

NATIONAL STATISTICS BUREAU

P.O.Box.# 338,Thimphu Bhutan

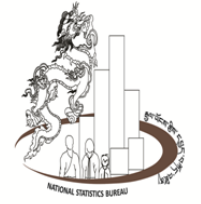
Phone # +00975-2-335851/326802

Fax # +975-2-323069

Website: www.nsb.gov.bt



དཔལ་ལྷན་འབྲུག་གཞིའི་
རྒྱལ་ཡོངས་ཚུལ་དཔྱད་བཀོད་འཛིན།



**MONTHLY
CONSUMER PRICE INDEX (CPI) BULLETIN
AUGUST 2013**

**NATIONAL ACCOUNTS & PRICE DIVISION
NATIONAL STATISTICS BUREAU**

7. Sample Outlets

Sample outlets are permanent establishments or retail shops from which monthly price of goods and services are collected or quoted. These include groceries, clothing and footwear, restaurants, hardware shops, vegetable markets and service providers etc. The outlets are selected based on a set of pre-determined criteria. For current CPI, prices are collected from a sample of 557 outlets. Special procedures apply to replace the outlets or the items, if they are no longer available or sold in or by the outlet.

8. Data Collection Method

Prices are collected online from the sampled outlets by price collectors using mobile application devices once every month. Each price collected reflects the out-of-pocket expenditure a consumer makes in order to assume the ownership of a good or service. Price collected is the purchaser's price, which includes the marked price plus any taxes or surcharges.

6. Market Basket

Market basket refers to a sample of goods and services which is representative of all goods and services purchased by the households. The present market basket has 438 items, as compared to 363 items in the previous CPI basket. The new re-based CPI uses the Classification of Individual Consumption According to Purpose (COICOP). The 12 major groups are:

1. Food and Non-Alcoholics Beverages;
2. Alcoholic Beverages & Narcotics;
3. Clothing and Footwear;
4. Housing, Water, Electricity, Gas and Other Fuels;
5. Furnishing, Household Equipment and Routine Household Maintenance;
6. Health;
7. Transport;
8. Communication;
9. Recreation and Culture;
10. Education;
11. Restaurant and Hotels;
12. Miscellaneous Goods and Services.

Sl. No.	CONTENTS	Page No.
1	Foreword.....	3
2	Statistical Tables & Graphs	
	Table 1 : Year-on-Year Inflation.....	4
	Graph 1 : Year-on-Year Inflation.....	5
	Table 2 : Month-on-Month Index & Percent Change: Overall, Domestic & Imported	6
	Graph 2 : Month-on-Month Inflation: Overall, Domestic & Imported	7
	Table 3 : Month-on-Month Index & Percent Change: Group Level.....	8
	Graph 3 : Month-on-Month Inflation: Group Level	9
	Table 4 : Month-on-Month Index & Percent Change: Food Group.....	10
	Graph 4 : Month-on-Month Inflation: Food Group.....	11
	Table 5 : Month-on-Month Index & Percent Change: Non-food Group ..	12
	Graph 5 : Month-on-Month Inflation: Non-food Group.....	13-14
	Table 6 : Purchasing Power of Ngultrum & Graph.....	15
3.	Technical Notes.....	16-21

5. Index Calculation Formula

Geometric Modified Laspeyres formula is used to calculate the CPI:

$$P_{GYo} = \prod_{i=1}^n \left(\frac{P_i^t}{P_i^o} \right)^{S_i^b}$$

S_i^b = Expenditure Shares of the Base Period (weights from BLSS)

P_i^t = Current Period Price

P_i^o = Previous Period Price

$\left(\frac{P_i^t}{P_i^o} \right)$ = Price Relatives

4. Reference Period

There is no single “base period” for a price index. It can mean different things to different users. In practice, there are three “reference periods” used.

- Weight Reference Period is the period during which household consumption values are collected. The weight-reference period for the new rebased CPI is 2012, that is, the period when the BLSS was conducted.
- Index Reference Period is the period when the index is set to 100. In the new CPI, the index reference period is December 2012.
- Price Reference Period is the period of the first price of each product used to calculate the elementary indices (indices for individual CPI items). The price reference period for the new CPI is the fourth Quarter 2012.

FOREWORD

National Statistics Bureau (NSB) is pleased to release the Consumer Price Index (CPI) Bulletin for August 2013. This is the 3rd series of monthly CPI Bulletin.

