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Note to the Reader

The following report presents the price statistics for March 2008.

- At the end of March 2008 the Consumer price index (CPI) increased by 0.5% compared to end February 2008. The largest percentage change is for the “Transport and communication sector” index [+1.1%]. Specifically, gasoline prices increased by 2.2%.
- Compared to March 2007 the CPI increased by 8.5%. The largest percentage change is observed for the index of the sector “Housing group” [+17.9%].
- The period average percentage change CPI for the period March 2007-March 2008 is 6.9% which is 3.2 percentage points higher compared to the period average percentage change over the period March 2006 – March 2007.
- Utilities, which are “Water” and “Electricity” did not change for March 2008.
- Gasoline together with the sector “Food” had an influence of 0.2% in the Δ CPI of March (0.5%).

This report is divided in 4 sections. An overview of the monthly percentage changes in CPI and index per sector is given in section 1. Section 2 provides the yearly percentage changes in CPI and index per sector. The development of indexes and utilities are given in section 3. The percentage changes in CPI for the USA and Aruba are compared in section 4 followed by the appendixes.

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1 Monthly change of the CPI

1.1 CPI and Inflation

The consumer price index (CPI)¹ of the total population of Aruba for the month of March 2008 is 135.0. This is 0.5% higher compared with the CPI of February 2008 [134.4]. An overview of the percentage change in CPI (Δ CPI) for different periods during 2007 and 2008 is shown in Table 1. The terms percentage change in CPI and “inflation” (deflation) are considered similar and are used interchangeably. The inflation over the last 12 months (end of period inflation) is 8.5% while the inflation over a period of 24 months (period average inflation) is 6.9%.

Table 1 Overview in Δ CPI

Period	2008	2007	
Current Month	Feb-Mar	0.5	0.7
Last 12 Months	Mar-Mar	8.5	5.1 ¹
Year to date	Jan-Mar	1.7	3.4
First Quarter	Jan-Mar	1.7	3.4
Last 24 Months	Mar-Mar	6.9	3.7 ²

Source: Central Bureau of Statistics Aruba

¹ End of period inflation

² Period average inflation

Figure 1 depicts the monthly Δ CPI over a period of one year starting from March 2007, whereas the Δ CPI for the month March for the years 1999 through 2008 is illustrated in Figure 2.

1.2 Changes in sector

Figure 3 provides an overview of the percentage changes for the indexes per sector for March 2008. The percentage change in index is further denoted as Δ I. The largest Δ I is observed for the sector “Transport & Communication” [+1.1%].

1.3 Changes in categories and subcategories

The largest Δ I in the categories are for “Household services” [+3.9%] and “Footwear” [-3.0%]. The major Δ I² in the “Transport & communication group” is observed for the category “Vehicle supplies” which increased by 1.9%. This increase is due to an increase in gasoline prices [2.2%]. The main Δ I in the sector “Food” are for the categories: “Sugar, sugar products and chocolate” [+3.8%] and “Dairy products” [+2.9%]. The other categories in the sector “Food” show a change between -1.7% and 1.3%.

The sector and subcategory which together influenced the CPI calculation due to their weight in the basket of goods and services are the category “Vehicle supplies” (0.14%) and the subcategory “Gasoline” which had an influence of 0.09%. The categories “Water” and “Electricity” did not change compared with February 2008. Reference is made further to table 8 in Appendix 1. This table provides an overview of the indexes for the months March 2007 up to and including March 2008 together with corresponding weight per

sector and the Monthly, Yearly, Year to date (YTD) and Average percentage changes for March 2008. Moreover, the course of indexes is presented in Appendix 2.

