



CONSUMER PRICE INDEX NEWSLETTER



DEPARTMENT OF COMMERCE - STATISTIC'S DIVISION

4TH QUARTER (OCT—DEC) 2009

VOLUME 1 - ISSUE : 67

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Headline: Local inflation for the 4th Quarter of 2009 recorded at 0.6 percent.

The American Samoa Consumer Price Index registered at 112.9 index points (an increase of 0.6 percent from the third quarter of 2009). Food group registered at 127.6 points (an 0.8 percent quarterly increase.) Housing registered at 106.5 points (an increase of 0.7 percent) Transportation which included fuel and oil registered at 119.8 index points (an increase of 0.4 percent.). Apparel recorded at 100 points (an 0.7 percent increase in this quarter) Other Goods and Services registered at 109.7 points. Alcoholic Beverage at 110.0 points (an increase of 3.7 percent) Recreation registered at 102.1 with a 1.8 percent increase, while Education and Communication remained the same at 101.1 points. Medical Care recorded a decrease of -0.1 percent.

Group Change %

FOOD	+ 0.8
ALCO- BEV.	+ 3.7
HOUSING	+ 0.7
APPAREL	+ 0.7
TRANSPORT-	+ 0.4
MEDICAL CARE	- 0.1
RECREATION	+ 1.8
EDUCATION	0.0
OTHER	0.0

POINT OF INTREST

MINIMUM WAGE INCREASES AND CONSUMER PRICE INDEX:

It has been two 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

4TH QUARTER COMPARATIVE INDEX ANALYSIS.

GROUP 1: Food

The "Food" group recorded a slight increase of + 0.8 percent in this quarter, due to increase in cost of items such as Cereal, Cake, Ham, Soft-Drinks, Sugar and Butter.

GROUP 2: Alcoholic Beverages.

An increase of + 3.7 percent for this group is mainly caused by high cost of Beer and Bacardi rum.

GROUP 3: Housing

This group recorded a + 0.7 percent increase in this quarter due mainly to high cost of Electric and Water bill, Water Containers and Detergent.

GROUP 4: Apparel

The Apparel Group registered a + 0.7 percent increase in this quarter due to high cost of Men's Casual and Dress shirts, Boys Footwear and Other Infant Clothing.

GROUP 5: Transportation

Transportation recorded a 0.4 percent increase in this quarter due to an increase in the cost of Unleaded Fuel Gas.

GROUP 6: Medical Care

A slight drop of - 0.1 percent in this qtr, was due to high costs of Non-Medical Drugs.

GROUP 7: Recreation

The Recreation group recorded a + 1.8 percent increase in this quarter due to high cost of Entertainment Center, Health and Exercise equipment and Social Activities (Bingo supplies).

GROUP 8: Education/Comm.

The Education/Communication group did not change in this quarter.