The monthly Bulletin is compiled using December 2012 as the price reference period. It covers the price movements of 438 commodities and services observed in 20 districts and 2 major urban areas. The rebased CPI is constructed using the Geometric Modified Laspeyres formula, and has separate indices for domestic and imported goods and services.

We thank all agencies and stakeholders for their support in bringing out this bulletin and look forward for their continued support.

September 2013

National Statistics Bureau

Table 1.1 Year on Year Inflation															
Group	Weights	Index (December 2012=100)								Percent Change					
		2012				2013				2012			2013		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Food	39.92	93.93	101.99	100.21	100	101.31	104.86	11.40	18.72	13.87	11.80	7.86	2.81		
Non-Food	60.08	94.12	98.22	99.52	100	102.27	105.23	8.39	10.67	9.67	8.30	8.66	7.14		
Overall	100	94.05	99.59	99.77	100	101.92	105.08	9.46	13.53	11.17	9.54	8.37	5.51		

Table 1.1 Year on Year Percent Change: Group Level															
12 Major Groups	Weights	Index (December 2012=100)								Percent Change					
		2012				2013				2012			2013		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
FOOD AND NON-ALCOHOLIC BEVERAGES	36.88	93.25	101.84	100.24	100.00	101.01	104.25	10.27	18.35	14.36	12.48	8.32	2.37		
ALCOHOLIC BEVERAGES AND NARCOTICS	3.03	103.45	104.06	99.76	100.00	105.51	112.54	27.73	24.07	7.48	3.21	1.99	8.14		
CLOTHING AND FOOTWEAR	9.20	88.52	97.35	99.24	100.00	102.86	107.75	13.83	21.11	17.83	15.25	16.20	10.68		
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	21.70	95.57	97.76	99.41	100.00	102.08	104.72	5.78	6.91	7.36	5.76	6.82	7.11		
FURNISHING, HOUSEHOLD EQUIPMENT AND ROUTINE MAINTENANCE OF THE HOUSE	2.22	93.84	99.73	99.94	100.00	101.96	113.93	18.69	27.23	19.46	18.76	8.66	14.24		
HEALTH	4.67	94.51	97.18	99.22	100.00	100.00	103.06	4.57	7.14	8.43	6.97	5.81	6.05		
TRANSPORT	11.98	99.04	99.71	99.89	100.00	101.11	103.14	9.52	3.11	2.39	1.31	2.09	3.44		
COMMUNICATION	3.03	104.40	102.62	99.98	100.00	100.00	100.30	-0.58	-1.46	-4.16	-4.89	-4.22	-2.26		
RECREATIONAL AND CULTURE	2.35	91.73	99.89	100.01	100.00	100.61	107.65	9.76	13.83	12.87	11.53	9.68	7.77		
EDUCATION	1.64	100.00	100.00	100.00	100.00	100.00	108.35	0.00	0.00	0.00	0.00	0.00	8.35		
RESTAURANTS AND HOTELS	1.24	91.47	94.36	99.15	100.00	112.73	107.79	7.10	6.21	9.39	10.27	23.24	14.23		
MISCELLANEOUS GOODS AND SERVICES	2.06	86.27	97.50	99.40	100.00	101.46	108.70	7.58	18.93	17.19	16.52	17.61	11.48		
All	100.00	94.05	99.59	99.77	100.00	101.92	105.08	9.46	13.53	11.17	9.54	8.37	5.51		

3. Weights

The weights reflect the relative importance or contribution to the total consumption expenditures of all households. It is determined using the spending patterns of households during some previous weight reference period.

It is important the weights reflect the currency of the household consumption patterns. The more current the weights, the more reflective they are of current consumer spending patterns. The international standards recommend rebasing CPI every 5 years.

The current CPI weights were updated in 2012 following the conduct of the Bhutan Living Standard Survey (BLLS) in March – May 2012. Expenditure details were broken down into imported and domestic goods to calculate domestic and imported inflation separately.