Figure 1: Δ CPI per Month of 2007-2008

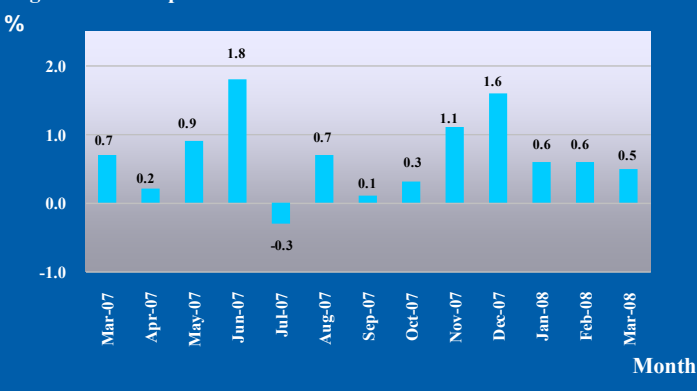


Figure 2: Monthly Δ CPI for March 1999-2008

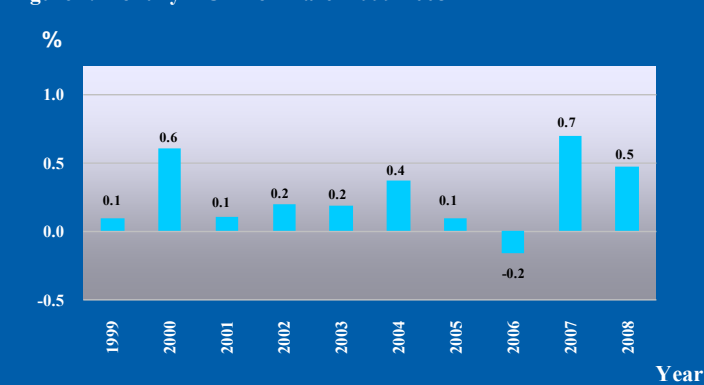
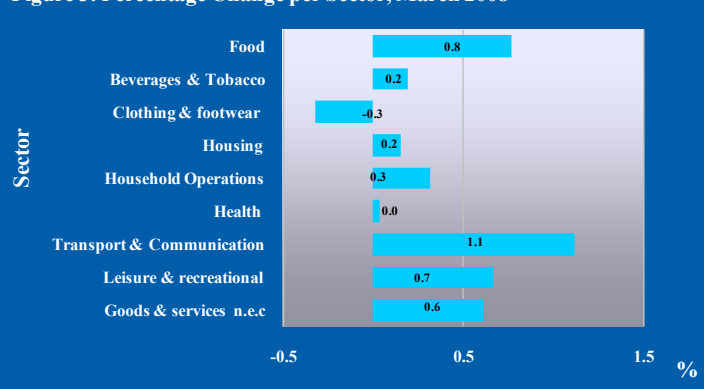


Figure 3: Percentage Change per Sector, March 2008



¹ See methodology in “Consumer Price Index January 2007”.

² The focus is on the four major sectors which are: Housing, Transport & Communication, Food and Clothing & footwear. Together these sectors form 68 % of the total weight of the basket of goods & services.

2 Yearly change of the CPI

2.1 End of period change CPI for March 2008

The CPI increased from 124.5 in March 2007 to 135.0 in March 2008, an increase of 8.5%. This Δ CPI is the highest registered over a period of 5 years (see table 2) for the month March.

Table 2 Five year period Yearly Δ CPI

Period	Δ CPI
March-March	
2003-2004	1.5
2004-2005	2.3
2005-2006	4.3
2006-2007	5.1
2007-2008	8.5

Source: Central Bureau of Statistics Aruba

2.2 Changes in sector

An overview of the percentage change per sector over the period March 2007 – March 2008 is presented in table 3. The largest Δ I is observed for the sector “Housing” [+17.9 %]. This increase is mainly caused by an increase of 39.8% in the category “Water supply” and “Domestic fuel & power [33.6%]. The second largest Δ I during this period is observed for the sector “Food” with +7.6%. This is mainly the result of an increase of 22.9% in the category “Dairy products”. An increase of 6.7% and 6.3% is observed for the sectors “Transport and communication” and “Leisure and recreational goods” respectively. A comparison of the Δ I for the years 2007 and 2008 is provided in figure 4. The only sectors that did show a decrease in percentage points (ppts) compared to the previous year are “Food”, “Beverages and tobacco products”, “Clothing and footwear”, and “Household operation”.

