index points (highest increase in this quarter with 5.6 percent). Apparel recorded at 99.3 points (a 0.3 percent increase in this quarter) and Other Goods and Services registered at 109.7 points. Alcoholic Beverage at 106.1 points, Recreation registered at 100.3 with a 0.4 percent increase, while Education and Communication remained the same at 101.1 points.

**Group Change %**

|              |       |
|--------------|-------|
| FOOD         | + 1.9 |
| ALCO- BEV.   | + 2.8 |
| HOUSING      | + 1.8 |
| APPAREL      | + 0.3 |
| TRANSPORT-   | + 5.6 |
| MEDICAL CARE | + 0.3 |
| RECREATION   | + 0.4 |
| EDUCATION    | 0.0   |
| OTHER        | + 3.4 |

**POINT OF INTREST**

**MINIMUM WAGE INCREASES AND CONSUMER PRICE INDEX:**

It has been two years since the United States Congress ordered American Samoa to increase minimum wages annual by fifty cents until it reaches the US Minimum of \$7.25. And since May 25, 2007, local minimum wages have gone up three times by \$1.50 for all industries. Except for two industries, increases in wages have now exceeded increases in the local Consumer Price Index.

Some industries have increased by more than 40 percent. Miscellaneous Industry had the highest increase of 42 percent followed by Government with 38 percent; Hotel

**3RD QUARTER COMPARATIVE INDEX ANALYSIS.**

**GROUP 1: Food**

The "Food" group recorded an increase of + **1.9** percent in this quarter, due to increase in cost of items such as vegetable oil, lamb neck, soy sauce, fruits, cereal, crackers, coffee cookies and coconuts.

**GROUP 2: Alcoholic Beverages.**

An increase of + **2.8** percent for this group is mainly caused by high cost of bacardi rum.

**GROUP 3: Housing**

This group recorded a + **1.8** percent increase in this quarter due mainly to high cost of home insurance, furniture repairs and electricity.

**GROUP 4: Apparel**

The Apparel registered a + **0.3** percent increase in this quarter. Items such as girls dresses and infant diapers have contributed to this increase.

**GROUP 5: Transportation**

Transportation recorded the biggest increase in this quarter with a + **5.6** percent. Prices of new automobiles, auto monthly services, unleaded and diesel fuel have caused this increase.

**GROUP 6: Medical Care**

A slight increase of + **0.3** percent is recorded for this group in this quarter. Non- prescription drugs and other medical supplies have prompted this increase.

**GROUP 7: Recreation**

The Recreation group recorded a + **0.4** percent due to increases in cost of health and exercise equipment and pet food.

**GROUP 8: Education/Comm.**

The Education/Communication group did not record any change in this quarter.