TECHNICAL NOTES

1. Concept and Definition of CPI

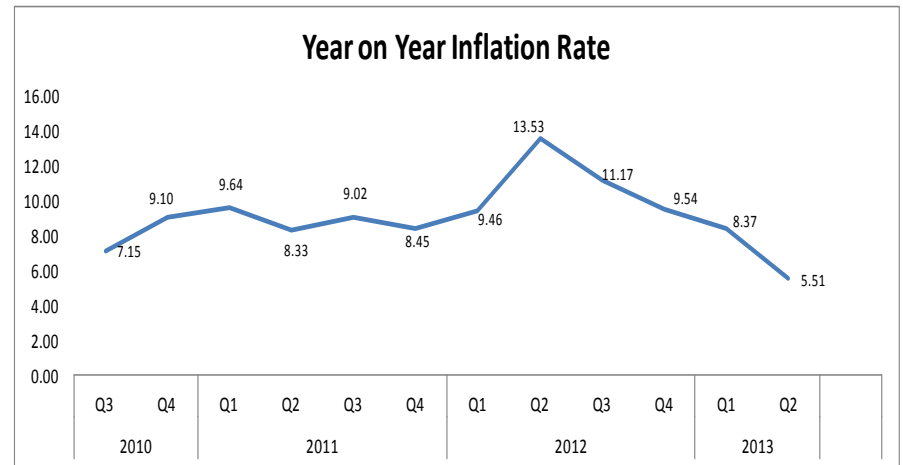
The Consumer Price Index (CPI) is a measure of changes in the average retail prices of a market basket of goods and services purchased by households for day-to-day living. It shows how much, on average, prices of goods and services have increased or decreased from a particular reference period, commonly known as the base period.

2. Uses of CPI

CPI is used:

- As an economic indicator: - CPI is one of the major indicators that determine the effectiveness of an economic policy. It is used to formulate fiscal and monetary policies and monitor their effect on the overall economy. Business executives, labor leaders, and other private citizens use CPI as a guide to make economic decisions.
- As a means of adjusting income payments: -Many collective bargaining agreements use CPI to determine wage rates, and index various payments to adjust the effects of inflation.
- As a deflator of economic series: - CPI or its components is used as a deflator to adjust for price changes in various economic data series (e.g., GDP).

Graph 1: Year-on-Year Inflation



Year-on-Year Inflation

The annual inflation for the year ending June quarter 2013 [*that is, from June quarter 2012 to June quarter 2013*] recorded 5.51 per cent. This is 8.02 percentage points less, as compared to 13.85 percent in the previous year ending June quarter 2012.

Categorizing the CPI basket by food and non-food items, the prices of non-food items registered an inflation of 7.14 percent, while food items recorded 2.81 percent inflation in the past one year.

Table 2. Month-on-Month Index & Percent Change in the CPI: National		2012												2013											
		Index (December 2012=100)												Change(%)											
		Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Jan	Feb	Mar	Apr	May	June	July	Aug							
Group	Weights																								
Food	39.92	100.00	101.31	102.35	102.46	104.16	104.27	106.14	107.97	109.78	1.31	1.02	0.11	1.65	0.11	1.79	1.72	1.68							
Non-Food	60.08	100.00	102.59	103.12	104.03	104.49	104.97	106.23	108.88	107.85	2.59	0.51	0.88	0.45	0.46	1.20	2.49	-0.94							
Total	100	100.00	102.08	102.81	103.40	104.36	104.69	106.19	108.51	108.61	2.08	0.71	0.57	0.93	0.32	1.43	2.18	0.09							
Purchasing Power of Ngultrum (Nu.)		100	98	97	97	96	96	94	92	92															

Table 2.1. Month-on-Month Index & Percent Change: Domestic		2012												2013											
		Index (December 2012=100)												Change(%)											
		Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Jan	Feb	Mar	Apr	May	June	July	Aug							
Group	Weights																								
Food	17.15	100.00	102.35	104.05	103.50	103.92	103.77	105.41	107.76	109.70	2.35	1.66	-0.52	0.40	-0.14	1.58	2.23	1.80							
Non-Food	30.24	100.00	103.40	103.53	104.24	104.26	104.46	106.09	106.21	106.43	3.40	0.12	0.69	0.02	0.19	1.55	0.12	0.21							
Total	47.39	100.00	103.02	103.72	103.97	104.14	104.21	105.84	106.77	107.60	3.02	0.68	0.25	0.16	0.07	1.56	0.87	0.78							