Table 3 Percentage Change for March 2007-2008

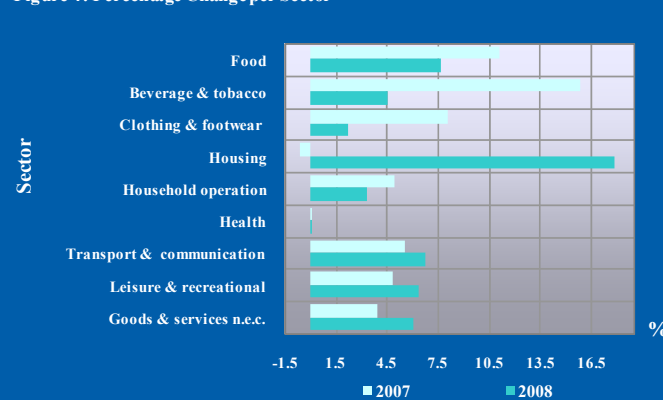
Period	% Change
Housing	17.9
Food	7.6
Transport and communication	6.7
Leisure and recreational goods	6.3
Goods and services n.e.c.	6.1
Beverages and tobacco products	4.6
Household operation	3.3
Clothing and footwear	2.2
Health	0.1

Source: Central Bureau of Statistics Aruba

2.3 Changes in categories

The largest positive and negative Δ I in categories observed over a period of one year are respectively, “Water supply” [+39.8%] and “Home appliances & tools” [-15.1%]. For an overview of yearly percentage changes per category refer to table 8 in Appendix 1.

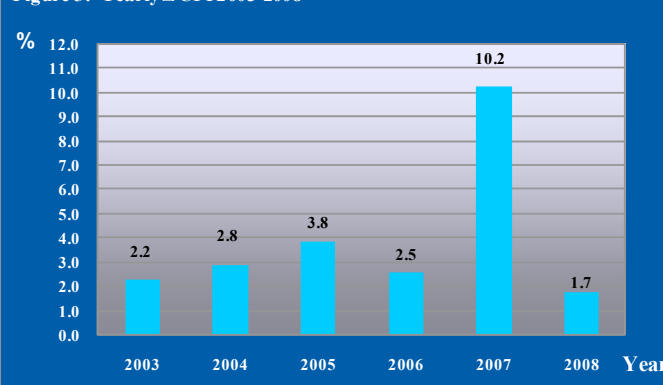
Figure 4: Percentage Change per Sector



2.4 End of year change CPI 2003-2008

The end of year change CPI for the period 2003-2008 together with the year to date Δ CPI (ytd Δ CPI) for 2008 are shown in figure 5. The Δ CPI for 2007 is calculated by comparing CPI December 2006 with CPI December 2007. At the end of each year the end of year percentage change equals the ytd Δ CPI. The ytd Δ CPI for March 2008 is 1.7%.

Figure 5: Yearly Δ CPI 2003-2008



2.5 Period average change CPI for March 2008

The period average change CPI (Δ ACPI) for March 2008 is 6.9%. Table 4 provides an overview of the Δ ACPI for the month March for the years 2002 through 2008. The Δ ACPI of 2008 increased by 3.2 ppts compared to 2007.

Table 4 Overview in Δ ACPI

Period	Δ ACPI
2002	2.6
2003	4.0
2004	2.8
2005	2.7
2006	3.9
2007	3.7
2008	6.9

Source: Central Bureau of Statistics Aruba

3 Development of indexes of main sectors and utilities

3.1 Indexes main sectors

The four major sectors; “Housing”, “Transport & communication”, “Food” and “Clothing & footwear” constitute 68% of the total weight of the basket of goods & services, which are observed on a monthly basis. An overview of the course of indexes for 2006-2008 per sector and for the CPI is provided in figures 9-1 through 9-9 and 10 in appendix 2, respectively.

Changes in the indexes of the sectors “Housing” and “Transport & communication” are mainly due to changes in the international oil prices and prices of utilities during the respective months. The development of Electricity, Water and Gasoline prices is provided in the adjoining figures 6-1 through 6-3.