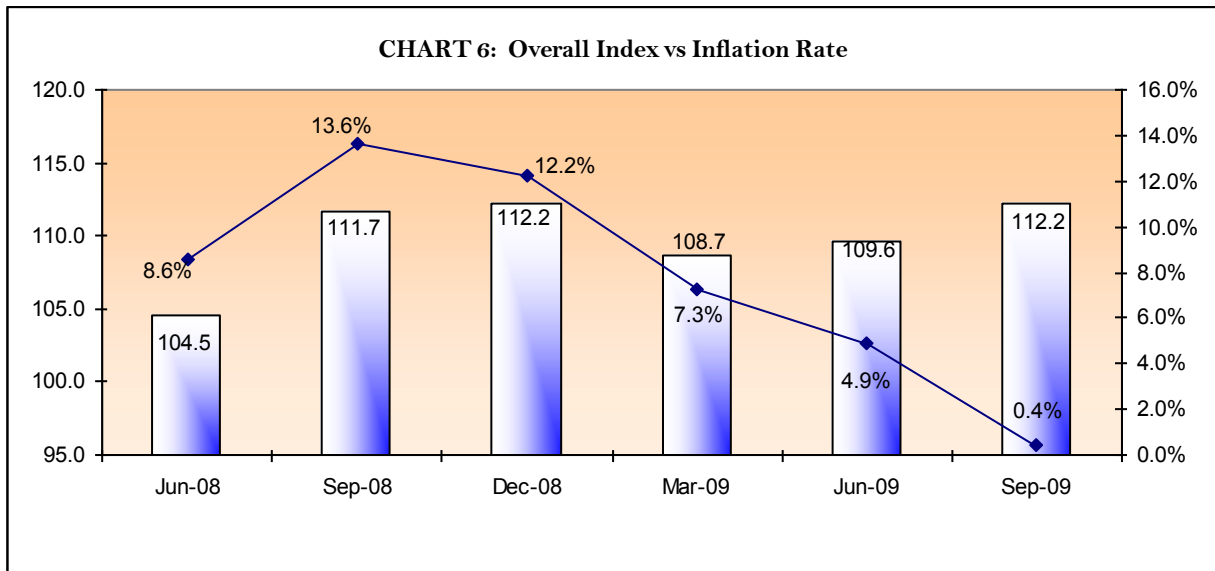
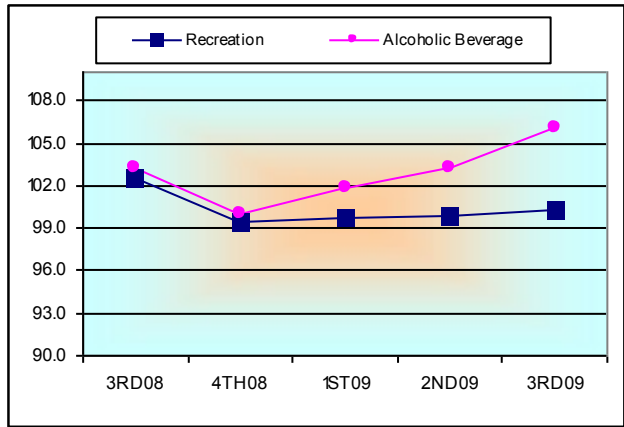
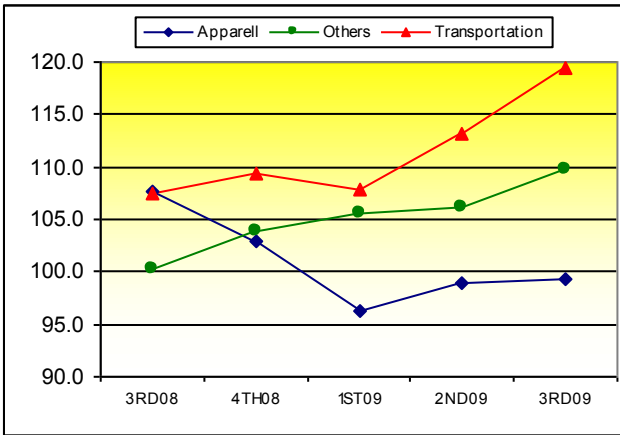
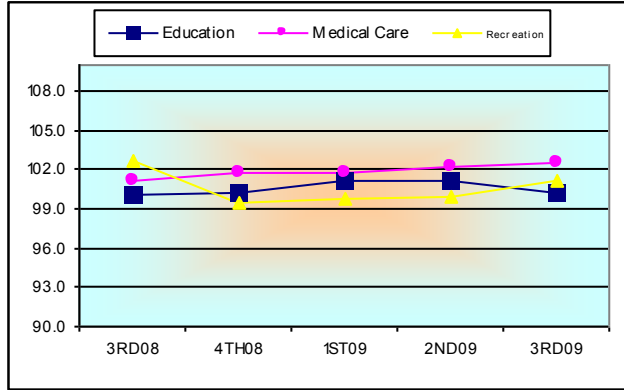
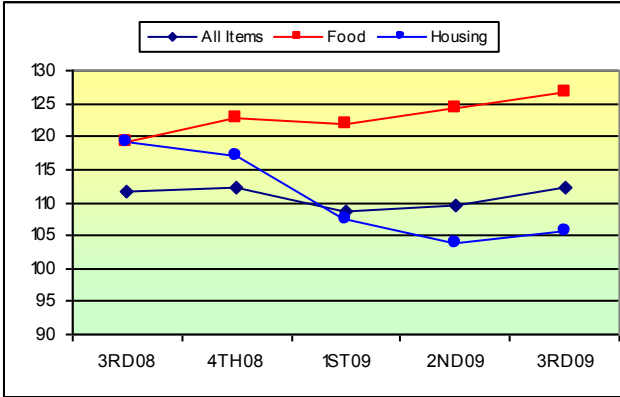
**GROUP 9: Other Goods/Service**

This group recorded a + **3.4** percent increase in this quarter due to high cost of funeral services, tooth paste and laundry services.

\*con't— by 37 percent; Tour and Travel by 30 percent; Ship Maintenance by 30 percent; Garment Manufacturing by 18 percent and Retail, Wholesale and Warehousing by 11 percent. The only two industries that are still below the CPI general increases are Shipping—Classification A and Finance and Insurance.

