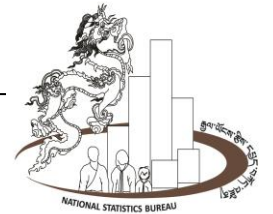




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NATIONAL STATISTICS BUREAU
Royal Government of Bhutan



MONTHLY CONSUMER PRICE INDEX (CPI) BULLETIN DECEMBER 2014

NATIONAL ACCOUNTS & PRICE DIVISION
NATIONAL STATISTICS BUREAU

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FOREWARD

National Statistics Bureau (NSB) is pleased to release the Consumer Price Index (CPI) Bulletin for December 2014. This is the 13th series of monthly CPI Bulletin published by National Accounts and Price Division, NSB.

The Bulletin is compiled using December 2012 as the price reference period and tracks the price movements of 436 commodities and services in 20 districts and 2 major urban areas. The rebased CPI uses 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.

January 2014

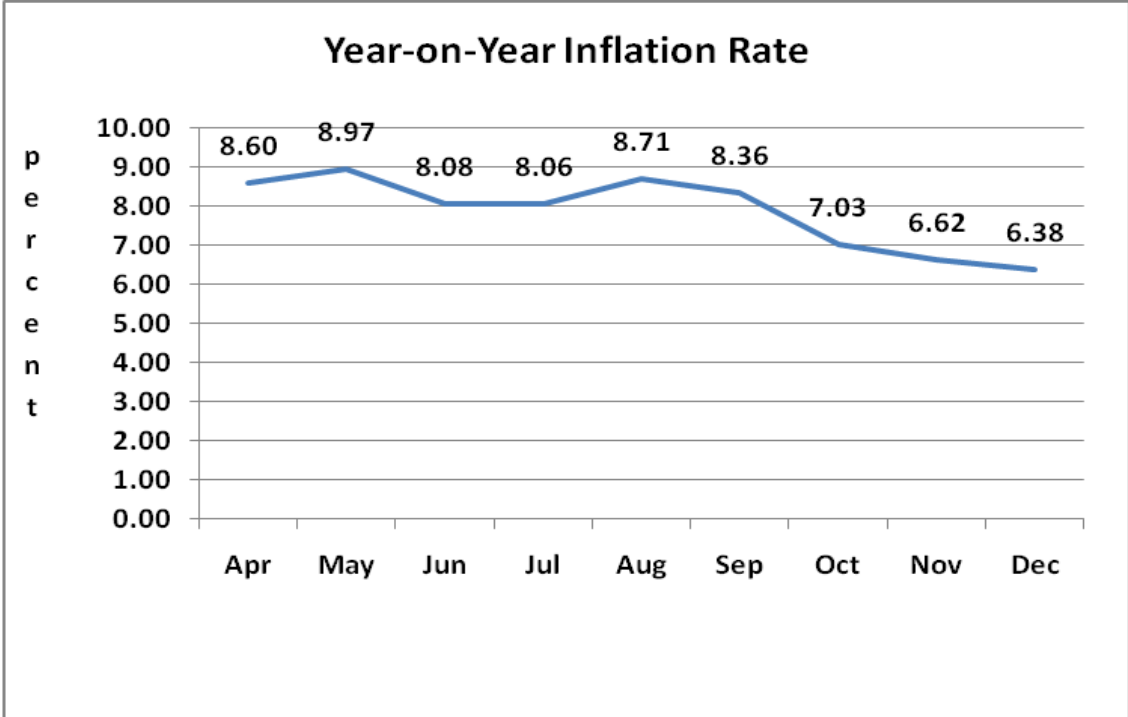
National Statistics Bureau

Table 1: Year on Year Index & percent change																			
		Index (December 2012=100)												percent change(%)					
Group	Weights	2013						2014						2014					
		Jul	Aug	Sep	Oct	Nov	Dec	Jul	Aug	Sep	Oct	Nov	Dec	Jul	Aug	Sep	Oct	Nov	Dec
Food	39.92	107.87	109.66	110.78	113.48	114.40	115.49	119.80	120.25	120.90	120.98	121.39	121.42	11.06	9.66	9.14	6.62	6.12	5.13
Non-Food	60.08	108.88	107.85	108.40	109.06	109.30	109.44	115.54	116.56	116.90	117.04	116.91	117.36	6.12	8.08	7.84	7.31	6.96	7.23
Overall	100	108.47	108.57	109.34	110.80	111.31	111.82	117.22	118.02	118.48	118.60	118.68	118.96	8.06	8.71	8.36	7.03	6.62	6.38

