
GUAM CONSUMER PRICE INDEX

Cost of Living Section

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DEFINITION OF THE CONSUMER PRICE INDEX

The CONSUMER PRICE INDEX (CPI) is a measure of the average change in prices over time of goods and services purchased by households, both families and single persons living alone. The Guam 2008 CPI is based on the concept of a representative “market basket”, a sample of all goods and services that consumers purchase as determined by the 2005 Household Income and Expenditure Survey (HIES) funded by the US Department of Interior to the US Census Bureau, and is similar in design with the US CPI.

The 2008 CPI is measured from a total of 165 items from 8 major groups, and indices are computed at two different levels of aggregation. More than 1,050 price quotations are collected during the middle month of each quarter either by telephone or on-site survey by qualified price enumerators. There are approximately 230 business outlets included in the construction of the CPI, ranging from grocery, department and hardware stores to a variety of service establishments. This report provides average price changes for all groups and subgroups, and special indexes from consecutive quarters to one year earlier. An annual average and annualized inflation rate are also reported. In 2009, the report format may change given a complete 4-quarter observation of price changes among all groups and subgroups.

HOW TO INTERPRET INDEX CHANGES

A price change can be expressed as a percentage change between two periods, as a difference in index points between a given period and a base period assigned an index of 100.0. Thus, an index of 110.7 for a given period means the price level has increased by 10.7% from the based period of 100.0. It does not mean a 10.7% change from the immediately preceding period as shown in Example 1:

Example 1:

Period:	1 st Qtr. (base period)	2 nd Qtr.	3 rd Qtr.
Index:	100.0	108.4	110.7
		8.4% change -----	2.1% change
		-----	10.7% change-----

Any period, such as the 2nd Quarter in the next example, can be converted to a base period by dividing all indices individually by the periods’ index, then multiplying the results by 100.

Example 2:

Period:	1 st Qtr. (base period)	2 nd Qtr.	3 rd Qtr.
Index:	100.0	108.4	110.7
Period:		2 nd Qtr. (base period)	3 rd Qtr.
Index:		100.0	102.1
			-----2% change-----

In example II, we dealt with a change in price index from a given quarter to the quarter immediately succeeding it – a 2.1% change from the second to the third quarter. However, many economic statistics, such as personal income, government revenues, and expenditure, are reported on an annual basis. The equivalent annual rate is used to determine what the index would be if a price change during a three-month period continues at the same rate for four quarters, a twelve-month period. The annual rate is often used to achieve uniformity in statistical expression.

Thus, a quarterly change of 1.0% is equivalent to an annual rate of 4.1%. If prices were to increase 1.0% each quarter for four quarters, the annual increase would be 4.1%. Derivation of this figure is shown in the Example III.

Example III:

$P_n = P_o(1+i)^n$ where

P_n	= equivalent annual rate
P_o	= base index (100.0)
i	= current rate (1.0%)
n	= number of periods (4)
Thus, 104.1	= $100.0 (1 + .01)^4$

However, the equivalent annual rate should not be interpreted as a projection or price forecast. It is only a standard form for showing price changes that have occurred. The CPI only reports what has happened, while annual projections must be based on factors which determine future price changes.

Please see www.bsp.guam.gov, for historical CPI data, and other state data resources.

GUAM CONSUMER PRICE INDEX

1. Number of commodity items:

GROUP	GROUP WEIGHTS ⁴	NO. OF ITEMS ALLOCATED
Food	15.60	69
Housing	32.11	42
Apparel & Upkeep	7.61	23
Transportation	8.60	4
Medical Care	20.42	5
Recreation	2.97	5
Education and Communication	2.77	6
Other Goods & Services	<u>9.92</u>	<u>11</u>
	100.0	165

2. Base period: 4th Quarter 2007 = 100

3. Formula:

The index is computed by using base-weighted arithmetic average of prices. The formula used is either in the weighted aggregated form,

$$I_{oi} = \frac{\sum p_i q_o}{\sum p_o q_o} \times 100$$

or its equivalent, the weighted average of price relatives,

$$I_{oi} = \frac{\sum p_o q_o \left(\frac{p_i}{p_o} \right)}{\sum p_o q_o} \times 100$$

where p_i = the price of the commodity in the reporting period.
 p_o = the price of the commodity in the base period, and
 q_o = the quantity of commodity sold in the base period.