3.2 Electricity

The component in the electricity tariff which is sensitive to price changes is the fuel surcharge (brandstofclausule). Figure 6-1 shows this component of the electricity tariff in Awg. per Kwh per month. The fuel surcharge component of the electricity tariff did not change in March of 2008.

3.3 Water

The price of water is determined in Awg. for an average usage (water consumption) of 20 m³. Figure 6-2 provides an overview of the course of changes in water tariffs for the period 2006 through 2008. The water tariff for an average consumption of 20 m³ did not change in March of 2008.

3.4 Gasoline

Price of gasoline includes BBO since January 1st 2007. For the months May 2007 up to and including March 2008 the Government of Aruba absorbed part of the increase in gasoline prices by reducing the excise tariff³ on gasoline by Awg 0.10. The retail price of gasoline was 213.1 cents per liter in February 2008 and 217.7 cents per liter in March 2008, which means an increase of 2.2% in March for gasoline price.

Figure 6-1: Electricity in Awg. Over 2006-2008

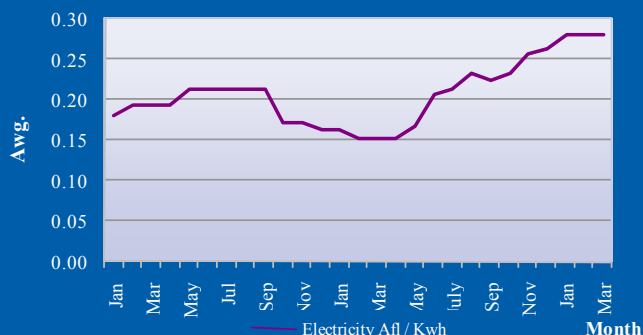


Figure 6-2 Water Price in Awg. over 2006-2008

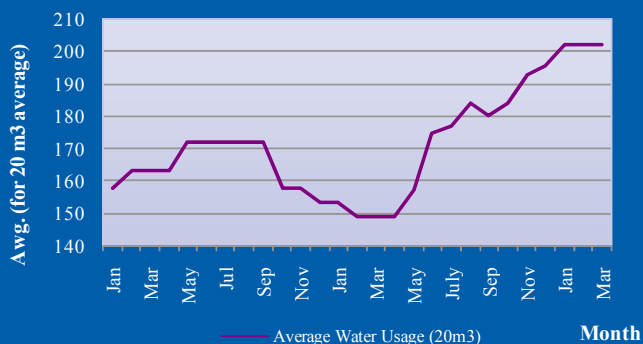
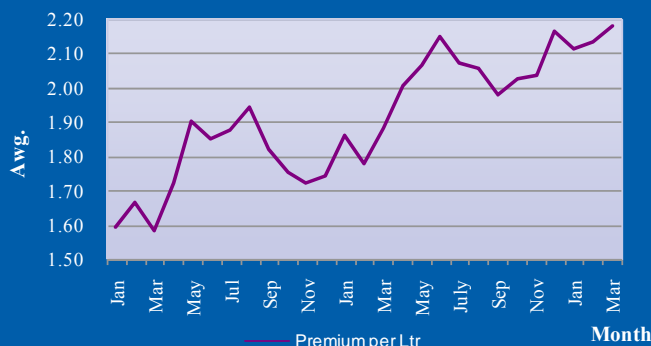


Figure 6-3 Gasoline Price in Awg. over 2006-2008



³ The excise tariff for diesel was reduced with Awg. 0.05.

4 Percentage change CPI of our major trading partners

Table 5 provides an overview of the Δ CPI of Aruba's major trading partners starting from March 2007. In March 2008 the Δ CPI of the USA, Curaçao and the Netherlands were respectively, 0.9%, 0.4% and 1.0%. The percentage changes for the USA provided in table 5 are not seasonally adjusted⁴.

