

20 June 2014 | 1100 hrs | 117/2014

In May, the annual rate of inflation as measured by the Retail Price Index stood at -0.39 per cent.

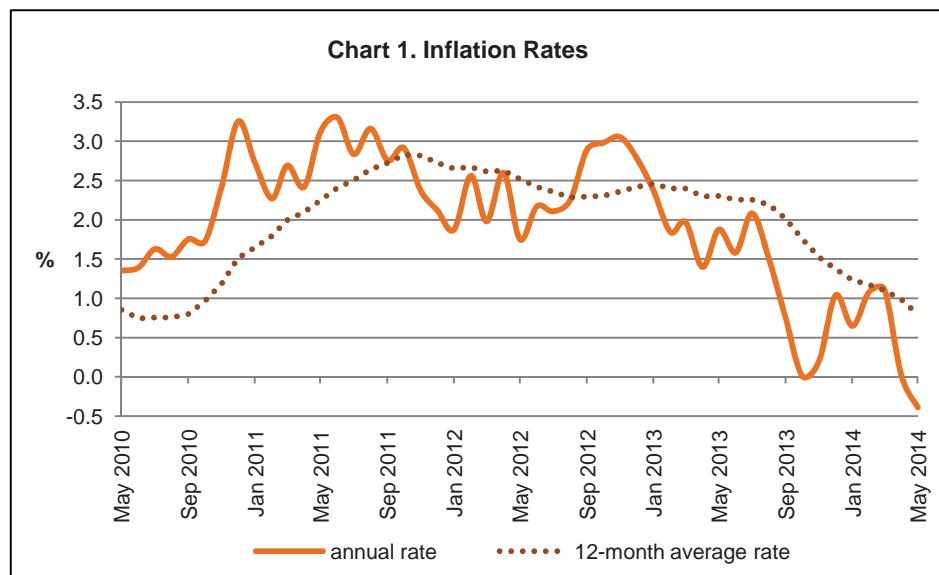
Retail Price Index: May 2014

In the month under review, the annual rate stood at -0.39 per cent, as shown in Chart 1. A year earlier the annual rate was 1.88 per cent.

The largest downward impacts on annual inflation were brought about by the Transport and Communication Index (-0.64 percentage points) and the Water, Electricity, Gas and Fuels Index (-0.64 percentage points). This was mainly due to lower airfares and electricity rates respectively (Table 5).

The main upward impacts were recorded in the Recreation and Culture Index (0.33 percentage points), the Beverages and Tobacco Index (0.25 percentage points) and the Household Equipment and House Maintenance Costs Index (0.16 percentage points). This was mainly due to higher prices of newspapers, cigarettes and furniture respectively (Table 5).

The twelve-month moving average rate was 0.80 per cent ■



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Table 1. RPI Group Indices
December 2009=100

Group	Weight	Indices			Annual Rate	Monthly Rate
		May 2013	Apr 2014	May 2014	May 2014	May 2014
Food	21.23	116.40	116.63	117.02	0.53	0.33
Beverages and Tobacco	6.09	111.79	116.36	116.39	4.12	0.03
Clothing and Footwear	7.41	89.09	85.95	88.70	-0.43	3.21
Housing	7.61	108.79	109.47	109.48	0.63	0.01
Water, Electricity, Gas and Fuels	3.36	129.50	105.85	105.00	-18.92	-0.81
Household Equipment and House Maintenance Costs	6.59	101.43	103.76	103.83	2.37	0.07
Transport and Communication	22.76	107.69	105.36	104.67	-2.80	-0.66
Personal Care and Health	8.57	106.05	107.44	107.31	1.19	-0.12
Recreation and Culture	9.28	105.02	108.88	108.81	3.61	-0.07
Other Goods and Services	7.10	110.34	110.58	110.74	0.36	0.14
All Items Retail Price Index	100.00	108.61	108.09	108.19	-0.39	0.09

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

Group	Weight	Annual rate			Monthly rate		
		May 2013	Apr 2014	May 2014	May 2013	Apr 2014	May 2014
Food	21.23	5.65	0.40	0.53	0.20	-0.36	0.33
Beverages and Tobacco	6.09	4.65	5.47	4.11	1.33	-0.08	0.03
Clothing and Footwear	7.41	-1.24	-3.63	-0.44	-0.11	3.63	3.20
Housing	7.61	1.82	0.65	0.63	0.03	0.10	0.01
Water, Electricity, Gas and Fuels	3.36	-0.91	-18.26	-18.92	0.01	-18.80	-0.80
Household Equipment and House Maintenance Costs	6.59	1.33	2.00	2.37	-0.29	0.22	0.07
Transport and Communication	22.76	-0.75	-0.29	-2.80	1.91	0.58	-0.65
Personal Care and Health	8.57	2.12	1.36	1.19	0.05	0.20	-0.12
Recreation and Culture	9.28	2.15	3.55	3.61	-0.12	1.94	-0.06
Other Goods and Services	7.10	0.76	-0.12	0.36	-0.33	-0.27	0.14
All Items	100.00	1.88	0.01	-0.39	0.49	-0.31	0.09