## COMPARATIVE INDEX ANALYSIS

| Year | Qtr | All   | Food  | Housing | Apparel | Transpt. | Alco  | Rec.  | Medical | Ed /Com. | Others |
|------|-----|-------|-------|---------|---------|----------|-------|-------|---------|----------|--------|
| 2009 | 3   | 112.2 | 126.6 | 105.7   | 99.3    | 119.4    | 106.1 | 100.3 | 102.5   | 101.1    | 109.7  |
| 2009 | 2   | 109.6 | 124.3 | 103.8   | 99.0    | 113.1    | 103.2 | 99.9  | 102.2   | 101.1    | 106.1  |
| 2009 | 1   | 108.7 | 121.9 | 107.3   | 96.3    | 107.9    | 101.9 | 99.7  | 101.8   | 101.1    | 105.6  |
| 2008 | 4   | 112.2 | 122.9 | 117.2   | 103.0   | 109.4    | 100.0 | 99.4  | 101.7   | 100.3    | 103.9  |



**AVERAGE RETAIL PRICES OF SELECTED COMMODITIES: 4TH QTR 2007 TO 3RD QTR 2009**

| Commodity         | Unit      | Ave.   |        |        |        |        |        |        |        |        |
|-------------------|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                   |           | 2008   | 4qtr07 | 1qtr08 | 2qtr08 | 3qtr08 | 4qtr08 | 1qtr09 | 2qtr09 | 3qtr09 |
| Boneless chuck    | Pound     | 2.29   | 2.12   | 1.86   | 1.94   | 2.50   | 2.86   | 2.78   | 2.19   | 2.42   |
| Sausage           | Pound     | 1.26   | 3.18   | 1.15   | 1.23   | 1.25   | 1.43   | 1.44   | 1.45   | 1.42   |
| Chicken-whole     | Pound     | 1.38   | 1.41   | 1.33   | 1.36   | 1.42   | 1.43   | 1.40   | 1.39   | 1.37   |
| Turkey tail       | Pound     | 0.79   | 0.67   | 0.70   | 0.69   | 0.76   | 1.00   | 0.86   | 1.00   | 0.86   |
| Corned beef cnd.  | 12 oz     | 2.67   | 3.47   | 2.50   | 2.44   | 2.86   | 2.86   | 2.79   | 2.81   | 2.87   |
| Spam              | 12 oz     | 2.89   | 2.82   | 2.70   | 2.93   | 2.91   | 3.00   | 3.07   | 3.10   | 3.11   |
| Mackerel, cnd.    | 15 oz     | 0.93   | 0.86   | 0.88   | 0.87   | 0.88   | 1.09   | 1.24   | 1.40   | 1.40   |
| Tuna, cnd.        | 6.5 oz    | 1.27   | 1.21   | 1.10   | 1.21   | 1.37   | 1.38   | 1.38   | 1.38   | 1.37   |
| Green banana      | Pound     | 1.69   | 0.73   | 0.73   | 0.96   | 1.83   | 3.24   | 3.43   | 3.23   | 3.22   |
| Matured coconut   | Each      | 1.14   | 0.33   | 0.44   | 0.45   | 0.56   | 3.11   | 3.27   | 3.24   | 3.18   |
| Apple             | Pound     | 1.61   | 1.34   | 1.58   | 1.49   | 1.71   | 1.66   | 1.62   |        | 1.72   |
| Taro              | Pound     | 2.54   | 1.90   | 1.51   | 1.32   | 2.12   | 5.22   | 5.77   | 5.08   | 5.11   |
| Milk, fresh       | Liter     | 1.92   | 1.31   | 1.56   | 2.06   | 1.99   | 2.06   | 2.13   | 2.12   | 1.68   |
| Butter            | 227 gm    | 1.73   | 1.29   | 1.53   | 1.82   | 1.85   | 1.71   | 1.52   | 1.54   | 1.40   |
| Rice              | 22.5 kg   | 21.15  | 19.27  | 15.78  | 18.51  | 22.43  | 27.86  | 28.29  | 30.66  | 27.72  |
| Bread             | Loaf      | 1.22   | 0.82   | 1.06   | 1.16   | 1.30   | 1.37   | 1.37   | 1.37   | 1.37   |
| Sugar             | 2 kg      | 2.29   | 1.94   | 2.20   | 2.21   | 2.49   | 2.27   | 2.31   | 2.36   | 2.39   |
| Pepsi cola        | 12 oz     | 0.60   | 0.65   | 0.65   | 0.58   | 0.59   | 0.59   | 0.61   | 0.63   | 0.62   |
| Soy sauce         | 40 oz     | 6.71   | 3.91   | 7.02   | 6.38   | 6.53   | 6.90   | 6.90   | 6.96   | 7.61   |
| Salt              | 700 gm    | 1.42   | 1.29   | 1.28   | 1.45   | 1.50   | 1.43   | 1.27   | 1.28   | 1.29   |
| Cooking oil       | 48 fl oz  | 4.62   | 1.77   | 3.97   | 3.53   | 4.69   | 6.29   | 6.43   | 5.87   | 4.35   |
| Fresh eggs        | Dozen     | 1.88   | 1.34   | 1.70   | 1.97   | 1.93   | 1.93   | 1.85   | 1.81   | 1.68   |
| Spaghetti, cnd.   | 14.75 oz  | 1.18   | 1.01   | 1.19   | 1.04   | 1.24   | 1.24   | 1.25   | 1.26   | 1.30   |
| Bottle gas        | 91 pounds | 114.88 | 111.00 | 111.00 | 111.00 | 111.00 | 126.50 | 29.90  | 29.90  | 29.90  |
| Beer, Vailima     | 750 ml    | 2.58   | 2.73   | 2.66   | 2.88   | 2.16   | 2.63   | 2.79   | 2.78   | 2.69   |
| Beer, Coors Light | 12 fl oz  | 1.51   | 1.46   | 1.43   | 1.47   | 1.70   | 1.42   | 1.40   | 1.35   | 1.41   |
| Cigarettes-Benson | 20's      | 4.10   | 4.12   | 4.05   | 4.06   | 4.16   | 4.13   | 4.04   | 4.09   | 3.92   |
| Cigarettes-Kools  | 20's      | 3.99   | 4.3    | 3.56   | 4.20   | 4.07   | 4.11   | 4.09   | 3.94   | 3.99   |
| Gasoline          | Gallon    | 3.95   | 3.47   | 3.69   | 4.3    | 4.80   | 3.00   | 2.66   | 2.71   | 3.10   |
| Electricity       | 300 kWh   | 118.93 | 92.37  | 103.28 | 109.64 | 133.86 | 128.95 | 91.40  | 76.83  | 82.28  |