Table 5: Monthly Δ CPI 2007-2008 per Country

Period	Aruba	USA	Curaçao	Netherlands
March	0.7	0.9	0.2	1.1
April	0.2	0.6	0.3	0.5
May	0.9	0.6	0.2	0.1
June	1.8	0.2	0.3	-0.4
July	-0.3	0.0	0.3	-0.5
August	0.7	-0.2	0.5	0.2
September	0.1	0.3	0.2	0.6
October	0.3	0.2	0.2	0.0
November	1.1	0.6	0.8	0.1
December	1.6	-0.1	0.3	-0.4
January	0.6	0.5	0.7	0.2
February	0.6	0.3	0.7	0.6
March	0.5	0.9	0.4	1.0

Source: Central Bureau of Statistics Aruba

4.1 Comparison of the CPI for the USA & Aruba

The USA is considered Aruba's largest trading partner⁵. Table 6 provides an overview of the Δ CPI for Aruba and the USA. Aruba's monthly Δ CPI for March 2008 is 0.4 pts lower than the Δ CPI of the USA.

Table 6 Overview in Δ of CPI

Period		Aruba	USA
Current Month	Feb-Mar	0.5	0.9
Last 12 Months ¹	Mar-Mar	8.5	4.0
Year to date	Jan-Mar	1.7	1.7
First Quarter	Jan-Mar	1.7	1.7
Last 24 Months ²	Mar-Mar	6.9	3.3

Source: Central Bureau of Statistics Aruba

¹ End of period inflation

² Period average inflation

The Δ CPI of Aruba over the last 12 months is 4.5 pts higher compared with the USA's 12-month Δ CPI. Similarly, the Δ CPI over the last 24 months for Aruba is 3.6 pts higher than the Δ CPI USA. The monthly inflation for both Aruba and the USA is depicted in figure 7 over a period of one year. Furthermore, an overview of the end of year Δ CPI over the period 1998-2008 and year to date Δ CPI is provided in table 7 and figure 8. The Δ CPI for both Aruba and the USA seems to follow the same movement during the period 1998 - 2006.

⁴ From now on the percentage changes for USA will be not seasonally adjusted.

⁵ "58% of Aruba's import by sea & air originates from the USA (Source: Trade Statistics Report, 3rd Quarter 2007).

However, a remarkable increase is observed for 2007. The latter may be due to the high international oil prices which in turn influenced the local gasoline prices. Moreover, the introduction of the turnover tax (BBO) in 2007 may also have contributed to this large increase.

Table 7: End of year & Year to date Δ CPI over 1998-2008

Period	Aruba	USA
1998	1.5	1.6
1999	3.7	2.7
2000	3.5	3.4
2001	2.6	1.6
2002	4.2	2.4
2003	2.2	1.9
2004	2.8	3.3
2005	3.8	3.4
2006	2.5	2.5
2007	10.2	4.1
2008*	1.7	1.7

Source: Central Bureau of Statistics Aruba

* year to date

Figure 7: Monthly Δ CPI for Aruba and the USA

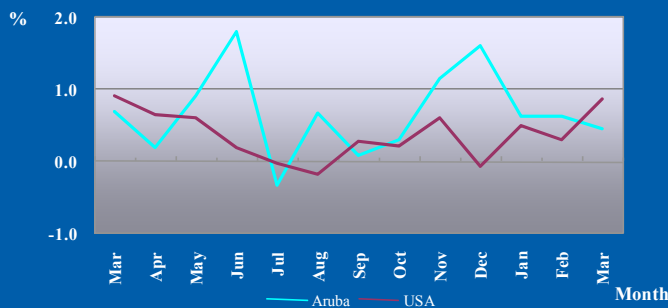
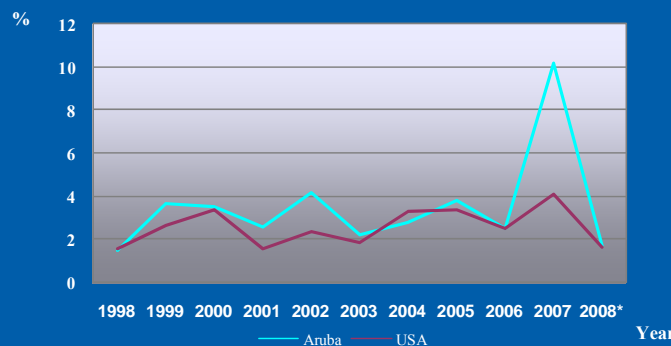


