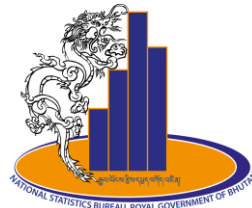




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NATIONAL STATISTICS BUREAU
Royal Government of Bhutan



CONSUMER PRICE INDEX (CPI) BULLETIN JULY 2018

**ECONOMIC AND ENVIRONMENTAL STATISTICS DIVISION
NATIONAL STATISTICS BUREAU**

Catalogue No. 103

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FOREWORD

National Statistics Bureau (NSB) is pleased to release the Consumer Price Index (CPI) Bulletin for July 2018. This is the 56th series of monthly CPI Bulletin published by Economic and Environmental Statistics Division, NSB.

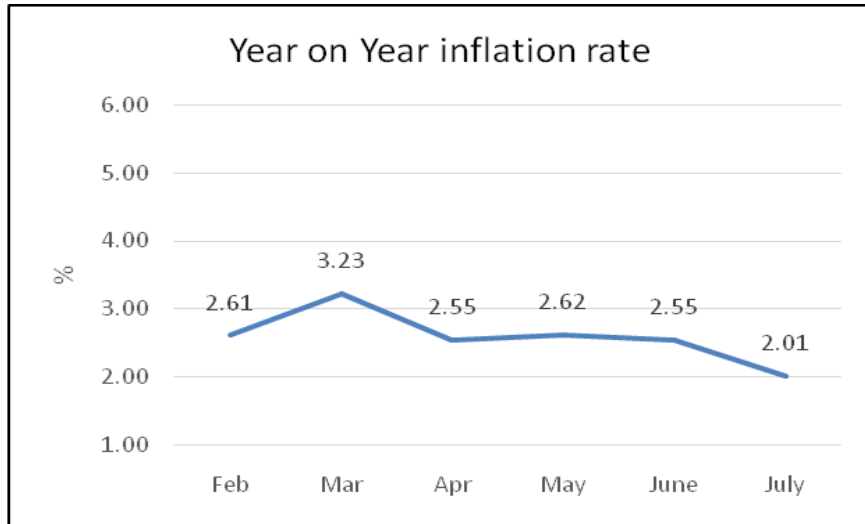
The Bulletin is compiled using December 2012 as the price reference period and tracks the price movements of 151 items in 20 districts and 2 major urban areas. The rebased CPI uses the Geometric Modified Laspeyres formula, and has separate indices for domestic and imported goods and services.

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

August 2018

National Statistics Bureau

GRAPH 1: YEAR-ON-YEAR INFLATION



YEAR-ON-YEAR INFLATION RATE

The Consumer Price Index in July 2018 [i.e., from July 2017 to July 2018] increased by 2.01% which was 0.54 Percentage point lower than the previous month which was at 2.55%. Food prices dropped to 4.00% as compared to June (5.10%) due to decrease in the prices of vegetables while non-food prices recorded a slight decrease from previous month at 0.71%.

Local goods and services increased only by 1.15% with corresponding increase in food by 3.17% while there is slight decrease in non-food by 0.02%.

Prices of imported goods and services recorded higher increase at 2.82% as compared to local goods, with an increase of 4.67% for food prices and 1.46% for non-food.

