

CONSUMER PRICE INDEX NEWSLETTER



DEPARTMENT OF COMMERCE - STATISTICS DIVISION

2ND QUARTER (APRIL - JUNE) 2010

VOLUME 3 - ISSUE : 2

Headline: Local inflation for the 2nd Quarter of 2010 recorded at 4.8 percent.

The American Samoa Consumer Price Index registered at 114.9 index points in the second quarter of 2010. Food group registered at 130.9 points (an increase of 0.8 percent from the previous quarter). Alcoholic beverages registered at 123.7 points and recorded the highest quarterly increase with 8.9 percent. Housing registered at 107.6 points (a drop of -0.3 percent in this quarter). Transportation also dropped in this quarter by -0.3 percent.

Recreation increased in this quarter by 0.8 percent. Other Goods and Services also increased by 0.6 percent. Apparel, Medical Care, and Education and Communication did not change in this quarter. Apparel remained at 108.2 index points, Medical Care at 103.9 index points, and Education and Communication at 101.1 index points.

Quarterly Group Change %

FOOD	+0.8
ALCO- BEV.	+8.9
HOUSING	-0.3
APPAREL	0.0
TRANSPORT-	-0.3
MEDICAL CARE	0.0
RECREATION	+0.8
EDUCATION	0.0
OTHER	+0.6

POINT OF INTEREST

MINIMUM WAGE INCREASES AND CONSUMER PRICE INDEX:

It has been three years since the United States Congress ordered American Samoa to increase minimum wages annually by fifty cents until it reaches the US Minimum of \$7.25. And since May 25, 2007, local minimum wages have gone up three times by \$1.50 for all industries. Except for two industries, increases in wages have now exceeded increases in the local Consumer Price Index.

Some industries have increased by more than 40 percent. Miscellaneous Industry had the highest increase of 42 percent followed by Government with 38 percent; Hotel

2ND QUARTER COMPARATIVE INDEX ANALYSIS

GROUP 1: Food

Food group recorded an increase of + 0.8 percent in this quarter due mainly to products such as: Spaghetti, Sugar, Lamb necks, Eggs, Tomato Sauce and Butter. It is the second highest increase in all the groups.

GROUP 2: Alcoholic Beverages.

Alcoholic beverages recorded the highest increase in this quarter at 8.9 percent. This increase was caused by increased costs of Beer and Rum.

GROUP 3: Housing

This group recorded a -0.3 percent drop in this quarter. Drop in the costs of Toilet Paper, Detergent and Gas LP contributed to this decline.

GROUP 4: Apparel

The Apparel Group did not change in this quarter and remained at 108.2 points.

GROUP 5: Transportation

Transportation recorded a slight drop in this quarter at -0.3 percent due to cheaper price of Unleaded Gas at the pumps.

GROUP 6: Medical Care

The Medical Care group did not change in this quarter and remained at 103.9 points.

GROUP 7: Recreation

The Recreation group recorded a **+0.8** percent increase in this quarter. Pet food and Social Activities products such as Bingo cards, markers, and glue contributed to this increase.

GROUP 8: Education/Comm.

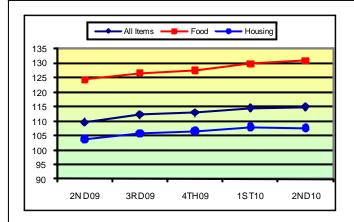
The Education/Communication group did not change in this quarter. It remained the same from the First quarter at 101.1 points.

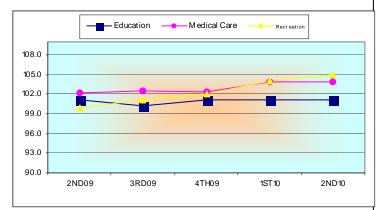
GROUP 9:Other Goods/Service

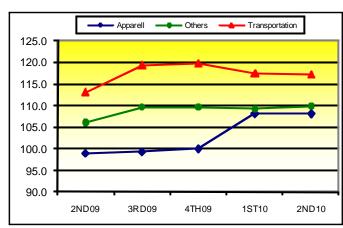
The Other Goods and Services recorded a **+0.6** percent increase in this quarter due to high costs of products such as: Cigarettes, Shampoo, Hair products, Toothpaste and Soap.