Figure 8: End of year and Year to date Δ CPI over 1998-2008



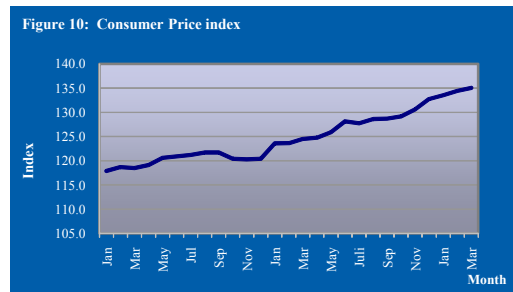
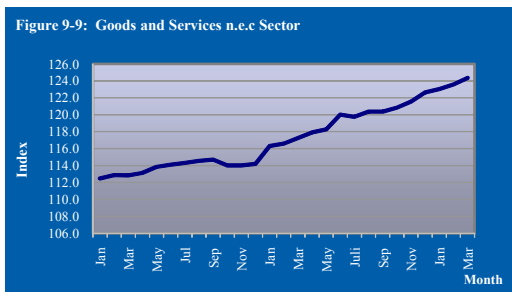
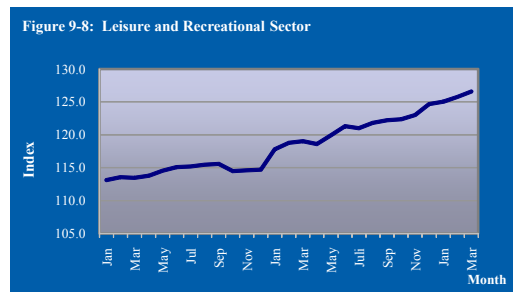
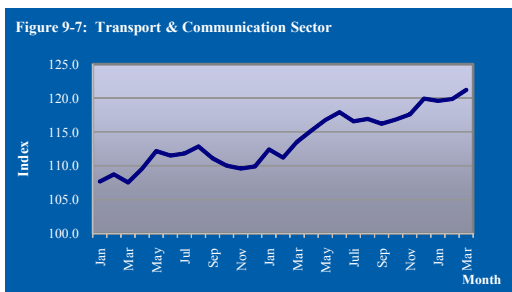
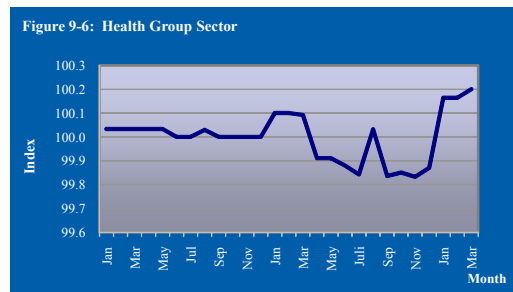
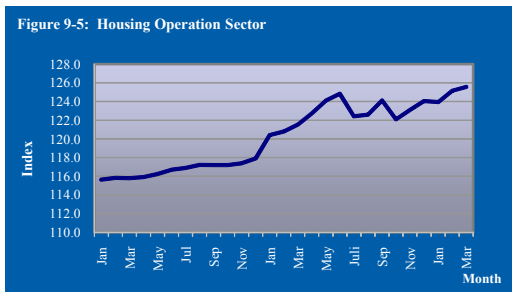
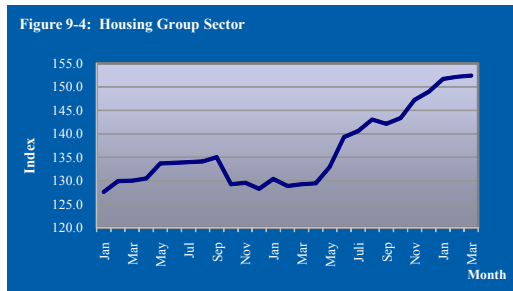
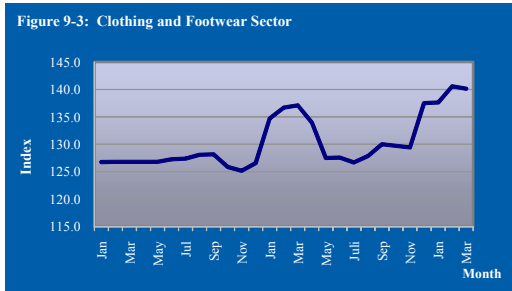
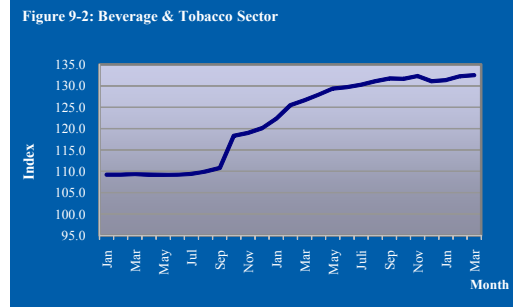
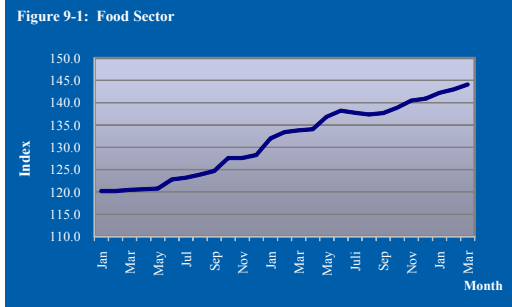
* year to date