Table 1: Year-on-Year Index & percentage change (National)																			
Group	Weights	Index (December 2012=100)												percent change(%)					
		2017						2018						2018					
		Feb	Mar	Apr	May	Jun	Jul	Feb	Mar	Apr	May	June	July	Feb	Mar	Apr	May	June	July
Food	39.92	134.43	132.54	135.31	135.35	135.04	136.47	142.42	142.92	142.76	142.83	141.92	141.93	5.94	7.83	5.50	5.52	5.10	4.00
Non-Food	60.08	127.45	127.68	127.64	127.87	127.85	128.15	128.04	128.03	128.44	128.81	128.99	129.06	0.46	0.28	0.63	0.74	0.89	0.71
Overall	100	130.19	129.60	130.65	130.80	130.67	131.41	133.59	133.78	133.98	134.23	134.00	134.05	2.61	3.23	2.55	2.62	2.55	2.01
Table 2: Year-on-Year Index & percentage change (Domestic)																			
Group	Weights	Index (December 2012=100)												Percent change(%)					
		2017						2018						2018					
		Feb	Mar	Apr	May	Jun	Jul	Feb	Mar	Apr	May	June	July	Feb	Mar	Apr	May	June	July
Food	17.77	139.03	134.67	140.00	139.74	139.26	139.95	146.02	146.16	145.66	145.79	144.45	144.39	5.03	8.53	4.04	4.33	3.73	3.17
Non-Food	30.24	130.43	130.45	130.46	130.46	130.47	130.91	130.57	130.57	130.68	130.68	130.67	130.88	0.11	0.10	0.17	0.17	0.16	-0.02
Total	48.01	133.55	131.99	133.91	133.82	133.65	134.19	136.09	136.14	136.04	136.08	135.61	135.73	1.90	3.14	1.59	1.69	1.47	1.15
Table 3: Year-on-Year Index & percentage change (Import)																			
Group	Weights	Index (December 2012=100)												Percent change(%)					
		2017						2018						2018					
		Feb	Mar	Apr	May	Jun	Jul	Feb	Mar	Apr	May	June	July	Feb	Mar	Apr	May	June	July
Food	22.15	130.71	130.71	131.52	131.78	131.60	133.60	139.43	140.22	140.32	140.34	139.76	139.84	6.67	7.27	6.69	6.49	6.20	4.67
Non-Food	29.84	124.50	124.93	124.84	125.29	125.26	125.41	125.51	125.51	126.21	126.94	127.30	127.24	0.81	0.46	1.09	1.32	1.63	1.46
Total	51.99	127.11	127.36	127.65	128.02	127.92	128.83	131.26	131.58	132.04	132.48	132.47	132.46	3.27	3.31	3.44	3.49	3.56	2.82
Table 4: Year on Year index: Group Level																			
12 Major Groups	Weights	Index (December 2012=100)												Percent change(%)					
		2017						2018						2018					
		Feb	Mar	Apr	May	Jun	Jul	Feb	Mar	Apr	May	June	July	Feb	Mar	Apr	May	June	July
Food and non-alcoholic beverages	36.89	133.89	131.85	134.79	134.83	134.49	135.90	141.86	142.40	142.15	142.27	141.28	141.28	5.95	8.00	5.46	5.52	5.05	3.96
Alcoholic beverages and narcotics	3.03	141.22	141.22	141.83	141.86	141.89	143.69	149.39	149.49	150.34	149.84	149.98	150.16	5.79	5.86	6.00	5.62	5.69	4.50
Clothing and footwear	9.20	130.86	130.86	130.90	130.86	130.75	131.45	133.25	133.53	134.36	134.55	134.63	134.58	1.82	2.04	2.64	2.81	2.97	2.38
Housing, water, gas, electricity and other fuels	21.70	135.37	135.37	135.51	136.15	136.27	136.78	137.05	137.08	137.12	137.14	137.17	137.41	1.24	1.26	1.19	0.73	0.65	0.46
Furnishing, household equipment and routine maintenance of the house	2.20	131.05	131.32	131.43	131.43	131.76	132.23	133.22	133.22	133.28	133.28	133.28	133.37	1.65	1.45	1.40	1.40	1.15	0.86
Health	4.68	109.57	109.59	109.59	109.59	109.59	109.98	111.12	111.00	111.00	111.00	111.00	111.00	1.41	1.29	1.29	1.29	1.29	0.93
Transport	11.98	129.41	130.47	129.94	129.99	129.72	129.29	124.99	124.69	125.76	127.40	128.18	128.02	-3.42	-4.42	-3.22	-2.00	-1.19	-0.98
Communication	3.03	95.61	95.62	95.62	95.62	95.63	95.63	95.63	95.63	95.61	95.61	95.61	95.61	0.02	0.02	-0.01	-0.01	-0.03	-0.02
Recreation and culture	2.35	111.41	111.47	111.53	111.57	111.58	111.64	111.79	111.79	111.91	111.91	111.91	111.94	0.34	0.29	0.34	0.31	0.29	0.27
Education	1.64	135.69	135.69	135.69	135.69	135.69	136.63	140.11	140.11	140.11	140.11	140.11	141.20	3.25	3.25	3.25	3.25	3.25	3.35
Restaurants and hotels	1.24	128.11	128.11	128.30	128.30	128.30	128.06	133.03	133.03	135.34	135.34	134.95	134.95	3.84	3.84	5.49	5.49	5.19	5.38
Miscellaneous goods and services	2.06	126.84	127.02	127.03	127.04	127.12	128.09	129.78	130.38	130.52	130.52	130.72	130.73	2.32	2.65	2.74	2.73	2.83	2.07
All	100	130.19	129.60	130.65	130.80	130.67	131.41	133.59	133.78	133.98	134.23	134.00	134.05	2.61	3.23	2.55	2.62	2.55	2.01

