



Table of Contents

Note to the Reader

ii

1 MONTHLY CHANGE OF THE CPI	1
1.1 CPI AND INFLATION	1
1.2 CHANGES IN SECTOR.....	1
1.3 CHANGES IN CATEGORIES AND SUBCATEGORIES.....	1
2 YEARLY CHANGE OF THE CPI.....	2
2.1 END OF PERIOD CHANGE CPI FOR MAY 2008.....	2
2.2 CHANGES IN SECTOR.....	2
2.3 CHANGES IN CATEGORIES.....	2
2.4 END OF YEAR CHANGE CPI 2003-2008.....	2
2.5 PERIOD AVERAGE CHANGE CPI FOR MAY 2008.....	2
3 DEVELOPMENT OF INDICES OF MAIN SECTORS AND UTILITIES.....	3
3.1 INDICES MAIN SECTORS	3
3.2 ELECTRICITY.....	3
3.3 WATER.....	3
3.4 GASOLINE	3
3.5 DIESEL	3
4 PERCENTAGE CHANGE CPI OF OUR MAJOR TRADING PARTNERS.....	4
4.1 COMPARISON CPI ARUBA & THE USA	4

Appendices

Appendix 1: Monthly & yearly % changes for May 2008	5
Appendix 2: Effect on the Consumer Price Index per sector and category for May 2008	6
Appendix 3: Course of Indices for 2006-2008 up to and including May 2008	7

Glossary	8
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Note to the Reader

The following report presents the price statistics for May 2008.

- At the end of May 2008 the Consumer Price Index (CPI) increased by 0.8% compared to the end of April 2008. The largest percentage change is for the “Transport and communication” sector index [+2.0%]. Specifically, gasoline prices increased by 5.9%.
- Compared to January 1st 2008 the CPI increased by 3.1%. The largest percentage change is observed for the index of the “Transport and communication” sector [+5.0%].
- Compared to May 2007 the CPI increased by 8.7%. The largest percentage change is observed for the index of the “Housing” sector [+14.9%].
- The period average change CPI for the period May 2007- May 2008 is 7.6% which is 3.8 percentage points higher compared to the period average change over the period May 2006 – May 2007.
- Utilities (Water and Electricity) did not change for May 2008.
- The “Transport and communication” sector had an influence of 0.3% in the Δ CPI of May (0.8%).

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

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1 Monthly change of the CPI

1.1 CPI and Inflation

The Consumer Price Index (CPI) of the total population of Aruba for the month of May 2008 is 136.8. This is 0.8% higher compared with the CPI of April 2008 [135.7]. 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 8.7% while the inflation over a period of 24 months (period average inflation) is 7.6%.

Table 1 Overview in Δ CPI

Period		2008	2007
Current Month	Apr-May	0.8	0.9
Year-to-date	Jan-May	3.1	4.5
Last 12 Months ¹	May-May	8.7	4.4
Last 24 Months ²	May-May	7.6	3.8

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 May 2007, whereas the Δ CPI for the month May 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 indices per sector for May 2008. The percentage change in index is further denoted as Δ I. The largest Δ I¹ is observed for the sector “Transport & communication” [+2.0%].

1.3 Changes in categories and subcategories

The largest positive and negative Δ I is seen in the categories “Own transport” [+3.4%] and “Household supplies” [-0.7%] respectively. The major Δ I in the “Food” sector is observed for the category “Ready to eat meals” which increased by 2.9%. This increase is mainly due to an increase in “Baby foods” [11.6%]. Other categories in the sector “Food” with significant Δ I are: “Potatoes, vegetables and fruit” [+2.7%] and “Sugar, sugar products and chocolate” [+1.8%]. The other categories in the sector “Food” show changes between -0.2% and 1.6%.

The sector and subcategory which influenced the CPI calculation the most due to their weight in the basket of goods and services are the category “Own transport” and the subcategory “Gasoline”, which had a positive effect of respectively 0.18% and 0.22% on the Δ CPI. The categories “Water” and “Electricity” did not change compared to April 2008. Reference is made to table 8 & 9 in Appendices 1 & 2. Table 8 provides an overview of the indices for the months May 2007 up to and including May 2008 together with corresponding weight per sector and the Monthly, Yearly, year-to-date (ytd) and

Average percentage changes for May 2008. In table 9 an overview of the effect on the CPI per sector and category for May 2008 is presented. The course of indices for 2006 to 2008 is illustrated in Appendix 3.