Table 2: Year-on-Year Index & percentage change: Domestic																			
		Index (December 2012=100)												Percent change(%)					
Group	Weights	2013						2014						2014					
		July	Aug	Sep	Oct	Nov	Dec	Jul	Aug	Sep	Oct	Nov	Dec	Jul	Aug	Sep	Oct	Nov	Dec
Food	17.15	107.76	109.70	111.34	115.58	116.92	118.54	120.97	121.02	121.17	121.31	121.82	122.07	12.26	10.32	8.82	4.96	4.19	2.98
Non-Food	30.24	106.21	106.43	106.70	107.92	107.97	107.97	115.22	116.51	116.58	116.92	116.93	117.59	8.48	9.48	9.25	8.34	8.30	8.91
Total	47.39	106.77	107.60	108.36	110.63	111.12	111.68	117.27	118.12	118.22	118.49	118.68	119.19	9.83	9.78	9.10	7.10	6.80	6.72

Table 3: Year-on-Year Index & percentage change : Import																			
		Index (December 2012=100)												Percent change(%)					
Group	Weights	2013						2014						2014					
		July	Aug	Sep	Oct	Nov	Dec	Jul	Aug	Sep	Oct	Nov	Dec	Jul	Aug	Sep	Oct	Nov	Dec
Food	22.77	108.11	109.58	110.34	111.92	112.56	113.30	119.14	119.92	120.97	121.03	121.39	121.27	10.21	9.43	9.64	8.14	7.85	7.04
Non-Food	29.84	111.65	109.30	110.14	110.23	110.68	110.96	115.86	116.61	117.22	117.16	116.89	117.12	3.78	6.69	6.43	6.29	5.61	5.55
Total	52.61	110.10	109.42	110.23	110.96	111.49	111.96	117.27	118.03	118.83	118.82	118.82	118.90	6.51	7.86	7.81	7.08	6.57	6.19

GRAPH 1: YEAR-ON-YEAR INFLATION



YEAR-ON-YEAR INFLATION RATE

The annual inflation rate for December 2014 [*i.e.*, from December 2013 to December 2014] is 6.38%. This is 0.24 percentage point lower than the previous month which was 6.62%. Prices for food went up by 5.13% and non-food by 7.23%.

Prices of domestic goods & services increased by 6.72% and imported goods increased by 6.19% over one year period [*i.e.* from December 2013 to December 2014].

Table 4: Year on Year index: Group Level																			
12 Major Groups	Weights	Index (December 2012=100)												Percent change(%)					
		2013						2014						2014					
		Jul	Aug	Sep	Oct	Nov	Dec	Jul	Aug	Sep	Oct	Nov	Dec	Jul	Aug	Sep	Oct	Nov	Dec
FOOD AND NON-ALCOHOLIC BEVERAGES	36.88	107.03	108.92	109.29	112.14	113.09	114.25	118.69	119.22	119.92	119.96	120.39	120.39	10.89	9.45	9.72	6.97	6.46	5.37
ALCOHOLIC BEVERAGES AND NARCOTICS	3.03	118.66	119.01	130.60	131.05	131.61	131.76	134.17	133.54	133.59	134.24	134.24	134.64	13.07	12.21	2.28	2.44	2.01	2.19
CLOTHING AND FOOTWEAR	9.20	109.40	113.64	114.94	115.57	116.52	117.01	116.81	118.20	118.49	118.66	119.06	119.98	6.77	4.01	3.09	2.67	2.18	2.54
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	21.70	113.08	107.73	107.79	109.53	109.58	109.58	119.06	120.87	120.93	121.49	121.18	122.08	5.29	12.20	12.19	10.92	10.59	11.40
FURNISHING, HOUSEHOLD EQUIPMENT AND ROUTINE MAINTENANCE OF THE HOUSE	2.22	115.74	117.13	118.82	119.31	120.10	120.61	123.60	124.09	124.46	124.53	124.70	125.69	6.79	5.95	4.75	4.37	3.83	4.21
HEALTH	4.67	104.53	104.58	104.58	104.58	105.17	105.17	105.02	105.16	105.16	105.28	105.28	105.28	0.47	0.55	0.55	0.66	0.10	0.10
TRANSPORT	11.98	103.47	103.86	104.63	104.44	104.46	104.57	117.66	118.15	119.45	118.96	118.49	118.09	13.72	13.76	14.16	13.91	13.43	12.93
COMMUNICATION	3.03	100.22	100.22	100.22	99.58	99.58	99.58	95.47	95.46	95.44	95.47	95.47	95.47	-4.74	-4.74	-4.77	-4.12	-4.12	-4.12
RECREATIONAL AND CULTURE	2.35	108.10	108.60	108.66	108.37	108.37	108.34	109.50	109.59	109.68	109.69	109.72	109.81	1.30	0.91	0.94	1.22	1.24	1.36
EDUCATION	1.64	109.63	109.63	109.63	109.63	109.63	109.63	116.03	116.03	116.03	116.03	116.03	116.03	5.84	5.84	5.84	5.84	5.84	5.84
RESTAURANTS AND HOTELS	1.24	109.59	110.59	115.24	115.24	115.24	115.24	113.45	114.60	114.60	114.60	114.73	115.63	3.52	3.63	-0.56	-0.56	-0.44	0.34
MISCELLANEOUS GOODS AND SERVICES	2.06	111.50	113.44	114.36	114.88	115.10	115.97	118.17	119.06	119.11	119.22	119.22	119.74	5.98	4.96	4.15	3.78	3.58	3.25
All	100.00	108.47	108.57	109.34	110.80	111.31	111.82	117.22	118.02	118.48	118.60	118.68	118.96	8.06	8.71	8.36	7.03	6.62	6.38

