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GUAM CONSUMER PRICE INDEX

Cost of Living Section

3rd Quarter 2016
VOL. XLII No. 3

Bureau of Statistics and Plans
Business and Economic Statistics Program
Government of Guam

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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 CPI is measured from a total of 168 items from 8 major groups, and indices are computed at two different levels of aggregation. More than 1,070 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 212 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. Indexes are subject to revision.

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:

$$P_n = P_o(1+i)^n \text{ where}$$

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>14</u>
	100.0	168

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,

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

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)

Guam Consumer Price Index (CPI)

3rd Quarter 2016

Volume No. XLII, 3

The Guam 2016 3rd Quarter CPI of 123.6¹ shows a 0.1 percent increase over the 2nd quarter of 2016, and 6.2 percent when compared to the same period one year earlier. The All Items Less Food Index increased by 0.3 percent, Energy by 0.3 percent, All Items Less Food and Energy (core) by 0.4 percent, Commodities Less Food by 0.1 percent and Services by 0.4 percent, as compared to the 2nd quarter of 2016. These increases were partially offset by decreases in Food and Housing group indexes. The purchasing power of the dollar saw no change at \$0.55 when compared to base year 1996.

The Food group index of 140.0 shows a decrease of -0.9 percent over the preceding quarter and -1.1 percent when compared to the same period one year earlier. Eggs prices decreased -13.4 percent over the preceding quarter and -35.7 percent when compared to the same period one year earlier. Cereals (including rice) product prices decreased -5.4 percent over the preceding quarter and -10.0 percent when compared to the same period one year earlier. Fresh Vegetable product prices decreased -4.1 percent over the preceding quarter and -5.3 percent when compared to the same period one year earlier. Fish and Seafood product prices increased 2.0 percent over the preceding quarter and 15.0 percent when compared to the same period one year earlier. Poultry product prices increased 1.8 percent over the preceding quarter and 4.3 percent when compared to the same period one year earlier.

The Housing group index of 113.2 shows a decrease of -0.3 percent over the preceding quarter and -2.4 percent when compared to the same period one year earlier. Appliances product prices decreased -1.9 over the preceding quarter and -1.6 percent when compared to the same period one year earlier. Water, Sewer and Trash product prices decreased -0.1 percent over the preceding quarter and -0.1 percent when compared to the same period one year earlier. Furniture and Bedding product prices increased 2.0 percent over the preceding quarter and 1.1 percent when compared to the same period one year earlier.

The Transportation group index of 98.6 shows an increase of 1.3 percent over the preceding quarter and 0.3 percent when compared to the same period one year earlier. New Car prices increased 2.7 percent over the preceding quarter and 0.5 percent when compared to the same period one year earlier. Motor Fuel prices decreased -2.8 percent over the preceding quarter and -7.2 percent when compared to the same period one year earlier.

The Apparel and Upkeep group index of 83.2, Medical Care group index of 161.0, Education and Communication group index of 102.8 and Other Goods and Services group index of 116.0 shows an increase of 0.4, 0.8, 0.2 and 0.3 percent respectively, over the preceding quarter. The Recreation group index of 114.3 shows a decrease of -0.1 percent over the preceding quarter.

Over 85 percent of all product prices across all groups and subgroups are included in this report.

¹ Collection of price data occurred during the last 3 weeks of the quarter, outside of the mid-month convention.

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

GROUP	CY 2015 QUARTERS				CY 2016 QUARTERS			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
ALL ITEMS	116.0	116.5	116.4	115.4	121.3	123.5	123.6	
FOOD	141.7	140.6	141.6	141.3	138.5	141.3	140.0	
HOUSING	116.4	116.1	116.0	116.2	113.6	113.5	113.2	
APPAREL & UPKEEP	83.9	82.0	81.7	80.3	82.2	82.9	83.2	
TRANSPORTATION	96.5	102.4	98.3	97.3	97.9	97.3	98.6	
MEDICAL CARE	119.6	121.8	121.8	118.0	151.3	159.8	161.0	
RECREATION	109.5	109.7	108.1	107.5	114.8	114.4	114.3	
EDUCATION & COMMUNICATION	102.7	102.7	102.4	102.4	102.4	102.6	102.8	
OTHER GOODS & SERVICES	114.1	114.0	115.3	115.6	114.6	115.6	116.0	
SPECIAL INDEXES								
ALL ITEMS LESS FOOD	111.2	112.1	111.7	110.7	118.1	120.2	120.6	
ENERGY ¹	113.0	114.2	112.5	112.3	109.0	108.9	109.2	
ALL ITEMS LESS FOOD AND ENERGY	110.5	111.2	111.4	110.0	121.7	124.7	125.2	
COMMODITIES LESS FOOD	103.0	103.3	102.2	101.9	102.2	102.7	102.8	
SERVICES	117.8	119.1	119.3	117.7	130.7	134.3	134.9	
Purchase Power of Consumer								
Dollar (3rd Qtr. 1996 = 100.00)	.59	.58	.58	.59	.56	.55	.55	
Dollar (4th Qtr. 2007 = 100.00)	.86	.86	.86	.87	.82	.81	.81	