Table 3. All Items Retail Price Index
December 2009=100

Month	2010	2011	2012	2013	2014
January	99.49	102.20	104.11	106.58	107.27
February	99.86	102.13	104.74	106.67	107.83
March	100.43	103.13	105.17	107.24	108.43
April	101.44	103.89	106.59	108.08	108.09
May	101.61	104.78	106.61	108.61	108.19
June	101.21	104.55	106.82	108.51	
July	101.07	103.94	106.13	108.34	
August	100.96	104.15	106.49	108.08	
September	101.65	104.45	107.47	108.26	
October	102.39	105.37	108.51	108.52	
November	102.70	105.13	108.34	108.56	
December	103.25	105.44	108.38	109.50	

Table 4. Inflation Rates

		Annual rate (%)	12-month moving average rate (%)
2011	January	2.72	1.65
	February	2.27	1.79
	March	2.69	1.99
	April	2.42	2.10
	May	3.12	2.25
	June	3.30	2.41
	July	2.83	2.50
	August	3.16	2.64
	September	2.76	2.73
	October	2.91	2.82
	November	2.37	2.82
	December	2.12	2.72
2012	January	1.87	2.65
	February	2.56	2.67
	March	1.98	2.61
	April	2.60	2.63
	May	1.75	2.51
	June	2.17	2.42
	July	2.11	2.36
	August	2.25	2.28
	September	2.89	2.30
	October	2.98	2.30
	November	3.05	2.36
	December	2.79	2.42
2013	January	2.37	2.46
	February	1.84	2.40
	March	1.97	2.40
	April	1.40	2.30
	May	1.88	2.31
	June	1.58	2.26
	July	2.08	2.25
	August	1.50	2.19
	September	0.74	2.01
	October	0.01	1.76
	November	0.20	1.52
	December	1.04	1.38
2014	January	0.65	1.23
	February	1.08	1.17
	March	1.11	1.10
	April	0.01	0.99
	May	-0.39	0.80
	June		
	July		
	August		
	September		
	October		
	November		
	December		

Table 5. Impact on annual inflation *

Group	Weight	Annual Rate May 2014	Impact (percentage points) May 2014
Food	21.23	0.53	0.11
Beverages and Tobacco	6.09	4.12	0.25
Clothing and Footwear	7.41	-0.43	-0.03
Housing	7.61	0.63	0.05
Water, Electricity, Gas and Fuels	3.36	-18.92	-0.64
Household Equipment and House Maintenance Costs	6.59	2.37	0.16
Transport and Communication	22.76	-2.80	-0.64
Personal Care and Health	8.57	1.19	0.10
Recreation and Culture	9.28	3.61	0.33
Other Goods and Services	7.10	0.36	0.03

* See methodological note 8

Methodological Notes

1. 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.
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 monitored. Over 9,000 separate price quotations are used each month in compiling the Index.
3. The methodology of the Retail Price Index (RPI) and the Harmonised Index of Consumer Prices (HICP) is similar, but differs in the following ways:
 - (a) The population base of each index is different. The RPI is representative of private households only. The HICP covers private households, institutional households and foreign visitors to Malta;
 - (b) The RPI is a fixed weight and fixed base index while the HICP is a chain index whose weights are reviewed on an annual basis. Additionally, newly significant goods and services are introduced into the HICP on an annual basis;
 - (c) The coverage of the HICP is based on an international classifications system, COICOP (Classification of Individual Consumption by Purpose). The way in which this broadly maps to the RPI groupings is shown in the following table:

	COICOP Division	RPI Group
01	Food and non-alcoholic beverages	Food (including take-away food and food consumed in restaurants)
02	Alcoholic Beverages and Tobacco	Beverages and tobacco
03	Clothing and Footwear	Clothing and footwear
04	Housing, Water, Electricity, Gas and Other Fuels	Housing Water, electricity, gas and fuels
05	Furniture, Household Equipment and Routine Maintenance of the House	Household equipment and house maintenance costs
06	Health	Personal care and health
07	Transport	Transport and communication
08	Communication	
09	Recreation and Culture	Recreation and culture (including education)
10	Education	
11	Restaurants and Hotels	Restaurants (included under food)
12	Miscellaneous Goods and Services	Other goods and services

This comparison is broad and indicative only. Therefore, users are advised to consult the NSO before comparing the results of these indices at such levels.

4. Price quotations in respect of the goods and services in the latest index series started being collected in December 2009. This latest index series may be linked to the previous one by using a linking coefficient of 1.1835.
5. Each monthly News Release on the Retail Price Index shall include three different measures of inflation as follows:
 - (a) The **monthly inflation** compares price levels between the two latest months. Although up to date, this can be affected by seasonal and other effects.
 - (b) The **annual inflation** 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** 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.

6. The data in this release are not normally subject to revision.
7. More information on the Retail Price Index is available from the NSO website at www.nso.gov.mt
8. An impact is a measure showing the change in the inflation due to the inclusion of an index. The impact takes account of both the weight and the annual rate of inflation by sub-index. Figures may not add up due to rounding.