



CONSUMER PRICE INDEX NEWSLETTER



DEPARTMENT OF COMMERCE - STATISTICS DIVISION

3RD QUARTER (JULY - SEPTEMBER) 2010

VOLUME 3 - ISSUE : 3

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Headline: Local inflation for the 3rd Quarter of 2010 recorded at 4.6 percent.

The American Samoa Consumer Price Index registered at 117.4 index points in the third quarter of 2010. Food group registered at 138.4 points and had the highest quarterly increase with 5.7 percent.

Alcoholic beverages registered at 120.2 points in this quarter which is a drop of -2.8 percent. Housing registered at 111.3 points and increased by 3.4 percent in this quarter. Apparel registered at 107.4 points in this quarter and recorded a drop of -0.7 percent. Transportation and Education and Communication did not change in this quarter and remained at 117.2 and 101.1 index points respectively. Medical Care registered at 104.5 points and recorded an increase of 0.6 percent in this quarter. Recreation registered at 103.0 points and dropped by -1.8 percent in this quarter. Other Goods and Services registered at 109.7 points and dropped by -0.2 percent.

Quarterly Group Change %

FOOD	+5.7
ALCO- BEV.	-2.8
HOUSING	+3.4
APPAREL	-0.7
TRANSPORT-	0.0
MEDICAL CARE	+0.6
RECREATION	-1.8
EDUCATION	0.0
OTHER	-0.2

POINT OF INTEREST

MINIMUM WAGE INCREASES DELAYED FOR THE NEXT TWO YEARS

The last minimum wage fifty-cent increase was on May 25, 2009. On September 30, 2010, the date the next increase was to go into effect, President Obama signed into law a bill that delays the implementation of federally mandated minimum wage hikes in American Samoa for this year and next year. Future increases will be revisited in 2012.

The current minimum wages by Industry are:

Fish canning and Processing and Can Manufacturing (\$4.76)

Shipping and Transportation Classification A (\$5.59)

Classification B (\$5.42)

Classification C (\$5.38)

3RD QUARTER COMPARATIVE INDEX ANALYSIS

GROUP 1: Food

The "Food" group recorded the highest quarterly increase with + 5.7 percent due to price increases in these items: Hamburger Patties, Short Ribs, Pork, Whole Chicken, Chicken Legs & Turkey Tail.

GROUP 2: Alcoholic Beverages.

Alcoholic beverages group dropped by -2.8 percent in this quarter due to drop in the cost of beer and rum.

GROUP 3: Housing

This group recorded a + 3.4 percent increase in this quarter because of increased cost of Electric and Water bill, LP Gas, Toilet tissue, Household paper products and Solid waste bill.

GROUP 4: Apparel

The Apparel Group dropped by -0.7 percent in this quarter due to low cost of Infant diapers, Men's dress shirts, Men's pants and shorts.

GROUP 5: Transportation

Transportation group did not change in this quarter.

GROUP 6: Medical Care

The Medical Care group increased by +0.5 percent in this quarter because of Non-Prescription drugs.

GROUP 7: Recreation

The Recreation group recorded a -1.8 percent drop due to low prices of CD Players, DVD blanks, Video films, DVD rentals and Social night out.

GROUP 8: Education/Comm.

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

GROUP 9: Other Goods/Service

The Other Goods and Services recorded a -0.2 percent decrease because of low prices of Cigarettes, Shampoo, Hair products and Soap.

(cont'd) Tour and Travel Services (\$4.98), Petroleum Marketing (\$5.35), Construction (\$5.10), Hotel (\$4.50), Retailing, Wholesaling, and Warehousing (\$4.60), Ship Maintenance (\$5.01), Bottling, Brewing, and Dairy Products (\$4.69), Printing (\$5.00), Finance and Insurance (\$5.49), Private Hospitals and Educational Institutions (\$4.83), Government (\$4.41), Miscellaneous Activities (\$4.20), Garment Manufacturing (\$4.18) and Publishing (\$5.13).

COMPARATIVE INDEX ANALYSIS

Year	Qtr	All	Food	Housing	Apparel	Transpt.	Alco	Rec.	Medical	Ed /Com.	Others
2010	3	117.4	138.4	111.3	107.4	117.2	120.2	103.0	104.5	101.1	109.7
2010	2	114.9	130.9	107.6	108.2	117.2	123.7	104.9	103.9	101.1	109.9
2010	1	114.5	129.9	107.9	108.2	117.5	113.6	104.1	103.9	101.1	109.3
2009	4	112.9	127.6	106.5	100.0	119.8	110.0	102.1	102.4	101.1	109.7

