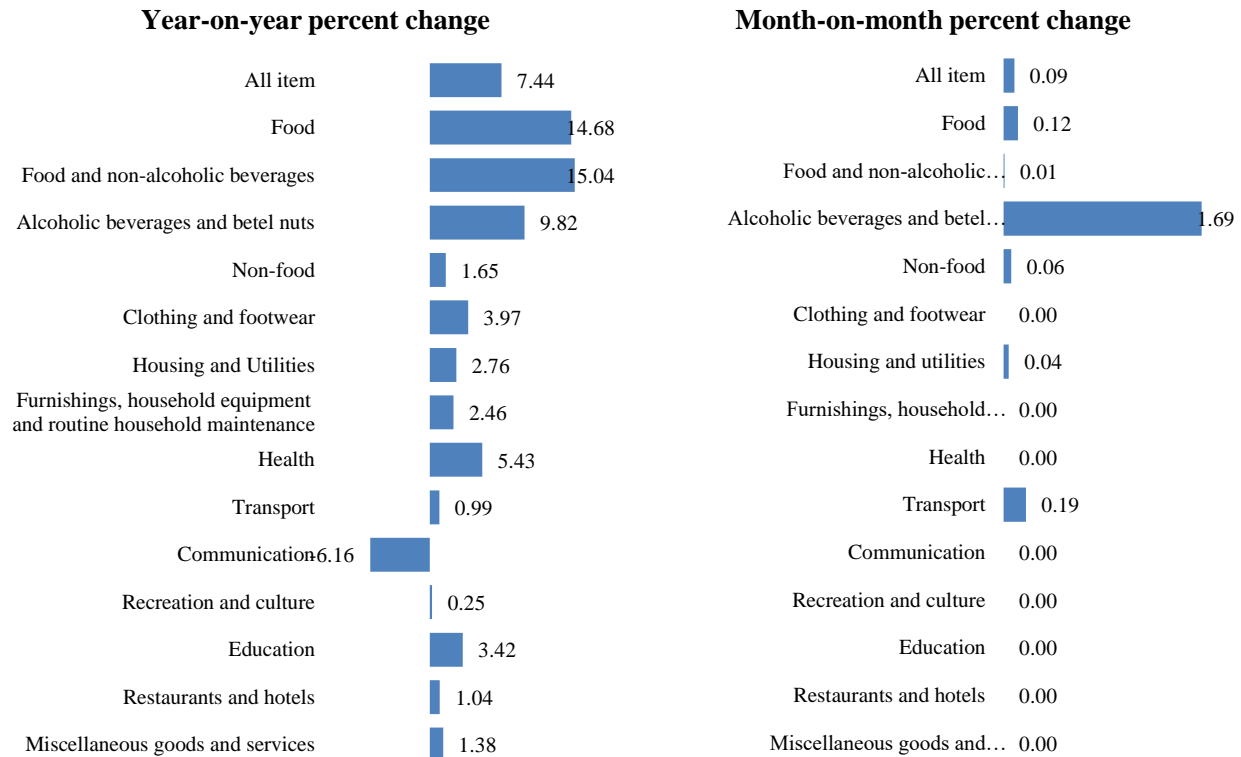




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 རྒྱལ་ཡོངས་ཚེས་དཔྱད་བཞོན་འཛིན།
Royal Government of Bhutan
National Statistics Bureau



Consumer Price Index (CPI): August 2020
 (Release date: 13 October 2020)



The year-on-year CPI in August increased by 7.44 percent compared to same month of the previous year. The rate of increase has dropped by 0.12 percentage point compared to the rate in July, which was 7.56 percent. Food and non-alcoholic beverages continue to be the main driver of the increase at 15.04 percent followed by 9.82 percent increase for alcoholic beverages and betel nuts. Within the food, prices of vegetables, fruits, meats and dairy products recorded the highest increase with an average increase of 22 percent.

The month-on-month CPI recorded a minimal increase of 0.09 percent over previous month after a record increase of 3.27 percent in July. The increase was due to Alcoholic beverages and betel nuts, which increased by 1.69 percent over the previous month. Prices of non-food groups went up by 0.06 percent which was associated with the increase in fuel prices while the prices of other groups remained same.

