



مركز الإحصاء - أبوظبي
STATISTICS CENTRE - ABU DHABI

Consumer Price Index

December Quarter, 2011

(Base year 2007)

Jan 5. 2012

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Executive summary

- The annual inflation rate of consumer prices was 1.9 per cent in 2011 compared with 2010.
- From December 2010 to December 2011, average consumer prices rose by 1.2 per cent.
- From November 2011 to December 2011, average consumer prices decreased by 0.2 per cent.
- An overall rise in consumer prices during 2011 compared with 2010 has led to an increase of 3.6 per cent in consumer prices for households of the bottom welfare quintile over the same period of comparison. As for the other welfare levels, consumer prices grew by 1.2 per cent for households of the top quintile and by 2.4 per cent for the middle welfare quintile.
- During 2011 consumer prices for national households increased by 1.9 per cent, and by 1.6 per cent for non-national households and 3.4 per cent for collective households.

Table 1: Average CPI and relative change

Year	Nov	Dec	Q3	Q4	Jan-Dec
	CPI				
2010	121.9	120.9	120	121.5	119.3
2011	122.6	122.4	122	122.6	121.6
	— % —				
Relative change	0.6	1.2	1.6	0.9	1.9

Source: Statistics Centre - Abu Dhabi

Relative change is based on the unrounded CPI

- The inflation rate for the fourth quarter of 2011 compared with the fourth quarter of 2010 was 0.9 per cent.

1. Consumer prices for 2011

Weights, relative price index changes and contributions of expenditure groups to the overall percentage points change in CPI, Jan-Dec 2011 compared with Jan-Dec 2010.

Main Expenditure Groups	Weight	Relative change in group CPI's	Contribution to percentage point change in CPI
		— % —	
Food and non-alcoholic beverages	16.1	7.5	67.7
Alcoholic beverages and tobacco	0.3	2.5	0.3
Clothing and footwear	9.8	-13.8	-67.4
Housing, water, electricity, gas and other fuels	37.9	1.5	31.9
Furnishings, household equipment and routine household maintenance	4.8	3.9	9.8
Health	0.8	0.0	0.0
Transport	9.7	5.1	25.4
Communication	7.7	3.7	12.3
Recreation and culture	2.4	1.0	1.2
Education	2.6	4.5	7.8
Restaurants and hotels	3.4	3.3	6.2
Miscellaneous goods and services	4.6	2.0	4.9
Total	100	-	100

Relative change is based on the unrounded CPI.