FOOTNOTE: "1" 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 3rd Qtr. CY 2015	Index for 2nd Qtr. CY 2016	Index for 3rd Qtr. CY 2016	% Change to 3rd Qtr. 2016 from	
					Previous Quarter	One Year Earlier
All Items	100.00	116.4	123.5	123.6	0.1%	6.2%
All Items Less Food	84.41	111.7	120.2	120.6	0.3%	8.0%
Energy ¹	24.09	112.5	108.9	109.2	0.3%	-2.9%
All Items Less Food and Energy	60.32	111.4	124.7	125.2	0.4%	12.4%
Commodities Less Food	37.54	102.2	102.7	102.8	0.1%	0.6%
Services	46.86	119.3	134.3	134.9	0.4%	13.1%

GROUP	Relative Importance	Index for 3rd Qtr. CY 2015	Index for 2nd Qtr. CY 2016	Index for 3rd Qtr. CY 2016	% Change to 3rd Qtr. 2016 from	
					Previous Quarter	One Year Earlier
Food	15.60	141.6	141.3	140.0	-0.9%	-1.1%
Cereals and Cereal Products	1.37	158.8	151.1	142.9	-5.4%	-10.0%
Bakery Products	0.47	145.1	142.5	142.4	-0.1%	-1.9%
Beef	1.57	151.6	137.2	142.1	3.6%	-6.3%
Pork	1.10	127.4	130.5	128.0	-1.9%	0.5%
Other Meats	0.73	157.1	157.6	149.6	-5.1%	-4.8%
Poultry	2.20	142.6	146.1	148.8	1.8%	4.3%
Fish and Seafood	1.19	131.1	147.8	150.7	2.0%	15.0%
Eggs	0.26	192.6	142.9	123.8	-13.4%	-35.7%
Dairy Products	0.70	142.2	138.3	140.3	1.4%	-1.3%
Fresh Fruits	0.71	119.6	129.2	124.5	-3.6%	4.1%
Fresh Vegetables	1.01	123.9	122.3	117.3	-4.1%	-5.3%
Juice and Non-Alcoholic Drinks	1.53	129.7	129.7	130.7	0.8%	0.8%
Sugar and Sweets	0.25	158.3	169.4	165.0	-2.6%	4.2%
Fats and Oils	0.13	155.9	155.3	154.1	-0.8%	-1.2%
Other Foods	1.47	145.5	149.6	147.7	-1.3%	1.5%
Meals Away from Home	0.66	144.3	144.4	139.7	-3.3%	-3.2%
Alcoholic Beverages	0.25	134.7	132.6	131.2	-1.1%	-2.6%

FOOTNOTE: "1" 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 Im- portance	Index for 3rd Qtr. CY 2015	Index for 2nd Qtr. CY 2016	Index for 3rd Qtr. CY 2016	% Change to 3rd Qtr. 2016 from	
					Previous Quarter	One Year Earlier
HOUSING	32.11	116.0	113.5	113.2	-0.3%	-2.4%
Rent and Lodging	5.13	105.6	102.8	103.2	0.4%	-2.3%
Home Fuel	3.22	136.5	138.0	138.0	0.0%	1.1%
Electricity	8.09	106.5	96.4	96.4	0.0%	-9.5%
Water, Sewer and Trash	3.37	154.6	154.6	154.5	-0.1%	-0.1%
Floor Coverings	0.17	98.2	96.6	96.5	-0.1%	-1.7%
Furniture and Bedding	0.75	56.2	55.7	56.8	2.0%	1.1%
Appliances	0.93	127.9	128.4	125.9	-1.9%	-1.6%
Tools, Hardware, Outdoor Equip.	0.91	108.2	113.2	113.0	-0.2%	4.4%
Housekeeping Supplies	7.95	109.9	110.0	108.9	-1.0%	-0.9%
Housekeeping Operations	1.58	133.1	136.3	136.4	0.1%	2.5%