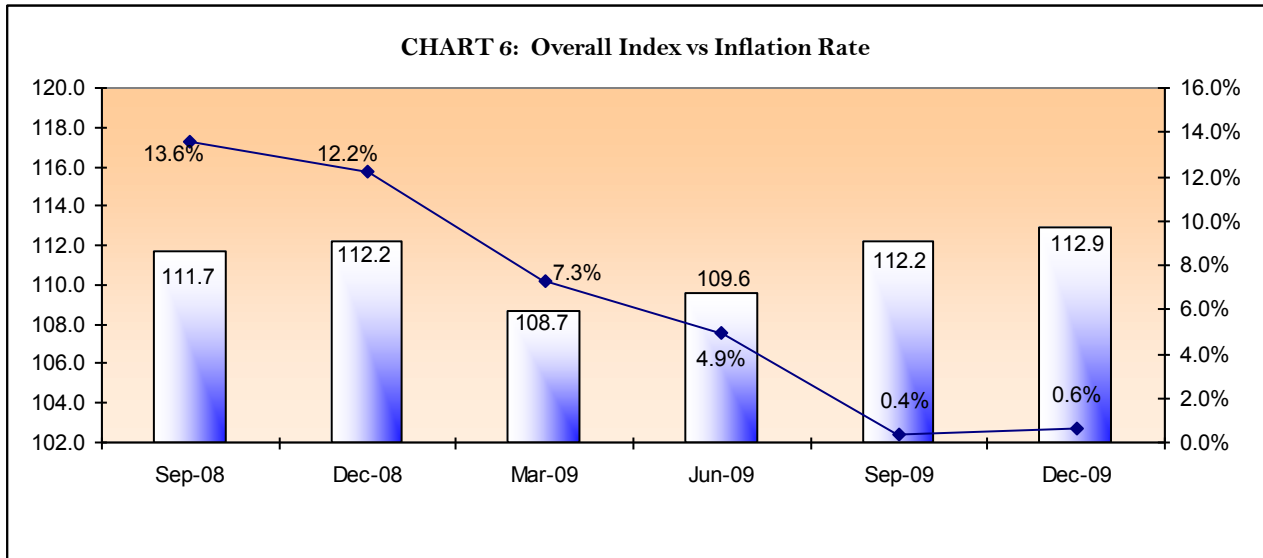
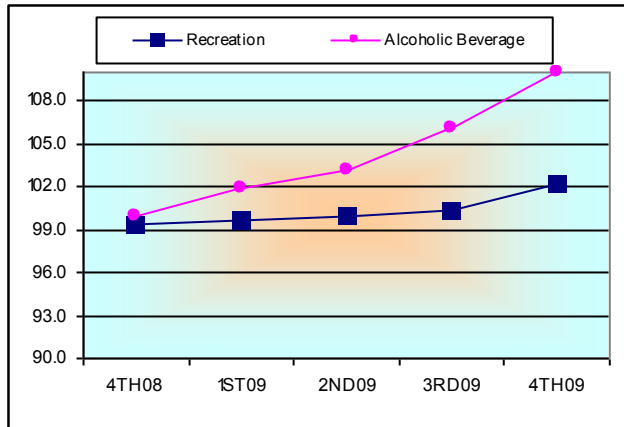
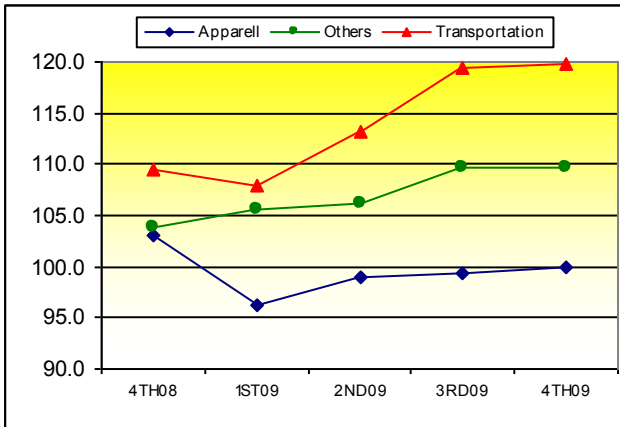
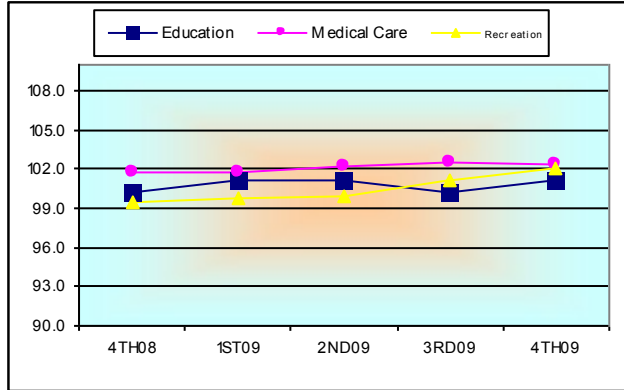
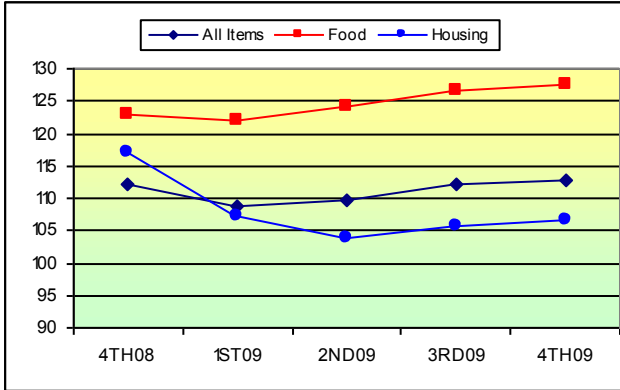
GROUP 9: Other Goods/Service

The Other Goods and Services group did not changes in this quarter.

*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.