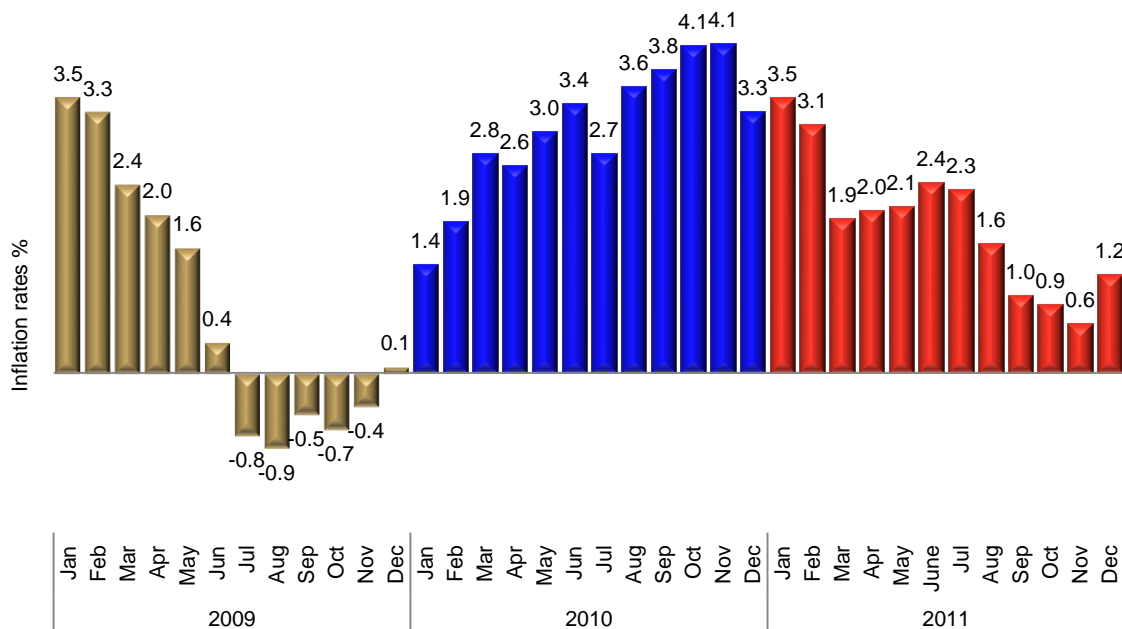
Source: Statistics Centre - Abu Dhabi

- The average annual rise in consumer prices for 2011 was 1.9 per cent, compared with the same period of 2010.
- The "Food and non-alcoholic beverages" group, accounted for 67.7 per cent of the percentage point rise in the index, due to increases in the prices of most of the subgroups included in this group. The highest price increase was in the "Coffee, tea and cocoa" subgroup which rose by 15.3 per cent, followed by "Meat" (14.7 per cent), "Mineral waters, soft drinks, fruit and vegetable juices" and "Fruits" (8.6 per cent) for each, and "Fish and seafood" (7.4 per cent).
- The next highest group contributor to the overall increase in the CPI of 2011 was "Housing, water, electricity, gas and other fuels" which accounted for 31.9 per cent of the increase in the CPI. While prices for this group increased by only 1.5 per cent, the size of the contribution reflects the large weight for this group in the index.
- The "Transport" group contributed 25.4 per cent to the year-to-date rise in consumer prices, having increased by 5.1 per cent.
- The main group that slowed down the rise in consumer prices during 2011 compared with 2010 was "Clothing and footwear" which contributed a negative 67.4 per cent of the overall change in the CPI index. The average prices of this group decreased by 13.8 per cent.

2. Consumer prices for December 2011

- Average consumer prices increased by 1.2 per cent in December 2011 compared with December 2010. The most significant individual increase came from higher prices for "Restaurants and hotels" which rose by 8.0 per cent, followed by "Alcoholic beverages and tobacco" (7.4 per cent) and "Food and non-alcoholic beverages" (6.8 per cent). Over the same period, prices of the "Clothing and footwear" group decreased by 4.5 per cent.
- Average consumer prices decreased by 0.2 per cent in December 2011 compared with November. The most significant individual decrease came from prices for "Housing, water, electricity, gas and other fuels" which decreased by 0.7 per cent over the month.

Annual Inflation Rates from January 2009 to December 2011



Source: Statistics Centre - Abu Dhabi

3. Consumer prices by household welfare level for December 2011

- Consumer prices for households of the bottom welfare quintile increased by 3.6 per cent during 2011 compared with the same period in 2010. The corresponding rise for other welfare levels was 1.2 per cent for households of the top quintile and 2.4 per cent for the middle quintile while prices for the bottom middle welfare quintile increased by 2.8 per cent.
- Consumer prices for households in the bottom welfare level increased by 2.0 per cent in December 2011 compared with December 2010 and in the top welfare level by 0.9 per cent. The prices for households in the middle welfare level increased by 1.6 per cent.
- Consumer prices decreased in December 2011 compared with November 2011 for all welfare levels. Prices in the bottom middle welfare level decreased by 0.1 per cent and in the middle welfare levels and the top middle welfare level by 0.2 per cent respectively.

4. Consumer prices by household type for December 2011

- During twelve months of 2011, consumer prices for national households increased by 1.9 per cent, 1.6 per cent for non-national households and 3.2 per cent for collective households.
- Consumer prices for national households increased by 1.5 per cent, in December 2011 compared with December 2010, 0.8 per cent for non-national households and 1.2 per cent for collective households.
- Compared with November 2011, consumer prices for national and non-national households decreased by 0.2 per cent respectively.

