



مركز الإحصاء
STATISTICS CENTRE

Regional Consumer Price Index

July, 2013

Base year 2007



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Contents

Introduction	3
CPI by geographic regions.....	3
1. CPI of Abu Dhabi emirate.....	4
2. CPI of Abu Dhabi region	4
CPI in July 2013, Abu Dhabi Region.....	6
1. CPI in July 2013 compared with June 2013	6
2. CPI in July 2013 compared with July 2012.....	6
Consumer price index- Al Ain region	7
CPI in July 2013, Al Ain Region	8
1. CPI in July 2013 compared with June 2013	8
2. CPI in July 2013 compared with July 2012.....	8
CPI in July 2013, Al Gharbia Region	9
CPI in July 2013, Al Gharbia Region	10
1. CPI in July 2013 compared with June 2013	10
2. CPI in July 2013 compared with July 2012.....	10
Consumer Price Index (CPI) Methodology.....	11

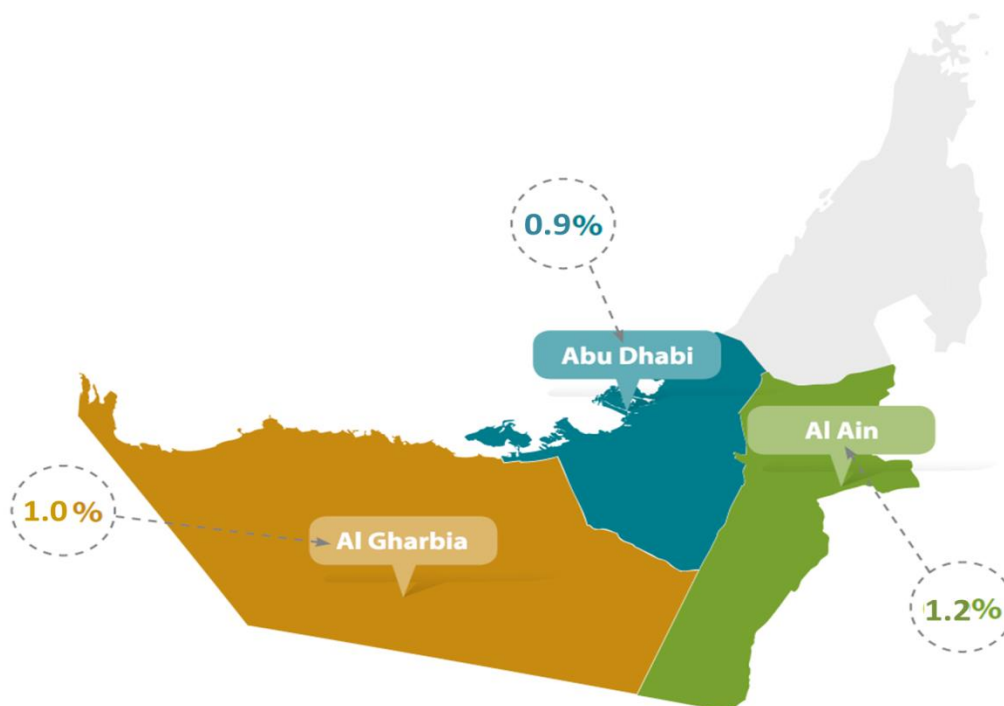
Introduction

The consumer price Index (CPI) is an important statistical indicator for planning and research in various disciplines. Statistics centers and agencies in different countries consistently compile these indices, which depend on the prices of a basket of goods and services consumed by the household sector. The figures thus calculated constitute a time series that provides a measure of changes in the cost of living over time.

Therefore Statistics Centre - Abu Dhabi (SCAD) has always taken interest in collecting the prices of those goods and services on a regular basis and publishes the indicators derived from this data, following the methodologies adopted internationally in this field.

Prices and Income section of SCAD has developed the CPI to allow compiling it by geographic region. Selected data sources are chosen in a way that ensures that they represent points of purchase for a large base of consumers all over the Emirate of Abu Dhabi, including Abu Dhabi, Al Ain and Al Gharbia regions.

To represent all regions of the Emirate, the selected sample items included in the Consumer Price Index basket uses data from the 2007 Household Income and Expenditure Survey.



CPI by geographic regions

This publication provides an analysis of the CPI results for the first seven months of 2013, with 2007 as the base year. The CPI is shown by geographic region (for the three regions of the Emirate, namely Abu Dhabi, Al Ain and Al Gharbia).