Table 5: Year-on-year Index & Percent Change: Food Group																			
Group	Weights	Index (December 2012=100)												Percent change(%)					
		2013						2014						2014					
		July	Aug	Sep	Oct	Nov	Dec	Jul	Aug	Sep	Oct	Nov	Dec	Jul	Aug	Sep	Oct	Nov	Dec
FOOD	39.92	107.05	108.84	109.22	112.15	113.14	114.35	118.95	119.49	120.22	120.25	120.72	120.69	11.12	9.79	10.07	7.22	6.70	5.54
Bread and Cereals	9.72	108.09	110.98	114.43	114.56	115.31	115.90	120.43	121.15	120.74	120.83	121.53	121.74	11.42	9.16	5.52	5.47	5.39	5.04
Meat	3.1	109.66	112.80	115.38	115.38	115.47	115.59	125.57	126.06	128.78	128.45	128.00	128.58	14.51	11.76	11.61	11.33	10.85	11.24
Fish	1.06	116.24	116.94	116.75	116.81	117.44	117.44	130.34	132.25	131.48	132.66	129.41	129.98	12.13	13.10	12.62	13.57	10.19	10.67
Milk, cheese and eggs	6.88	106.85	107.36	107.76	108.58	109.26	110.87	119.11	119.70	120.20	120.51	123.10	123.95	11.47	11.49	11.54	10.99	12.66	11.80
Oils and fats	3.19	108.42	108.42	107.92	110.08	110.07	110.24	113.64	111.54	112.10	112.10	112.82	113.17	4.82	2.88	3.88	1.84	2.49	2.66
Fruit	1.68	101.91	102.35	101.16	107.13	108.58	113.89	117.92	116.69	116.62	115.06	114.09	113.28	15.71	14.02	15.28	7.41	5.08	-0.53
Vegetables	7.83	104.37	106.72	102.95	112.60	114.75	116.50	116.17	117.87	120.13	120.13	119.58	118.10	11.31	10.45	16.69	6.69	4.21	1.38
Sugar, jam, honey etc	0.98	107.36	107.69	108.65	109.07	109.10	109.10	109.28	109.53	109.70	109.70	109.84	109.88	1.79	1.71	0.96	0.58	0.68	0.72
Food products n.e.c	0.64	106.31	108.39	114.75	115.20	119.50	122.69	125.58	125.49	124.27	125.27	125.36	126.41	18.12	15.77	8.29	8.74	4.91	3.03
Coffee, tea and cocoa	0.68	108.85	111.05	111.50	114.51	114.59	115.29	118.37	119.19	119.24	119.53	119.18	119.66	8.74	7.34	6.94	4.38	4.01	3.79
Mineral water, softdrinks & juices	1.11	105.21	105.80	105.81	105.95	105.95	105.95	106.36	106.47	106.49	106.62	106.62	107.26	1.09	0.63	0.64	0.63	0.63	1.23
Spirits	0.65	107.63	107.63	107.63	107.63	108.17	108.51	112.16	111.53	111.59	112.55	112.55	112.96	4.21	3.62	3.68	4.57	4.05	4.10
Wine	0.44	116.81	116.81	116.81	116.81	117.39	117.77	121.72	121.04	121.11	121.11	121.11	121.50	4.21	3.62	3.68	3.68	3.17	3.17
Beer	0.56	107.81	107.81	109.81	111.84	113.34	113.34	113.28	111.57	111.64	111.85	111.85	111.85	5.07	3.49	1.67	0.01	-1.31	-1.31
Narcotics	1.38	129.81	130.65	159.06	159.06	159.06	159.06	161.29	161.34	161.34	162.32	162.32	162.91	24.25	23.49	1.44	2.05	2.05	2.42