Table 2.2. Month-on-Month Index & Percent Change: Import		2012												2013											
		Index (December 2012=100)												Change (%)											
		Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Jan	Feb	Mar	Apr	May	June	July	Aug							
Group	Weights																								
Food	22.77	100.00	100.54	101.09	101.68	104.33	104.65	106.69	108.12	109.62	0.54	0.54	0.59	2.61	0.31	1.95	1.34	1.38							
Non-Food	29.84	100.00	101.78	102.70	103.81	104.72	105.49	106.38	111.65	109.30	1.78	0.91	1.08	0.88	0.74	0.84	4.95	-2.10							
Total	52.61	100.00	101.24	102.00	102.88	104.55	105.13	106.51	110.11	109.44	1.24	0.75	0.87	1.62	0.55	1.32	3.37	-0.61							

Table 6. Purchasing Power of Ngultrum

2012	2013							
Dec	Jan	Feb	March	April	May	June	July	August
100	98	97	97	96	96	94	92	92

Graph 6: Purchasing Power of Ngultrum (PPN)

Month	Value of Ngultrum
Dec 2012	100
Jan 2013	98
Feb 2013	97
March 2013	97
April 2013	96
May 2013	96
June 2013	94
July 2013	92
August 2013	92

Purchasing Power of Ngultrum (PPN)

The PPN, as measured by CPI, recorded 92 Ngultrum as of August 2013. This means, Ngultrum 100 in August 2013 is worth only Ngultrum 92 at December 2012 prices. The Ngultrum value has depreciated by 8 percent in the past 8 months due to price rise in the economy.

Month-on-Month Inflation: Non-food Group

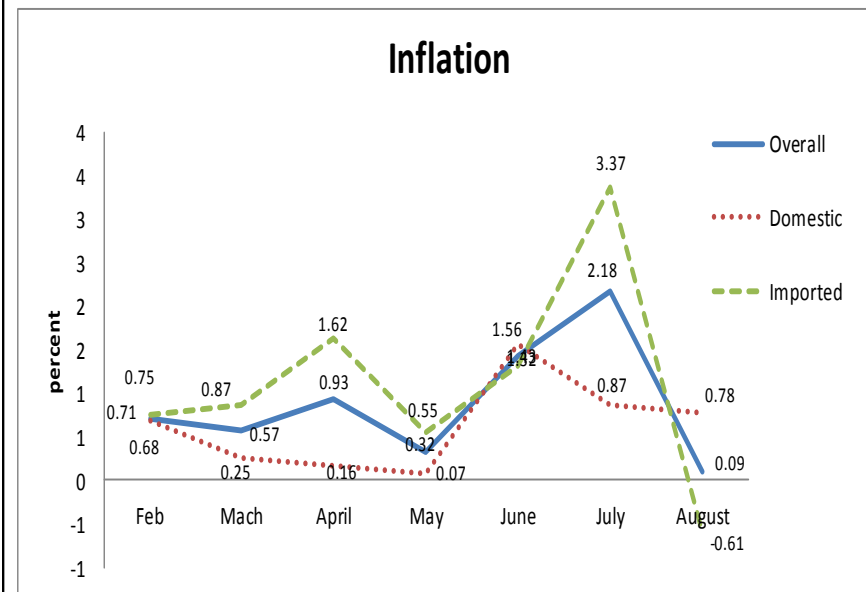
In the non-food group, clothing recorded the highest increase with 4.38 percent followed by footwear, household appliances and personal care with 2.81 percent, 2.42 percent and 2.14 percent respectively.

Moderate level of price increase was noted in the following items:

- Household textile (up 1.33);
- Fuels and lubricants (up 1.20 percent);
- Catering services (up 1.08 percent) and;
- Tools and equipment for house and garden (up 1 percent).

Non-food group saw a decrease in the index by 0.94 percent (refer table 2) mainly due to decrease in the electricity, gas and other fuels by 21.24 percent.

