

News Release



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Prices

Retail Price Index: May 2007

In May, the Retail Price Index increased to 110.44. The inflation rate stood at 1.67 per cent.

In May 2007, the Retail Price Index went up by 0.25 per cent over the previous month. This primarily reflected an increase of 1.22 per cent in the Clothing and Footwear Index due to higher prices of garments. The Transport and Communication Index increased by 0.60 per cent due to higher prices in air transport services. A 0.30 per cent increase was registered in the Personal Care and Health Index, mainly on account of higher prices paid for private hospital services. Other slight increases were registered in the Housing Index, the Recreation and Culture Index and the Household Equipment and Household Maintenance Cost Index.

Marginal decreases were recorded in the Other Goods and Services Index and the Food Index.

The twelve-month moving average rate of inflation stood at 1.67 per cent in May, compared to 2.04 in April ■

Theme:
Economy and Finance

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Table 1. Inflation Rate
12-month average rate

per cent

Month	2003	2004	2005	2006	2007
January	1.79	1.57	2.74	2.99	2.70
February	1.58	1.70	2.77	2.92	2.60
March	1.46	1.75	2.83	2.92	2.37
April	1.36	1.86	2.83	3.00	2.04
May	1.26	1.95	2.92	3.05	1.67
June	1.25	2.03	2.94	3.11	
July	1.20	2.23	2.77	3.30	
August	1.14	2.41	2.74	3.38	
September	1.10	2.57	2.76	3.42	
October	1.05	2.63	2.89	3.27	
November	1.13	2.75	2.95	3.01	
December	1.30	2.79	3.01	2.77	

