



CONSUMER PRICE INDEX



ASG - DEPARTMENT OF COMMERCE - STATISTIC'S DIVISION

VOLUME 1 - ISSUE : 64

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Headline: Local inflation for the 1st quarter of 2009 recorded at 7.3 percent.

The American Samoa Consumer Price Index registered at 108.7 index points (a decrease of 3.1 percent from the fourth quarter of 2008). Food group registered at 121.9 points (a 0.8 percent quarterly decrease.) Housing registered at 107.3 points (Highest decrease in this quarter of 8.4 percent) Transportation which included fuel and oil registered at 107.9 index points (a quarterly decrease of about 1.4 percent). Apparel recorded at 96.3 points (Second highest decrease in this quarter) and Other Goods and Services registered at 105.6 points. Alcoholic Beverage at 101.9 points, Education and Communication at 101.1 points while Recreation registered a slight increase of 0.3 percent with a total points of 99.7.

Group Change %

FOOD	-0.8
ALCOHOLIC. BEV-	1.9
HOUSING	-8.4
APPAREL	-6.5
TRANSPORT -	-1.4
MEDICAL CARE	0.1
RECREATION	0.3
EDUCATION / COMMUN.	0.8
OTHER	1.6

1ST QUARTER (JANUARY - MARCH) 2009 COMPARATIVE INDEX ANALYSIS.

Group 1 : Food

Food Group registered the 3rd highest decrease in this qtr due to low cost of food items such as: Chicken (legs), Spare Ribs, Lamb Necks, Pork, Flour and Fruits. All have contributed to a -0.8 percent decrease with a total index points of 121.9.

Group 2: Alcoholic Beverages.

Alcoholic Bev. Registered a slight increase of +1.9 percent from the 4th quarter with a total of 101.9 index points. An increase in the cost of Beer have contributed to this increase.

Group 3: Housing.

Housing Index at 107.3 points. The Housing Group recorded a highest drop in this quarter by -8.4 percent. Oil prices have come down and likewise electricity, water and LP Gas cost have dropped along with many other household goods.

Group 4 : Apparel

Apparel Group is at 96.3 index points, with the second highest decrease of -6.5 percent. Men's dress shirts, Boys pants, Girls footwear etc. have all contributed to this drop.

Group 5: Transportation

Transportation Index at 107.9 points. A decrease in the cost of Airfare have contributed to an -1.4 percent drop compare to the last quarter.

Group 6 : Medical Care

Medical Care recorded a 101.8 index points and an increase of +0.1 percent in this quarter compare to the previous quarter.

Group 7: Recreation

Recreation Group registered 99.7 index points. It also shown an increase of +0.3 percent from the previous quarter.

Group 8: Education / Comm-

Education/Communication have registered 101.1 index points for this quarter, an increase of +0.8 percent. School tuitions, School supplies and Home computers and Laptops have increased in cost.

Group 9: Other Goods / Service

The Other Goods/Services registered a 105.6 index points. It also recorded an increase of +1.6 percent compared to the previous quarter. Shampoo, Tooth paste and Legal fees have caused this increase.

POINT OF INTREST

DECREASE:

-Prices for Meat products such as Chicken, Spare Ribs and lamb necks have dropped in this quarter due to cheaper prices from off island wholesalers and vendors where local wholesalers purchase its "meat" supplies.

- INCREASE:

Price for a can of Mackerel (Pilikaki) has increase in the past months. A can of "Mackerel" which usually cost somewhere around \$.85 now cost \$1.55 at some retail outlets. This increase is due to various factors: World shortage of Tuna Fish, price of Tin can and shipment to name a few.