Table 8: Monthly & Yearly Changes (%) for March 2008 for the Consumer Price Index Total Population (Sep 2000 = 100)

DESCRIPTION	WEIGHT coefficient	2007 Mar	2007 Dec	2008 Feb	2008 Mar	Monthly change Feb-Mar	Yearly change Mar-Mar	YTD change Jan-Mar	Average change CPI Mar 07-08
Food	1,469	133.8	140.9	143.0	144.1	0.8	7.6	2.2	10.0
Grain and grain products	233	121.2	125.7	126.7	127.4	0.6	5.1	1.4	8.6
Meat, poultry, game, fish and shellfish	320	130.6	136.9	140.9	141.4	0.4	8.2	3.3	9.1
Fats and oils	28	124.9	132.5	133.9	135.6	1.3	8.6	2.4	3.7
Dairy products	149	143.1	166.7	170.9	175.8	2.9	22.9	5.5	14.5
Potatoes, vegetables and fruit	176	177.9	194.6	199.6	199.1	-0.3	11.9	2.3	21.5
Sugar, sugarproducts and chocolate	30	113.9	112.6	112.5	116.8	3.8	2.5	3.7	2.9
Ready to eat meals	29	113.6	116.7	117.5	115.5	-1.7	1.7	-1.0	5.5
Take away beverages and meals	399	127.3	127.7	126.8	128.0	0.9	0.5	0.2	4.6
Groceries n.e.c.	104	123.0	127.3	130.5	131.0	0.4	6.5	2.8	9.4
Beverages and tobacco products	219	126.7	131.1	132.2	132.5	0.2	4.6	1.1	13.1
Beverages	192	125.6	130.5	131.5	131.6	0.0	4.8	0.8	14.1
Tobacco products	27	134.4	135.0	137.4	139.1	1.3	3.5	3.1	6.4
Clothing and footwear group	1,086	137.1	137.5	140.6	140.1	-0.3	2.2	1.9	2.4
Clothing and accessories	881	138.8	141.1	144.7	145.0	0.2	4.5	2.7	2.5
Footwear	204	129.9	122.0	122.9	119.3	-3.0	-8.2	-2.2	2.0
Housing group	2,296	129.3	148.9	152.2	152.4	0.2	17.9	2.3	9.3
Property Rent	717	134.6	138.1	138.9	139.3	0.3	3.5	0.9	3.5
Domestic Fuel and power	659	124.3	160.5	165.8	166.1	0.2	33.6	3.5	12.6
Property maintenance goods	500	125.4	130.1	132.0	131.9	-0.1	5.2	1.3	7.9
Garden Supplies	61	172.1	182.2	185.0	186.3	0.7	8.3	2.3	15.4
Water Supply	358	126.0	169.8	176.1	176.1	0.0	39.8	3.7	14.9
Household operation group	1,002	121.5	124.0	125.2	125.6	0.3	3.3	1.2	4.9
Furniture and lighting	133	109.3	102.1	102.1	102.3	0.2	-6.4	0.2	1.4
Floor coverings and household textiles	113	136.8	155.5	159.5	159.4	-0.1	16.5	2.5	13.7
Home appliances and tools	163	114.0	96.0	97.0	96.8	-0.2	-15.1	0.9	-10.0
Household equipment and utensils	75	120.2	122.1	123.4	124.6	1.0	3.7	2.0	5.2
Household services	118	116.3	120.5	121.7	126.4	3.9	8.8	5.0	7.4
Housekeeping charges	227	125.6	133.7	135.4	136.1	0.5	8.4	1.8	7.3
Household supplies	173	126.9	137.5	136.7	134.4	-1.7	5.9	-2.2	8.9
Health group	88	100.1	99.9	100.2	100.2	0.0	0.1	0.3	-0.1
Health services	88	100.1	99.9	100.2	100.2	0.0	0.1	0.3	-0.1
Transport and communication group	1,967	113.5	119.9	119.8	121.2	1.1	6.7	1.1	5.9
Own transport	544	102.4	107.7	108.8	109.9	1.0	7.3	2.0	2.9