5. Consumer price for Q4 2011

- During the fourth quarter of 2011, average consumer prices rose by 0.9 percent compared with the same period of 2010.

Weights, relative change and contribution of expenditure groups to the overall change in CPI, Q4 2011 compared with Q4 2010.

Main Expenditure Groups	Weight	Relative change
	— % —	
Food and non-alcoholic beverages	16.1	5.7
Alcoholic beverages and tobacco	0.3	7.4
Clothing and footwear	9.8	-9.1
Housing, water, electricity, gas and other fuels	37.9	0.2
Furnishings, household equipment and routine household maintenance	4.8	2.4
Health	0.8	0.0
Transport	9.7	0.0
Communication	7.7	0.0
Recreation and culture	2.4	-0.1
Education	2.6	4.8
Restaurants and hotels	3.4	8.0
Miscellaneous goods and services	4.6	0.8
Total	100	-

Source: Statistics Centre - Abu Dhabi

- The rise in consumer prices by 0.9 percent during Q4 2011 compared with the same period in 2010, resulted in a surge of 1.8 percent in consumer prices for households of the bottom welfare quintile over this period. The corresponding rise for other welfare levels was 0.5 percent for households of the top quintile and 1.3 percent for the middle quintile.
- The rise in consumer prices in Q4 2011 compared with Q3 2011 caused a rise in consumer prices for households in the bottom welfare level of 0.7 per cent while prices for households in the middle welfare level increased by 0.6 per cent. The prices increased for households in the top welfare level by 0.4 per cent.
- Consumer prices for national households increased by 1.0 percent during Q4 2011 compared with the same period in 2010, while prices increased by 0.6 percent for non-national households and 1.6 percent for collective households.
- Compared with Q3 2011, consumer prices for Q4 2011 increased by 0.6 per cent for national households, 0.4 percent for non national households and 0.6 percent for collective households.

Next release

Consumer price index, January 2012, will be released on 12 February 2012. For more information on prices and other official statistics, please visit the SCAD website at <http://www.scad.ae>

Consumer Price Index (CPI) Calculation Methodology

The CPI is a mathematical average that measures the rate of change in the prices of a basket of goods and services purchased by representative households 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.

1- Sources of Goods and Services

The sources used for collection of price data were determined through field visits conducted by a team from SCAD's Price Indices Section. These sources are updated on a regular basis e.g. when any source closes down or relocates premises. Price data are currently collected from 117 sources.

2- Collection of Price Data

The CPI basket is collected every month, except for the group of vegetables, fruit, meat, fish, and chicken for which price data are collected every week due to price fluctuations in these items. Data on home rentals are collected on a quarterly basis, and school tuition fees semi-annually. The index is calculated using 2007 as the base year for the Abu Dhabi region, with a basket consisting of 334 goods and services and a consumer basket consisting of 670 goods and services.

3 - Weights

The weights (relative importance) of goods and services are calculated using the results of the 2007-08 Household Income and Expenditure Survey. Goods or 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.

4- Compilation of the CPI

The CPI is calculated using the Laspeyres method which uses fixed base-year weights:

$$CPI_L = \sum \frac{P_{li}}{P_{0i}} \times W_{0i}$$

The average prices of items in the basket are calculated using the geometric mean of elementary aggregates. Price ratios are calculated by dividing the comparison price by the base price. The price ratios are then multiplied by their appropriate base weights, and are then summed to form the average index.

The index for house rentals is calculated separately using a moving base. This figure is calculated on a quarterly basis.

In addition to the general CPI for all Abu Dhabi Emirate, the CPI is also constructed for five welfare levels classified according to annual household income quintiles. In addition, the CPI by household type is constructed for the classifications of household type: national, non-national and collective households. A collective household means two or more unrelated persons living in one housing unit and sharing their living arrangements.