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CONSUMER PRICE INDEX (CPI) JULY 2006: PRESS RELEASE

The monthly rate of inflation increases slightly

In July 2006, the monthly rate of inflation increased slightly in Freetown (0.74 per cent), in Bo (1.81 per cent), Kenema (0.80 per cent) but decreased in Makeni (0.80 per cent) when compared with the respective indices in June 2006. However, single digit year-on-year rates of inflation were recorded in all centers.

The year-on-year rate of inflation in Freetown decreased from 9.24 per cent in June 2006 to 7.24 per cent in July 2006, in Bo from 8.0 per cent to 6.53 per cent, in Kenema from 5.69 per cent to 1 per cent and in Makeni from 7.7 per cent during the same period. The sharp decline in the year-on-year rate of inflation in Kenema during the month of July 2006 can be explained by the fact that food products such as vegetables, palm oil and fish, which were in adequate supply in July 2006, were in short supply during the period last year. In addition, significant increases in the cost of fuel and power and beverages and tobacco were recorded in Kenema in July 2005. Thus the highest level of the CPI in Kenema for the year 2005 was recorded in July compared with the level attained this year.

Figure 1a

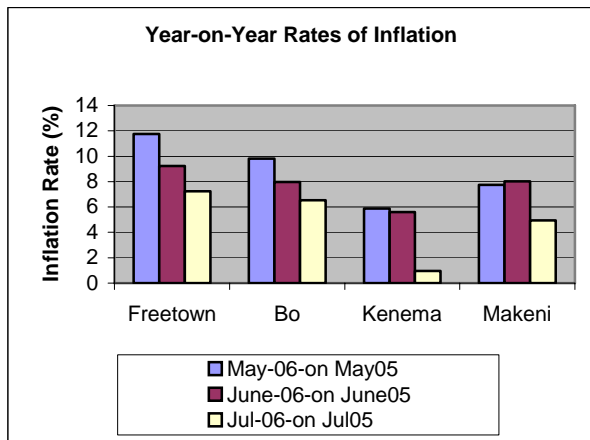
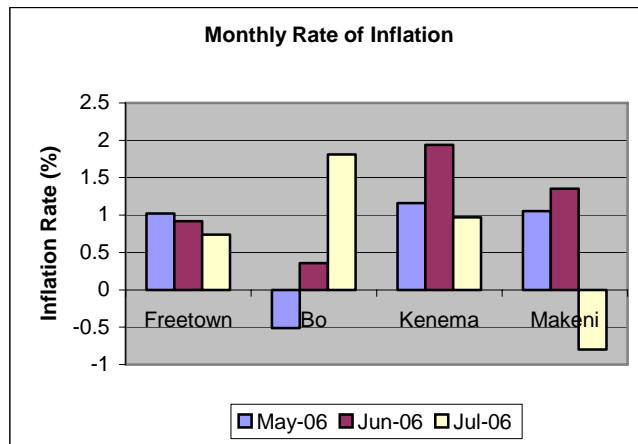


Figure 1b



FACTORS INFLUENCING CHANGES IN THE MONTHLY RATE OF INFLATION

The increase in the monthly CPI for Freetown, Bo and Kenema during the month of July 2006, were due respectively to increases in the prices of Non-Food Price Index, which for Freetown was up by 2.87 per cent, in Bo by 4.23 per cent and in Kenema by 2.31 per cent. This was as a consequence of the fuel price increases. Fuel prices (i.e. both petrol and diesel) increased in Freetown from Le12,150 per gallon to Le 13,500 per gallon (an increase of 13.50 per cent); in Bo from Le 12,800 per gallon to Le 13,500 per gallon (an increase of 5.47 per cent); and in Kenema and Makeni from Le 13,000 per gallon to Le 13,000 (an increase of 3.85 per cent). The prices of the following non-food products also increased in all the townships: Firewood, kerosene, footwear and furnitures. The fuel price increase had a limited upward effect on the index in all townships because there was adequate supply of food products in the markets. Thus in Makeni, the decrease in the food Index (4.94 percent), was sufficient to outweigh the increase in the prices of beverages and tobacco (0.02 per cent) and non-food products (4.52 per cent).

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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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More information can also be obtained from our website: www.statistics.sl **RELEASE CALENDAR FOR CPI 2006**