4. Weights:

Based on the 2005 Household Income and Expenditure Survey (HIES)

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The Guam Consumer Price Index (CPI) is now reported based on the 4th quarter 2007 index of 100.0, and is of similar design and makeup of the US CPI. Given a new market basket, groups, subgroups and relative expenditure weights, there are limitations in making historical comparisons at this time.

The Guam 2008 3rd Quarter CPI of 106.0 shows a 1.8 percent increase over the 2nd quarter of 2008, and an increase of 8.6 percent when compared to the same period one year earlier. The All Items Less Food index rose 1.3 percent, Energy by 3.8 percent, and All Items Less Food and Energy by 0.3 percent, as compared to the previous quarter. The purchasing power of the dollar is now \$0.64 when compared to base year 1996.

The Food group index of 110.5 shows an increase of 4.8 percent over the preceding quarter and 14.2 percent when compared to the same period one year earlier. Cereal product prices have increased 28.9 percent over the preceding quarter and 50.9 percent when compared to the same period one year earlier. Pork product prices have increased 10.0 percent over the preceding quarter and 8.6 percent when compared to the same period one year earlier. Dairy product prices have increased 4.5 percent over the preceding quarter and 6.5 percent when compared to the same period one year earlier. Eggs and Fresh Fruits product prices have decreased -9.2 and -9.5 percent, respectively, over the preceding quarter.

The Housing group index of 108.8 shows an increase of 2.4 percent over the preceding quarter and 10.9 percent when compared to the same period one year earlier. Rent and Lodging prices have increased 0.5 percent over the preceding quarter but decreased -0.1 percent when compared to the same period one year earlier. Appliances product prices have decreased -0.1 percent over the preceding quarter but increased 10.4 percent when compared to the same period one year earlier. Housekeeping Supplies prices have decreased -3.7 over the preceding quarter but increased 0.2 percent when compared to the same period one year earlier. Home electricity prices have increased 9.2 percent when compared to the previous quarter.

The Transportation group index of 106.8 shows a decrease of -0.6 percent over the preceding quarter but increased 11.9 percent when compared to the same period one year earlier. Motor Fuel prices have decreased -7.1 percent over the preceding quarter but increased 27.9 percent when compared to the same period one year earlier.

The Apparel and Upkeep group index of 104.2, Education and Communication group index of 101.0 and Other Goods and Services group index of 103.8, shows an increase of 1.5, 0.7, and 2.4 percent, respectively, over the preceding quarter. The Medical Care group index of 100.7 saw no change from the previous quarter, whereas the Recreation group index of 102.7 saw an increase of 1.3 percent.

Over 89 percent of all product prices across all groups and subgroups are included in this report.

TABLE A
CONSUMER PRICE INDEX
(4th Qtr. 2007 = 100.00)