Chart 1. Inflation rate - 12-month moving average rate

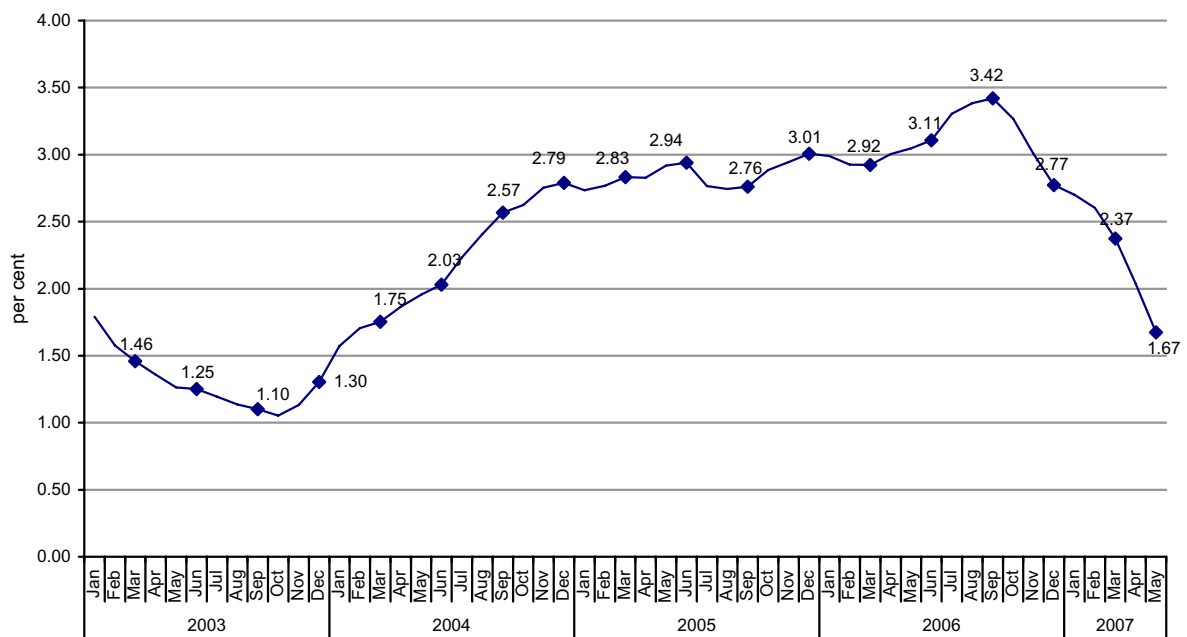


Table 2. RPI Group Indices
December 2002=100

Group	Weight	Indices			% change May 2007/May 2006	% change May 2007/Apr 2007
		May 2006	Apr 2007	May 2007		
Food	23.82	107.07	108.68	108.67	1.49	-0.01
Beverages and Tobacco	6.11	117.26	118.69	118.69	1.22	0.00
Clothing and Footwear	8.24	95.82	90.50	91.60	-4.40	1.22
Housing	7.57	116.79	119.27	119.49	2.31	0.18
Water, Electricity, Gas and Fuels	2.25	160.12	143.18	143.18	-10.58	0.00
H/hold Equip. & House Maint. Cost	7.65	105.27	105.62	105.64	0.35	0.02
Transport and Communications	23.13	114.17	110.70	111.36	-2.46	0.60
Personal Care and Health	6.22	115.25	116.79	117.14	1.64	0.30
Recreation and Culture	8.84	101.56	103.05	103.13	1.55	0.08
Other Goods and Services	6.17	117.95	117.51	117.41	-0.46	-0.09
All Items Retail Prices Index	100.00	110.89	110.16	110.44	-0.41	0.25

Table 3. Retail Prices Index
Rates of change (%)

Group	Weight	Annual rate			Monthly rate		
		May 2006	Apr 2007	May 2007	May 2006	Apr 2007	May 2007
Food	23.82	1.95	1.17	1.49	-0.33	0.34	-0.01
Beverages and Tobacco	6.11	2.88	1.76	1.22	0.53	0.52	0.00
Clothing and Footwear	8.24	0.87	-3.25	-4.40	2.44	5.13	1.20
Housing	7.57	4.80	2.15	2.31	0.03	0.67	0.18
Water, Electricity, Gas and Fuels	2.25	34.65	-12.01	-10.58	-1.60	0.00	0.00
H/hold Equip. & House Maint. Cost	7.65	2.05	0.72	0.35	0.38	0.28	0.02
Transport and Communication	23.13	6.13	-1.63	-2.46	1.45	0.62	0.60
Personal Care and Health	6.22	3.12	1.42	1.64	0.09	0.09	0.30
Recreation and Culture	8.84	0.03	1.89	1.55	0.42	0.64	0.08
Other Goods and Services	6.17	2.94	0.06	-0.46	0.43	-0.51	-0.09
All Items	100.00	3.94	-0.15	-0.41	0.52	0.69	0.25

Table 4. All Items Retail Prices Index
December 2002=100

Month	2003	2004	2005	2006	2007
January	99.12	102.20	104.70	107.06	108.58
February	99.60	102.23	105.33	107.70	108.86
March	100.36	102.66	105.82	109.05	109.40
April	100.40	103.32	106.27	110.32	110.16
May	100.73	103.13	106.69	110.89	110.44
June	100.88	103.62	106.65	110.52	
July	100.54	104.14	105.77	109.95	
August	100.47	103.25	105.83	109.50	
September	100.82	103.56	106.59	110.19	
October	101.91	104.36	108.40	110.64	
November	101.75	104.96	109.01	109.88	
December	102.38	105.27	109.02	109.88	

Methodological Notes

1. A new Retail Prices Index series, with base December 2002, was officially introduced as from January 2003. Price quotations in respect of the goods and services in this new index series started being collected in January 2002. As a result the NSO was in a position to compile the new index series as from January 2002. This new index series may be linked to the old index series by using a linking coefficient of 1.1914.
2. The index is compiled using a large and representative selection of more than 355 separate goods and services for which price movements are regularly measured in 30 localities throughout the country. Around 9,000 separate price quotations are used each month in compiling the index.
3. The Retail Prices Index is the main measure of inflation in Malta. It measures the average change from month to month in the prices of goods and services purchased by most households in Malta. The spending pattern on which the index is based was derived from the Household Budgetary Survey 2000/1.
4. Each monthly News Release on the Retail Prices Index shall include three different measures of inflation as follows:
 - (a) The **monthly rate** compares price levels between the two latest months. Although up-to-date, this can be affected by seasonal and other effects.
 - (b) The **annual rate** measures price changes between the current month and the same month of the previous year. This measure is responsive to recent changes in price levels but can be influenced by one-off effects in either month.
 - (c) The **12-month average rate**, used officially in Malta, overcomes the volatility of the previous two rates by comparing average Retail Prices Indices in the latest 12 months to the average of the previous 12 months. This measure is less sensitive to transient changes in prices.
5. The data in this release are not normally subject to revision.
6. More information on the Retail Prices Index is available from the NSO website at www.nso.gov.mt.