## 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 household income and expenditure survey conducted by EDPO in 1982. Since then, CPI weights were later adjusted using the 1995 HIES and now the 2005 HIES. With the New CPI, a total of approximately 210 items are divided into 9 major groups and sub-groups, and indices are computed at different levels of aggregations..

### CPI GROUPS AND WEIGHTS

| Group                | Weights | Allocated |
|----------------------|---------|-----------|
| Food                 | 730     | 86        |
| Housing              | 781     | 37        |
| Apparel              | 308     | 24        |
| Transportation       | 491     | 9         |
| Other Goods          | 288     | 12        |
| Alcoholic Beverages  | 68      | 2         |
| Ed and Communication | 142     | 11        |
| Recreation           | 93      | 23        |
| Medical Care         | 70      | 6         |

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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:  $I_n = (W_{n-1} \times P_n / P_{n-1})$  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 ( $P_{n-1}$ ).

About 1100 prices are collected during the middle month of each quarter for computing the Consumer Price Index (CPI). The total number of retail outlets that provide prices to the Statistic's Division's data collectors each quarter is more than 125, ranging from major retailers and grocery stores to variety of services establishments such as gas stations, snack bars and other.

### Interpreting index changes.

In compiling the CPI, data collectors obtain prices for those items that were selected in the item sample. For each individual item, a number of prices are collected. Each quarter, data collectors attempt to price the exact same item, or if that item is not available, an item that is of the same quality as the previously priced item. Those prices that are collected in the current quarter and are also of the same quality as the items in the previous quarter are then summed. A "price relative" is calculated by dividing the total of these "paired" prices for that item by the total of the previous prices. These respective price relatives are then multiplied by the expenditure weights in the previous quarter to derive new expenditure weights. These weights are then combined into composite expenditure groups and sub-groups.

These item weights show the relative importance of each of the items in an average household's market basket. The weights were derived from the 2005 Household Income and Expenditure Survey. These products represent the relative importance of these items from one quarter to the next. By combining these products into various groups and subgroups, the Statistics Division is able to estimate the relative price changes for groups such as Food, Housing, Medical Care, etc. and even estimate the change in subgroups such as bread and cereals, fruits and vegetables, and other subgroups within each major group. As in most countries, the CPI in American Samoa is the government's principle measure of inflation or deflation. By knowing what price changes are occurring for the 9 major groups in the CPI, the government's decision makers, academics and news media can understand if retail prices are rising and how fast, and can take action to try and mitigate undesirable price changes by modifying government policies.