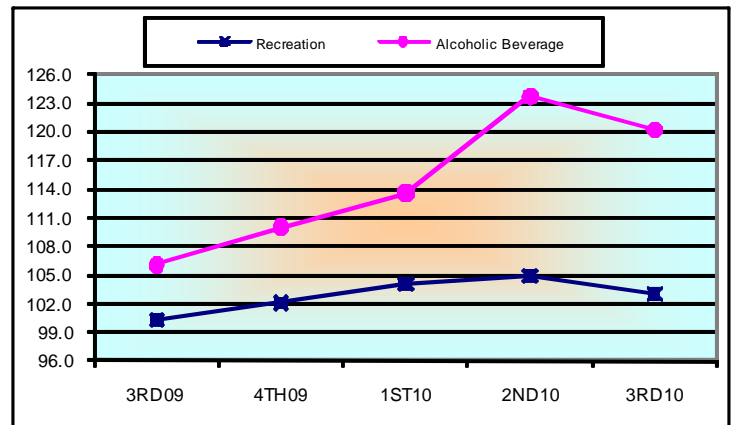
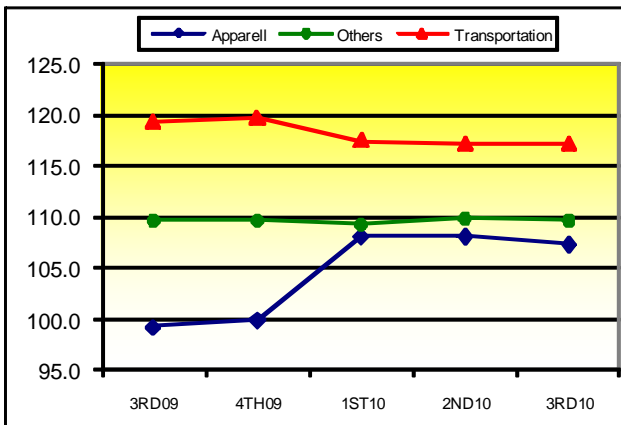
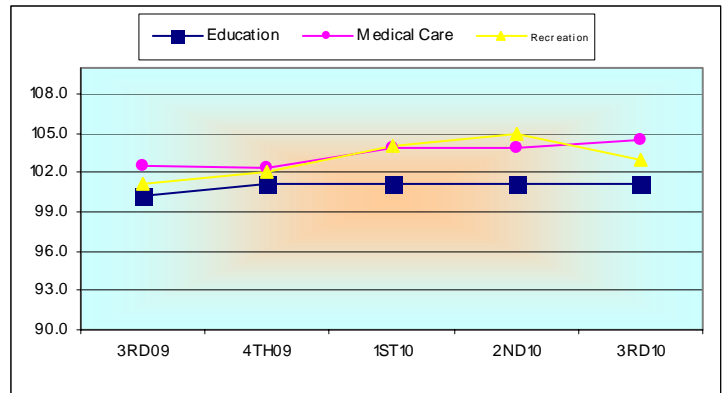
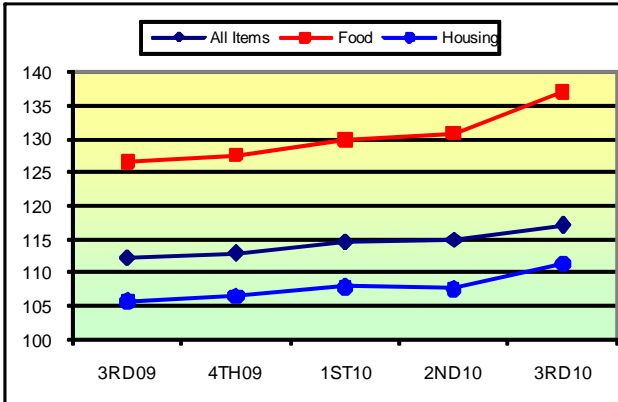
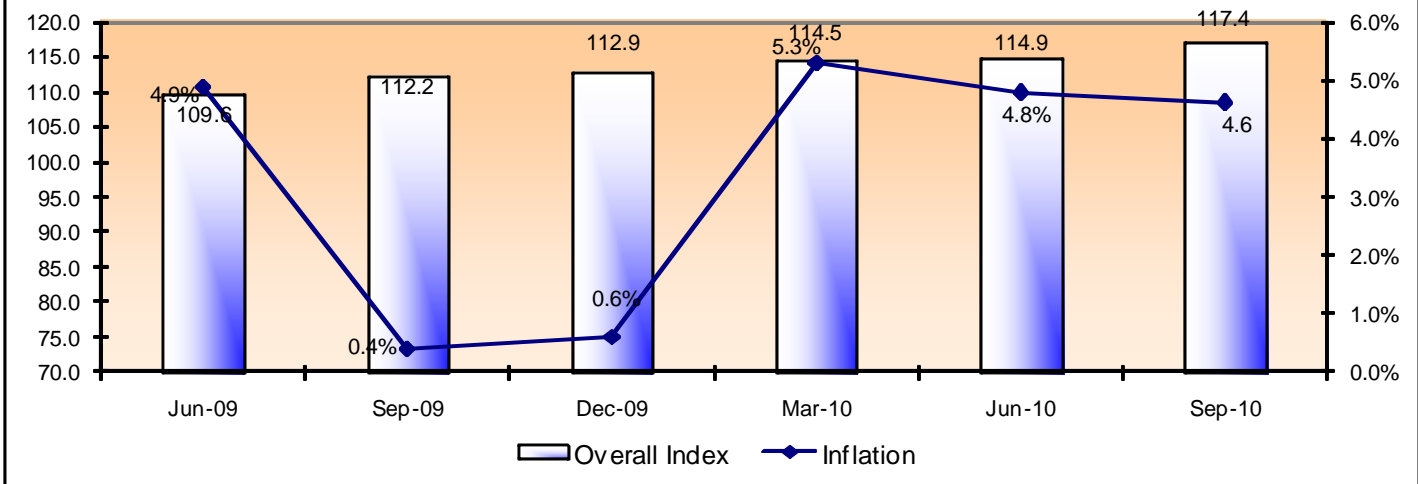


