

St. Lucia

A: Identification

Title of the CPI: Consumer Price Index

Organisation responsible: Department of Statistics, Ministry of Finance and Economic Affairs.

Periodicity: Monthly

Index reference period: January 2008 = 100

Weights reference period: September 2005 to March 2006 SLC/Household Budget Survey.

Main uses of CPI: Indexation of wages, pensions and/or social security payment, indexation of rents, contracts and/or other payments, main inflation indicator used for monetary policy, deflate household expenditures in National Accounts , macroeconomic modelling and other analytic uses.

B: CPI Coverage

Geographical Coverage

Weights: Nation-wide

Price collection: Nation-wide

Population coverage: Resident households of nationals.

Consumption expenditure includes:

- Expenditures abroad

Consumption expenditure excludes:

- Foods produced for own final consumption;
- Other goods produced for own final consumption;
- Services produced for own final consumption;
- In-kind goods received as gifts;
- In-kind services received as gifts;
- Mortgage repayments;
- Mortgage interest;
- Non-life insurance premiums (e.g. vehicle, housing, other property, medical), gross of claims;
- Life insurance premiums;
- Licences and fees (e.g. driver's licence, hunting licence, vehicle registration);
- Gambling expenditure, gross of winnings;

- Investment-related expenditures (e.g. purchase of shares/stocks)

C: Concepts, definitions, classifications and weights

Definition of the CPI and its objectives: The consumer price index (CPI) is a weighted average of the percentage price changes for a specified set or “basket” of consumer goods and services between two time periods.

Classification: COICOP (Classification of individual consumption by purpose)

Weights include value of consumption from own production: No

Sources of weights: Household expenditure surveys.

Frequency of weight updates: Above 5 years

Price updating of weight reference period to the index reference period: The weights are priced updated for example weights for January 2008 = 100 were obtained by multiplying the original weights for the period September 2005 to March 2006 by the elementary indices measuring the price changes between period September 2005 to March 2006 and January 2008.

Weights for different population groups or regions: Area weights are calculated and are based on an approximate measure of the share of expenditure by residents in the total expenditure of St Lucia.

D: Sample design

Criteria used for selecting an item variety in the outlet in case of loose specifications provided by the central office: Items selected for pricing, are first recorded on specification sheets within the CPI System software. The field officer having selected the item variety, then assigns and records on the specification sheet a description of those characteristics of the variety chosen which: i) allows for easy identification of the variety in the future; ii) enables the substitution of a comparable variety if the variety chosen is no longer available at the retail outlet; and iii) would cause the variety chosen to command a different price from another variety.

E: Data Collection

Frequency with which prices are collected: Prices are collected monthly. Prices of miscellaneous goods and services are collected quarterly.

Reference period for data collection: Price collection commences in the second day of each month.

Methods of Price Collection

- Personal data collection

- Administrative offices for water and sewerage rates, water purchased, electricity, propane gas and kerosene, education services, transport services, health services, communication services and hotels services.

Treatment of:

Black market prices: Black market prices are not included in the price collection.

Missing or faulty prices: Implicit imputations are made for the prices of item varieties, which are temporarily unavailable at a given retail outlet during the current period of price collection due to seasonality. These explicit imputations are made for each period that the variety is missing.

Disappearance of a given type or quality from the market: The item variety permanently missing from the market is replaced by a similar variety.

Quality differences: Quality differences are treated with either implicit/imputed quality adjustment methods which include: i) direct comparison, ii) overlap iii) linking using over all mean imputation iv) linking using class mean or with explicit methods which include i) direct or explicit adjustment for quality change; and ii) hedonic regression.

Treatment of seasonal items and seasonality

Items that have a seasonal character and their treatment: For seasonal varieties or seasonal items, a price or price relative respectively is imputed for each period for which they cannot be recorded.

Seasonal food items: Seasonal food items are included in the CPI using fixed weights approach: the weights are kept constant over the year, while prices of out-of season products are estimated or imputed.

Seasonal Clothing: Seasonal clothing items are included in the CPI using fixed weights approach: the weights are kept constant over the year, while prices of out-of season products are estimated or imputed.

Method to impute the price of seasonal items: Prices are imputed by using price development of in-season products.

Treatment of housing

Treatment of owner-occupied housing: A rental equivalent approach is used for dwellings occupied by owners (owner occupiers). With this method, the owner - occupier is asked what rent he or she would receive were the premises to be rented. The value of the rent given by the owner-occupier represents the imputed rent for the initial period.

Types of dwellings covered by the rent data: The value of the rents actually paid or the liability which is incurred by renters of the rented dwelling units are collected and recorded annually and used as representative prices for the "rental dwellings" section of the index.

F: Computation

Formula used for calculation of elementary indices: The ratio of geometric mean prices (Jevons index) (Direct form)

Formula to aggregate elementary indices to higher level indices: The formula used to aggregate the various prices to compute the Index (the aggregation formulae) is referred to as the modified geometric Laspeyres index, a weighted geometric average is taken of the price relatives using the expenditure shares of price reference period as weights. The modified geometric Laspeyres index is defined as:

$$I_{0 \rightarrow t} = \prod_{i=0}^n \left[\left(\frac{P_{t,i}}{P_{t-1,i}} \right) \times \left(\frac{P_{t-1,i}}{P_{0,i}} \right) \right]^{W_{0,i}}$$

This equation is the geometric version of the *Young* Index since period $b \neq 0$, that is, the expenditure shares are different from price reference period 0 . The St. Lucia Consumer Price index is therefore a Geometric Lowe index, which is defined as

$$I_{LO} = \frac{\sum_{i=1}^n P_{t,i} q_i}{\sum P_{0,i} q_i}$$

G: Editing and validation procedures

H: Documentation and dissemination

Timeliness of dissemination of the CPI data: Indices are disseminated approximately two weeks after the end of the reference month.

Level of detailed CPI published

Paper publication: All items CPI, Division-level (12 Divisions), Group-level app. 40 groups

Online: All items CPI, Division-level (12 Divisions), Group-level app. 40 groups

Documentation

Publications and websites where indices can be found: New release: Consumer Price Index, notice in the "Government Gazette" (English), "The Consumer Price Index" (English), "The Annual Statistical Digest" (English), "Economic and Social Review" (English); Internet website: www.stats.gov.lc

Publications and websites where methodological information can be found: Methodology for the compilation of the St. Lucia CPI is available at - <http://204.188.173.139:9090/stats/index.php/statistics/inflation>

I: Other Information

Completed by ILO in 2013.