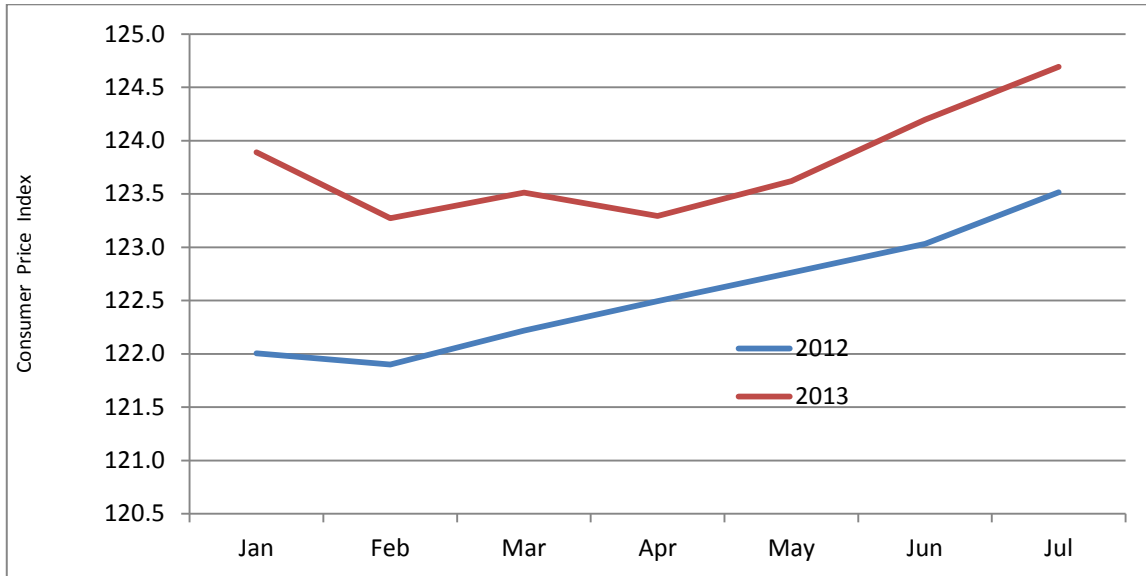
1. CPI of Abu Dhabi Emirate

- The inflation rate in consumer prices for the first seven months of 2013 was 0.9%, compared with the same period of 2012.
- The CPI increased in July 2013 by 1.1%, compared with the same month in 2012.
- The CPI increased in July 2013 by 0.5% compared with June 2013.

2. CPI of Abu Dhabi region

3. The inflation rate in the Abu Dhabi region was 0.9% in the first seven months of 2013, compared with the same period of 2012, while the CPI increased from 123.8 points during the first seven months of 2013, up from 122.7 points to 123 .8 points.
4. The inflation rate increased by 1.0% in July 2013, compared with the same month in 2012, as the CPI increased from 123.5 points in July 2012 to 124.7 points in July 2013.
5. The CPI increased by 0.4% in July 2013, compared with June 2013.

Figure (1): Consumer Price Index, Abu Dhabi region, first seven months of 2012 and 2013