Table 5: Year-on-year Index & Percent Change: Food Group

Group	Weights	Index (December 2012=100)												Percent change(%)					
		2017						2018						2018					
		Feb	Mar	Apr	May	Jun	Jul	Feb	Mar	Apr	May	June	July	Feb	Mar	Apr	May	June	July
Bread and Cereals	9.75	132.29	132.24	132.43	132.59	133.11	134.58	140.81	140.74	140.06	140.59	140.90	140.87	6.44	6.42	5.76	6.04	5.85	4.67
Meat	3.10	135.83	136.02	137.43	137.63	137.63	138.35	144.39	144.43	144.96	145.49	145.66	146.34	6.30	6.19	5.48	5.71	5.83	5.78
Fish	1.06	157.18	157.18	157.09	159.59	159.91	160.20	165.83	168.89	169.36	169.47	169.80	176.44	5.50	7.45	7.81	6.19	6.19	10.14
Milk, cheese and eggs	6.88	128.53	117.75	128.43	128.44	128.88	128.37	133.18	133.37	133.80	133.87	135.27	135.26	3.61	13.27	4.18	4.23	4.95	5.36
Oils and fats	3.19	115.48	116.06	116.29	116.37	116.43	117.47	118.98	119.51	118.82	119.05	119.02	119.05	3.03	2.97	2.18	2.30	2.22	1.34
Fruit	1.68	133.10	132.62	133.95	133.95	133.39	135.27	146.55	148.47	151.27	150.53	145.91	144.55	10.11	11.95	12.93	12.38	9.39	6.86
Vegetables	7.82	152.35	152.91	155.77	155.27	152.36	156.79	167.35	169.02	167.37	166.64	160.37	159.49	9.84	10.53	7.45	7.33	5.26	1.72
Sugar, jam, honey etc	0.98	113.52	113.52	113.78	113.76	113.51	113.73	114.49	114.51	115.02	116.29	116.34	116.34	0.85	0.87	1.10	2.23	2.49	2.30
Food products n.e.c	0.64	139.08	138.68	138.77	138.73	138.29	139.45	139.42	139.55	139.52	139.11	138.58	139.70	0.24	0.63	0.54	0.27	0.21	0.18
Coffee, tea and cocoa	0.68	130.33	130.41	130.52	130.52	130.59	131.16	133.69	133.71	133.90	134.20	134.20	134.21	2.58	2.53	2.59	2.82	2.76	2.33
Mineral water, softdrinks & juices	1.11	112.88	112.88	112.82	112.82	112.82	112.81	114.47	114.47	115.07	115.35	115.35	115.37	1.40	1.40	1.99	2.25	2.25	2.27
Mineral water, softdrinks & juices	0.65	120.19	120.19	120.19	120.33	120.45	119.69	121.23	120.99	121.77	121.77	121.77	121.77	0.87	0.66	1.31	1.19	1.09	1.73
Wine	0.44	124.45	124.45	124.45	124.45	124.45	124.52	123.15	123.15	123.15	123.15	123.15	123.15	-1.05	-1.05	-1.04	-1.04	-1.04	-1.10
Beer	0.56	113.12	113.12	113.38	113.38	113.38	113.19	116.41	116.80	117.63	117.06	117.63	118.43	2.91	3.25	3.76	3.25	3.76	4.63
Narcotics	1.38	173.57	173.57	175.06	175.06	175.06	180.58	193.98	194.18	195.46	194.42	194.42	194.42	11.76	11.87	11.65	11.06	11.06	7.66