Figure 1: Monthly Δ CPI, 2007-2008

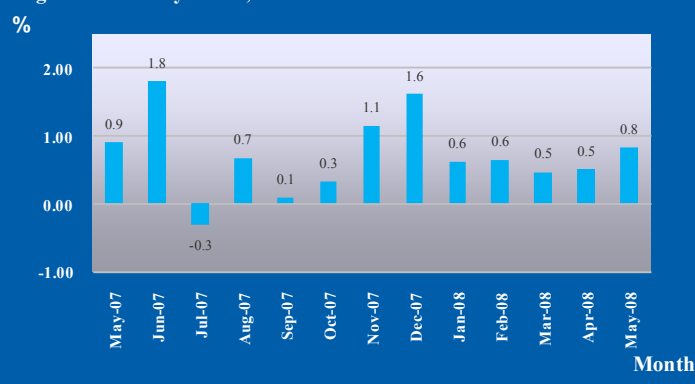


Figure 2: Monthly Δ CPI for May, 1999-2008

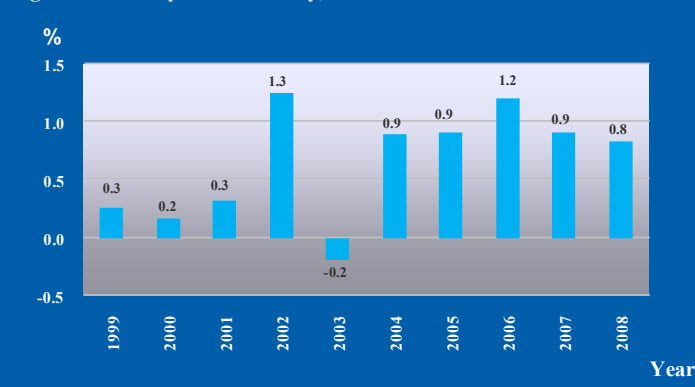
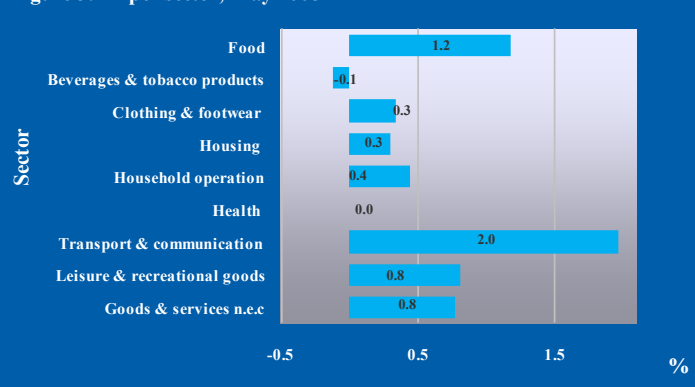


Figure 3: Δ I per sector, May 2008



¹ 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 May 2008

The CPI increased from 125.9 in May 2007 to 136.8 in May 2008, an increase of 8.7%. This Δ CPI is the highest registered over a period of 5 years (see table 2) for the month May.

Table 2 Five year period Yearly Δ CPI

Period	Δ CPI
	May-May
2003-2004	3.2
2004-2005	3.0
2005-2006	4.0
2006-2007	4.4
2007-2008	8.7

Source: Central Bureau of Statistics Aruba

2.2 Changes in sector

An overview of the percentage change per sector over the period May 2007 – May 2008 is presented in table 3. The largest Δ I is observed for the sector “Housing” [+14.9 %]. This increase is mainly caused by increases in the categories “Water supply” [32.1] and “Domestic fuel & power” [28.1%] respectively. The second largest Δ I during this period is observed for the sector “Clothing and footwear” with +11.1%. This is mainly the result of an increase of 11.9% in the category “Clothing and accessories”. An increase of 7.9% and 7.0% is observed for the sectors “Transport and communication” and “Food” respectively. A comparison of the Δ I for the years 2007 and 2008 is provided in figure 4. The only sectors that have a smaller Δ I in 2008 compared to the Δ I of 2007 are “Food”, “Beverages and tobacco products” and “Household operation”.