GROUP	CY 2007 QUARTERS				CY 2008 QUARTERS			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
ALL ITEMS	97.2	98.1	97.6	100.0	101.1	104.1	106.0	
FOOD	98.2	99.1	96.8	100.0	101.2	105.4	110.5	
HOUSING	96.2	98.0	98.1	100.0	101.0	106.3	108.8	
APPAREL & UPKEEP	101.6	99.2	94.3	100.0	100.9	102.7	104.2	
TRANSPORTATION	93.5	95.0	95.4	100.0	103.6	107.4	106.8	
MEDICAL CARE	99.4	99.4	99.7	100.0	100.8	100.7	100.7	
RECREATION	¹	¹	¹	100.0	101.4	101.4	102.7	
EDUCATION & COMMUNICATION	¹	¹	¹	100.0	100.1	100.3	101.0	
OTHER GOODS & SERVICES	95.3	95.0	99.8	100.0	100.6	101.4	103.8	
SPECIAL INDEXES								
ALL ITEMS LESS FOOD	96.9	97.6	98.0	100.0	101.1	103.8	105.2	
ENERGY ²	¹	¹	¹	100.0	102.7	109.5	113.7	
ALL ITEMS LESS FOOD AND ENERGY	¹	¹	¹	100.0	100.5	101.5	101.8	
Purchase Power of Consumer Dollar (3rd Qtr. 1996 = 100.00)	.69	.69	.69	.68	.67	.65	.64	
Dollar (4th Qtr. 2007 = 100.00)				1.00	.99	.96	.94	

FOOTNOTE: "1" No comparable indexes are available between the former and current CPI.

FOOTNOTE: "2" Index items selected by the Guam Energy Office

SOURCE: Cost of Living Section, Business and Economic Statistics Program, Bureau of Statistics and Plans, Government of Guam

TABLE B
CONSUMER PRICE INDEX
(4th Qtr. 2007 = 100.00)

GROUP	Relative Importance	Index for	Index for	Index for	% Change to	
		3rd Qtr. CY 2007	2nd Qtr. CY 2008	3rd Qtr. CY 2008	3rd Qtr. 2008 from	
					Previous Quarter	One Year Earlier
All Items	100.00	97.6	104.1	106.0	1.8%	8.6%
All Items Less Food	84.41	98.0	103.8	105.2	1.3%	7.3%
Energy ²	24.09	¹	109.5	113.7	3.8%	¹
All Items Less Food and Energy	60.32	¹	101.5	101.8	0.3%	¹

GROUP	Relative Importance	Index for	Index for	Index for	% Change to	
		3rd Qtr. CY 2007	2nd Qtr. CY 2008	3rd Qtr. CY 2008	3rd Qtr. 2008 from	
					Previous Quarter	One Year Earlier
Food	15.60	96.8	105.4	110.5	4.8%	14.2%
Cereals and Cereal Products	1.37	97.0	113.5	146.3	28.9%	50.9%
Bakery Products	0.47	94.8	103.3	107.7	4.3%	13.6%
Beef	1.57	93.5	97.7	107.0	9.5%	14.5%
Pork	1.10	93.0	91.8	101.0	10.0%	8.6%
Other Meats	0.73	99.5	101.2	108.9	7.6%	9.5%
Poultry	2.20	100.8	102.3	100.3	-2.0%	-0.5%
Fish and Seafood	1.19	98.1	125.2	118.1	-5.7%	20.4%
Eggs	0.26	¹	120.5	109.4	-9.2%	¹
Dairy Products	0.70	100.9	102.9	107.5	4.5%	6.5%
Fresh Fruits	0.71	100.0	112.4	101.7	-9.5%	1.8%
Fresh Vegetables	1.01	89.8	103.2	106.9	3.6%	19.1%
Juice and Non-Alcoholic Drinks	1.53	¹	103.7	106.1	2.3%	¹
Sugar and Sweets	0.25	101.0	102.0	104.0	2.0%	3.0%
Fats and Oils	0.13	105.5	114.6	114.7	0.1%	8.7%
Other Foods	1.47	97.0	105.5	110.7	4.9%	14.1%
Meals Away from Home	0.66	100.1	107.6	114.5	6.4%	14.4%
Alcoholic Beverages	0.25	102.2	104.3	109.8	5.3%	7.4%

FOOTNOTE: "1" No comparable indexes are available between the former and current CPI.

