

Foreword

Central Statistical Organization / Index Numbers Department have the pleasure to publish the Consumer Price Index report for **May 2018** by the new base 2012 instead of 2007 within CSO work plan for 2018. The CPI is an index that measures the rate at which prices of consumption goods and services are changing from period to period; such changes affect the real purchasing power of consumer's incomes and their welfare. Where it is considered as an indicator for general level of prices in a country, different countries concern about compiling specific, representative figures for this indicator as it has a direct contact with the individual's luxury and living conditions. The first index number for living condition in Iraq has been compiled on 1945 by the main office of statistics in the ministry of economics and used 1939 as a base year for Baghdad city. Then work continued in preparing this number later on by the Ministry of Planning\ Central Statistical Organization, the most recent one depended on the base year 2012 as it is the year in which the latest Household Social and Economical Survey has been conducted in Iraq. Index Numbers Department presently issues monthly report of Consumer Price Index by the mentioned base year.

Index Numbers Department
June 2018

CPI Methodology

1. Base Year

The year 2012 has been chosen to be the base year for (CPI) considering that it is the year in which Iraqi Household Social and Economical Survey (IHSES) was conducted, consequently, it has been taken as a base year in pricing goods and services in the consumer price index structure. Also it is considered to be a representative year to the living conditions and the structure of consumption expenditure and the economical state in the country as a whole.

2. Products Sample Selection

To select the products basket for consumer price index, the cut-off sampling method has been used. The sample included all products with monthly individual average expenditure on exceeded 25 ID on the Iraqi Household Social and Economical Survey (IHSES) on 2012. After selecting the sample some products which have not been included in the sample but considered important from the consumer's point of view have been added, at the same time some products excluded which were not considered to be important to the consumer although they appeared with expenditure exceeds 25 ID. Products sample included 333 products out of 803 products on (IHSES), so the sample's size account for 41% of the total number of products reported in the Household Economical and Social Survey, while the individual's monthly expenditure on products included in the sample account for more than 88% of his expenditure on all products, the number of chosen items (categories) mounted to 486 items distributed on 12

divisions according to Classification Of Individual Consumption by Purpose briefly COICOP .

3. Weighting Diagram

As the different products differ in its relative importance , this entails that the relative importance must be calculated for every commodity and service by depending on the individual's monthly expenditure average which is taken from Household Economical and Social Survey in Iraq for 2012.

4.The Formula of Price Index Number

Laspseyr's Formula has been used which depends the base year weights in calculating Index Numbers for main groups, sub-groups and the General Index Number.

5. Coverage

Prices being collected from each governorate center and from the most important Qhada due to population size (except the center Qhada). Knowing that governorates have been consulted in Qhada selection taking in consideration the price difference between administrative units markets and the cost and ability to access the administrative unit. CPI covers the urban area of Iraq account for 69% of total population on 2012.

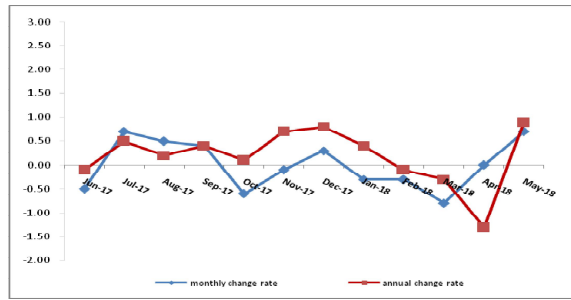
6. Core Inflation

Core Inflation has been calculated after excluding some volatile products prices presented in Fruit and Vegetable sub-groups in Food and Non- Alcoholic Beverages and the fuel products (kerosene, LPG) in Housing division.

P.S:-

- **Index Numbers department has updated the fast-changing products which are Cars, mobiles, Labtops and Cameras as they are considered to be important parts of the items basket. This update aims to gain more accuracy in the index number indicator starting from May 2018 and according to the intenational recommendations.**
- **A new mechanism has been applied to calculate Rent index number to be monthly instead of quarterly .**

Inflation Rates



-Price index (CPI) of Iraq has registered (104.6%) in Iraq increasing at a rate of (0.9%) as compared with April 2018. This returns to the increase in Housing division at a rate of (0.1%), Health division at a rate of (0.3%) and Transportation division at a rate of (7.4%).

- Annual change rate has increased in May 2018 to (0.7%) as compared with May 2017 which was (103.9%).

First: Monthly change (May 2018 as compared with April 2018)

1-Food-stuff and Non- Alcoholic Beverages division registered a decrease at a rate of (0.7%) to contribute with (-24.2%) in the monthly change rates and changes are results of the following:

- The decrease in yoghurt, Cheese and Eggs prices at a rate of (1.8%).
- The decrease in Oils and Fats sub-group at a rate of (0.1 %).
- The decrease in Vegetables sub-group at a rate of (3.3%).
- The decrease in Sugar and Sugar Products prices at a rate of (0.2%).
- The decrease in Other Food Products at a rate of (0.1%).

2- Tobacco division preserved its level in the monthly change rate.

3- Clothes and Footwear division registered a decrease at a rate of (0.1%) to contribute with (-0.7%) in the monthly change rates due to the decrease in index numbers of Clothes sub-group at a rate of (0.1%).

4-Housing division registered an increase at a rate of (0.1%) to contribute with (2.9%) in the monthly change rate due to the increase in index numbers of Electricity and water Supply at a rate of (2.4%) .

