

Introduction

COSIT / Index Number department has the pleasure to introduce CPI report for December 2009 within the COSIT work plan for 2009.

CPI is regarded an indicator measuring the general level of prices in the country also it could be used to attain fixed prices estimates for some important economic indicators , as most countries have a task of publishing an accurate and representative figures for this indicator due to its direct relation to individual welfare and level of living . The first cost of living index in Iraq has been compiled on 1945 by the main statistics office in economic Ministry with 1939 as a base year for Baghdad city. CPI has been compiled afterwards by Ministry of Planning and Development Cooperation / Central Organization for Statistics and Information Technology. The current index uses 1993 as base year.

1. Methodology

The CPI depends on laspeyres formula which depends on base year 1993 weights as follows:-

$$CPI = \frac{\sum (p_1 / p_0) w}{\sum w} \times 100$$

Where:

p_1 : Represents the item price at current month.

p_0 : Represents the item price at base year.

w : Represents the item base year weight, which is calculated by the following formula:

$$w = \frac{p_0 q_0}{\sum p_0 q_0}$$

q_0 : represents the consumed quantities at the base year.

The mentioned formula is used to calculate index numbers for main and subgroups and the overall index number .the items price in laspeyres formula represents the price weighted by the population in the Governorate, Qhada and Nahia as in 1987 census which is calculated as follows:

$$p = \frac{\sum p_1 w_1}{\sum w_1}$$

Where:

p : represents the weighted price for the item.

p_1 : represents the price in Governorate, Qhada and Nahia.

w_1 : represents the population relative importance as in 1989 census in Governorate, Qhada and Nahia.

While the houses – rent group index number has been calculated since March 2005 using moving base index depending on FAFO survey. The sample of rented houses amounted to 1794 houses distributed all over the country. Where the old sample turned out less representative of rented houses status in the country.

Index numbers department has started the calculation of general CPI since May 2007 after excluding fuel derivatives (Kerosene, LPG and Gasoline); this is known as Core or Underlying Inflation which is calculated by excluding goods affected by urgent changes in its prices like imported, seasonal goods and others.

2. The coverage

The number of items covered by CPI amounted to 446 items distributed into 9 main groups and 33 sub groups, where the prices are collected from all Governorates except the Northern Governorates of Kurdistan by two forms used in index numbers department. Form No.1 includes the Food –stuffs group contains 176 items where its prices are most volatile and being collected in weekly manner. while form No.2 includes 341 items represents the items other than Food-staff where its prices are collected from two markets in each Governorates center except Baghdad city where the prices being calculated from four markets due to its population density , and one market in each Qhdad and Nahia center .

Three vendors being asked about the item price and simple average being calculated in each visit for both kinds of forms it is worth mentioning that some items prices are calculated by the two forms are excluded in CPI calculations in order to tackle the price movement of these items.

The ration card items prices have been calculated as weighted average of the supported and market prices. Most recently the Gasoline price has been calculated as a weighted average of Gas station and black markets prices.

3. Consumer Price Numbers Indicators in Iraq for December 2009

CPI for December 2009 in Iraq amounted to (24649.5) in comparison with 1993 where the consumer gets in December 2009 for the amount of (24649.5) the same good and services which he gets in 1993 for the amount of 100 Iraqis Dinars only . Also the index number increased by the rate of (1.3%) and decreased rate of (4.4%) December 2008 compared with the previous month and the same month of previous year respectively.

1. Food-stuff: The index number for this group amounted to (9986.3) it has decreased by the rate of (0.8%) compared with previous month and with increase rate of (2.6%) compared with December of the previous year.
2. Tobacco & Alcoholic Drinks: The index number for this group amounted to (1744.3) it has increased by the rate of (1.5%) compared with previous month and with increase rate of (6.0%) compared with December of the previous year.
3. Clothes- cloths and shoes: The index number for this group amounted to (4535.5) it has increased by the rate of (0.6%) compared with previous month and with decreased rate of (4.0%) compared with December of the previous year.
4. Furniture: The index number for this group amounted to (4766.1) it has increased by the rate of (1.2%) compared with previous month and with decreased rate of (3.2%) compared with December of the previous year.
5. Fuel & Light: The index number for this group amounted to (149406.4) it has increased by the rate of (5.6%) compared with previous month and with decreased rate of (41.0%) compared with December of the previous year.
6. Transport and communications: The index number for this group amounted to (30922.7) it has decreased by the rate of (0.4%) compared with previous month and with decreased rate of (6.6%) compared with December of the previous year.
7. Medical services and Medicines: The index number for this group amounted to (51858.3) it has increased by the rate of (0.4%) compared with previous month and with decreased rate of (3.7%) compared with December of the previous year.
8. Miscellaneous Services and Goods: The index number for this group amounted to (17517.3) it has increased by the rate of (0.1%) compared with previous month and with increase rate of (6.6%) compared with December of the previous year.
9. Rent groups: The index number for this group amounted to (105837.0) this number compared quarterly and it has increased by the rate of (1.7%) compared with previous month and with increase rate of (9.3%) compared with December of the previous year.
10. The CPI amounted to (20651.1%) after excluding the fuel derivatives with increased of (0.8%) compared with the previous month and with increase rate of (6.0%) compared with December of the previous year.