FOOTNOTE: "2" Index items selected by the Guam Energy Office

SOURCE: Cost of Living Section, Business and Economic Statistics Program, Bureau of Statistics and Plans, Government of Guam

TABLE B
(continued)

GROUP	Relative Importance	Index	Index	Index	% Change to	
		for 3rd Qtr. CY 2007	for 2nd Qtr. CY 2008	for 3rd Qtr. CY 2008	3rd Qtr. 2008 from Previous Quarter	One Year Earlier
HOUSING	32.11	98.1	106.3	108.8	2.4%	10.9%
Rent and Lodging	5.13	100.0	99.4	99.9	0.5%	-0.1%
Home Fuel	3.22	¹	114.1	118.8	4.1%	¹
Electricity	8.09	¹	114.9	125.5	9.2%	¹
Water, Sewer and Trash	3.37	¹	100.1	100.6	0.5%	¹
Floor Coverings	0.17	¹	100.0	102.5	2.5%	¹
Furniture and Bedding	0.75	91.3	101.0	100.6	-0.4%	10.2%
Appliances	0.93	94.5	104.4	104.3	-0.1%	10.4%
Tools, Hardware, Outdoor Equip.	0.91	¹	100.9	102.4	1.5%	¹
Housekeeping Supplies	7.95	99.6	103.6	99.8	-3.7%	0.2%
Housekeeping Operations	1.58	100.0	103.3	106.2	2.8%	6.2%

FOOTNOTE: "1" No comparable indexes are available between the former and current CPI.

SOURCE: Cost of Living Section, Business and Economic Statistics Program, Bureau of Statistics and Plans, Government of Guam

TABLE B
(continued)

GROUP	Relative Importance	Index for	Index for	Index for	% Change to	
		3rd Qtr. CY 2007	2nd Qtr. CY 2008	3rd Qtr. CY 2008	3rd Qtr. 2008 from	Previous Quarter
APPAREL & UPKEEP	7.61	94.3	102.7	104.2	1.5%	10.6%
Men's Apparel	2.09	96.1	99.5	100.9	1.4%	5.0%
Boy's Apparel	0.54	82.7	103.0	105.3	2.2%	27.3%
Women's Apparel	2.03	89.5	104.2	104.6	0.4%	16.9%
Girl's Apparel	0.33	83.9	104.0	110.2	6.0%	31.3%
Footwear	1.37	100.0	91.6	92.4	0.9%	-7.6%
Infant's & Toddler's Apparel	0.38	100.4	98.0	98.0	0.0%	-2.4%
Jewelry	0.87	¹	125.4	129.6	3.3%	¹

GROUP	Relative Importance	Index for	Index for	Index for	% Change to	
		3rd Qtr. CY 2007	2nd Qtr. CY 2008	3rd Qtr. CY 2008	3rd Qtr. 2008 from	Previous Quarter
TRANSPORTATION	8.6	95.4	107.4	106.8	-0.6%	11.9%
New Cars	5.2	99.5	103.8	105.3	1.4%	5.9%
Motor Fuel	1.4	90.9	125.2	116.3	-7.1%	27.9%
Car Maintenance	1.0	¹	107.7	107.7	0.0%	¹
Car Insurance	1.0	¹	100.2	100.2	0.0%	¹

Footnote: "1" No comparable indexes are available between the former and current CPI.

SOURCE: Cost of Living Section, Business and Economic Statistics Program, Bureau of Statistics and Plans, Government of Guam

**TABLE B
(continued)**

GROUP	Relative Importance	Index for	Index for	Index for	% Change to	
		3rd Qtr. CY 2007	2nd Qtr. CY 2008	3rd Qtr. CY 2008	3rd Qtr. 2008 from	
					Previous Quarter	One Year Earlier
MEDICAL CARE	20.42	99.7	100.7	100.7	0.0%	1.1%
Prescription Drugs	0.67	100.0	106.5	106.5	0.0%	6.5%
Physician Services	2.07	98.2	102.9	102.9	0.0%	4.8%
Other Medical Practitioner Costs	0.47	100.0	110.4	110.4	0.0%	10.4%
Hospital and Related Services	17.22	1	100.0	100.0	0.0%	1

GROUP	Relative Importance	Index for	Index for	Index for	% Change to	
		3rd Qtr. CY 2007	2nd Qtr. CY 2008	3rd Qtr. CY 2008	3rd Qtr. 2008 from	
					Previous Quarter	One Year Earlier
RECREATION	2.97	1	101.4	102.7	1.3%	1
Audio and Video	2.63	99.9	101.4	102.7	1.3%	2.8%
Pet and Pet Products	0.19	1	103.2	103.2	0.0%	1
Sporting Goods	0.14	1	99.9	101.7	1.8%	1

FOOTNOTE: "1" No comparable indexes are available between the former and current CPI.

