



CONSUMER PRICE INDEX NEWSLETTER

DEPARTMENT OF COMMERCE - STATISTICS DIVISION



2ND QUARTER (APR - JUN) 2016

VOLUME : 1 - ISSUE 2

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Groups	2nd Qtr 2016	1st Qtr 2016	2nd Qtr 2015	Quarterly Percent Change from Q-1 to Q-2, 2016	Annual Percent Change from Q-2 2015 to Q-2, 2016
All Items Index	131.9	131.7	132.5	0.1	-0.5
Food	155.0	155.5	157.5	-0.3	-1.6
Alcoholic Beverages	127.8	127.6	128.8	0.2	-0.7
Housing	124.4	123.9	125.5	0.4	-0.9
Apparel	121.0	121.3	119.5	-0.2	1.3
Transportation	128.6	127.6	130.5	0.8	-1.4
Medical Care	127.8	128.0	127.0	-0.1	0.7
Recreation	114.2	113.5	112.9	0.6	1.1
Education and Communication	111.1	111.4	107.5	-0.3	3.4
Other Goods and Services	131.3	131.4	129.8	0.0	1.2

Annual Group Change %	
INFLATION	-0.5
FOOD	-1.6
ALCO- BEV.	-0.7
HOUSING	-0.9
APPAREL	+1.3
TRANSPORT-	-1.4
MEDICAL CARE	+0.7
RECREATION	+1.1
EDUCATION	+3.4
OTHER	+1.2

QUARTERLY INDEX COMPARISON

<p>GROUP 1: Food</p> <p>Food Group dropped by 0.3 percent due to lower prices of meat products such as lamp necks, lamp flaps, steaks, salted beef, sausage, ham and chicken wings.</p>	<p>GROUP 2: Alcoholic Beverages.</p> <p>Alcoholic Beverage Group slightly increased by 0.2 percent due to an increase in Rum.</p>	<p>GROUP 3: Housing</p> <p>Housing Group registered a 0.4 percent quarterly increase because of slightly higher prices OF carpets, kitchen appliances and laundry supplies.</p>
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<p>GROUP 4: Apparel</p> <p>Apparel Group declined by 0.2 percent as men's shirts, boy's pants, undergarments and diapers declined in the quarter.</p>	<p>GROUP 5: Transportation</p> <p>Transportation Group registered the highest quarterly increase of 0.8 percent. Fuel cost at the pumps increased by an average 8%.</p>	<p>GROUP 6: Medical Care</p> <p>Medical Care Group slightly dropped by 0.1 percent due to lower prices of other medical supplies.</p>
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<p>GROUP 7: Recreation</p> <p>Recreation Group increased by 0.6 percent because of higher cost of pet food and bingo cards.</p>	<p>GROUP 8: Education/Comm.</p> <p>Education and Communication Group dropped by 0.3 percent.</p>	<p>GROUP 9: Other Goods/Service</p> <p>Other Goods and Services Group index remained about the same in the quarter.</p>
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POINT OF INTEREST

ANNUAL RATE OF INFLATION:
The Annual Rate of Inflation (ARI) for the Second Quarter of 2016 registered at -0.5. Subtracting the previous index a year ago (132.5) from the current index (131.9) and then divide by the previous index times 100 gives the annual rate of inflation.

QUARTER GROUP CHANGES:
Fuel and Oil went up causing a 0.8 percent increase in Transportation, while meat products dropped contributing to a decline of 0.3 percent in Food cost.

The American Samoa CPI measures price changes on a quarterly and annual basis. The American Samoa Department of Commerce conducts the CPI data price collection on the 15th of the middle month of every quarter. For more information on the CPI calculation and methodology please see Page 4 of this newsletter or call the Department of Commerce—Statistics Division at 633-5155.

COMPARATIVE INDEX ANALYSIS

Year	Qtr	All	Food	Alco	Housing	Apparel	Transpt.	Medical	Rec.	Ed /Com.	Others
2016	2	131.9	155.0	127.8	124.4	121.0	128.6	127.8	114.2	111.1	131.3
2016	1	131.1	155.5	127.6	123.9	121.3	127.6	128.0	113.5	111.0	131.4
2015	4	132.7	156.7	127.7	126.1	120.7	128.5	127.1	113.4	111.1	132.7
2015	3	133.0	156.9	128.2	127.0	119.8	130.4	127.0	113.1	109.8	131.1
2015	2	132.5	157.5	128.8	125.5	119.5	130.5	127.0	115.2	107.5	129.8