GROUP	Relative Im- portance	Index for 3rd Qtr. CY 2015	Index for 2nd Qtr. CY 2016	Index for 3rd Qtr. CY 2016	% Change to 3rd Qtr. 2016 from	
					Previous Quarter	One Year Earlier
APPAREL & UPKEEP	7.61	81.7	82.9	83.2	0.4%	1.8%
Men's Apparel	2.09	94.7	96.4	97.3	0.9%	2.7%
Boy's Apparel	0.54	109.2	108.1	109.2	1.0%	0.0%
Women's Apparel	2.03	77.6	81.6	81.1	-0.6%	4.5%
Girl's Apparel	0.33	81.9	84.3	83.5	-0.9%	2.0%
Footwear	1.37	40.5	38.4	39.3	2.3%	-3.0%
Infant's & Toddler's Apparel	0.38	117.2	109.1	109.1	0.0%	-6.9%
Jewelry	0.87	93.0	96.4	96.4	0.0%	3.7%

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 3rd Qtr. CY 2015	Index for 2nd Qtr. CY 2016	Index for 3rd Qtr. CY 2016	% Change to 3rd Qtr. 2016 from	
					Previous Quarter	One Year Earlier
TRANSPORTATION	8.6	98.3	97.3	98.6	1.3%	0.3%
New Cars	5.2	98.4	96.3	98.9	2.7%	0.5%
Motor Fuel	1.4	101.1	96.5	93.8	-2.8%	-7.2%
Car Maintenance	1.0	97.4	106.3	108.0	1.6%	10.9%
Car Insurance	1.0	94.7	94.7	94.7	0.0%	0.0%

GROUP	Relative Importance	Index for 3rd Qtr. CY 2015	Index for 2nd Qtr. CY 2016	Index for 3rd Qtr. CY 2016	% Change to 3rd Qtr. 2016 from	
					Previous Quarter	One Year Earlier
MEDICAL CARE	20.42	121.8	159.8	161.0	0.8%	32.2%
Prescription Drugs	0.67	136.2	142.8	149.4	4.6%	9.7%
Physician Services	2.07	160.2	183.7	184.9	0.7%	15.4%
Other Medical Practitioner Costs	0.47	146.8	146.8	146.8	0.0%	0.0%
Hospital and Related Services	17.22	115.9	158.0	159.0	0.6%	37.2%

GROUP	Relative Importance	Index for 3rd Qtr. CY 2015	Index for 2nd Qtr. CY 2016	Index for 3rd Qtr. CY 2016	% Change to 3rd Qtr. 2016 from	
					Previous Quarter	One Year Earlier
RECREATION	2.97	108.1	114.4	114.3	-0.1%	5.7%
Audio and Video	2.63	104.7	112.0	112.0	0.0%	7.0%
Pet and Pet Products	0.19	130.8	136.7	136.1	-0.4%	4.1%
Sporting Goods	0.14	141.1	129.0	129.0	0.0%	-8.6%

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 3rd Qtr.	Index for 2nd Qtr.	Index for 3rd Qtr.	% Change to 3rd Qtr. 2016 from	
		CY 2015	CY 2016	CY 2016	Previous Quarter	One Year Earlier
EDUCATION & COMMUNICATION	2.77	102.4	102.6	102.8	0.2%	0.4%
Educational Books & Supplies	0.18	126.6	126.6	128.4	1.4%	1.4%
Tuition & Other School Fees	0.38	110.4	110.4	110.8	0.4%	0.4%
Telephone Services	1.48	104.5	105.1	105.1	0.0%	0.6%
Computers	0.34	68.8	68.6	68.6	0.0%	-0.3%
Internet Services	0.39	104.1	104.1	104.1	0.0%	0.0%

GROUP	Relative Importance	Index for 3rd Qtr.	Index for 2nd Qtr.	Index for 3rd Qtr.	% Change to 3rd Qtr. 2016 from	
		CY 2015	CY 2016	CY 2016	Previous Quarter	One Year Earlier
OTHER GOODS & SERVICES	9.92	115.3	115.6	116.0	0.3%	0.6%
Tobacco Products	1.04	204.4	206.6	206.6	0.0%	1.1%
Personal Care Products	5.36	87.0	87.9	87.8	-0.1%	0.9%
Personal Care Services	0.66	140.9	129.5	141.8	9.5%	0.6%
Miscellaneous Personal Services	0.16	120.0	120.0	120.0	0.0%	0.0%
Funeral Expenses	0.93	120.9	121.8	125.6	3.1%	3.9%
Financial Services	0.47	128.0	128.0	128.0	0.0%	0.0%
Other Special Occasions	1.31	138.4	140.2	135.0	-3.7%	-2.5%

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

TABLE C

CONSUMER PRICE INDEX (CPI)