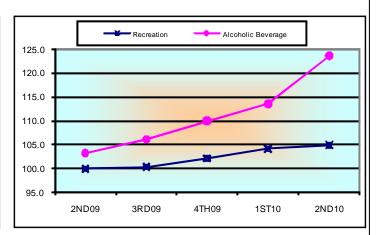
*con't— by 37 percent; Tour and Travel by 30 percent; Ship Maintenance by 30 percent; Garment Manufacturing by 18 percent and Retail, Wholesale and Warehousing by 11 percent. The only two industries that are still below the CPI general increases are Shipping—Classification A and Finance and Insurance.

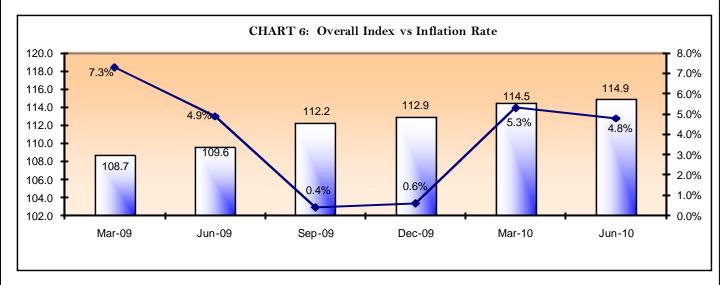
2010 1 114.5 129.9 107.9 108.2 117.5 113.6 104.1 103.9 101.1 109				COMPARATIVE INDEX ANALYSIS								
2010 1 114.5 129.9 107.9 108.2 117.5 113.6 104.1 103.9 101.1 109	Year	Qtr	All	Food	Housing	Apparel	Transpt.	Alco	Rec.	Medical	Ed /Com.	Others
	2010	2	114.9	130.9	107.6	108.2	117.2	123.7	104.9	103.9	101.1	109.9
2000 4 442.0 427.0 400.5 400.0 440.0 400.4 402.4 404.4 400	2010	1	114.5	129.9	107.9	108.2	117.5	113.6	104.1	103.9	101.1	109.3
2009 4 112.9 127.6 106.5 100.0 119.8 110.0 102.1 102.4 101.1 108	2009	4	112.9	127.6	106.5	100.0	119.8	110.0	102.1	102.4	101.1	109.7
2009 3 112.2 126.6 105.7 99.3 119.4 106.1 100.3 102.5 101.1 109	2009	3	112.2	126.6	105.7	99.3	119.4	106.1	100.3	102.5	101.1	109.7











AVERAGE RETAIL PRICES OF SELECTED COMMODITIES: 1ST QTR 2009 TO 2ND QTR 2010

		Ave.						
Commodity	Unit	2009	1qtr09	2qtr09	3qtr09	4qtr09	1stqtr10	2ndqtr10
Boneless chuck	Pound	2.47	1.86	2.19	2.42	2.49	2.45	2.55
Sausage	Pound	1.45	1.15	1.45	1.42	1.47	1.48	1.48
Chicken-whole	Pound	1.38	1.33	1.39	1.37	1.36	1.40	1.38
Turkey tail	Pound	0.88	0.70	1.00	0.86	0.81	0.87	0.86
Corned beef cnd.	12 oz	2.85	2.50	2.81	2.87	2.95	2.95	3.08
Spam	12 oz	3.11	2.70	3.10	3.11	3.16	3.13	3.13
Mackerel, cnd.	15 oz	1.36	0.88	1.40	1.40	1.38	1.40	1.31
Tuna, cnd.	6.5 oz	1.38	1.10	1.38	1.37	1.40	1.43	1.37
Green banana	Pound	3.28	0.73	3.23	3.22	3.24	3.22	3.23
Matured coconut	Each	3.22	0.44	3.24	3.18	3.18	3.19	3.19
Apple	Pound	1.22	1.58		1.72	1.54	1.60	1.64
Taro	Pound	5.27	1.51	5.08	5.11	5.13	5.14	5.13
Milk, fresh	Liter	2.03	1.56	2.12	1.68	2.19	2.13	2.29
Butter	227 gm	1.52	1.53	1.54	1.40	1.61	1.43	1.66
Rice	22.5 kg	28.75	15.78	30.66	27.72	28.32	29.60	25.26
Bread	Loaf	1.37	1.06	1.37	1.37	1.37	1.41	1.39
Sugar	2 kg	2.50	2.20	2.36	2.39	2.96	2.57	3.19
Pepsi cola	12 oz	0.62	0.65	0.63	0.62	0.64	0.64	0.62
Soy sauce	40 oz	7.27	7.02	6.96	7.61	7.60	7.61	7.95
Salt	700 gm	1.29	1.28	1.28	1.29	1.31	1.29	1.45
Cooking oil	48 fl oz	5.43	3.97	5.87	4.35	5.09	5.15	4.56
Fresh eggs	Dozen	1.59	1.70	1.81	1.68	1.00	1.50	1.67
Spaghetti, cnd.	14.75 oz	1.29	1.19	1.26	1.30	1.33	1.42	1.65
Bottle gas	91 pounds	29.90	111.00	29.90	29.90	29.90	29.95	28.25
Beer, Vailima	750 ml	2.76	2.66	2.78	2.69	2.79	2.86	2.84
Beer, Coors Light	12 fl oz	1.39	1.43	1.35	1.41	1.39	1.41	1.82
Cigarettes-Benson	20's	4.02	4.05	4.09	3.92	4.04	3.93	4.09
Cigarettes-Kools	20's	4.02	3.56	3.94	3.99	4.05	3.99	4.22
Gasoline	Gallon	2.92	3.69	2.71	3.10	3.22	3.09	3.47
Electricity	300 kWh	84.54	103.28	76.83	82.28	87.66	93.00	87.66