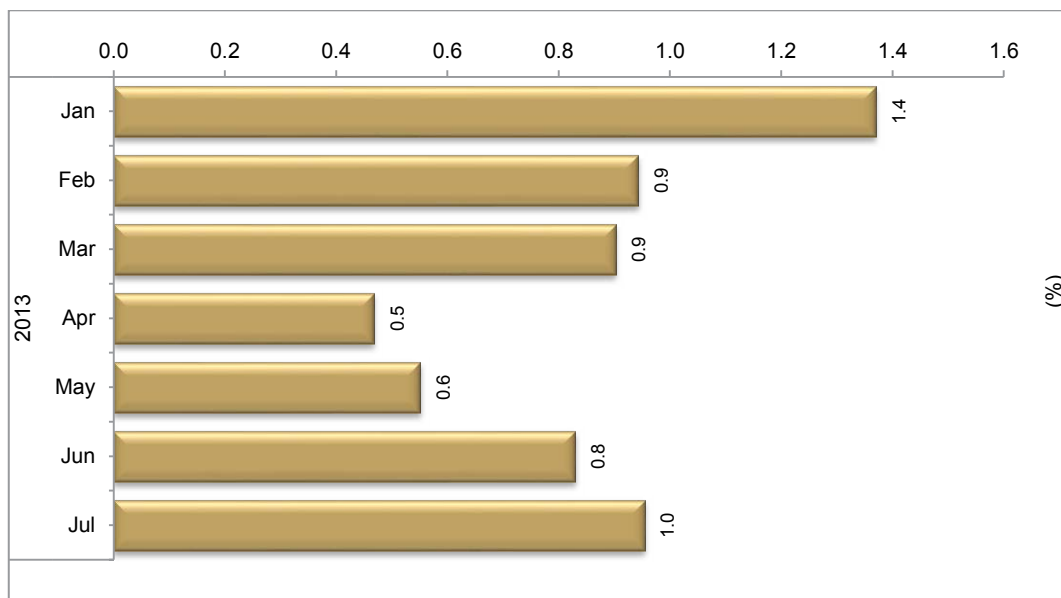
Source: Statistics Centre- Abu Dhabi

Table (1): Consumer price index for the Abu Dhabi region

Year	June	July	Jan - July
	CPI		
2012	123.2	123.5	122.7
2013	124.2	124.7	123.8
	— % —		
Percentage change	0.9	1.0	0.9

Source: Statistics Centre - Abu Dhabi

Figure (2): Annual inflation rates, Abu Dhabi region, 2013



Source: Statistics Centre- Abu Dhabi

CPI in the Abu Dhabi Region, July 2013

1. CPI in July 2013 compared with June 2013

The average consumer prices rose by 0.4% in July 2013 compared with June 2013. The rise reflects the change in the consumer basket prices (resulting from increases or decreases) during the two periods compared.

The major groups that increased in July 2013 were "Food and non-alcoholic beverages" with 2.3% and "Clothing and footwear" with 0.7%.

2. CPI in July 2013 compared with July 2012

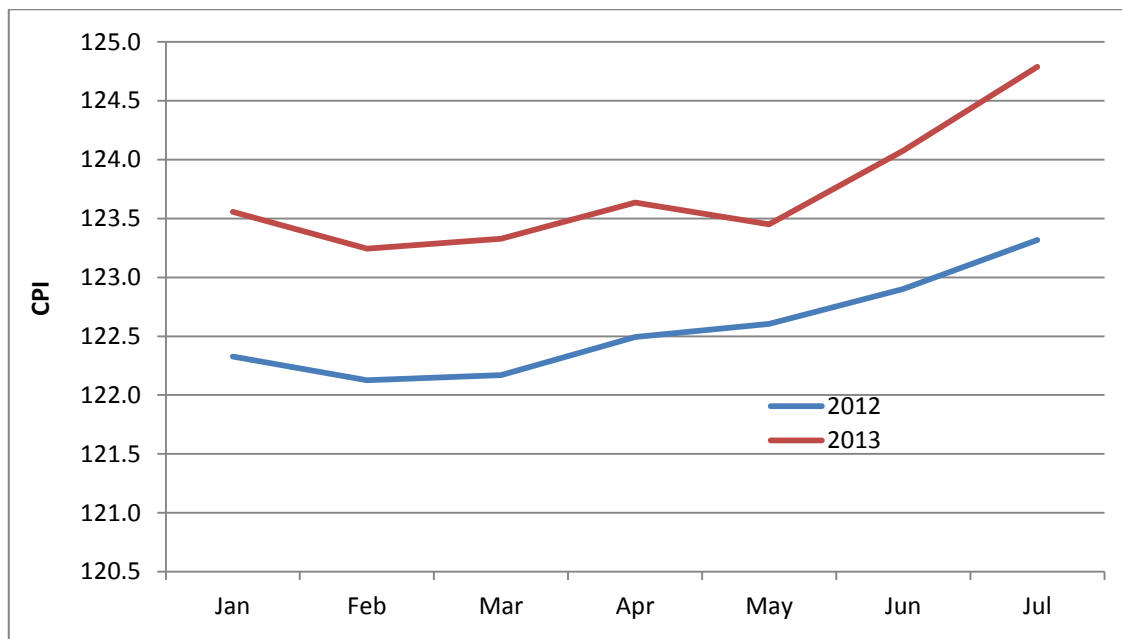
The average consumer prices rose by 1.0% in July 2013 compared with July 2012 as The CPI rose from 123.5 points to 124.7 points over the same period.