Graph 2: Month-on-Month Inflation Rate: Overall, Domestic and Imported



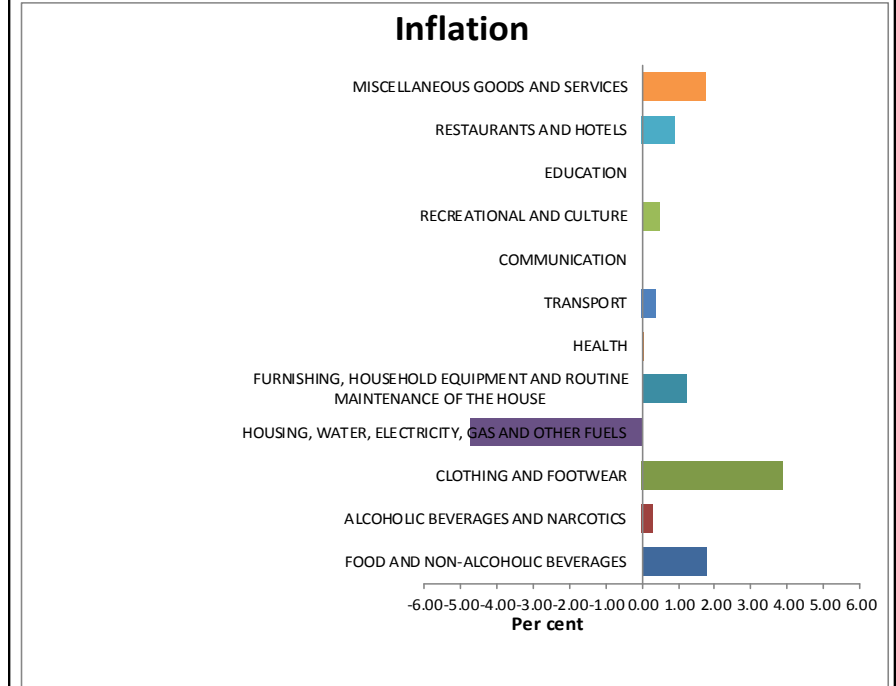
Month-on-Month Inflation

The CPI increased by 0.09 percent in August from July 2013 as compared to a 2.18 percent increase in July. It was contributed mainly by 0.78 percent increase in the prices of domestic goods and services. The price of imported goods fell by 0.61 percent mainly due to decrease in prices of kerosene and gas cylinder.

Table 5. Month-on-Month Index & Percent Change: Non-Food Group

Group	Weights	2012												2013											
		Index (December 2012=100)												Change (%)											
		Dec	Jan	Feb	March	April	May	June	July	Aug	Jan	Feb	March	April	May	June	July	Aug							
Clothing	6.24	100.00	102.51	104.96	106.08	105.76	106.63	108.28	108.52	113.27	2.51	2.39	1.07	-0.30	0.82	1.55	0.22	4.38							
Footwear	2.96	100.00	101.00	103.17	104.17	108.13	109.60	111.04	111.28	114.41	1.00	2.15	0.96	3.80	1.36	1.32	0.21	2.81							
Housing (rental)	15.12	100.00	104.51	104.51	105.07	105.07	105.07	107.48	107.48	107.48	4.51	0.00	0.53	0.00	0.00	2.29	0.00	0.00							
Maintenance & repair of the dwelling	1.88	100.00	101.35	101.24	101.88	102.66	104.41	109.33	108.98	110.02	1.35	-0.11	0.63	0.76	1.71	4.71	-0.32	0.95							
Electricity, gas & other fuels	4.54	100.00	100.23	100.24	100.25	100.25	100.60	101.65	136.58	107.57	0.23	0.00	0.01	0.01	0.35	1.04	34.36	-21.24							
Furniture and furnishing, carpets and other floor	0.37	100.00	111.78	110.63	117.24	115.66	113.67	106.01	103.20	103.88	11.78	-1.03	5.98	-1.35	-1.72	-6.74	-2.66	0.66							
Household textiles	0.57	100.00	105.29	116.43	117.88	118.66	125.09	131.54	135.44	137.25	5.29	10.58	1.24	0.66	5.42	5.16	2.96	1.33							
Household appliances	0.42	100.00	100.75	104.56	107.60	108.60	108.94	104.19	104.27	106.79	0.75	3.79	2.90	0.93	0.31	-4.35	0.07	2.42							
Glassware, tableware & utensils	0.25	100.00	109.36	114.76	114.99	116.18	118.90	118.15	122.78	123.21	9.36	4.94	0.20	1.03	2.34	-0.63	3.92	0.35							
Tools and equipments for house and garden	0.24	100.00	105.59	108.75	108.66	109.38	108.72	111.71	114.17	115.31	5.59	2.99	-0.09	0.66	-0.60	2.76	2.19	1.00							
Goods and services for household maintenance	0.35	100.00	100.15	99.71	102.15	103.61	107.87	111.65	110.92	111.88	0.15	-0.44	2.44	1.44	4.11	3.51	-0.66	0.87							
Purchase of vehicles	4.58	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00							
Fuels & Lubricants	3.11	100.00	102.55	101.38	103.39	103.97	104.05	104.09	105.59	106.85	2.55	-1.14	1.98	0.56	0.07	0.04	1.44	1.20							
Telephone and telefax equipment	0.17	100.00	101.11	102.92	103.07	103.70	109.76	103.16	103.84	103.84	1.11	1.79	0.15	0.61	5.84	-6.01	0.65	0.00							
Audio-visual, photographic & information processing equipments	0.48	100.00	103.08	103.81	102.41	104.78	100.02	103.02	106.41	107.06	3.08	0.71	-1.35	2.31	-4.54	3.00	3.30	0.61							
Recreational & cultural services	0.92	100.00	100.09	100.01	100.04	100.03	100.06	100.17	99.77	99.77	0.09	-0.08	0.03	-0.01	0.02	0.12	-0.40	0.00							
Newspapers, books & stationery	0.72	100.00	110.53	111.82	112.85	114.32	114.43	116.06	116.10	116.54	10.53	1.17	0.92	1.30	0.10	1.43	0.03	0.38							
Catering services	1.05	100.00	103.35	104.65	106.54	106.51	107.97	107.42	107.91	109.07	3.35	1.27	1.80	-0.03	1.37	-0.51	0.45	1.08							
Accommodation services	0.19	100.00	101.71	103.97	106.11	107.77	109.50	114.35	119.34	119.34	1.71	2.22	2.06	1.56	1.61	4.42	4.37	0.00							
Personal care	1.59	100.00	103.35	101.60	102.10	104.40	105.54	105.60	106.28	108.55	3.35	-1.69	0.49	2.26	1.09	0.06	0.64	2.14							
Personal effects n.e.c	0.47	100.00	103.74	111.97	112.76	117.62	121.07	125.81	131.15	131.64	3.74	7.94	0.70	4.31	2.93	3.91	4.24	0.38							