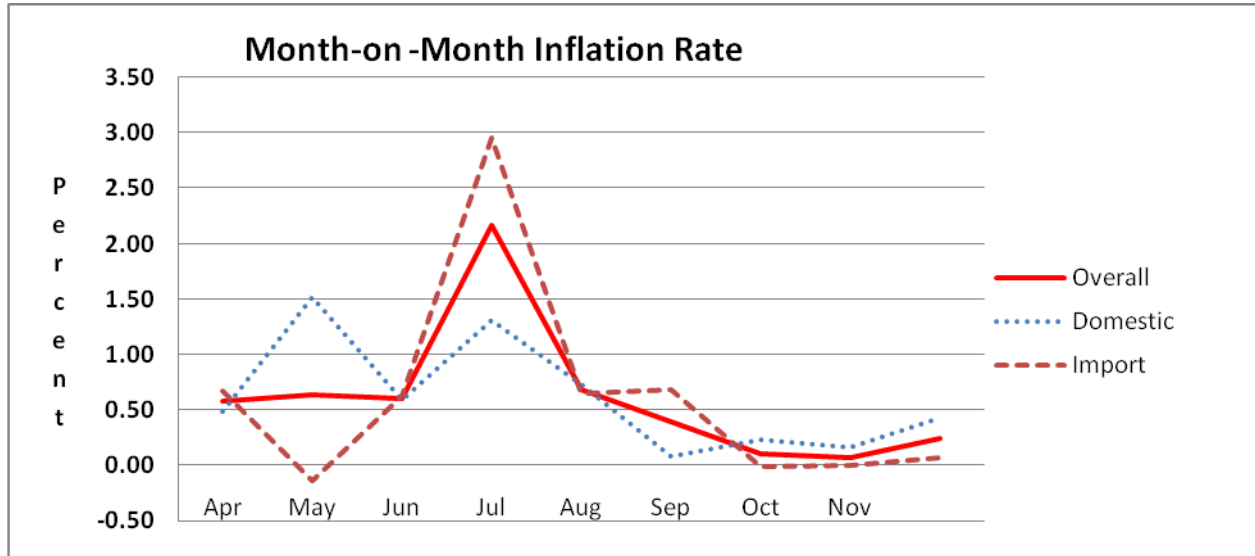
Table 6: Year-on-Year Index & Percent Change: Non-Food Group																			
Group	Weights	Index (December 2012=100)												Percent Change(%)					
		2013						2014						2014					
		July	Aug	Sep	Oct	Nov	Dec	Jul	Aug	Sep	Oct	Nov	Dec	Jul	Aug	Sep	Oct	Nov	Dec
Clothing	6.24	108.52	113.27	115.19	115.90	116.65	117.16	115.84	117.79	117.42	117.45	118.03	119.14	6.75	3.99	1.93	1.33	1.19	1.69
Footwear	2.96	111.28	114.41	114.41	114.88	116.23	116.69	118.88	119.06	120.79	121.25	121.26	121.75	6.83	4.06	5.58	5.55	4.32	4.34
Housing (rental)	15.12	107.48	107.48	107.48	107.48	107.48	107.48	118.67	121.19	121.26	121.97	121.97	123.24	10.41	12.76	12.83	13.49	13.49	14.67
Maintenancen & repair of the dwelling	1.88	108.98	110.02	110.75	112.09	112.73	112.80	110.75	111.34	111.35	112.07	111.93	112.20	1.62	1.20	0.54	-0.02	-0.70	-0.53
Electricity, gas & other fuels	4.54	136.58	107.57	107.57	115.53	115.53	115.53	124.42	124.42	124.42	124.42	122.96	122.96	-8.90	15.67	15.67	7.70	6.44	6.44
Furniture and furnishing, carpets and other floor coverings	0.37	103.20	103.88	105.38	105.38	106.24	106.24	119.00	119.15	119.84	119.84	119.84	119.84	15.31	14.70	13.72	13.72	12.80	12.80
Household textiles	0.57	135.44	137.25	140.15	140.15	142.12	143.86	146.24	146.41	146.58	146.65	147.58	149.17	7.97	6.68	4.59	4.64	3.84	3.69
Household appliances	0.42	104.27	106.79	108.81	110.06	110.76	110.16	108.88	110.07	110.09	110.10	110.12	112.09	4.43	3.07	1.18	0.04	-0.58	1.75
Glassware, tableware & utensils	0.25	122.78	123.21	126.43	125.23	121.33	123.65	132.74	132.90	133.15	133.23	133.19	134.24	8.11	7.87	5.32	6.39	9.78	8.56
Tools and equipments for house and garden	0.24	114.17	115.31	115.31	115.63	118.50	117.00	111.85	113.13	113.44	113.58	113.27	113.97	-2.03	-1.89	-1.62	-1.77	-4.41	-2.59