Table 6: Year-on-Year Index & Percent Change: Non-Food Group

Group	Weights	Index (December 2012=100)												Percent Change(%)					
		2017						2018						2018					
		Feb	Mar	Apr	May	Jun	Jul	Feb	Mar	Apr	May	June	July	Feb	Mar	Apr	May	June	July
Clothing	6.24	131.28	131.31	131.39	131.42	131.47	132.39	134.22	134.35	134.92	135.06	135.09	135.02	2.24	2.32	2.69	2.77	2.75	1.99
Footwear	2.96	129.99	129.93	129.87	129.70	129.24	129.50	131.21	131.80	133.17	133.48	133.66	133.66	0.94	1.44	2.54	2.92	3.42	3.21
Housing (rental)	15.12	138.62	138.62	138.62	138.62	138.62	139.14	139.14	139.14	139.14	139.14	139.14	139.14	0.37	0.37	0.37	0.37	0.37	0.00
Maintenancen & repair of the dwelling	1.88	114.76	114.76	114.76	114.76	114.76	114.83	115.81	115.81	115.95	115.95	115.95	115.95	0.92	0.92	1.04	1.04	1.04	0.97
Electricity, gas & other fuels	4.54	134.94	134.94	135.61	138.72	139.31	140.01	140.84	140.97	141.09	141.22	141.34	142.55	4.37	4.47	4.04	1.80	1.46	1.82
Furniture and furnishing, carpets and other floor coverings	0.37	122.14	122.22	122.33	122.33	122.33	122.33	127.10	127.10	127.23	127.23	127.23	127.23	4.05	3.99	4.00	4.00	4.00	4.00
Household textiles	0.57	158.19	158.27	158.43	158.43	159.06	159.49	159.33	159.33	159.34	159.34	159.34	159.42	0.72	0.67	0.58	0.58	0.18	-0.04
Household appliances	0.42	115.02	115.02	115.11	115.11	115.11	116.77	117.74	117.74	117.67	117.67	117.67	117.67	2.37	2.37	2.23	2.23	2.23	0.77
Glassware, tableware & utensils	0.25	142.75	142.75	143.16	143.16	143.16	144.48	143.43	143.43	143.43	143.43	143.61	143.61	0.48	0.48	0.19	0.19	0.32	-0.60
Tools and equipments for house and garden	0.24	118.40	118.59	118.46	118.46	118.46	118.48	117.79	117.79	118.08	118.08	118.00	118.49	-0.52	-0.68	-0.32	-0.32	-0.39	0.01
Goods and services for household maintenance	0.35	122.56	123.80	123.89	123.89	125.05	124.28	125.22	125.22	125.28	125.28	125.24	125.31	2.17	1.15	1.12	1.12	0.15	0.83
Purchase of vehicles	4.58	143.12	146.24	146.24	146.24	146.24	146.24	140.96	140.96	142.44	145.16	145.16	145.16	-1.51	-3.61	-2.59	-0.73	-0.73	-0.73
Fuels & Lubricants	3.11	111.72	111.72	109.98	110.17	109.28	107.62	106.23	105.26	106.80	109.18	111.78	111.18	-4.92	-5.78	-2.89	-0.90	2.28	3.31
Telephone and telefax equipment	0.17	91.06	91.13	91.13	91.13	91.42	91.33	91.39	91.39	90.93	90.93	90.93	90.93	0.37	0.29	-0.22	-0.22	-0.53	-0.44
Audio-visual, photographic & information processing equipments	0.48	107.36	107.36	107.36	107.36	107.36	107.38	107.54	107.54	107.54	107.54	107.54	107.54	0.16	0.16	0.16	0.16	0.16	0.15
Recreational & cultural services	0.92	100.35	100.35	100.35	100.35	100.35	100.35	100.39	100.39	100.39	100.39	100.39	100.39	0.04	0.04	0.04	0.04	0.04	0.04
Newspapers, books & stationery	0.72	123.42	123.64	123.82	123.97	123.97	124.16	124.28	124.28	124.30	124.30	124.30	124.41	0.70	0.52	0.38	0.27	0.27	0.20
Catering services	1.05	126.78	126.78	126.78	126.78	126.78	126.45	132.14	132.14	134.85	134.85	134.39	134.39	4.23	4.23	6.36	6.36	6.01	6.28
Accommodation services	0.19	135.75	135.75	137.02	137.02	137.02	137.30	138.08	138.08	138.08	138.08	138.08	138.08	1.72	1.72	0.78	0.78	0.78	0.57
Personal care	1.59	122.56	122.72	122.74	122.74	122.83	123.43	125.23	125.27	125.66	125.66	125.95	125.95	2.18	2.08	2.38	2.38	2.54	2.04
Personal effects n.e.c	0.47	142.44	142.71	142.71	142.75	142.78	145.18	146.41	149.28	148.37	148.37	148.21	148.30	2.79	4.60	3.96	3.93	3.80	2.15

