

News Release



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Prices

Retail Price Index: December 2006

The Retail Price Index was unchanged in December 2006 while the inflation rate decreased to 2.77 per cent.

In December 2006, the Retail Price Index was unchanged at 109.88. A decrease of 1.06 per cent was registered in the Food Index due to price decreases in vegetables. The Beverages and Tobacco and Other Goods and Services Indexes fell marginally during the month.

An increase of 1.61 per cent was registered in the Clothing and Footwear Index. The Household Equipment and House Maintenance Cost index also increased, by 0.67 per cent, mainly due to price increases in furniture. The Recreation and Culture Index increased by 0.37 per cent, mainly on account of price increases for books and newspapers. The Transport and Communications Index increased by 0.24 per cent, mainly due to price increases in air fares. Other increases were registered in the Personal Care and Health Index and in the Housing Index.

The twelve-month moving average rate of inflation stood at 2.77 per cent in December 2006, compared to 3.01 per cent in November ■

Theme:
Economy and Finance

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Table 1. Inflation rate
12-month average rate

per cent

Month	2002	2003	2004	2005	2006
January	3.27	1.79	1.57	2.74	2.99
February	3.48	1.58	1.70	2.77	2.92
March	3.62	1.46	1.75	2.83	2.92
April	3.65	1.36	1.86	2.83	3.00
May	3.64	1.26	1.95	2.92	3.05
June	3.54	1.25	2.03	2.94	3.11
July	3.39	1.20	2.23	2.77	3.30
August	3.14	1.14	2.41	2.74	3.38
September	2.89	1.10	2.57	2.76	3.42
October	2.82	1.05	2.63	2.89	3.27
November	2.55	1.13	2.75	2.95	3.01
December	2.19	1.30	2.79	3.01	2.77

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

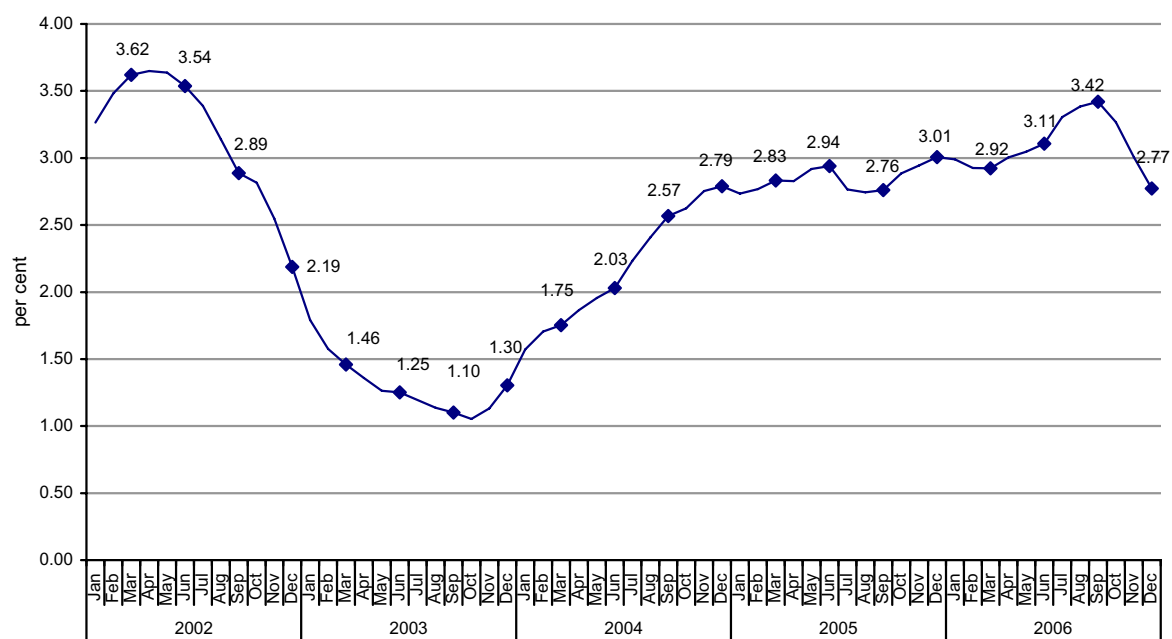


Table 2. RPI group indices
December 2002=100

Group	Weight	Indices			% change Dec06/Dec05	% change Dec06/Nov06
		Dec 2005	Nov 2006	Dec 2006		
Food	23.82	104.37	108.54	107.39	2.89	-1.06
Beverages and Tobacco	6.11	115.29	117.68	117.64	2.04	-0.03
Clothing and Footwear	8.24	98.77	91.47	92.94	-5.90	1.61
Housing	7.57	112.39	117.82	117.90	4.90	0.07
Water, Electricity, Gas and Fuels	2.25	152.43	155.38	155.38	1.94	0.00
H/hold Equip. & House Maint. Cost	7.65	104.40	105.20	105.91	1.45	0.67
Transport and Communications	23.13	111.80	109.83	110.09	-1.53	0.24
Personal Care and Health	6.22	113.01	115.45	115.55	2.25	0.09
Recreation and Culture	8.84	101.91	101.66	102.04	0.13	0.37
Other Goods and Services	6.17	116.01	117.68	117.64	1.41	-0.03
All Items Retail Prices Index	100.00	109.02	109.88	109.88	0.79	0.00

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

Group	Weight	Annual rate			Monthly rate		
		Dec 2005	Nov 2006	Dec 2006	Dec 2005	Nov 2006	Dec 2006
Food	23.82	0.87	3.51	2.89	-0.47	0.99	-1.06
Beverages and Tobacco	6.11	2.99	2.13	2.04	0.05	0.06	-0.03
Clothing and Footwear	8.24	-0.04	-6.21	-5.90	1.27	2.44	1.61
Housing	7.57	4.21	4.95	4.90	0.12	0.24	0.07
Water, Electricity, Gas and Fuels	2.25	45.42	1.94	1.94	0.00	-2.56	0.00
H/hold Equip. & House Maint. Cost	7.65	1.86	0.78	1.45	0.01	0.30	0.67
Transport and Communication	23.13	4.89	-1.96	-1.53	-0.20	-4.43	0.24
Personal Care and Health	6.22	3.92	2.30	2.25	0.14	0.03	0.09
Recreation and Culture	8.84	1.17	-0.03	0.13	0.22	0.10	0.37
Other Goods and Services	6.17	2.88	1.96	1.41	0.51	0.11	-0.03
All Items	100.00	3.56	0.80	0.79	0.01	-0.69	0.00

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

Month	2002	2003	2004	2005	2006
January	99.24	99.12	102.20	104.70	107.06
February	98.57	99.60	102.23	105.33	107.70
March	98.67	100.36	102.66	105.82	109.05
April	98.83	100.40	103.32	106.27	110.32
May	99.44	100.73	103.13	106.69	110.89
June	99.07	100.88	103.62	106.65	110.52
July	99.41	100.54	104.14	105.77	109.95
August	99.80	100.47	103.25	105.83	109.50
September	100.03	100.82	103.56	106.59	110.19
October	100.22	101.91	104.36	108.40	110.64
November	100.13	101.75	104.96	109.01	109.88
December	100.00	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.