Major groups that increased in July 2013 were "Alcoholic beverages and tobacco" (7.5%), "Furnishings, household equipment and routine household maintenance" (3.2%), "Transport" (2.9%) and "Hotel and restaurants" (2.4%). At the same time, the "Housing, water, electricity, gas and other fuels" group decreased by 0.1%.

Consumer price index- Al Ain Region

- The inflation rate in the Al Ain region during the first seven months of 2013 was 1.0%, compared with the same period in 2012 as the CPI increased from 122.6 points to 123.7 points.
- The inflation rate increased by 1.2% in July 2013, compared with the same month in 2012 as the CPI increased from 123.3 points in July 2012 to 124.8 points in July 2013.
- The CPI increased by 0.6% in July 2013, compared with June 2013.

Figure (4): Consumer Price Index, Al Ain region, first seven months of 2012 and 2013



Source: Statistics Centre- Abu Dhabi

Table (2): Consumer price index for the Al Ain region

Year	June	July	Jan - July
	CPI		
2012	122.9	123.3	122.6
2013	124.1	124.8	123.7
	— % —		
Percentage change	1.0	1.2	1.0

Source: Statistics Centre - Abu Dhabi

CPI in the Al Ain Region, July 2013

1. CPI in July 2013 compared with June 2013

The average consumer prices rose by 0.6% in July 2013 compared with June 2013. The rise reflects the change in the consumer basket prices (resulting from increases or decreases) during the two periods compared.

The major groups that increased in July 2013 were "Food and non-alcoholic beverages" with 2.3% and "Furnishings, household equipment and routine household maintenance" with 0.8%.

2. CPI in July 2013 compared with July 2012

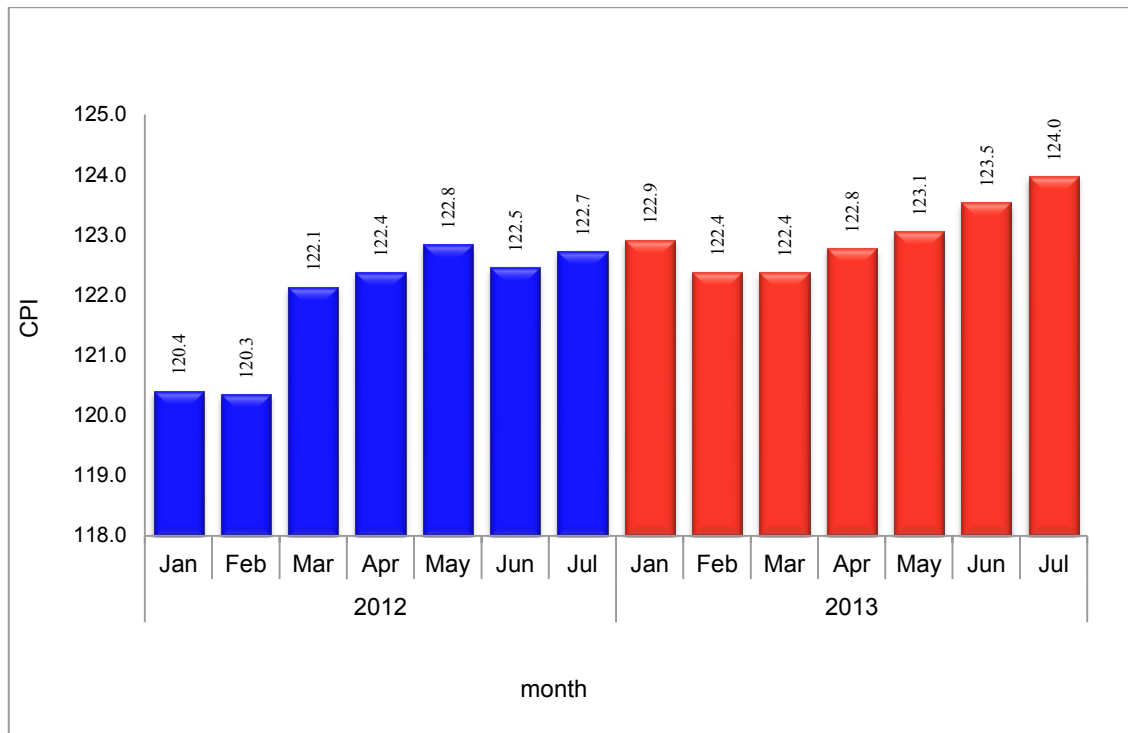
The average consumer prices rose by 1.2% in July 2013 compared with July 2012 as the CPI rose from 123.3 points to 124.8 points over the same period.