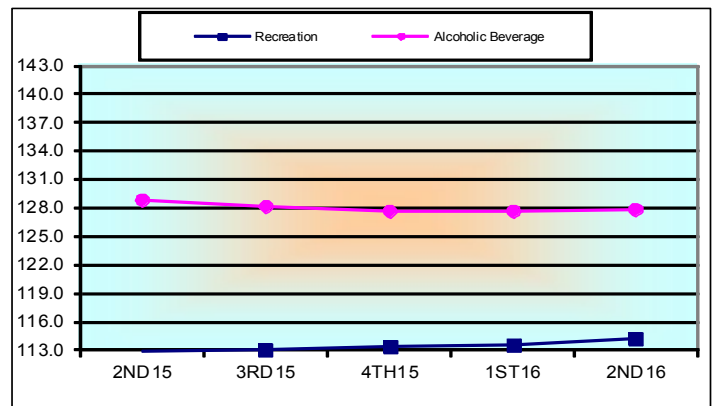
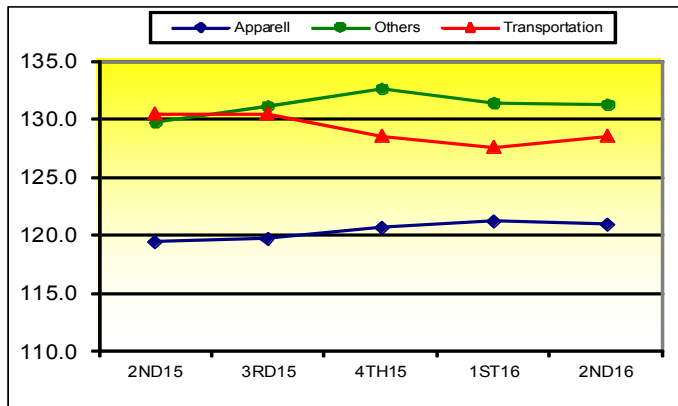
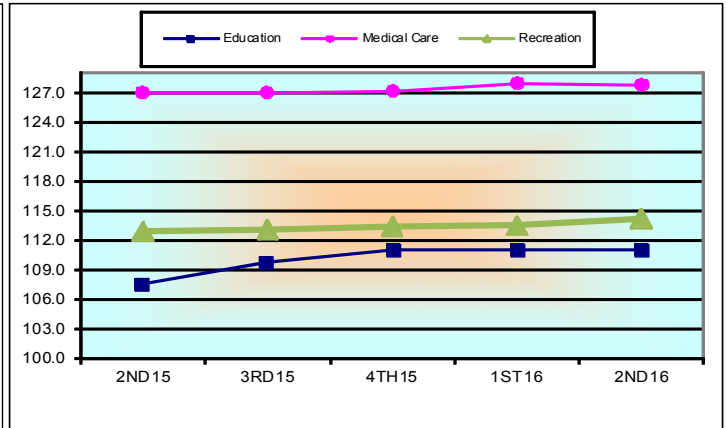
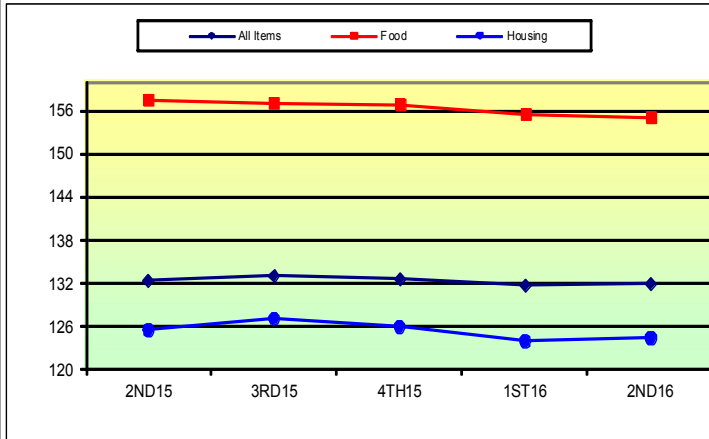
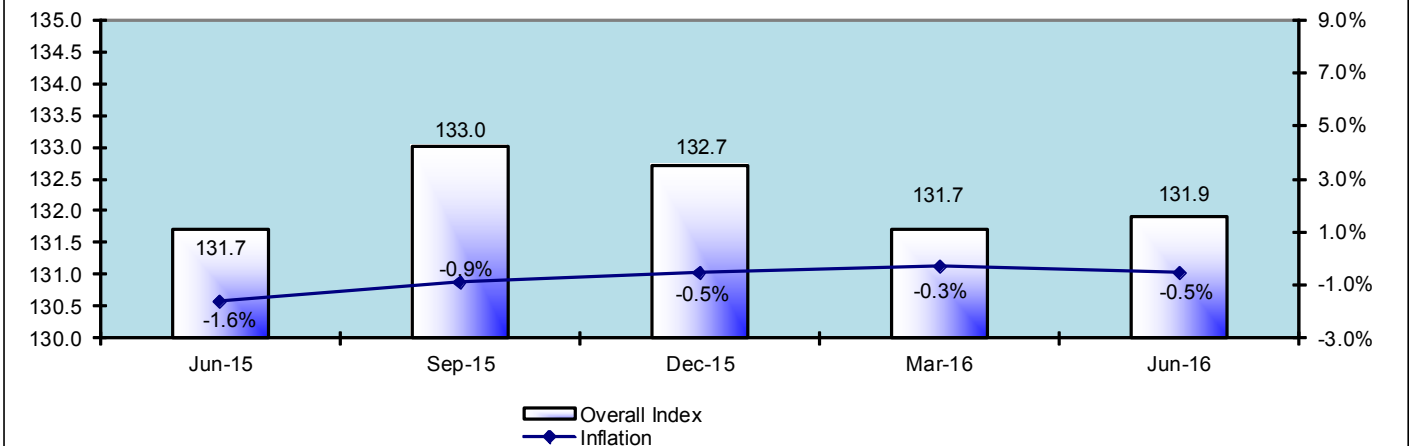