CHART 6: Overall Index vs Inflation Rate



Commodity	Unit	Ave.							
		2009	1qtr09	2qtr09	3qtr09	4qtr09	1stqtr10	2ndqtr10	3rdqtr10
Boneless chuck	Pound	2.47	2.78	2.19	2.42	2.49	2.45	2.55	2.63
Sausage	Pound	1.45	1.44	1.45	1.42	1.47	1.48	1.48	1.42
Chicken-whole	Pound	1.38	1.40	1.39	1.37	1.36	1.40	1.38	1.36
Turkey tail	Pound	0.88	0.86	1.00	0.86	0.81	0.87	0.86	1.08
Corned beef cnd.	12 oz	2.85	2.79	2.81	2.87	2.95	2.95	3.08	3.04
Spam	12 oz	3.11	3.07	3.10	3.11	3.16	3.13	3.13	3.14
Mackerel, cnd.	15 oz	1.36	1.24	1.40	1.40	1.38	1.40	1.31	1.35
Tuna, cnd.	6.5 oz	1.38	1.38	1.38	1.37	1.40	1.43	1.37	1.36
Green banana	Pound	3.28	3.43	3.23	3.22	3.24	3.22	3.23	3.24
Matured coconut	Each	3.22	3.27	3.24	3.18	3.18	3.19	3.19	3.18
Apple	Pound	1.22	1.62		1.72	1.54	1.60	1.64	1.67
Taro	Pound	5.27	5.77	5.08	5.11	5.13	5.14	5.13	5.1
Milk, fresh	Liter	2.03	2.13	2.12	1.68	2.19	2.13	2.29	2.28
Butter	227 gm	1.52	1.52	1.54	1.40	1.61	1.43	1.66	1.72
Rice	22.5 kg	28.75	28.29	30.66	27.72	28.32	29.60	25.26	21.24
Bread	Loaf	1.37	1.37	1.37	1.37	1.37	1.41	1.39	1.37
Sugar	2 kg	2.50	2.31	2.36	2.39	2.96	2.57	3.19	3.28
Pepsi cola	12 oz	0.62	0.61	0.63	0.62	0.64	0.64	0.62	0.62
Soy sauce	40 oz	7.27	6.90	6.96	7.61	7.60	7.61	7.95	7.98
Salt	700 gm	1.29	1.27	1.28	1.29	1.31	1.29	1.45	1.44
Cooking oil	48 fl oz	5.43	6.43	5.87	4.35	5.09	5.15	4.56	4.53
Fresh eggs	Dozen	1.59	1.85	1.81	1.68	1.00	1.50	1.67	1.52
Spaghetti, cnd.	14.75 oz	1.29	1.25	1.26	1.30	1.33	1.42	1.65	1.43
Bottle gas	91 pounds	29.90	29.90	29.90	29.90	29.90	29.95	28.25	28.25
Beer, Vailima	750 ml	2.76	2.79	2.78	2.69	2.79	2.86	2.84	2.79
Beer, Coors Light	12 fl oz	1.39	1.40	1.35	1.41	1.39	1.41	1.82	1.67
Cigarettes-Benson	20's	4.02	4.04	4.09	3.92	4.04	3.93	4.09	4.09
Cigarettes-Kools	20's	4.02	4.09	3.94	3.99	4.05	3.99	4.22	4.22
Gasoline	Gallon	2.92	2.66	2.71	3.10	3.22	3.09	3.47	3.49
Electricity	300 kWh	84.54	91.4	76.83	82.28	87.66	93.00	87.66	97.82

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

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 Statistics Division data collectors each quarter is more than 125, ranging from major retailers and grocery stores to variety of services establishments such as gas stations and snack bars.

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.