

AMERICAN SAMOA STATISTICS NEWS



SUBJECT: BASIC FOOD INDEX: DECEMBER 2017
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Basic Food Index (BFI) for DECEMBER 2017 is registered at 103.3 points, a decrease of 0.5% from the November revised BFI of 103.9 points.

With the closure of the Lepua Mart store in Leloaloa, the TM Store was added in order to maintain selection of major food outlets for the monthly survey.

The overall cost of basic food decreased for the third consecutive month, declining at a 0.5% clip in December 2017. In the quarter of 2017, the BFI declined from an all time high of 104.7 points to 103.3 points. The December price contraction was due, in part, to a 4.4% decrease in a 22 lb case of chicken, a 2.7% drop in a dozen eggs, and a 1.8% drop in pork spare ribs. There were a handful of more moderate declines in fresh fish, sugar and ice cream. Other food items, however, showed minor price increases in December. Canned tuna had the greatest month-over-month price increase of 2.3%. Other food items that increased in price include rice, milk, bread, turkey tails, mayonnaise, corned beef and butter. The rest of the BFI basket remained the same.

In a special inquiry on Manu'a average retail prices, DOC staff in Manu'a ran a survey of retail prices of commodities available at 5 retail establishments on Ofu and Olosega.

In general, retail prices on Ofu and Olosega are approximately 75 to 80 percent higher than Tutuila. This means that a commodity with a \$1.00 price tag on Tutuila is typically sold for roughly \$1.75 in the Luanu'u. Prices for some commodities, such as meat products, are twice as expensive in the Luanu'u than on Tutuila. For instance, A case of chicken is sold at an average price of \$25.00 in the Luanu'u compared to \$12.85 on Tutuila. Another example is a 16oz packet of sausages, which is priced at \$3.85 on Luanu'u, versus \$1.50 on Tutuila. A dozen eggs is sold at an average of \$4.08 in the Luanu'u versus an average of \$1.63 on Tutuila.

It is important to note that all commodities considered in this inquiry are finished products, or "final goods", that are immediately ready for consumption. Since there are no additional taxes paid by retailers in the Luanu'u that are not also paid by those on Tutuila, the higher prices of goods on Ofu and Olosega can be attributed to either profit margins and/or higher variable costs. The greatest variable cost to Luanu'u businesses is transportation, including freight, fees, and insurance. Hypothetically, a Manu'a business that charges 80% more for a product, over Tutuila prices, should be able to maintain at least a 50% profit margin, even after factoring in 30% higher variable costs.

Additional information on food prices on the island of Ta'u will be available in subsequent reports.

For more information, please contact the Department of Commerce, Statistics Division at 633-5155 or please visit the DOC website at www.doc.as.gov.