



CONSUMER PRICE INDEX NEWSLETTER



DEPARTMENT OF COMMERCE - STATISTIC'S DIVISION

2ND QUARTER (APRIL—JUNE) 2009

VOLUME 1 - ISSUE : 65

VOLUME 1 - ISSUE : 65

Headline: Local inflation for the 2nd Quarter of 2009 recorded at 4.9 percent.

The American Samoa Consumer Price Index registered at 109.6 index points (a increase of 0.8 percent from the first quarter of 2009). Food group registered at 124.3 points (a 2.0 percent quarterly increase.) Housing registered at 103.8 points (biggest drop of -3.3 percent in this quarter) Transportation which included fuel and oil registered at 113.1 index points (highest increase in this quarter of 4.8 percent). Apparel recorded at 99.0 points, although still below the base index, had the second highest increase in this quarter. Other Goods and Services registered at 106.1 points while Alcoholic Beverage recorded at 103.2 points. Education and Communication at 101.1 points while Recreation registered at 99.9 points.

Group Changes (%)

FOOD	+ 0.8
ALCO- BEV.	+ 1.3
HOUSING	- 3.3
APPAREL	+ 2.8
TRANSPORT-	+ 4.8
MEDICAL CARE	+ 0.4
RECREATION	+ 0.2
EDUCATION	+ 0.0
OTHER	+ 0.5

POINT OF INTREST

- UNLEADED/DIESEL FUEL:
Petroleum products such as Unleaded Gas and Diesel proved to carry more expenditure weight than any other commodity included in the Survey. At an average price of \$2.71 per gallon in mid-May, price of "fuel" at the pumps have increased twice since May 15th, 2009, now at \$3.15 at some Fuel Stations. The price of crude oil is almost \$60.00 per barrel. As price per barrel rises, so as prices of most of our daily basic necessities, such as utilities, fuel, airfares, and countless food items at wholesalers and retailers, as we depended on mostly imports.

MINIMUM WAGE INCREASE:
Another obvious factor is the increase in minimum wages which are affecting local prices as store owners are

2ND QUARTER COMPARATIVE INDEX ANALYSIS.

GROUP 1: Food

The "Food" group recorded an increase of **2.0** percent in this quarter, due mainly to products such as: Rice, Cakes, Whole Turkey, Turkey Tails, fruits and Corn. It is also the third highest increase in all groups.

GROUP 2: Alcoholic Beverages.

An increase of **1.3** percent in this group was caused by a slight increase in the price of Rum in selected retailers.

GROUP 3: Housing

The only decrease in this quarter was the Housing Group which dropped by **-3.3** percent. Drop in electricity cost and water bills, Rug's, Dinning Room Furniture's have contributed to the decline in the Housing Group.

GROUP 4: Apparel

The Apparel registered a **2.8** percent increase, the next group with the second highest increase of this quarter. Prices for Men's casual shirts and T shirts, Boys footwear, boys pants/shorts have slightly gone up in this quarter.

GROUP 5: Transportation

Transportation recorded the "highest" increase in this quarter at **4.8** percent. New Automobiles, auto repair costs and higher Unleaded and Diesel fuel contributed to this increase in transportation.

GROUP 6: Medical Care

A moderate increase of **0.4** percent was recorded in this group due to slight increases in Non-Prescription drugs.

GROUP 7: Recreation

The Recreation group recorded a **0.2** percent increase from the previous quarter. Blank DVD's, Toys and Pet food all contributed to the slight increase.

GROUP 8: Education/Comm.

The Education/Communication group did not record any change in this quarter. It remained the same from the First quarter.