Chart 1: Percent contribution to overall change by Division

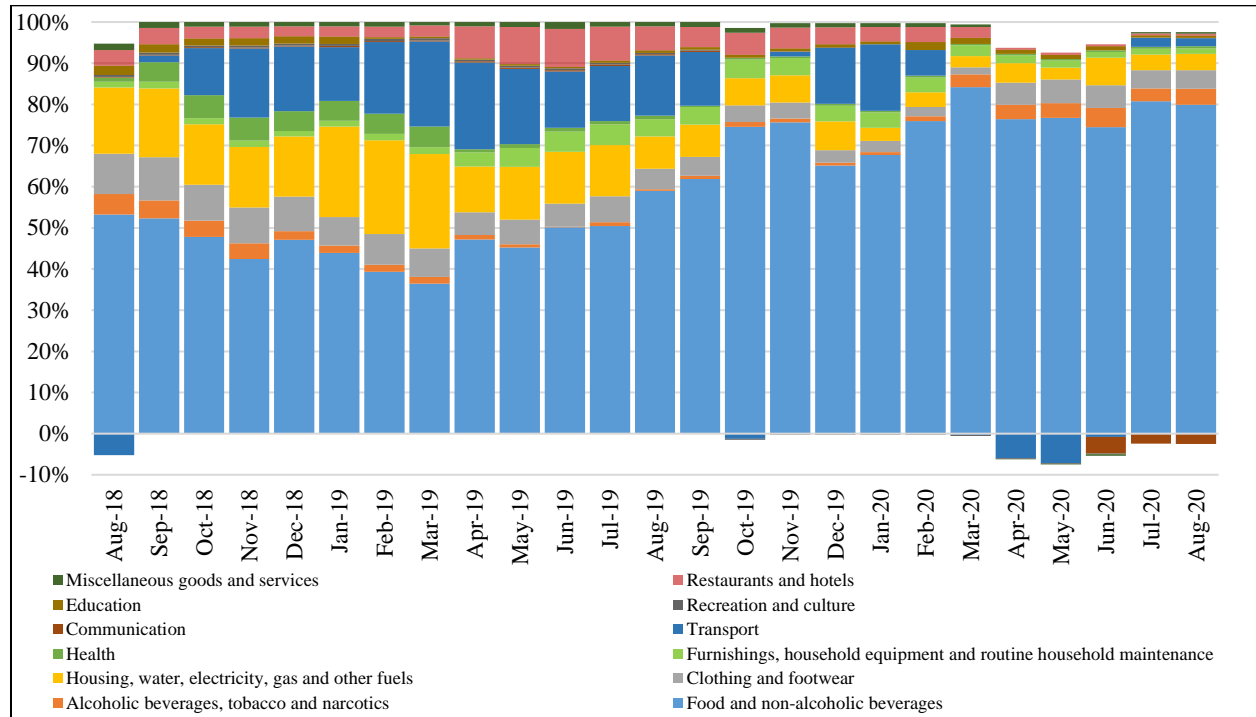


Chart 2: Index

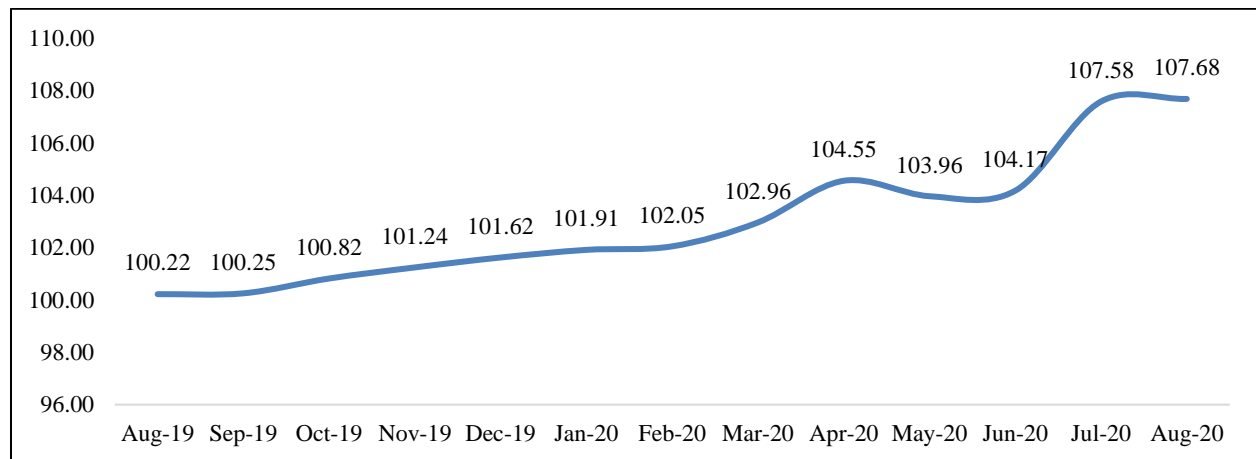