Goods and services for household maintenance	0.35	110.92	111.88	111.88	113.80	114.74	115.73	115.90	115.94	116.77	116.91	116.94	117.08	4.49	3.63	4.37	2.73	1.92	1.17
Purchase of vehicles	4.58	100.00	100.00	100.00	100.00	100.00	100.00	127.65	127.65	131.96	131.96	131.96	131.96	27.65	27.65	31.96	31.96	31.96	31.96
Fuels & Lubricants	3.11	105.59	106.85	108.63	107.75	107.75	108.17	110.79	112.28	111.50	109.76	108.10	106.69	4.93	5.09	2.65	1.87	0.32	-1.37
Telephone and telefax equipment	0.17	103.84	103.84	103.84	92.64	92.64	92.64	92.42	92.26	91.86	92.42	92.42	92.42	-10.99	-11.15	-11.54	-0.23	-0.23	-0.23
Audio-visual, photographic & information processing equipments	0.48	106.41	107.06	107.06	105.43	105.43	105.43	106.97	106.85	107.03	107.03	107.03	107.03	0.53	-0.19	-0.03	1.52	1.52	1.52
Recreational & cultural services	0.92	99.77	99.77	99.77	99.77	99.77	99.66	100.04	100.04	100.04	100.04	100.04	100.05	0.27	0.27	0.27	0.27	0.27	0.39
Newspapers, books & stationery	0.72	116.10	116.54	116.73	116.75	116.76	116.79	118.92	119.31	119.43	119.43	119.52	119.88	2.43	2.38	2.31	2.30	2.37	2.64
Catering services	1.05	107.91	109.07	114.31	114.31	114.31	114.31	111.51	112.33	112.33	112.33	112.48	113.51	3.34	2.99	-1.73	-1.73	-1.60	-0.71
Accommodation services	0.19	119.34	119.34	120.48	120.48	120.48	120.48	124.79	127.95	127.95	127.95	127.95	128.08	4.57	7.21	6.20	6.20	6.20	6.31
Personal care	1.59	106.28	108.55	109.07	109.71	109.98	111.06	114.10	115.24	115.42	115.56	115.52	116.17	7.36	6.16	5.82	5.33	5.03	4.59
Personal effects n.e.c	0.47	131.15	131.64	134.23	134.23	134.23	134.23	133.05	132.96	132.48	132.50	132.64	132.64	1.45	1.00	-1.30	-1.29	-1.19	-1.19