SOURCE: Cost of Living Section, Business and Economic Statistics Program, Bureau of Statistics and Plans, Government of Guam

TABLE B
(continued)

GROUP	Relative Importance	Index	Index	Index	% Change to	
		for 3rd Qtr. CY 2007	for 2nd Qtr. CY 2008	for 3rd Qtr. CY 2008	3rd Qtr. 2008 from Previous Quarter	One Year Earlier
EDUCATION & COMMUNICATION	2.77	99.9	100.3	101.0	0.7%	1.1%
Educational Books & Supplies	0.18	1	100.0	112.2	12.2%	1
Tuition & Other School Fees	0.38	1	100.0	100.5	0.5%	1
Telephone Services	1.48	1	100.0	100.1	0.1%	1
Computers	0.34	1	102.3	100.8	-1.5%	1
Internet Services	0.39	1	100.0	100.0	0.0%	1

GROUP	Relative Importance	Index	Index	Index	% Change to	
		for 3rd Qtr. CY 2007	for 2nd Qtr. CY 2008	for 3rd Qtr. CY 2008	3rd Qtr. 2008 from Previous Quarter	One Year Earlier
OTHER GOODS & SERVICES	9.92	99.8	101.4	103.8	2.4%	4.0%
Tobacco Products	1.04	100.0	100.3	101.5	1.2%	1.5%
Personal Care Products	5.36	99.3	100.0	101.1	1.1%	1.8%
Personal Care Services	0.66	100.0	106.5	114.4	7.4%	14.4%
Miscellaneous Personal Services	0.16	1	93.3	93.3	0.0%	1
Funeral Expenses	0.93	1	105.7	112.7	6.6%	1
Financial Services	0.47	1	110.4	107.9	-2.3%	1
Other Special Occasions	1.31	1	100.0	105.0	5.0%	1

FOOTNOTE: "1" No comparable indexes are available between the former and current CPI.

SOURCE: Cost of Living Section, Business and Economic Statistics Program, Bureau of Statistics and Plans, Government of Guam

TABLE C

CONSUMER PRICE INDEX (CPI)
(4th Qtr. 2007 = 100.00)

Rebased Indexes³, Average Annual Percent Change

Calendar Year	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Annual Average	Average Annual Percent Change
1996	66.0	67.5	67.6	68.2	67.3	
1997	68.8	68.6	68.2	68.9	68.6	1.9%
1998	69.0	68.0	67.9	67.7	68.2	-0.6%
1999	68.6	68.9	70.1	70.2	69.4	1.8%
2000	71.2	71.4	70.4	70.2	70.8	2.0%
2001	70.6	70.4	69.2	69.1	69.8	-1.4%
2002	69.8	69.8	70.0	71.5	70.3	0.6%
2003	70.3	72.3	72.7	73.5	72.2	2.7%
2004	74.7	76.0	77.1	78.6	76.6	6.1%
2005	79.3	80.9	81.5	88.1	82.5	7.7%
2006	88.8	91.3	92.4	95.5	92.0	11.6%
2007	97.2	98.1	97.6	100.0	98.2	6.8%
2008	101.1	104.1	106.0			

FOOTNOTE: "3" See page (i) Example II, for the discussion on rebasing indexes.

SOURCE: Cost of Living Section, Business and Economic Statistics Program, Bureau of Statistics and Plans, Government of Guam

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