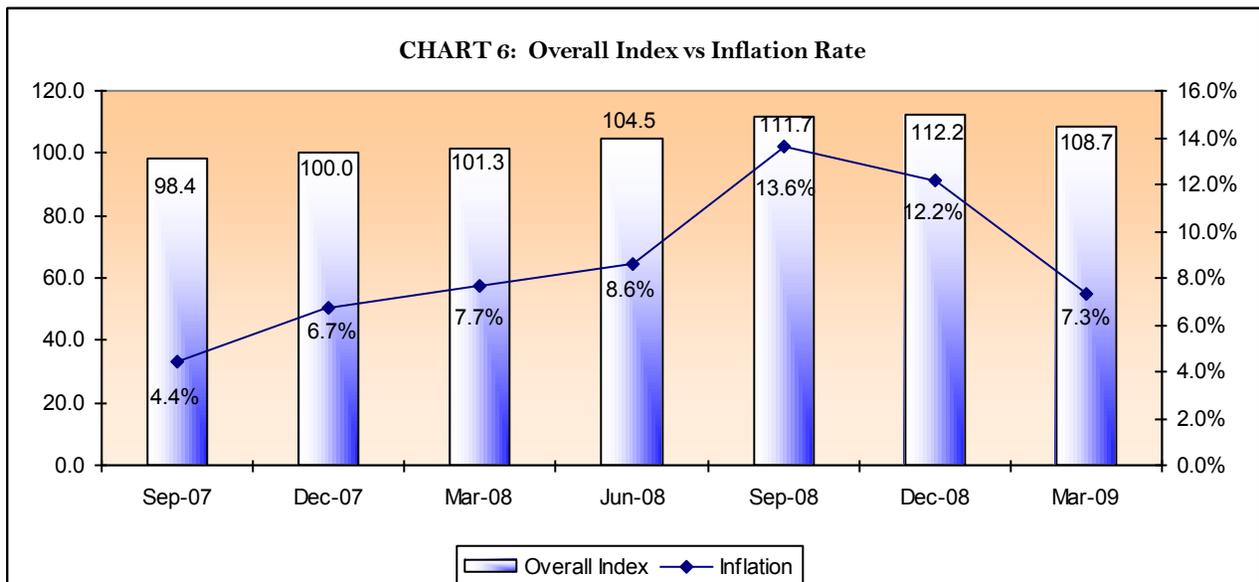
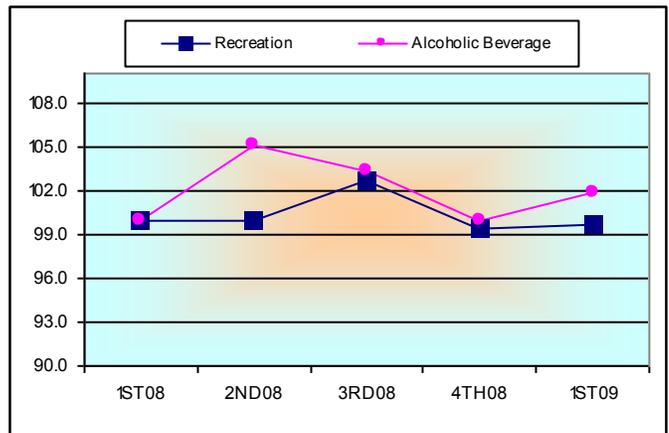
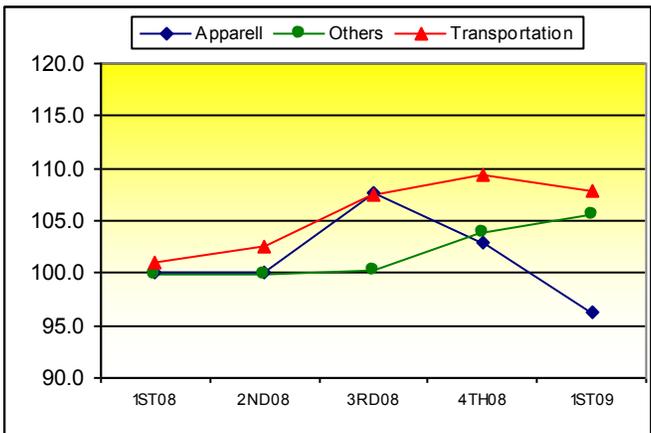
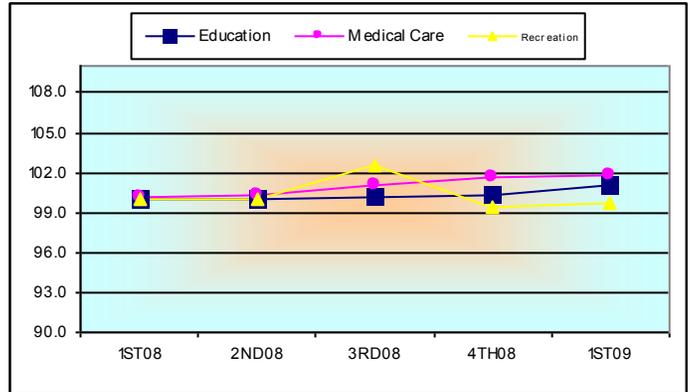
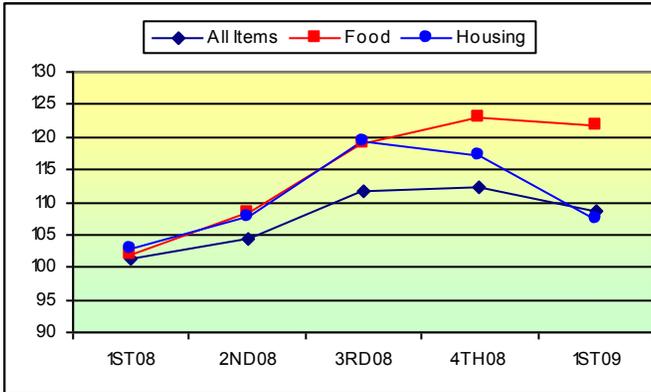
MINIMUM WAGE INCREASE:

Another obvious factor -

*con't- is the annual wage increase. The first \$0.50 increase became effective July 2007 with a second \$0.50 increase effective May 2008 and American Samoa is facing another \$.50 increase in May of this year, until American Samoa reaches the US Minimum Wage of \$7.25 an hour.