Major groups that increased in July 2013 were "Food and non-alcoholic beverages" with an increase of 2.5%, "Furnishings, household equipment and routine household maintenance" with 6.4% and "Miscellaneous goods and services" group with 2.1%.

CPI in the Al Gharbia Region, July 2013

- The inflation rate in the Al Gharbia region during the first seven months of 2013 was 0.9%, compared with the same period in 2012 as the CPI increased from 121.9 points to 123.0 points.
- The consumer price index increased by 1.0% in July 2013 compared with the same month in 2012 as the CPI increased from 122.7 points to 124.0 points.
- The CPI increased by 0.4% in July 2013, compared with June 2013.

Figure (6): Consumer Price Index, Al Gharbia region, first seven months of 2012 and 2013



Source: Statistics Centre- Abu Dhabi

Table (2): Consumer price index for the Al Gharbia region

Year	June	July	Jan - July
	CPI		
2012	122.5	122.7	121.9
2013	123.5	124.0	123.0
	— % —		
Percentage change	0.9	1.0	0.9

Source: Statistics Centre - Abu Dhabi

CPI the Al Gharbia Region, July 2013

1. CPI in July 2013 compared with June 2013

The average consumer prices rose by 0.4% in July 2013 compared with June 2013. The rise reflects the change in the consumer basket prices (resulting from increases and decreases) during the two periods compared.

The major groups that saw increases in July 2013 were "Food and non-alcoholic beverages" (1.2%) and "Clothing and footwear" (0.7%).

2. CPI in July 2013 compared with July 2012

The average consumer prices rose in July 2013 by 1.0% compared with July 2012 as the CPI rose from 122.7 points to 124.0 points over the same period.

Major groups that increased in July 2013 compared with July 2012 were "Food and non-alcoholic beverages" (7.7%), "Miscellaneous goods and services" (4.6%) and "Restaurants and hotels" (3.6%). At the same time, the "Clothing and footwear" group decreased by 14.1% and the "Housing, water, electricity, gas and other fuels" group by 0.1%.

Consumer Price Index (CPI) Methodology

Introduction

Statistics Centre- Abu Dhabi (SCAD) is the sole official body responsible for calculating and publishing the Consumer Price Index (CPI) within the emirate of Abu Dhabi. The Centre updated the CPI base year to 2007 for both prices and weights. Weights that are used in the CPI were calculated using the results derived from the Household Expenditure and Income Survey 2007, which was carried out in the Emirate of Abu Dhabi in 2007. The methodology used in calculating the CPI follows best international recommendations and practices in this field.

What is the Consumer Price Index?

The CPI is a tool that measures the rate of change in the prices of a basket of goods and services between two time periods. The period against which prices are compared is known as the base period and the period under review is known as the comparison period.

Importance of the Consumer Price Index

The CPI provides monthly estimates on the rate of change in the prices of a consumer price basket in the Emirate of Abu Dhabi. Some of the significant utilizations of the CPI are:

- The CPI is used as an important economic indicator to calculate inflation rates.
- Inflation rate is a key statistic for economic policy making.
- Salaries and wages are being adjusted by international entities and big corporations based on the change taking place in the CPI.
- The CPI is used as a deflator while producing national accounts at constant prices.

Updating the Consumer Price Index

The Consumer Price Index is updated on a regular basis once the necessary data are available; usually the update takes place after releasing the results of the Household Expenditure and Income Survey, which is carried out every five years in most countries. Updating weights of goods and services of the CPI basket ensure that these weights represent as much as possible the current consumption pattern of households.

1. CPI Compilation

The CPI is calculated using the Laspeyres method
$$CPI_L = \sum \frac{P_{1i}}{P_{0i}} \times W_{0i}$$

Prices of goods and services of the CPI basket are collected on a monthly basis, except for vegetables, fruits, meat, fish and chicken groups which are collected on a weekly basis due to

the continuous change that occur in their prices. Rentals prices are collected quarterly, while education fee prices are collected bi-annually.