Chart 3: Year-on-year percent change

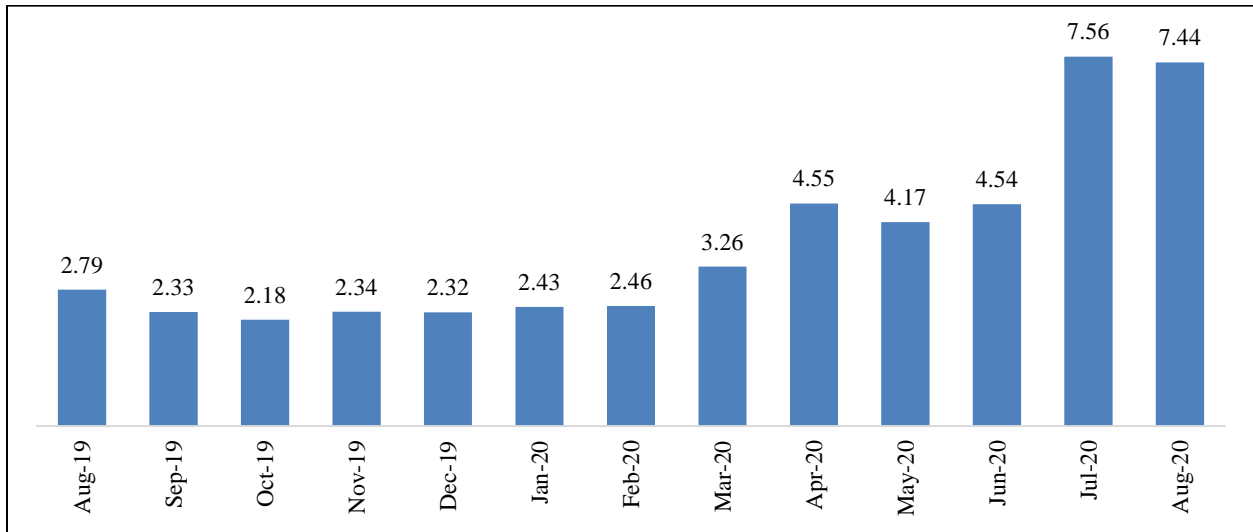


Chart 4: Month-on-month percent change

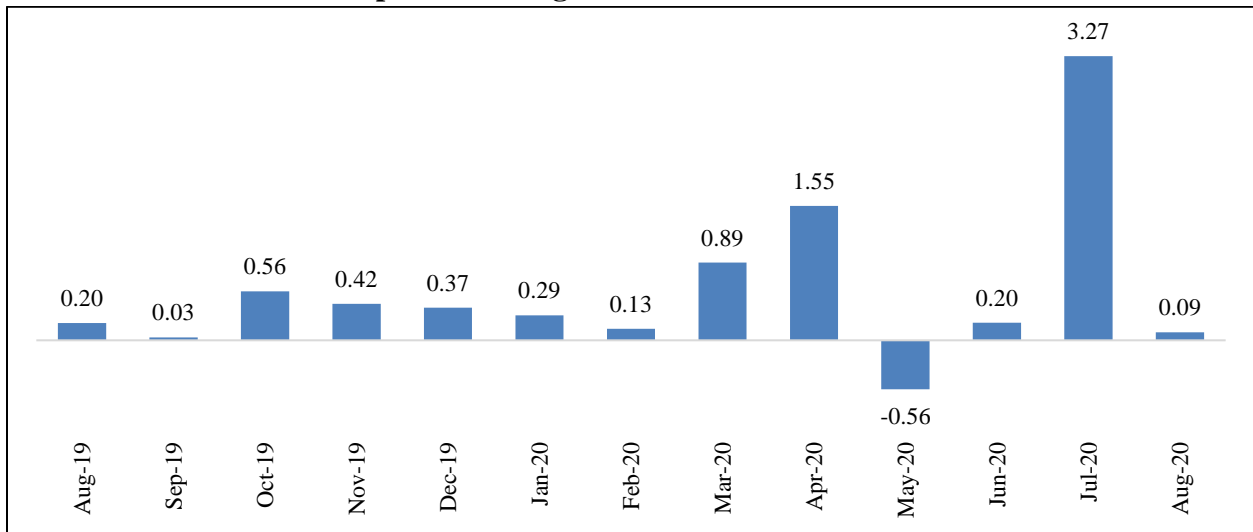


Table 1: Index (April 2019 = 100)