5- House Supplies, Appliances & Maintenance division decreased at a rate of (0.1%) to contribute with (-0.7%) in the monthly change rates due to the decrease in Furniture Equipments and Home Appliances divisions at the rate of (0.1%) .

6-Health division registered an increase at a rate of (0.3%) to contribute with (1.5%) in the monthly change rate.

7- Transportation division registered an increase at a rate of (7.4%) to contribute with (123.9%) in the monthly change rate, this increase returns to updating Cars sub-group by choosing 2017 model instead of 2014..

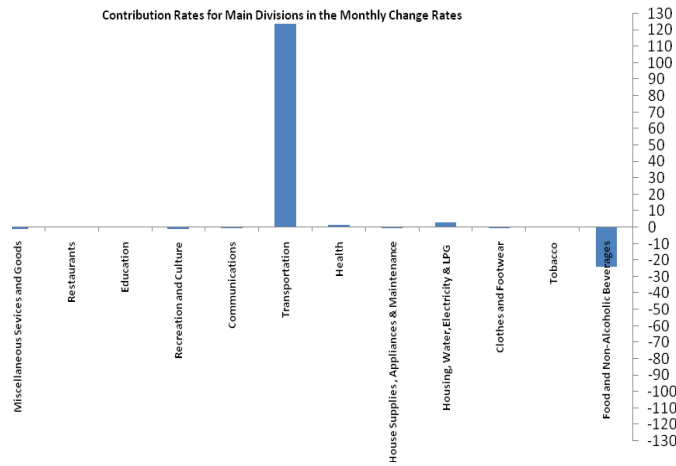
8- Communication division registered a decrease at a rate of (0.1%) to contribute with (-0.4%) in the monthly change rate.

9- Recreation and Culture division registered a decrease at a rate of (0.6%) to contribute with (-1.2%) in the monthly change rate.

10- Education division preserved its level in the monthly change rate.

11- Restaurants division preserved its level in the monthly change rate.

12- Miscellaneous Services and goods division registered a decrease at a rate of (0.2%) to contribute with (-1.1%) in the monthly change rate.



Second: Annual change (May 2018 as compared with May 2017)

1-Food-stuff and Non- Alcoholic Beverages division registered a decrease at a rate of (1.0%) to contribute with (-42.9%) in the annual change rate and changes are results of the following:

- The decrease in Fish sub-group at a rate of (6.0%).
- The decrease in yoghurt, Cheese and Eggs at a rate of (0.3%).
- The decrease in Fats and Oils at a rate of (0.7%).
- The decrease in Fruits at a rate of (0.3%).
- The decrease in Vegetables at a rate of (5.1%).

2-Tobacco division registered an increase at a rate of (0.5%) to contribute with (0.6%) in the annual change rate.

3-Clothes and Footwear division registered an increase at a rate of (1.3%) to contribute with (12.2%) in the annual change rates due to the increase in index numbers of Clothes sub-group at a rate of (1.7%).

4-Housing division registered a decrease at a rate of (1.2%) to contribute with (-51.5%) in the annual change rate as a result of the decrease in Rent sub-group at a rate of (2.7%) and House Maintenance and Services sub-group at a rate of (3.6%).

5-House Supplies, Appliances & Maintenance division registered a decrease at a rate of (0.3%) to contribute with (-2.9%) in the annual change rate as a result of the decrease Furniture Equipments at a rate of (1.1%).

6-Health division registered an increase at a rate of (2.2%) to contribute with (15.7%) in the annual change rate.

7-Transportation division registered an increase at a rate of (7.4%) to contribute with (154.1%) in the annual change rate.

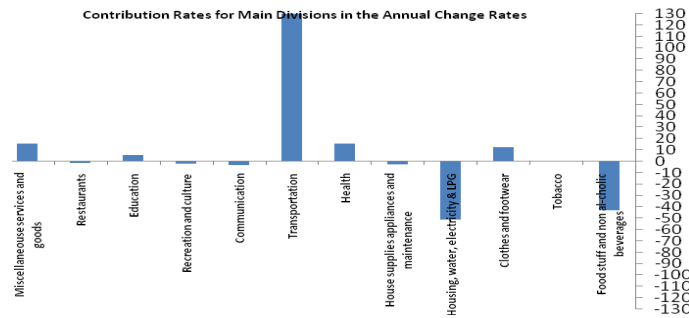
8-Communications division registered a decrease at a rate of (0.6%) to contribute with (-3.2%) in the annual change rate.

9-Recreation and Culture division registered a decrease at a rate of (0.8%) to contribute with (-2.0%) annual change rate.

10- Education division registered an increase at a rate of (2.3%) to contribute with (5.4%) annual change rate.

11-Restaurants division registered a decrease at a rate of (0.5%) to contribute with (-1.4%) in the annual change rate.

12-Miscellaneous Services and goods division registered an increase at a rate of (2.4%) to contribute with (15.8%) in the annual change rate.



Third: Inflation rates in comparison with 2012:-

Consumer price index (CPI) has amounted to (104.6%) for May 2018 which means that the general level for prices in May 2018 increased at a rate of (4.6%) as compared with 2012.

Forth: Core inflation :-

Core inflation has increased for May 2018 at a rate of (1.0%) as compared with the previous month and increased annually at the rate of (0.9%) as compared with May 2017.

P.S : Nineveh is not included in CPI calculation for May 2018 due to the extreme conditions in it.