Table 7: Month-on-Month Index & Percent Change in the CPI: National																				
Group	Weights	Index (December 2012=100)										Percent Change(%)								
		2014										2014								
		Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Food	39.92	115.60	116.71	117.54	118.81	119.80	120.25	120.90	120.98	121.39	121.42	0.95	0.72	1.08	0.84	0.38	0.54	0.07	0.34	0.02
Non-Food	60.08	110.75	111.11	111.77	112.10	115.54	116.56	116.90	117.04	116.91	117.36	0.33	0.59	0.30	3.07	0.89	0.29	0.12	-0.11	0.38
Overall	100	112.66	113.31	114.04	114.73	117.22	118.02	118.48	118.60	118.68	118.96	0.58	0.64	0.61	2.17	0.68	0.39	0.10	0.07	0.24
Purchasing Power of Ngultrum (Nu.)		89	88	88	87	85	85	84	84	84	84									

Table 8: Month-on-Month Index : Domestic																				
Group	Weights	Index (December 2012=100)										Percent Change (%)								
		2014										2014								
		Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Food	17.15	117.44	117.94	118.31	119.84	120.97	121.02	121.17	121.31	121.82	122.07	0.43	0.31	1.29	0.94	0.04	0.12	0.12	0.42	0.21
Non-Food	30.24	110.22	110.80	113.25	113.48	115.22	116.51	116.58	116.92	116.93	117.59	0.52	2.21	0.20	1.53	1.13	0.05	0.30	0.01	0.56
Domestic	47.39	112.78	113.33	115.06	115.74	117.27	118.12	118.22	118.49	118.68	119.19	0.49	1.52	0.60	1.32	0.73	0.08	0.23	0.16	0.43

Table 9: Month-on-Month Percent Change in the CPI: Import																				
Group	Weights	Index (December 2012=100)										Percent Change (%)								
		2014										2014								
		Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Food	22.77	114.35	115.93	117.13	118.22	119.14	119.92	120.97	121.03	121.39	121.27	1.38	1.04	0.93	0.78	0.65	0.88	0.05	0.30	-0.10
Non-Food	29.84	111.28	111.43	110.28	110.71	115.86	116.61	117.22	117.16	116.89	117.12	0.14	-1.03	0.39	4.65	0.65	0.52	-0.05	-0.23	0.20
Import	52.61	112.60	113.36	113.20	113.90	117.27	118.03	118.83	118.82	118.82	118.90	0.67	-0.14	0.62	2.96	0.65	0.68	-0.01	0.00	0.07

GRAPH 2: MONTH-TO-MONTH INFLATION RATE (OVERALL, DOMESTIC AND IMPORTED)



MONTH-TO-MONTH INFLATION RATE

The Month-to-Month inflation for December over previous month of November was 0.24%. Food prices went up by 0.02% and Non-Food by 0.38% over the previous month.

Prices for domestic goods and services increased by 0.43% on average from the previous month with corresponding price increase in food by 0.21% and non-food by 0.56%. Imported goods increased by 0.07% due to increase in non-food by 0.20% although food prices deflated to 0.10%.