Graph 3: Month-on-Month Inflation: 12 Major Groups Level



Month-on-Month Price Movements: 12 Major Groups Level

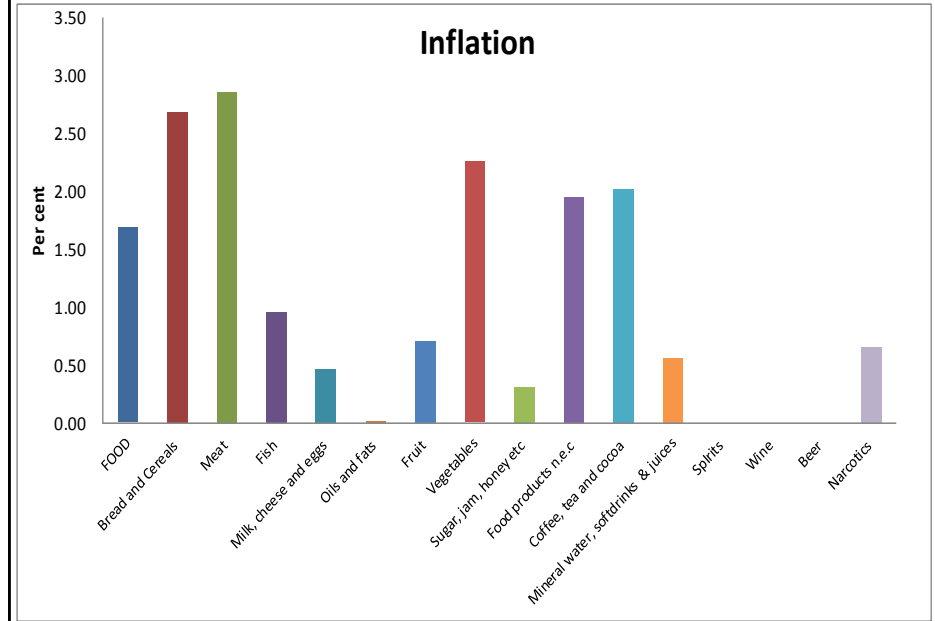
At the group level, clothing and footwear recorded the highest increase (3.87 percent) followed by food and non-alcoholic beverages at 1.79 percent, miscellaneous goods & services at 1.73 percent and furnishing, household equipment and routine maintenance of the house at 1.20 percent. Alcoholic beverages & narcotics, health, transport, recreation and culture and hotels and restaurants saw an increase of less than 1 percent.