Table 7: Month-on-Month Index & Percent Change in the CPI (National)

		Index (December 2012=100)										Percent Change(%)							
Group	Weights	2017		2018							2017	2018							
		Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Dec	Jan	Feb	Mar	Apr	May	June	July	
Food	39.92	140.03	141.58	141.92	142.42	142.92	142.76	142.83	141.92	141.93	1.10	0.24	0.35	0.36	-0.12	0.05	-0.63	0.01	
Non-Food	60.08	127.86	127.67	127.85	128.04	128.03	128.44	128.81	128.99	129.06	-0.15	0.14	0.14	0.00	0.32	0.29	0.14	0.06	
Overall	100.00	132.59	133.05	133.29	133.59	133.78	133.98	134.23	134.00	134.05	0.35	0.18	0.23	0.14	0.14	0.19	-0.17	0.04	
Purchasing Power of Ngultrum (Nu.)		75	75	75	75	75	75	74	75	75									

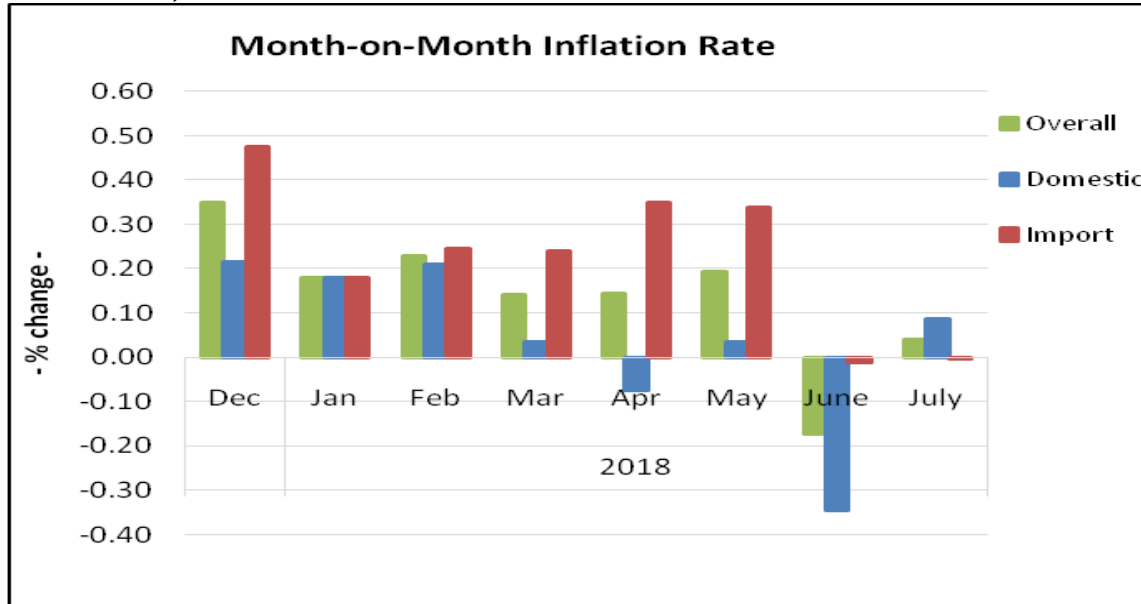
Table 8: Month-on-Month Index (Domestic)