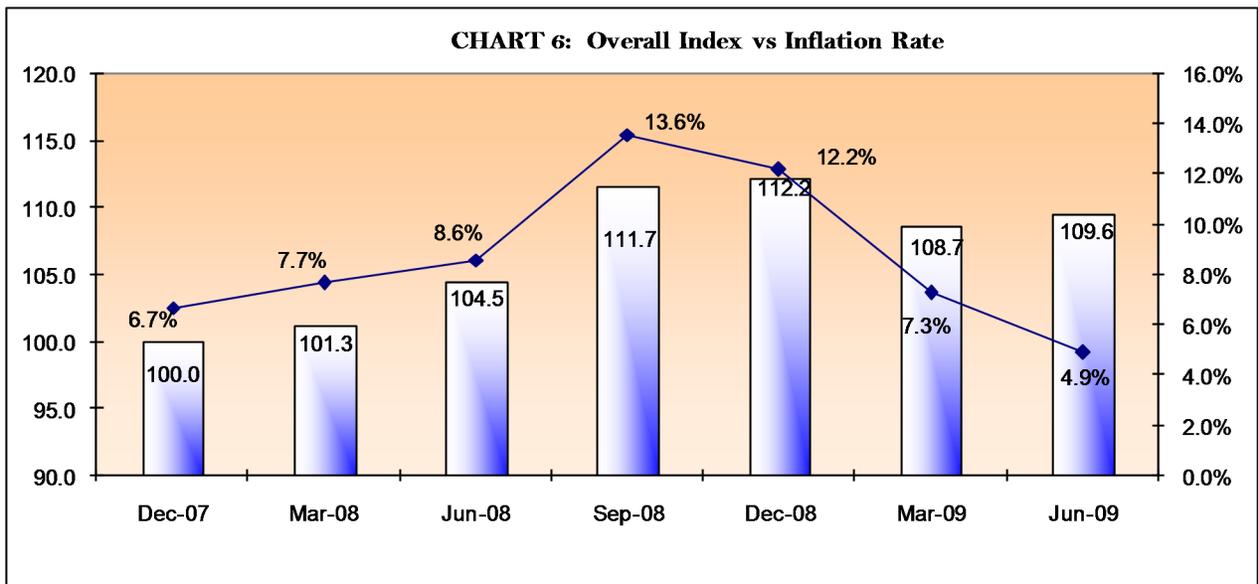
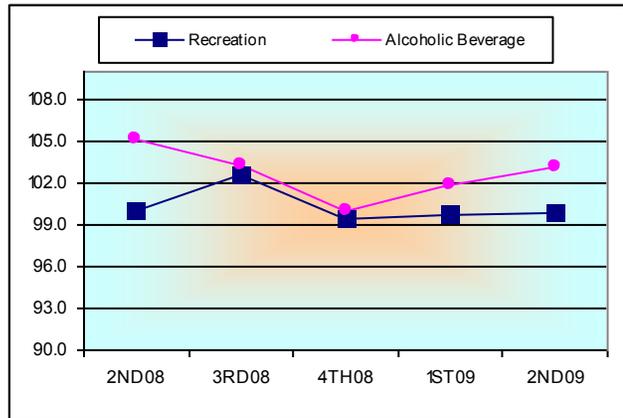
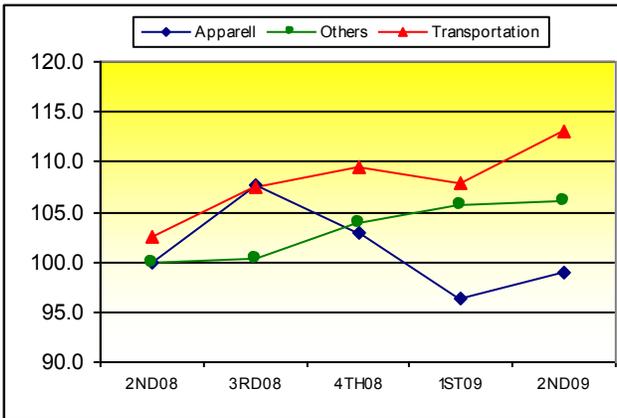
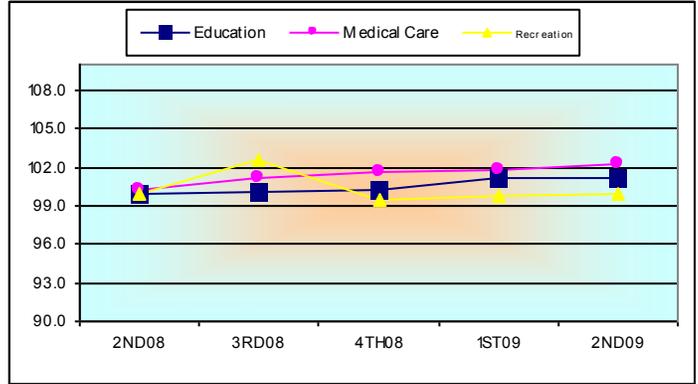
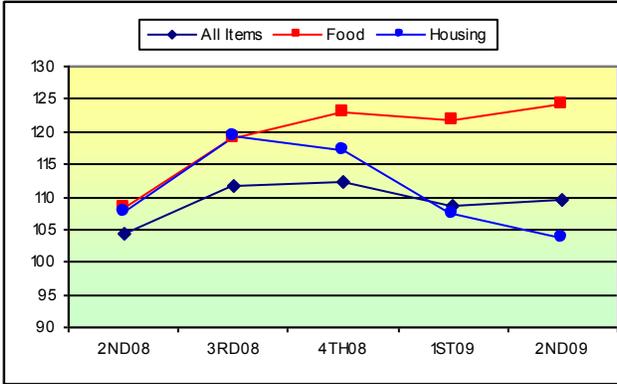
GROUP 9: Other Goods/Service

This group recorded a **0.5** percent increase for the second quarter. Tooth paste, Soap and Remittances have its share of price increases in this quarter.