GRAPH 3: TIME SERIES INDEX LEVEL TREND

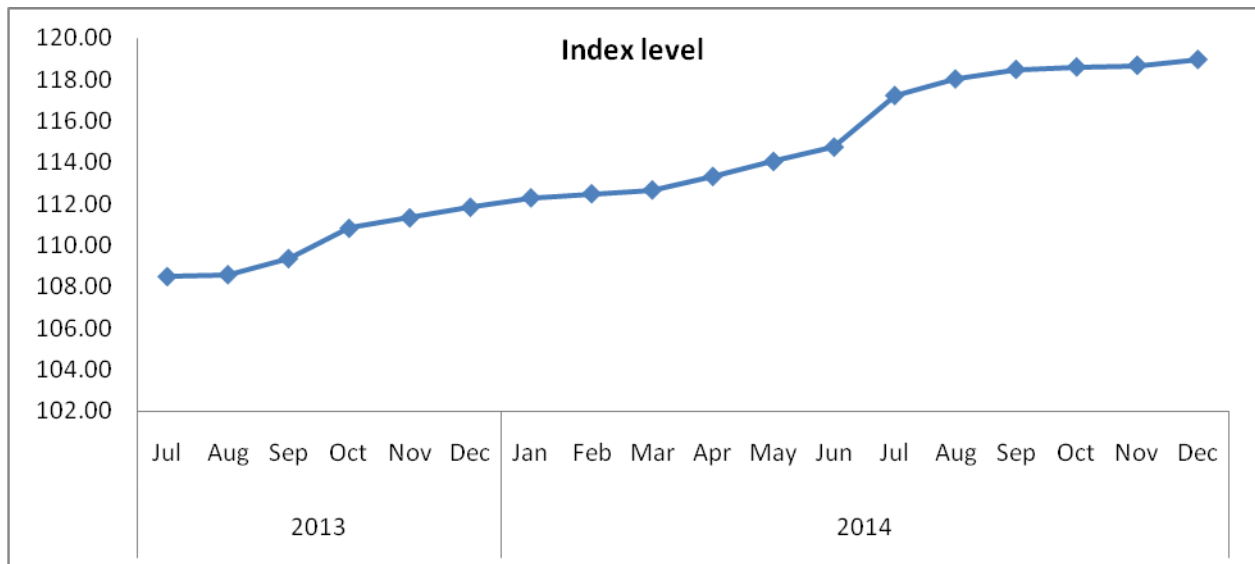
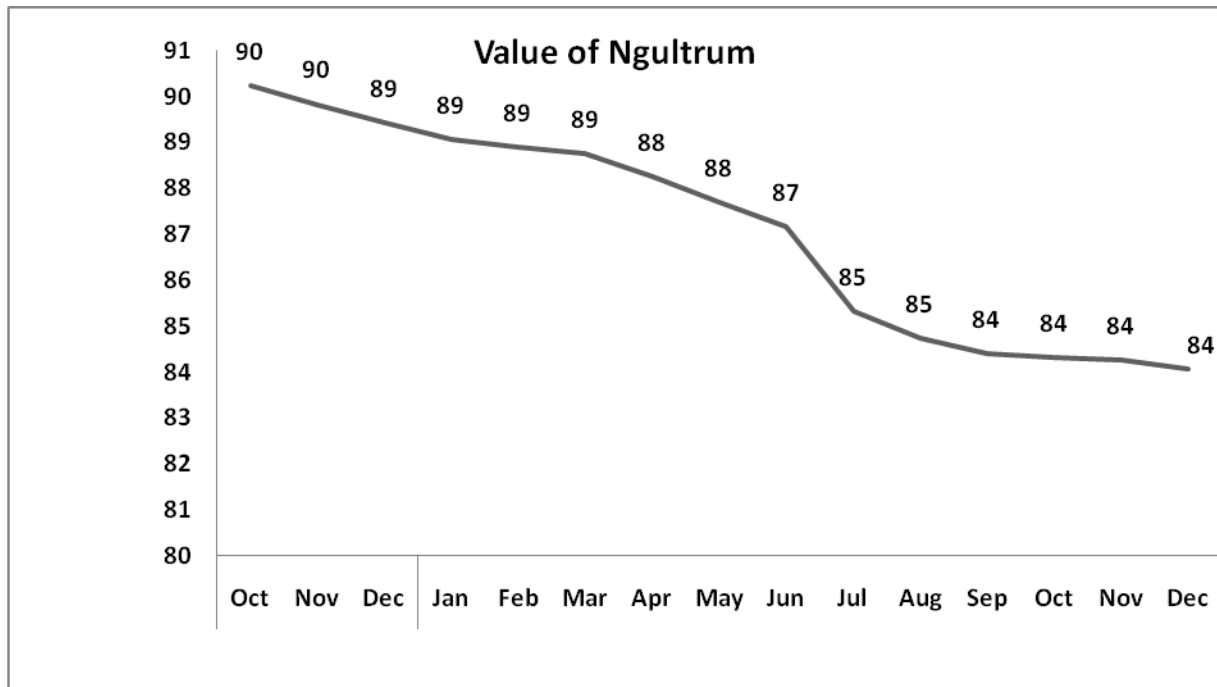


Table 10: Purchasing Power of Ngultrum

2013			2014											
Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
90	90	89	89	89	89	88	88	87	85	85	84	84	84	84

GRAPH 4: PURCHASING POWER OF NGULTRUM (PPN)



The PPN, as measured by CPI was 84 Ngultrum as of December 2014. This means, Ngultrum 100 in December 2014 is worth only Ngultrum 84 at December 2012 prices. The PPN has decreased by 6.001 percent in the past 12 months (i.e. from December 2013 to December 2014) due to price rise in the economy.

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

- ✓ 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).

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 for the weights to reflect the current consumption patterns of the household. 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 (BLSS) in March – May 2012. Expenditure details were broken down into imported and domestic goods to facilitate calculation of domestic and imported inflation.

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.

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 (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

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 436 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.

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