		Index (December 2012=100)										Percent Change (%)							
Group	Weights	2017		2018							2017	2018							
		Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Dec	Jan	Feb	Mar	Apr	May	June	July	
Food	17.77	142.69	144.87	145.54	146.02	146.16	145.66	145.79	144.45	144.39	1.53	0.46	0.33	0.09	-0.35	0.09	-0.92	-0.04	
Non-Food	30.24	131.10	130.38	130.39	130.57	130.57	130.68	130.68	130.67	130.88	-0.55	0.01	0.14	0.00	0.08	0.00	-0.01	0.16	
Domestic	48.01	135.27	135.56	135.81	136.09	136.14	136.04	136.08	135.61	135.73	0.21	0.18	0.21	0.04	-0.08	0.03	-0.35	0.09	

Table 9: Month-on-Month Percent Change in the CPI (Import)

		Index (December 2012=100)										Percent Change (%)							
Group	Weights	2017		2018							2017	2018							
		Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Dec	Jan	Feb	Mar	Apr	May	June	July	
Food	22.15	137.78	138.83	138.92	139.43	140.22	140.32	140.34	139.76	139.84	0.76	0.06	0.37	0.57	0.07	0.01	-0.41	0.05	
Non-Food	29.84	124.66	124.99	125.32	125.51	125.51	126.21	126.94	127.30	127.24	0.26	0.27	0.15	0.00	0.56	0.58	0.28	-0.05	
Import	51.99	130.09	130.71	130.94	131.26	131.58	132.04	132.48	132.47	132.46	0.47	0.18	0.24	0.24	0.35	0.34	-0.01	0.00	

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



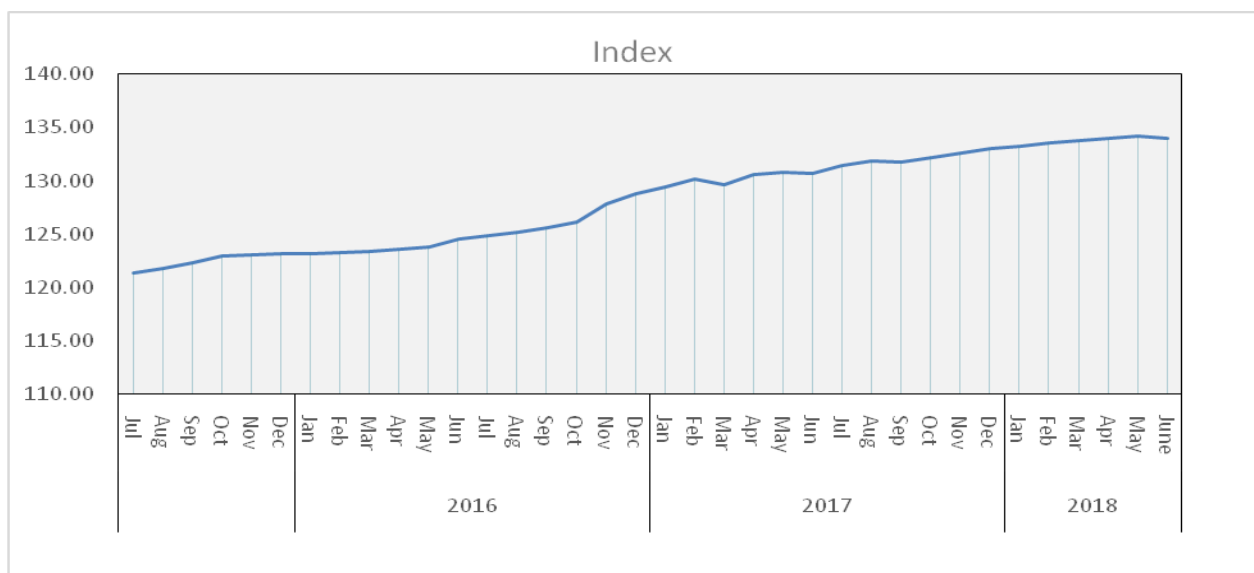
MONTH-TO-MONTH INFLATION RATE

The CPI for July over previous month of June went up by 0.04% due to increase in food and non-food prices by 0.01% and 0.06% respectively.