COMPARATIVE INDEX ANALYSIS

Year	Qtr	All	Food	Housing	Apparel	Transpt.	Alco	Rec.	Medical	Ed /Com.	Others
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	109.7
2009	2	109.6	124.3	103.8	99.0	113.1	103.2	99.9	102.2	101.1	106.1
2009	1	108.7	121.9	107.3	96.3	107.9	101.9	99.7	101.8	101.1	105.6



AVERAGE RETAIL PRICES OF SELECTED COMMODITIES: 4TH QTR 2008 TO 4TH QTR 2009

Commodity	Unit	Ave.	Ave.					
		2008	2009	4qtr08	1qtr09	2qtr09	3qtr09	4qtr09
Boneless chuck	Pound	2.29	2.12	2.86	2.78	2.19	2.42	2.49
Sausage	Pound	1.26	3.18	1.43	1.44	1.45	1.42	1.47
Chicken-whole	Pound	1.38	1.41	1.43	1.40	1.39	1.37	1.36
Turkey tail	Pound	0.79	0.67	1.00	0.86	1.00	0.86	0.81
Corned beef cnd.	12 oz	2.67	3.47	2.86	2.79	2.81	2.87	2.95
Spam	12 oz	2.89	2.82	3.00	3.07	3.10	3.11	3.16
Mackerel, cnd.	15 oz	0.93	0.86	1.09	1.24	1.40	1.40	1.38
Tuna, cnd.	6.5 oz	1.27	1.21	1.38	1.38	1.38	1.37	1.40
Green banana	Pound	1.69	0.73	3.24	3.43	3.23	3.22	3.24
Matured coconut	Each	1.14	0.33	3.11	3.27	3.24	3.18	3.18
Apple	Pound	1.61	1.34	1.66	1.62		1.72	1.54
Taro	Pound	2.54	1.90	5.22	5.77	5.08	5.11	5.13
Milk, fresh	Liter	1.92	1.31	2.06	2.13	2.12	1.68	2.19
Butter	227 gm	1.73	1.29	1.71	1.52	1.54	1.40	1.61
Rice	22.5 kg	21.15	19.27	27.86	28.29	30.66	27.72	28.32
Bread	Loaf	1.22	0.82	1.37	1.37	1.37	1.37	1.37
Sugar	2 kg	2.29	1.94	2.27	2.31	2.36	2.39	2.96
Pepsi cola	12 oz	0.60	0.65	0.59	0.61	0.63	0.62	0.64
Soy sauce	40 oz	6.71	3.91	6.90	6.90	6.96	7.61	7.60
Salt	700 gm	1.42	1.29	1.43	1.27	1.28	1.29	1.31
Cooking oil	48 fl oz	4.62	1.77	6.29	6.43	5.87	4.35	5.09
Fresh eggs	Dozen	1.88	1.34	1.93	1.85	1.81	1.68	1.00
Spaghetti, cnd.	14.75 oz	1.18	1.01	1.24	1.25	1.26	1.30	1.33
Bottle gas	91 pounds	114.88	111.00	126.50	29.90	29.90	29.90	29.90
Beer, Vailima	750 ml	2.58	2.73	2.63	2.79	2.78	2.69	2.79
Beer, Coors Light	12 fl oz	1.51	1.46	1.42	1.40	1.35	1.41	1.39
Cigarettes-Benson	20's	4.10	4.12	4.13	4.04	4.09	3.92	4.04
Cigarettes-Kools	20's	3.99	4.3	4.11	4.09	3.94	3.99	4.05
Gasoline	Gallon	3.95	3.47	3.00	2.66	2.71	3.10	3.22
Electricity	300 kWh	118.93	92.37	128.95	91.40	76.83	82.28	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

ASG—Department of Commerce/Statistics
Division
Pago Pago AS 96799
Phone (684)633-5155
Fax (684)633-4195
Website: www.asdoc.info

Statistics Division Manager/Chief
Statistician
Meleisea Vaitoelau Filiga

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: $I_n = (W_{n-1} \times P_n / P_{n-1})$ where I_n is the value of the index in the current period (i.e. period 'n'), W_{n-1} is the weight (or index value) of each item in the previous period (i.e. in period 'n-1'), and the fraction P_n / P_{n-1} is the price relative for each item, between the current price (P_n) and the price in the previous quarter (P_{n-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 Statistic's Division's data collectors each quarter is more than 125, ranging from major retailers and grocery stores to variety of services establishments such as gas stations, snack bars and other.

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.