CHART 6: Quarterly Indices & Inflation Rates



ANNUAL AND QUARTERLY AVERAGE RETAIL PRICES OF SELECTED COMMODITIES: 2ND QTR 2015 - 2ND QTR 2016

Commodity	Unit	AAP	AAP	QAP	QAP	QAP	QAP	QAP
		2014	2015	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16
Apple (pnd)	lb	1.66	1.64	1.63	1.63	1.61	1.59	1.62
Beef (chuck)	lb	3.78	3.74	3.72	3.72	3.73	3.68	3.75
Beer, Coors Light (oz)	12 fl oz	1.48	1.48	1.48	1.48	1.48	1.48	1.49
Beer, Vailima (ml)	750 ml	2.78					2.76	2.74
Bottle (LP) gas (pnd)	30 lbs	39.00	34.75	34.75	34.75	34.75	29.75	29.75
Bread (bag)	Loaf	1.19	1.36	1.36	1.36	1.36	1.35	1.36
Butter (gm)	227 gm	2.10	2.25	2.25	2.29	2.26	2.23	2.19
Chicken legs (quarters)	5lb bag		5.05			5.05	4.09	4.09
Chicken-whole	lb	1.76	1.83	1.84	1.85	1.83	1.82	1.81
Cigarettes-Benson (pk)	20's	4.29	4.37	4.39	4.39	4.39	8.38	8.26
Cigarettes-Kools (pk)	20's	4.20	4.29	4.31	4.31	4.31	8.41	8.41
Coconut (each)	Each	0.44	0.44	0.44	0.44	0.44	0.44	0.44
Cooking oil (btl)	24 fl oz	3.79	3.60	3.60	3.60	3.60	3.28	3.25
Corned beef (can)	12 oz	3.52	3.74	3.82	3.76	3.76	3.75	3.77
Electricity (kwh)	per kWh	0.38	0.29	0.29	0.30	0.27	0.26	0.24
Fresh eggs (dzn)	doz	1.79	1.97	1.89	2.05	2.12	2.21	2.13
Green banana (pnd)	lb	0.37	0.37	0.37	0.37	0.37	0.37	0.37
Mackerel (can)	15 oz	1.55	1.58	1.58	1.58	1.59	1.59	1.58
Milk, fresh (each)	Liter	1.75	1.81	1.81	1.81	1.81	1.81	1.81
Rice (bag)	40 lbs	25.52	26.71	26.71	26.71	26.71	27.65	26.71
Salt (gm)	700 gm	1.99	1.95	1.96	1.91	1.88	1.89	1.86
Sausage (packet)	lb	1.50	1.46	1.50	1.52	1.30	1.47	1.47
Soft-Drinks (can)	12 oz	0.67	0.67	0.67	0.67	0.67	0.67	0.68
Soy sauce (btl)	1 Gal	12.66	12.79	12.79	12.79	12.79	12.81	2.79
Spaghetti (can)	14.75 oz	1.19	1.26	1.23	1.27	1.32	1.41	1.41
Spam (can)	12 oz	3.54	3.63	3.63	3.63	3.63	3.63	3.63
Sugar (kg)	2 kg	2.94	2.75	2.75	2.75	2.75	2.37	2.25
Taro (pnd)	lb	1.32	1.32	1.28	1.36	1.33	1.33	1.33
Tuna (can)	6.5 oz	1.70	1.71	1.69	1.71	1.72	1.76	1.76
Turkey tail (bag)	lb	1.16	1.15	1.16	1.15	1.10	1.04	1.02
Unleaded Gas (Gal)	Gallon	4.07	2.81	2.81	2.81	2.81	2.65	2.76

*** AAP = ANNUAL AVERAGE PRICES

*** QAP = QUARTERLY AVERAGE PRICES

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.

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

CPI CALCULATIONS METHODOLOGY

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.