



**Wednesday September 20, 2006: released at 1:00 pm**  
**CONSUMER PRICE INDEX (CPI) AUGUST 2006: PRESS RELEASE**

**The monthly rate of inflation increases slightly**

In August 2006, the monthly rate of inflation as measured by the change in the Consumer Price Index increased slightly in all centers; Freetown (0.93 per cent), Bo (0.47 per cent), Kenema (0.77 per cent) and Makeni (1.62 per cent). However, single digit year-on-year rates of inflation were recorded in all centers as in the previous months, reinforcing the downward trend in the annual rate of inflation in Freetown, Bo, Kenema and Makeni.

The year-on-year rate of inflation decreased in Freetown from 7.24 per cent in July 2006 to 6.21 per cent in August 2006, in Makeni from 4.95 per cent to 3.56 per cent but increased in Bo from 6.53 per cent to 6.68 per cent and in Kenema from 1 per cent to 4.19 per cent during the same period.

Figure 1a

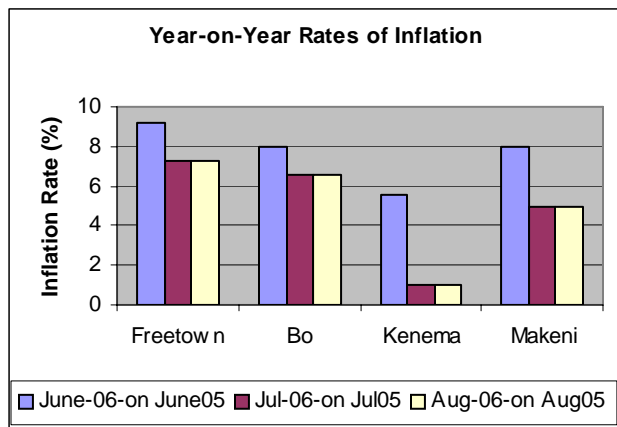
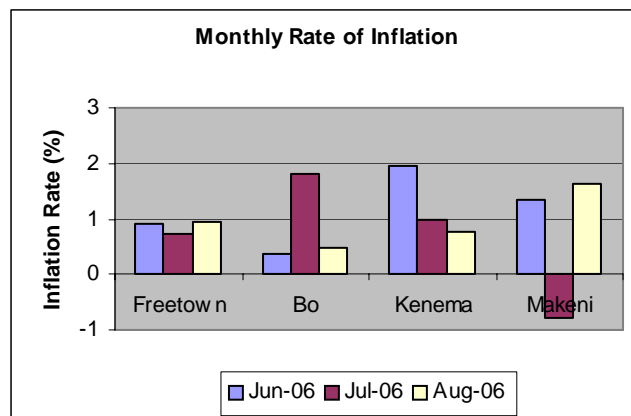


Figure 1b



**FACTORS INFLUENCING CHANGES IN THE MONTHLY RATE OF INFLATION**

The slight increases in the Consumer Price Index in all townships in the month of August was mainly due to the increase in the price of Food in all centers especially fish, milk and milk products. In Freetown, price increases were also recorded in the following food products; vegetables and fruits, palm oil and other condiments. In Bo, there was an increase in the prices of all main expenditure items namely, Food (0.68 per cent), Beverages and Tobacco (0.92 per cent) and Non-Food products (0.20 per cent), which consequently led to the increase in the monthly rate of inflation.

In Makeni, the increases in the prices of Kola nuts by 11.65 per cent and Other Tobacco products by 9.25 per cent contributed largely to the increase in the Beverages & Tobacco index (5.99 per cent) and the over all effect was an increase in the monthly rate of inflation.

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 The all- items consumer price index (CPI) is the main measure of what is commonly called inflation. It measures the change in prices, on average, from month to month, of the goods and services bought by most households, in Freetown, Bo, Kenema and Makeni including all expenditure groups and both families and single persons. Prices are collected for 251 items. All prices collected are the prevailing retail market prices from six (6) markets in the Greater Freetown area, three (3) Markets in Bo Town, three (3) markets in Kenema Town and two (2) markets in Makeni Town for weekly prices and other outlets for monthly items whose prices are less likely to fluctuate rapidly.

**For More Detailed Information: Subscribe to the Detailed CPI Report.**

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