Vehicle supplies	712	132.9	146.6	145.6	148.3	1.9	11.6	1.2	10.6
Public Transport costs	249	105.3	106.4	106.7	106.7	0.1	1.3	0.3	2.9
Communication Services	462	101.3	100.4	100.3	100.4	0.1	-0.8	0.1	1.8
Leisure and recreational goods	799	119.0	124.7	125.7	126.6	0.7	6.3	1.5	6.0
Costs incurred for recreational purposes	465	118.4	124.9	126.0	127.2	1.0	7.4	1.9	7.0
Admission charges to events and venues	89	124.5	132.7	134.4	135.0	0.5	8.5	1.7	6.9
Publications (no study material)	51	132.1	132.7	132.1	130.8	-1.0	-1.0	-1.4	7.2
Formal education fees	193	114.4	118.3	119.4	119.9	0.5	4.8	1.4	2.6
Goods and services n.e.c.	1,074	117.2	122.7	123.6	124.3	0.6	6.1	1.4	5.5
Toiletries and cosmetics	219	116.3	122.6	123.1	124.1	0.8	6.6	1.2	8.3
Insurance services	283	104.6	104.6	104.6	104.6	0.0	0.0	0.0	0.0
Other goods and services n.e.c.	438	123.6	131.3	132.8	134.0	0.9	8.4	2.1	6.9
Money Transfers	103	124.5	132.7	134.4	135.0	0.5	8.5	1.7	6.9
Unknown artic or not elsewhere classified	29	124.5	132.7	134.4	135.0	0.5	8.5	1.7	6.9
TOTAL INDEX	10,000	124.5	132.7	134.4	135.0	0.5	8.5	1.7	6.9

Source: Central Bureau of Statistics Aruba

Course of Indexes for 2006 - 2008 up to and including March



Source: Central Bureau of Statistics

Glossary

The Consumer Price Index and Inflation: The Consumer Price Index (CPI) measures changes in prices of consumer goods and services by households. Consumer price indices can be intended to measure either the rate of price inflation or deflation as perceived by households or changes in their cost of living. In case of inflation, the percentage change is positive and it indicates a decrease in the purchasing power of the consumers.

Monthly percentage change: Percentage change in price indices of any aggregates of the CPI in relation to the respective price indices of the previous month.

Year-to-date: Percentage change in price indices of any aggregates of the CPI in relation to the respective price indices of December.

Period inflation (last 12 months): Percentage change in price indices of any aggregates of the CPI in relation to the respective price indices of the same month of the previous year.

End of period inflation (last 24 months): The end of period inflation percentage change in CPI (period average inflation) is calculated by comparing the annual average CPI of the concerning period with the annual average CPI of the concerning period of the previous year.

Effect: Contribution of all percentage changes (of all respective aggregates) to the CPI.