

News Release



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Prices

Retail Price Index: January 2007

The Retail Price Index registered a decrease in the month of January bringing the inflation rate to 2.70.

In January 2007, the Retail Price Index decreased by 1.18 per cent. This was mainly due to a decrease of 18.45 per cent registered in the Clothing and Footwear Index. The Water and Electricity Index went down by 2.98 per cent due to decreases in the water and electricity surcharge. The Transport and Communication index decreased by 0.30 per cent mainly on account of lower prices of air transport services. A 0.28 per cent decrease was registered in the Household Equipment and House Maintenance Index. The Personal Care and Health Index registered a 0.13 per cent decrease, reflecting price decreases for hygienic articles and toilet preparations.

In contrast an increase of 0.89 per cent was registered in the Food index. Higher prices of fresh fish, fresh vegetables and served meals were the main causes of the increase. A 0.58 per cent increase was registered in the Other Goods and Services Index mainly due to higher prices paid for insurances. The Housing Index increased by 0.46 per cent. This mirrored an increase in prices for dwelling maintenance and parts of household appliances. A marginal increase of 0.17 per cent was also registered in the Recreation and Culture Index.

The twelve-month moving average rate of inflation stood at 2.70 per cent in January 2007, compared to 2.77 in December.

Theme:
Economy and Finance

Compiled by:

Consumer Prices Unit
e-mail: rpi.nso@gov.mt
Tel: 25997319

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National Statistics Office
Library & Information Unit
Lascaris, Valletta CMR 02, Malta
Tel: (+356) 25997219
Fax: (+356) 25997205
e-mail: nso@gov.mt
<http://www.nso.gov.mt>

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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	
March	1.46	1.75	2.83	2.92	
April	1.36	1.86	2.83	3.00	
May	1.26	1.95	2.92	3.05	
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

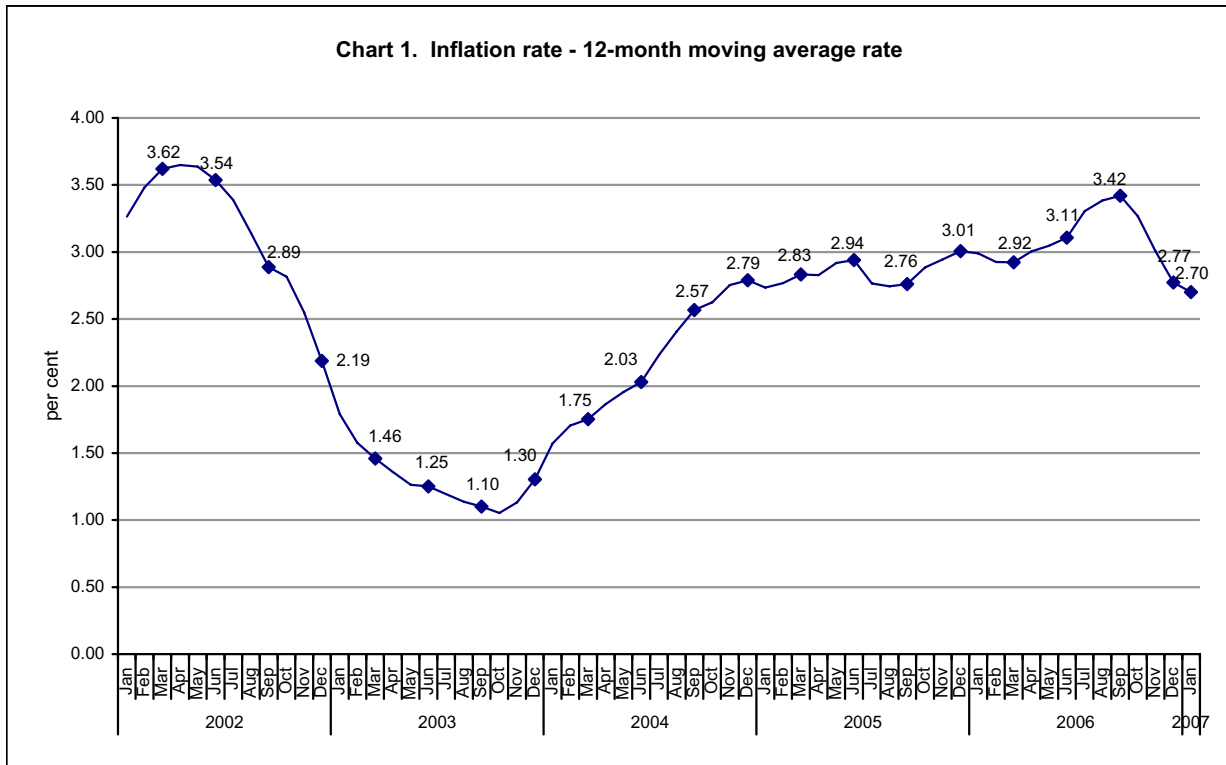


Table 2. RPI Group Indices
December 2002=100

Group	Weight	Indices			% change Jan07/Jan06	% change Jan07/Dec06
		Jan 2006	Dec 2006	Jan 2007		
Food	23.82	105.10	107.39	108.35	3.09	0.89
Beverages and Tobacco	6.11	115.69	117.64	117.67	1.71	0.03
Clothing and Footwear	8.24	76.50	92.94	75.79	-0.93	-18.45
Housing	7.57	114.70	117.90	118.44	3.26	0.46
Water, Electricity, Gas and Fuels	2.25	145.51	155.38	150.75	3.60	-2.98
H/hold Equip. & House Maint. Cost	7.65	104.62	105.91	105.61	0.95	-0.28
Transport and Communications	23.13	110.59	110.09	109.76	-0.75	-0.30
Personal Care and Health	6.22	113.21	115.55	115.40	1.93	-0.13
Recreation and Culture	8.84	100.53	102.04	102.21	1.67	0.17
Other Goods and Services	6.17	116.42	117.64	118.32	1.63	0.58
All Items Retail Prices Index	100.00	107.06	109.88	108.58	1.42	-1.18

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

Group	Weight	Annual rate			Monthly rate		
		Jan 2006	Dec 2006	Jan 2007	Jan 2006	Dec 2006	Jan 2007
Food	23.82	0.48	2.89	3.09	0.70	-1.06	0.89
Beverages and Tobacco	6.11	1.85	2.04	1.71	0.35	-0.03	0.03
Clothing and Footwear	8.24	-5.64	-5.90	-0.93	-22.55	1.61	-18.45
Housing	7.57	5.39	4.90	3.26	2.06	0.07	0.46
Water, Electricity, Gas and Fuels	2.25	22.42	1.94	3.60	-4.54	0.00	-2.98
H/hold Equip. & House Maint. Cost	7.65	2.19	1.45	0.95	0.21	0.67	-0.28
Transport and Communication	23.13	3.95	-1.53	-0.75	-1.08	0.24	-0.30
Personal Care and Health	6.22	3.27	2.25	1.93	0.18	0.09	-0.13
Recreation and Culture	8.84	-0.82	0.13	1.67	-1.35	0.37	0.17
Other Goods and Services	6.17	2.14	1.41	1.63	0.35	-0.03	0.58
All Items	100.00	2.25	0.79	1.42	-1.80	0.00	-1.18

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	
March	100.36	102.66	105.82	109.05	
April	100.40	103.32	106.27	110.32	
May	100.73	103.13	106.69	110.89	
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.