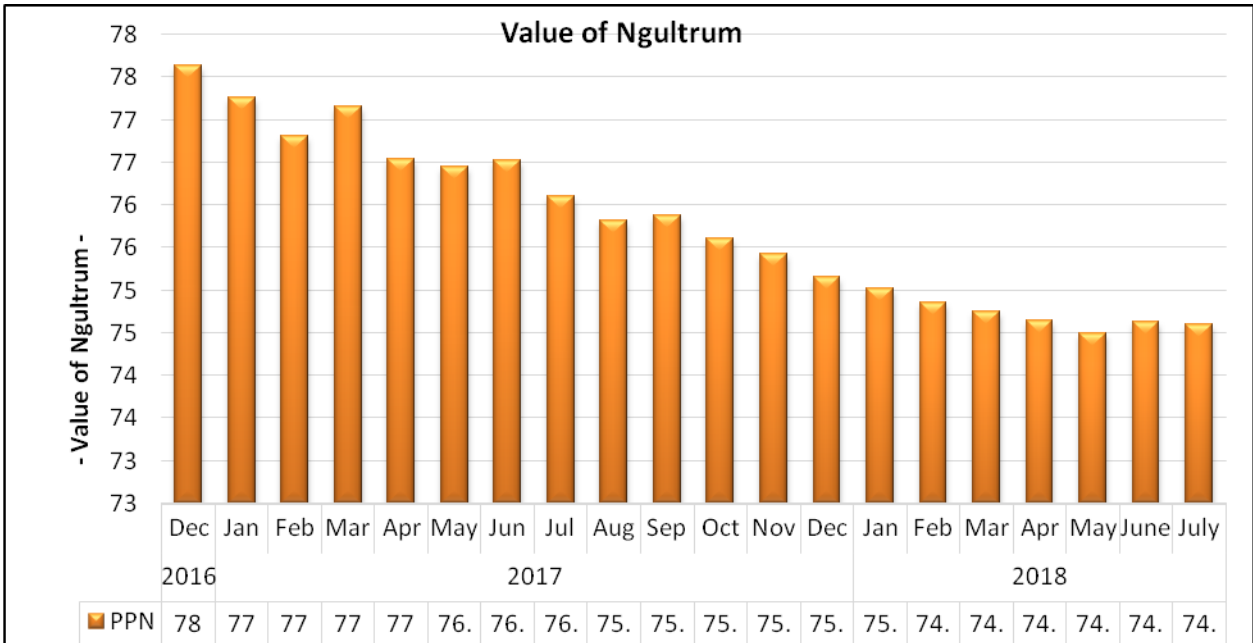
Prices of local goods and services went up by 0.09% in July from June due to increase in non-food prices by 0.16%, while food prices dropped by 0.04%.

Imported commodities showed no changes (0.00%). Although the food prices slightly increased by 0.05% while non-food prices decreased by 0.05%.

GRAPH 3: TIME SERIES INDEX LEVEL TREND



GRAPH 4: PURCHASING POWER OF NGULTRUM (PPN)



The PPN, as measured by CPI was 75 Ngultrum as of July 2018. This means, Ngultrum 100 in July 2018 is worth only Ngultrum 75 at December 2012 prices. The PPN has decreased by 1.97% in the past 12 months (i.e. from July 2017 to July 2018) due to price increase 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:

$$P_{GYo} = \prod_{i=1}^n \left(\frac{P_i^t}{P_i^0} \right)^{S_i^b}$$

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

P_i^t = Current Period Price

P_i^0 = Previous Period Price

$\left(\frac{P_i^t}{P_i^0} \right)$ = 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 151 items (436 varieties) compared to 80 items (363 varieties) in the previous CPI basket. The new rebased 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.

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 vendors 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 are applied to replace the outlets or the items, if they are no longer available or sold 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.

NATIONAL STATISTICS BUREAU
P.O.Box. # 338, Thimphu Bhutan
Phone # +975-2-335851/326802
Fax # +975-2-323069
Website: www.nsb.gov.bt