GENERAL INFORMATION

The American Samoa Consumer Price Index (CPI) is designed to measure changes in prices of commodities and services normally purchased by the consuming community. The American Samoa CPI (like the U.S. CPI) is based on the concept of representative "market basket." a sample of goods and services that the consumer purchases. The CPI was first developed during the early part of 1974. The selection of weight distribution was based on "General Statement of Articles of Import of Merchandise into American Samoa from July 1970 -June 1971". The weight distributions was later updated using household expenditure patterns derived from a household income and expenditure survey conducted by EDPO in 1982. Since then, CPI weights were later adjusted using the 1995 HIES and now the 2005 HIES. With the New CPI, a total of approximately 210 items are divided into 9 major groups and sub-groups, and indices are computed at different levels of aggregations...

CPI GROUPS AND WEIGHTS

Group	Weights	Allocated
Food	730	86
Housing	781	37
Apparel	308	24
Transportation	491	9
Other Goods	288	12
Alcoholic Beverages	68	2
Ed and Communication	142	11
Recreation	93	23
Medical Care	70	6

The index uses a system, which is known as Modified Laspeyres. This gives exactly the same result as an ordinary Laspeyres index, but the method of calculation is different. The formula for the Modified Laspeyres Index can be written as: In=(Wn-1xPn/Pn-1) where In is the value of the index in the current period (i.e. period 'n'), Wn-1 is the weight (or index value) of each item in the previous period (i.e. in period 'n-1'), and the fraction Pn/Pn-1 is the price relative for each item, between the current price (Pn) and the price in the previous quarter (Pn-1).

About 1100 prices are collected during the middle month of each quarter for computing the Consumer Price Index (CPI). The total number of retail outlets that provide prices to the Statistics Division data collectors each quarter is more than 125, ranging from major retailers and grocery stores to variety of services establishments such as gas stations and snack bars.

Interpreting index changes.

In compiling the CPI, data collectors obtain prices for those items that were selected in the item sample. For each individual item, a number of prices are collected. Each quarter, data collectors attempt to price the exact same item, or if that item is not available, an item that is of the same quality as the previously priced item. Those prices that are collected in the current quarter and are also of the same quality as the items in the previous quarter are then summed. A "price relative" is calculated by dividing the total of these "paired" prices for that item by the total of the previous prices. These respective price relatives are then multiplied by the expenditure weights in the previous quarter to derive new expenditure weights. These weights are then combined into composite expenditure groups and sub-groups.

These item weights show the relative importance of each of the items in an average household's market basket. The weights were derived from the 2005 Household Income and Expenditure Survey. These products represent the relative importance of these items from one quarter to the next. By combining these products into various groups and subgroups, the Statistics Division is able to estimate the relative price changes for groups such as Food, Housing, Medical Care, etc. and even estimate the change in subgroups such as bread and cereals, fruits and vegetables, and other subgroups within each major group. As in most countries, the CPI in American Samoa is the government's principle measure of inflation or deflation. By knowing what price changes are occurring for the 9 major groups in the CPI, the government's decision makers, academics and news media can understand if retail prices are rising and how fast, and can take action to try and mitigate undesirable price changes by modifying government policies.