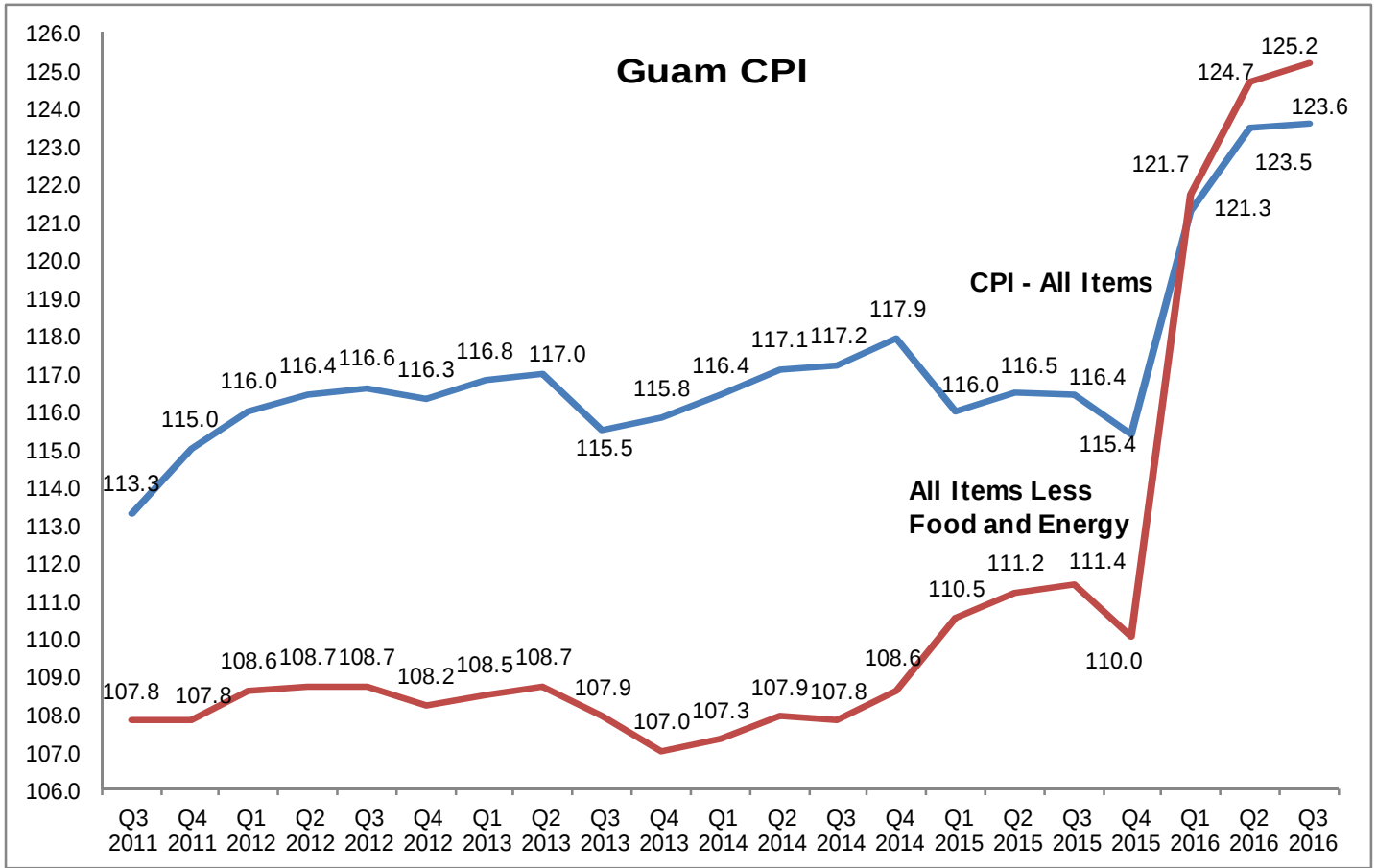
(4th Qtr. 2007 = 100.00)

Rebased Indexes², Average Annual Percent Change

Calendar Year	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Annual Average	Average Annual Percent Change
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	106.1	104.3	6.2%
2009	105.6	105.4	106.9	106.5	106.1	1.7%
2010	107.8	108.9	109.4	110.6	109.2	2.9%
2011	109.8	112.9	113.3	115.0	112.8	3.3%
2012	116.0	116.4	116.6	116.3	116.3	3.2%
2013	116.8	117.0	115.5	115.8	116.3	0.0%
2014	116.4	117.1	117.2	117.9	117.2	0.8%
2015	116.0	116.5	116.4	115.4	116.1	-0.9%
2016	121.3	123.5	123.6			

FOOTNOTE: "2" 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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