COMPARATIVE INDEX ANALYSIS

Year	Qtr	All	Food	Housing	Apparel	Transpt.	Alco	Rec.	Medical	Ed /Com.	Others
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
2008	3	111.7	119.1	119.2	107.7	107.4	103.3	102.6	101.1	100.1	100.3
2008	2	104.5	108.2	107.8	100.0	102.6	105.1	100.0	100.3	100.0	99.9



AVERAGE RETAIL PRICES OF SELECTED COMMODITIES: 3rd QTR 2007 TO 1ST QTR 2009

Commodity	Unit	Ave.	Ave.							
		2007	2008	3qtr07	4qtr07	1qtr08	2qtr08	3qtr08	4qtr08	1qtr09
Boneless chuck	Pound	1.94	2.52	1.86	2.12	1.86	1.94	2.50	2.86	2.78
Sausage	Pound	2.47	1.34	2.91	3.18	1.15	1.23	1.25	1.43	1.44
Chicken-whole	Pound	1.29	1.40	1.31	1.41	1.33	1.36	1.42	1.43	1.40
Turkey tail	Pound	0.68	0.83	0.66	0.67	0.70	0.69	0.76	1.00	0.86
Corned beef cnd.	12 oz	3.17	2.74	3.47	3.47	2.50	2.44	2.86	2.86	2.79
Spam	12 oz	2.77	2.98	2.82	2.82	2.70	2.93	2.91	3.00	3.07
Mackerel, cnd.	15 oz	0.86	1.02	0.86	0.86	0.88	0.87	0.88	1.09	1.24
Tuna, cnd.	6.5 oz	1.20	1.33	1.21	1.21	1.10	1.21	1.37	1.38	1.38
Green banana	Pound	0.72	2.36	0.70	0.73	0.73	0.96	1.83	3.24	3.43
Matured coconut	Each	0.36	1.85	0.33	0.33	0.44	0.45	0.56	3.11	3.27
Apple	Pound	1.36	1.62	1.25	1.34	1.58	1.49	1.71	1.66	1.62
Taro	Pound	1.86	3.61	2.03	1.90	1.51	1.32	2.12	5.22	5.77
Milk, fresh	Liter	1.35	2.06	1.26	1.31	1.56	2.06	1.99	2.06	2.13
Butter	227 gm	1.24	1.73	1.11	1.29	1.53	1.82	1.85	1.71	1.52
Rice	22.5 kg	18.04	24.27	18.46	19.27	15.78	18.51	22.43	27.86	28.29
Bread	Loaf	0.89	1.30	0.84	0.82	1.06	1.16	1.30	1.37	1.37
Sugar	2 kg	1.96	2.32	1.92	1.94	2.20	2.21	2.49	2.27	2.31
Pepsi cola	12 oz	0.65	0.59	0.65	0.65	0.65	0.58	0.59	0.59	0.61
Soy sauce	40 oz	4.72	6.68	4.02	3.91	7.02	6.38	6.53	6.90	6.90
Salt	700 gm	1.24	1.41	1.28	1.29	1.28	1.45	1.50	1.43	1.27
Cooking oil	48 fl oz	2.31	5.23	1.83	1.77	3.97	3.53	4.69	6.29	6.43
Fresh eggs	Dozen	1.37	1.92	1.27	1.34	1.70	1.97	1.93	1.93	1.85
Spaghetti, cnd.	14.75 oz	1.05	1.19	1.04	1.01	1.19	1.04	1.24	1.24	1.25
Bottle gas	91 pounds	107.00	116.17	106.00	111.00	111.00	111.00	111.00	126.50	
Beer, Vailima	750 ml	2.70	2.62	2.73	2.73	2.66	2.88	2.16	2.63	2.79
Beer, Coors Light	12 fl oz	1.44	1.50	1.46	1.46	1.43	1.47	1.70	1.42	1.40
Cigarettes-Benson	20's	4.07	4.10	4.05	4.12	4.05	4.06	4.16	4.13	4.04
Cigarettes-Kools	20's	4.08	4.12	4.23	4.3	3.56	4.20	4.07	4.11	4.09
Gasoline	Gallon	3.29	3.69	3.24	3.47	3.69	4.3	4.80	3.00	2.66
Electricity	300 kWh	90.75	115.96	88.81	92.37	103.28	109.64	133.86	128.95	91.40

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.