

# News Release



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## Prices

### Retail Price Index: August 2007

*In August the Retail Price Index increased to 110.98 from 110.67 in July.*

In August 2007, the Retail Price Index went up by 0.28 per cent over the previous month. This primarily reflected an increase of 3.03 per cent in the Water, Electricity, Gas and Fuels Index, mainly due to an increase in the surcharge on water and electricity supply. A 1.79 per cent increase was registered in the Food Index, mainly on account of higher prices of fish, vegetables, served meals, unprocessed potatoes and cheese. The Beverages and Tobacco Index went up by 0.97 per cent, mainly as a result of higher prices of served beverages. Higher prices of air fares were the main factor behind a 0.40 per cent rise in the Transport and Communications Index. An increase of 0.20 per cent in the Other Goods and Services Index was due to a price rise in jewellery, watches and clocks. The Personal Care and Health Index went up by 0.11 per cent. This was mainly brought about by higher prices of medicines, hygienic articles and toilet preparations. The Household Equipment and House Maintenance Cost Index registered an increase of 0.07 per cent as a result of increases in the prices of household textiles and household appliances.

In the main, seasonal sales underpinned a decrease of 5.81 per cent in the Clothing and Footwear Index. The Recreation and Culture Index decreased by 0.51 per cent, mainly on account of lower prices of audio-visual equipment and sports equipment.

In August, the twelve-month moving average rate of inflation stood at 0.93 per cent, whereas the annual rate stood at 1.35 per cent, as shown in Table 4 ■

**Theme:**  
**Economy and Finance**

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**Table 1. RPI Group Indices**  
*December 2002=100*

Group	Weight	Indices			% change Aug 2007/Aug 2006	% change Aug 2007/Jul 2007
		Aug 2006	Jul 2007	Aug 2007		
Food	<b>23.82</b>	104.75	109.26	111.22	6.18	1.79
Beverages and Tobacco	<b>6.11</b>	117.52	119.09	120.24	2.31	0.97
Clothing and Footwear	<b>8.24</b>	81.61	83.86	78.99	-3.21	-5.81
Housing	<b>7.57</b>	117.10	120.57	120.53	2.93	-0.03
Water, Electricity, Gas and Fuels	<b>2.25</b>	158.44	143.74	148.09	-6.53	3.03
H/hold Equip. & House Maint. Cost	<b>7.65</b>	105.15	105.82	105.89	0.70	0.07
Transport and Communications	<b>23.13</b>	115.77	113.90	114.35	-1.23	0.40
Personal Care and Health	<b>6.22</b>	115.41	117.14	117.27	1.61	0.11
Recreation and Culture	<b>8.84</b>	101.48	103.00	102.47	0.98	-0.51
Other Goods and Services	<b>6.17</b>	117.41	117.69	117.92	0.43	0.20
<b>All Items Retail Price Index</b>	<b>100.00</b>	<b>109.50</b>	<b>110.67</b>	<b>110.98</b>	<b>1.35</b>	<b>0.28</b>

**Table 2. Retail Price Index**  
**Rates of change (%)**

Group	Weight	Annual rate			Monthly rate		
		Aug 2006	Jul 2007	Aug 2007	Aug 2006	Jul 2007	Aug 2007
Food	<b>23.82</b>	1.99	3.59	6.18	-0.68	1.19	1.79
Beverages and Tobacco	<b>6.11</b>	2.20	1.33	2.31	-0.01	0.36	0.97
Clothing and Footwear	<b>8.24</b>	4.90	-0.87	-3.21	-3.53	-8.70	-5.81
Housing	<b>7.57</b>	4.85	3.18	2.93	0.21	0.91	-0.03
Water, Electricity, Gas and Fuels	<b>2.25</b>	33.23	-9.24	-6.53	0.04	0.26	3.03
H/hold Equip. & House Maint. Cost	<b>7.65</b>	1.18	0.32	0.70	-0.31	0.12	0.07
Transport and Communication	<b>23.13</b>	3.80	-1.58	-1.23	0.03	1.40	0.40
Personal Care and Health	<b>6.22</b>	3.10	1.56	1.61	0.06	-0.01	0.11
Recreation and Culture	<b>8.84</b>	-0.11	1.27	0.98	-0.23	-0.16	-0.51
Other Goods and Services	<b>6.17</b>	1.96	0.04	0.43	-0.20	0.20	0.20
<b>All Items</b>	<b>100.00</b>	<b>3.47</b>	<b>0.65</b>	<b>1.35</b>	<b>-0.41</b>	<b>0.13</b>	<b>0.28</b>

**Table 3. All Items Retail Price Index**  
*December 2002=100*

<b>Month</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
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	110.53
July	100.54	104.14	105.77	109.95	110.67
August	100.47	103.25	105.83	109.50	110.98
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	

**Table 4. Inflation Rates**

per cent

	<b>Month</b>	<b>12-month moving average rate</b>	<b>Annual rate</b>
2004	January	1.57	3.11
	February	1.70	2.64
	March	1.75	2.29
	April	1.86	2.91
	May	1.95	2.38
	June	2.03	2.72
	July	2.23	3.58
	August	2.41	2.77
	September	2.57	2.72
	October	2.63	2.40
	November	2.75	3.15
	December	2.79	2.82
2005	January	2.74	2.45
	February	2.77	3.03
	March	2.83	3.08
	April	2.83	2.86
	May	2.92	3.45
	June	2.94	2.92
	July	2.77	1.57
	August	2.74	2.50
	September	2.76	2.93
	October	2.89	3.87
	November	2.95	3.86
	December	3.01	3.56
2006	January	2.99	2.25
	February	2.92	2.25
	March	2.92	3.05
	April	3.00	3.81
	May	3.05	3.94
	June	3.11	3.63
	July	3.30	3.95
	August	3.38	3.47
	September	3.42	3.37
	October	3.27	2.07
	November	3.01	0.80
	December	2.77	0.79
2007	January	2.70	1.42
	February	2.60	1.08
	March	2.37	0.32
	April	2.04	-0.15
	May	1.67	-0.41
	June	1.37	0.01
	July	1.10	0.65
	August	0.93	1.35
	September		
	October		
	November		
	December		

## Methodological Notes

1. A new Retail Price 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 one 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 Price 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 of the typical consumer on which the Index is based was derived from the Household Budgetary Survey 2000/1.
4. Each monthly News Release on the Retail Price 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 reference 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 above two rates by comparing average Retail Price 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 Price Index is available from the NSO website at [www.nso.gov.mt](http://www.nso.gov.mt).