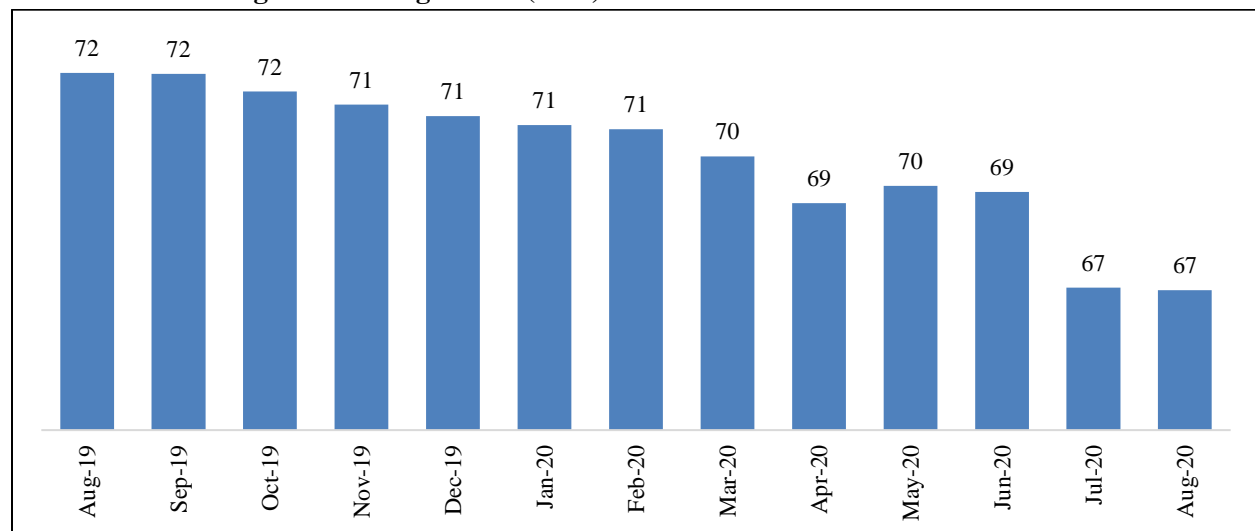
Division	Weight (%)	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20
All item	100.0	102.96	104.55	103.96	104.17	107.58	107.68
Food	45.9	106.05	109.24	108.17	107.98	114.44	114.58
Food and non-alcoholic beverages	42.8	106.25	109.49	108.41	108.11	114.96	114.97
Alcoholic beverages and betel nuts	3.2	103.32	105.85	104.91	106.21	107.63	109.45
Non-food	54.1	100.40	100.72	100.52	101.04	102.07	102.14
Clothing and footwear	9.2	100.27	103.13	103.13	103.13	104.37	104.37
Housing and Utilities	11.6	100.77	102.17	101.24	103.02	103.29	103.34
Furnishings, household equipment and routine household maintenance	4.4	101.67	102.29	102.29	102.29	103.66	103.66
Health	0.8	101.37	102.57	102.57	102.57	105.45	105.45
Transport	15.6	99.75	97.96	97.92	99.78	101.30	101.49
Communication	3.2	99.99	99.99	99.99	93.63	93.91	93.91
Recreation and culture	2.3	99.70	99.68	99.68	99.68	100.29	100.29
Education	1.3	103.78	103.78	103.78	103.78	104.75	104.75
Restaurants and hotels	3.6	100.15	100.71	100.71	100.71	101.06	101.06
Miscellaneous goods and services	1.9	100.53	99.64	99.64	99.64	101.71	101.71

