

# News Release



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## Prices

### Retail Price Index: May 2008

*In May the Retail Price Index increased to 114.58 from 114.08 in April.*

In May 2008, the Retail Price Index went up by 0.44 per cent over the previous month. This primarily reflected an increase of 1.50 per cent in the Clothing and Footwear Index, mainly due to seasonal price rises in garments. The Transport and Communication Index went up by 1.09 per cent, mainly on account of higher air fares. The Beverages and Tobacco Index registered an increase of 0.28 per cent, which was brought about by an increase in the prices of non-alcoholic beverages. The Water, Electricity, Gas and Fuels Index increased by 0.26 per cent, mainly on account of costlier liquid fuels. A 0.20 per cent rise in the Food Index was reflected in higher prices of items of fruit, as well as of dairy and wheat products. The Personal Care and Health Index shifted upwards by 0.17 per cent, mainly on account of price increases in hygienic articles and toiletries. The Housing Index increased by 0.10 per cent, affected by increases in the prices of materials used in construction work. Marginal increases were also recorded in the Recreation and Culture Index and also in the Household Equipment and House Maintenance Cost Index.

The Other Goods and Services Index showed a decrease of 0.17 per cent, mainly recorded in lower prices of timepieces.

In May the twelve-month moving average rate of inflation stood at 2.60 per cent, whereas the annual rate stood at 3.75 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<br>May 2008/May 2007 | % change<br>May 2008/April 2008 |
|-------------------------------------|---------------|---------------|---------------|---------------|-------------------------------|---------------------------------|
|                                     |               | May 2007      | Apr 2008      | May 2008      |                               |                                 |
| Food                                | <b>23.82</b>  | 108.67        | 117.69        | 117.92        | 8.51                          | 0.20                            |
| Beverages and Tobacco               | <b>6.11</b>   | 118.69        | 120.7         | 121.04        | 1.98                          | 0.28                            |
| Clothing and Footwear               | <b>8.24</b>   | 91.60         | 93.53         | 94.93         | 3.64                          | 1.50                            |
| Housing                             | <b>7.57</b>   | 119.49        | 124.03        | 124.15        | 3.90                          | 0.10                            |
| Water, Electricity, Gas and Fuels   | <b>2.25</b>   | 143.18        | 149.39        | 149.78        | 4.61                          | 0.26                            |
| H/hold Equip. & House Maint. Cost   | <b>7.65</b>   | 105.64        | 105.97        | 106           | 0.34                          | 0.03                            |
| Transport and Communication         | <b>23.13</b>  | 111.36        | 112.87        | 114.1         | 2.46                          | 1.09                            |
| Personal Care and Health            | <b>6.22</b>   | 117.14        | 118.94        | 119.14        | 1.71                          | 0.17                            |
| Recreation and Culture              | <b>8.84</b>   | 103.13        | 103.7         | 103.74        | 0.59                          | 0.04                            |
| Other Goods and Services            | <b>6.17</b>   | 117.41        | 120.56        | 120.35        | 2.50                          | -0.17                           |
| <b>All Items Retail Price Index</b> | <b>100.00</b> | <b>110.44</b> | <b>114.08</b> | <b>114.58</b> | <b>3.75</b>                   | <b>0.44</b>                     |

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

| Group                             | Weight        | Annual rate  |             |             | Monthly rate |             |             |
|-----------------------------------|---------------|--------------|-------------|-------------|--------------|-------------|-------------|
|                                   |               | May 2007     | Apr 2008    | May 2008    | May 2007     | Apr 2008    | May 2008    |
| Food                              | <b>23.82</b>  | 1.49         | 8.29        | 8.51        | -0.01        | -0.62       | 0.20        |
| Beverages and Tobacco             | <b>6.11</b>   | 1.22         | 1.69        | 1.98        | 0.00         | -0.22       | 0.28        |
| Clothing and Footwear             | <b>8.24</b>   | -4.40        | 3.35        | 3.64        | 1.22         | 2.77        | 1.50        |
| Housing                           | <b>7.57</b>   | 2.31         | 3.99        | 3.90        | 0.18         | 1.22        | 0.10        |
| Water, Electricity, Gas and Fuels | <b>2.25</b>   | -10.58       | 4.34        | 4.61        | 0.00         | 0.69        | 0.26        |
| H/hold Equip. & House Maint. Cost | <b>7.65</b>   | 0.35         | 0.33        | 0.34        | 0.02         | 0.26        | 0.03        |
| Transport and Communication       | <b>23.13</b>  | -2.46        | 1.96        | 2.46        | 0.60         | 0.70        | 1.09        |
| Personal Care and Health          | <b>6.22</b>   | 1.64         | 1.84        | 1.71        | 0.30         | -0.16       | 0.17        |
| Recreation and Culture            | <b>8.84</b>   | 1.55         | 0.63        | 0.59        | 0.08         | 0.62        | 0.04        |
| Other Goods and Services          | <b>6.17</b>   | -0.46        | 2.60        | 2.50        | -0.09        | 0.29        | -0.17       |
| <b>All Items</b>                  | <b>100.00</b> | <b>-0.41</b> | <b>3.56</b> | <b>3.75</b> | <b>0.25</b>  | <b>0.37</b> | <b>0.44</b> |

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

| <b>Month</b> | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>2007</b> | <b>2008</b> |
|--------------|-------------|-------------|-------------|-------------|-------------|
| January      | 102.20      | 104.70      | 107.06      | 108.58      | 112.42      |
| February     | 102.23      | 105.33      | 107.70      | 108.86      | 112.89      |
| March        | 102.66      | 105.82      | 109.05      | 109.40      | 113.66      |
| April        | 103.32      | 106.27      | 110.32      | 110.16      | 114.08      |
| May          | 103.13      | 106.69      | 110.89      | 110.44      | 114.58      |
| June         | 103.62      | 106.65      | 110.52      | 110.53      |             |
| July         | 104.14      | 105.77      | 109.95      | 110.67      |             |
| August       | 103.25      | 105.83      | 109.50      | 110.98      |             |
| September    | 103.56      | 106.59      | 110.19      | 112.21      |             |
| October      | 104.36      | 108.40      | 110.64      | 113.20      |             |
| November     | 104.96      | 109.01      | 109.88      | 113.50      |             |
| December     | 105.27      | 109.02      | 109.88      | 113.52      |             |

**Table 4. Inflation Rates**

per cent

|      |           | <b>12-month moving average rate</b> | <b>Annual rate</b> |
|------|-----------|-------------------------------------|--------------------|
| 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                                | 3.38               |
|      | 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 | 0.81                                | 1.83               |
|      | October   | 0.83                                | 2.31               |
|      | November  | 1.04                                | 3.29               |
|      | December  | 1.25                                | 3.31               |
| 2008 | January   | 1.43                                | 3.54               |
|      | February  | 1.64                                | 3.70               |
|      | March     | 1.94                                | 3.89               |
|      | April     | 2.25                                | 3.56               |
|      | May       | 2.60                                | 3.75               |
|      | June      |                                     |                    |
|      | July      |                                     |                    |
|      | August    |                                     |                    |
|      | 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).