Housing, water, electricity, gas and other fuel groups fell by 4.73 percent due to decrease in price of kerosene and gas cylinder by 57.37 percent.

Table 4. Month-on-Month Index & Percent Change: Food Group

Group	Weights	2012												2013											
		Index (December 2012=100)												Change(%)											
		Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Jan	Feb	Mar	Apr	May	June	July	Aug							
FOOD	39.92	100.00	101.17	101.79	102.37	104.04	103.52	105.38	107.16	108.97	1.17	0.61	0.57	1.63	-0.50	1.79	1.69	1.69							
Bread and Cereals	9.72	100.00	102.26	104.15	104.94	106.26	106.53	106.78	108.09	110.98	2.26	1.85	0.76	1.25	0.26	0.23	1.22	2.68							
Meat	3.1	100.00	104.88	104.90	105.57	104.54	108.07	109.48	109.66	112.80	4.88	0.02	0.63	-0.98	3.38	1.30	0.16	2.86							
Fish	1.06	100.00	103.48	106.51	108.27	105.95	108.38	110.74	116.57	117.69	3.48	2.93	1.65	-2.15	2.29	2.18	5.26	0.96							
Milk, cheese and eggs	6.88	100.00	104.38	104.92	104.97	105.37	104.93	105.59	106.85	107.36	4.38	0.51	0.06	0.38	-0.42	0.62	1.20	0.47							
Oils and fats	3.19	100.00	98.72	102.64	104.50	103.93	103.12	103.72	108.42	108.42	-1.28	3.98	1.82	-0.55	-0.78	0.58	4.53	0.00							
Fruit	1.68	100.00	104.85	110.45	110.32	103.90	106.54	105.98	103.87	104.60	4.85	5.34	-0.12	-5.81	2.54	-0.52	-1.99	0.70							
Vegetables	7.83	100.00	95.62	92.65	92.92	100.17	95.40	101.33	104.37	106.72	-4.38	-3.11	0.30	7.81	-4.77	6.21	3.00	2.26							
Sugar, jam, honey etc	0.98	100.00	101.75	102.44	103.57	102.60	105.10	106.25	107.36	107.69	1.75	0.68	1.10	-0.93	2.43	1.10	1.04	0.31							
Food products n.e.c	0.64	100.00	101.14	100.91	100.12	102.40	109.23	109.92	106.31	108.39	1.14	-0.23	-0.78	2.28	6.67	0.63	-3.28	1.95							
Coffee, tea and cocoa	0.68	100.00	100.44	106.19	98.08	100.86	103.09	103.17	108.85	111.05	0.44	5.72	-7.64	2.84	2.21	0.07	5.51	2.02							
Mineral water, softdrinks & juices	1.11	100.00	102.27	99.65	98.87	100.12	103.81	106.44	105.21	105.80	2.27	-2.56	-0.78	1.26	3.69	2.53	-1.15	0.56							
Spirits	0.65	100.00	105.99	102.30	105.54	101.90	104.23	108.13	107.63	107.63	5.99	-3.48	3.17	-3.44	2.29	3.74	-0.46	0.00							
Wine	0.44	100.00	102.96	104.13	104.13	105.64	106.00	106.83	116.81	116.81	2.96	1.13	0.00	1.45	0.34	0.79	9.34	0.00							
Beer	0.56	100.00	101.74	99.00	97.32	100.59	103.59	106.69	107.81	107.81	1.74	-2.70	-1.70	3.36	2.99	2.98	1.06	0.00							
Narcotics	1.38	100.00	101.72	118.92	110.37	114.53	126.16	127.30	129.81	130.65	1.72	16.91	-7.19	3.76	10.16	0.91	1.97	0.65							

Graph 4: Month-on-Month Inflation: Food Group



Month-on-Month Inflation: Food Group

In the food group, meat went up by 2.86 percent, bread and cereal by 2.68 percent, vegetables by 2.26 percent, coffee, tea and cocoa by 2.02 percent and food products n.e.c. by 1.95 percent.

Prices for following sub-groups recorded a minimal increase of less than one percent:

- ◆ Fish;
- ◆ Milk, cheese and egg;
- ◆ Fruits;
- ◆ Sugar, jam and honey;
- ◆ Mineral water, soft drinks and juices and;
- ◆ Narcotics.