Table 2: Year-on-year percent change

Division	Weight (%)	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20
All item	100.0	3.26	4.55	4.17	4.54	7.56	7.44
Food	45.9	6.53	9.24	8.76	8.94	14.91	14.68
Food and non-alcoholic beverages	42.8	6.77	9.49	8.99	9.04	15.45	15.04
Alcoholic beverages and betel nuts	3.2	3.39	5.85	5.73	7.53	7.89	9.82
Non-food	54.1	0.59	0.72	0.42	0.94	1.68	1.65
Clothing and footwear	9.2	0.65	3.13	3.13	3.14	3.97	3.97
Housing and Utilities	11.6	0.79	2.17	1.23	2.99	2.73	2.76
Furnishings, household equipment and routine household maintenance	4.4	2.07	2.29	1.94	1.67	2.46	2.46
Health	0.8	1.37	2.57	2.57	2.57	5.43	5.43
Transport	15.6	-0.08	-2.04	-2.29	-0.27	1.11	0.99
Communication	3.2	-0.01	-0.01	-0.01	-6.37	-6.16	-6.16
Recreation and culture	2.3	-0.28	-0.32	-0.32	-0.32	0.25	0.25
Education	1.3	3.78	3.78	3.78	3.78	3.42	3.42
Restaurants and hotels	3.6	2.49	0.71	0.71	0.70	1.04	1.04
Miscellaneous goods and services	1.9	1.21	-0.36	-0.36	-1.18	1.38	1.38

Table 3: Month-on-month percent change

Division	Weights (%)	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20
All item	100.0	0.89	1.55	-0.56	0.20	3.27	0.09
Food	45.9	2.18	3.01	-0.98	-0.18	5.99	0.12
Food and non-alcoholic beverages	42.8	2.15	3.05	-0.99	-0.28	6.34	0.01
Alcoholic beverages and betel nuts	3.2	2.48	2.44	-0.88	1.23	1.34	1.69
Non-food	54.1	-0.18	0.32	-0.21	0.53	1.02	0.06
Clothing and footwear	9.2	0.00	2.85	0.00	0.00	1.21	0.00
Housing and utilities	11.6	0.00	1.38	-0.90	1.76	0.26	0.04
Furnishings, household equipment and routine household maintenance	4.4	0.00	0.61	0.00	0.00	1.34	0.00
Health	0.8	0.00	1.18	0.00	0.00	2.81	0.00
Transport	15.6	-0.63	-1.80	-0.04	1.91	1.52	0.19
Communication	3.2	0.00	0.00	0.00	-6.36	0.30	0.00
Recreation and culture	2.3	0.00	-0.02	0.00	0.00	0.62	0.00
Education	1.3	0.00	0.00	0.00	0.00	0.93	0.00
Restaurants and hotels	3.6	0.00	0.56	0.00	0.00	0.35	0.00
Miscellaneous goods and services	1.9	0.00	-0.88	0.00	0.00	2.08	0.00

Chart 5: Purchasing Power of Ngultrum (PPN)

The purchasing power of Ngultrum as measured by CPI is Nu. 67 as of August 2020 compared to December 2012. This means, Nu. 100 in August 2020 is worth only Nu. 67 at December 2012 prices. The PPN has dropped by 6.93 percent in the past 12 months (from August 2019 to August 2020) due to price increase in the economy.

Technical notes

Concept and Definition of CPI

The Consumer Price Index (CPI) is a measure of average price changes in the basket of goods and services purchased by households over time. It shows how much, on average, prices of goods and services have increased or decreased from a particular reference period, commonly known as the Index reference.

Scope and coverage

The CPI covers the goods and services consumed by the households and a sample of goods and services are selected using the household expenditure data to measure the inflation experienced by the households. Prices of the sampled goods and services are collected from urban areas in 20 Dzongkhags on monthly, quarterly and annual frequency depending on the price volatility of the items. The outlets for data collection are selected based on purposive sampling considering the popularity of the outlet and availability of the items.

CPI baskets has a total of 113 items (314 varieties) classified according to Classification of Individual Consumption According to Purpose (COICOP). Total of about 450 outlets are selected for pricing.

Weights

Weights reflect the relative importance or share of the individual item to the total consumption expenditures of the households. It determines the impact an individual item will have to the overall inflation. Weight for the current CPI is derived using the household consumption expenditure data from the Bhutan Living Standard Survey (BLSS) conducted every five years. The current weight is based on BLSS 2017.

Price reference and index reference

Price reference is the period for which the prices are used as denominator for the index calculation. The price reference period for CPI is April 2019.

Index reference period is the period for which the index is set as 100. The index reference period is April 2019.

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 (weight 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

Calculating Percent Changes

Month-on-month percent change measures the average price change between current month and previous month and serves as useful indicator of short-term price movement.

Year-on-year percent change measures the average price change between the specific month with that of the same month of the previous year.

Following is an example of computing index point and percent changes:

- Index point change

All item price index	104.50
Less previous price index	101.25
Equals index point change	3.25

- Index percent change

Index point change	3.25
Divided by Previous Price Index	101.25
Equals	0.032
Result multiplied by 100	0.032 x 100
Equals percent changes	3.2