*con't- pushing these additional costs to the consumers. The first \$0.50 increase became effective July 2007 with a second \$0.50 increase effective May 2008. American Samoa suffered another increase of \$.50 in May of this year. The US Congress passed a law to increase local minimum wages by \$0.50 every year until they reached 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	2	109.6	124.3	103.8	99	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
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: 4TH QTR 2007 TO 2ND QTR 2009

Commodity	Unit	Ave.	Ave.							
		2007	2008	4qtr07	1qtr08	2qtr08	3qtr08	4qtr08	1qtr09	2qtr09
Boneless chuck	Pound	1.96	2.29	2.12	1.86	1.94	2.50	2.86	2.78	2.19
Sausage	Pound	2.05	1.26	3.18	1.15	1.23	1.25	1.43	1.44	1.45
Chicken-whole	Pound	1.30	1.38	1.41	1.33	1.36	1.42	1.43	1.40	1.39
Turkey tail	Pound	0.68	0.79	0.67	0.70	0.69	0.76	1.00	0.86	1.00
Corned beef cnd.	12 oz	2.92	2.67	3.47	2.50	2.44	2.86	2.86	2.79	2.81
Spam	12 oz	2.80	2.89	2.82	2.70	2.93	2.91	3.00	3.07	3.10
Mackerel, cnd.	15 oz	0.87	0.93	0.86	0.88	0.87	0.88	1.09	1.24	1.40
Tuna, cnd.	6.5 oz	1.20	1.27	1.21	1.10	1.21	1.37	1.38	1.38	1.38
Green banana	Pound	0.78	1.69	0.73	0.73	0.96	1.83	3.24	3.43	3.23
Matured coconut	Each	0.39	1.14	0.33	0.44	0.45	0.56	3.11	3.27	3.24
Apple	Pound	1.42	1.61	1.34	1.58	1.49	1.71	1.66	1.62	
Taro	Pound	1.68	2.54	1.90	1.51	1.32	2.12	5.22	5.77	5.08
Milk, fresh	Liter	1.55	1.92	1.31	1.56	2.06	1.99	2.06	2.13	2.12
Butter	227 gm	1.42	1.73	1.29	1.53	1.82	1.85	1.71	1.52	1.54
Rice	22.5 kg	18.05	21.15	19.27	15.78	18.51	22.43	27.86	28.29	30.66
Bread	Loaf	0.97	1.22	0.82	1.06	1.16	1.30	1.37	1.37	1.37
Sugar	2 kg	2.03	2.29	1.94	2.20	2.21	2.49	2.27	2.31	2.36
Pepsi cola	12 oz	0.63	0.60	0.65	0.65	0.58	0.59	0.59	0.61	0.63
Soy sauce	40 oz	5.31	6.71	3.91	7.02	6.38	6.53	6.90	6.90	6.96
Salt	700 gm	1.28	1.42	1.29	1.28	1.45	1.50	1.43	1.27	1.28
Cooking oil	48 fl oz	2.74	4.62	1.77	3.97	3.53	4.69	6.29	6.43	5.87
Fresh eggs	Dozen	1.54	1.88	1.34	1.70	1.97	1.93	1.93	1.85	1.81
Spaghetti, cnd.	14.75 oz	1.05	1.18	1.01	1.19	1.04	1.24	1.24	1.25	1.26
Bottle gas	91 pounds	108.25	114.88	111.00	111.00	111.00	111.00	126.50		129.30
Beer, Vailima	750 ml	2.74	2.58	2.73	2.66	2.88	2.16	2.63	2.79	2.78
Beer, Coors Light	12 fl oz	1.45	1.51	1.46	1.43	1.47	1.70	1.42	1.40	1.35
Cigarettes-Benson	20's	4.07	4.10	4.12	4.05	4.06	4.16	4.13	4.04	4.09
Cigarettes-Kools	20's	4.07	3.99	4.3	3.56	4.20	4.07	4.11	4.09	3.94
Gasoline	Gallon	3.55	3.95	3.47	3.69	4.3	4.80	3.00	2.66	2.71
Electricity	300 kWh	95.96	118.93	92.37	103.28	109.64	133.86	128.95	91.40	76.83

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

ASG—Department of Commerce/Statistics
Division
Pago Pago AS 96799
Phone (684)633-5155
Fax (684)633-4195
Website: www.asdoc.info

Statistics Division Manager/Chief
Statistician
Meleisea Vaitoelau Filiga

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.