The current CPI uses 2007 as the base year in the Abu Dhabi region. The current CPI basket consists of 334 goods and services, while the consumer basket contains 760 goods and services. The new CPI included the CPI of residential units occupied by their owners; this was done by adding the weight of this item to the weight of the rented residential units followed by the calculation of a single index for all rented units.

The average item price is calculated on the “main group level” using the geometric mean of elementary aggregates. The price ratio is calculated by dividing the comparison price by the base price, while the new weight is calculated by multiplying the price ratio by the base price.

To calculate the CPI on the sub- group level, the new weight of all goods and services of the sub-group should be added and then divided by the base price of the same group. The CPI of the main groups and the general CPI are calculated using the same method.

"The Installation of the geographical consumer price index differed in terms of calculating the average price of the product or service at the level of the emirate after the inclusion of the regions (Abu Dhabi, Al Ain and Western) and through the calculation of the weighted average price of the product or service by the geographical weight for each region."

2. Weights

The Consumer Price Index is a weighted average of the change in the price of goods and services of the CPI basket. The weight of the good or service reflects its relative importance. The relative importance¹ of goods and services were calculated based on the results of the 2007 Household Income and Expenditure Survey. Goods and services with a weight of 0.002 per cent or more were included in the CPI basket of goods and services. Goods with weights below this value were distributed proportionally among the other goods in the same group.

1. Relative importance of a given good or the weight of the good is the total expenditure of households on the good divided by the total expenditure of all households

3. CPI basket and consumer basket

After calculating weights and identifying the 334 goods and services representing the CPI, the consumer basket was identified. Each item in the consumer basket repeat more than one good, therefore the consumer basket is larger than the CPI basket. The CPI basket includes 760 goods and services.

4. Classifications used in the CPI

The Classification of Individual Consumption according to Purpose (COICOP) is the classification used in the construction of the CPI. The COICOP is a UN classification, which is used for statistical purposes. Based on the COICOP, goods and services of the CPI basket were classified into 12 main groups, 34 subgroups (two digits) and 63 subgroups (three digits).

5. Geographical Scope

The current geographical scope covers prices from the Emirate of Abu Dhabi, including the Abu Dhabi, Al Ain and Gharbia regions.

6. Sources of Goods and Services

Sources used for the collection of price data were determined through field visits conducted by a team from SCAD's Price Indices Section. The team updates SCAD on a regular basis if any source closes down or relocates premises. While choosing a source, it has been taken into consideration that it should represent a large segment of consumers in the Emirate of Abu Dhabi. Price data are currently collected from 180 sources.

7. Collection of Price Data (tablets)

Price data collection is a crucial stage that requires a lot of time and effort. The collection of price data is conducted by a group of employees who are well trained. To ensure the accuracy of the collected prices, the price of a sample of goods and services are reviewed through field visits. Each group of prices is collected differently, some is collected weekly, and others are collected monthly and quarterly.

In order to develop the price collection mechanism and to cope with the latest IT trends, SCAD developed a comprehensive system that aims at calculating the CPI using tablets.

The system aims at:

- Management of all CPI stages
- Provision of electronic programs and tools required for the price data collection (field collection) and transfer of the data to the tablets, and from the tablets to the prices database.

- Ability to examine data accuracy and integration at all stages of the system, starting from preparation of the goods and services basket till the field work and calculating the index.
- Ability to calculate the CPI for any region of the Emirate (according to the geographical scope).
- Ability to deal with special situations that may arise during data collection or CPI calculation such as disappearance of goods, resources, and changes in the goods.
- Determining the goods and services basket of the base year with the relative weights of the groups, in addition to calculating the prices of goods and services of the base year.
- Assisting data collectors while editing data by connecting the current data base with the previous one.

8. Publishing

SCAD publishes the prices of consumer goods and service bulletin on a monthly basis, while CPI is published seven days after the end of the month, where it becomes available to everyone. SCAD is also publishing the annual CPI report. The CPI indicates can also be provided on CDs upon request.

9. How to read the CPI?

The CPI reflects the change in the price of a specified goods and services basket between two time periods, the base period and the comparison period. For example, if the price of the goods and services basket during a specified base period is AED 100, and the CPI of the comparison period was 105.0, this means that prices of goods and services increased by about 5%.

In order to measure the change in the prices of the current period and the previous period, the current CPI should be divided by the previous CPI, and the result multiplied by (100), before subtracting 100.

$$\frac{CPI_t}{CPI_{t-1}} * 100 - 100$$