Table 3 Percentage Change for May, 2007-2008

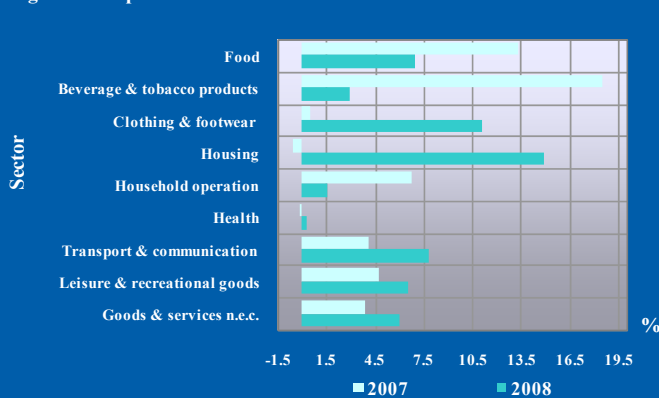
Period	% Change
Housing	14.9
Clothing and footwear	11.1
Transport and communication	7.9
Food	7.0
Leisure and recreational goods	6.5
Goods and services n.e.c.	6.0
Beverages and tobacco products	2.9
Household operation	1.5
Health	0.3

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” [+32.1%] and “Furniture and lighting” [-9.6%]. For an overview of the yearly percentage changes per category refer to table 8 in Appendix 1.

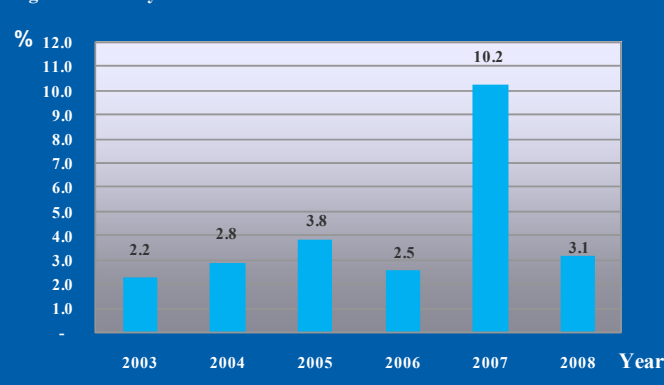
Figure 4: Δ I per Sector



2.4 End of year change CPI 2003-2008

The end of year change Δ CPI for the period 2003-2007 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 the CPI of December 2007 with the CPI of December 2006. At the end of each year the end of year percentage change equals the ytd Δ CPI. The ytd Δ CPI for May 2008 is 3.1%.

Figure 5: Yearly Δ CPI 2003-2008



2.5 Period average change CPI for May 2008

The period average change CPI (Δ ACPI) for May 2008 is 7.6%. Table 4 provides an overview of the Δ ACPI for the month May for the years 2002 through 2008. The Δ ACPI of 2008 increased by 3.8 percentage points compared to 2007.

Table 4 Overview in Δ ACPI

Period	Δ ACPI
2002	2.6
2003	4.3
2004	2.5
2005	2.9
2006	3.9
2007	3.8
2008	7.6

Source: Central Bureau of Statistics Aruba

3 Development of indices of main sectors and utilities

3.1 Indices 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 indices for 2006-2008 per sector and for the CPI is provided in respectively figures 9-1 through 9-9 and 10 of Appendix 2.

Changes in the indices of the sectors “Housing” and “Transport & communication” are mainly the result of changes in the international oil prices and prices of utilities during the respective months. The development of Electricity, water, gasoline and diesel 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 May 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 May of 2008.

3.4 Gasoline

Since the month of May 2007 the Government of Aruba has been absorbing part of the increase in gasoline prices by reducing the excise tariff on gasoline by Awg 0.10. The retail price of gasoline increased with 5.9% from 227.1 cents per liter in April 2008 to 240.4 cents per liter in May 2008.

3.5 Diesel

In May 2008 the retail price of diesel increased with 4.5% from 221.0 cents per liter in April 2008 to 231.0 cents per liter. The excise tariff for diesel was reduced with Awg. 0.05.

Figure 6-1: Electricity in Awg, 2006-2008

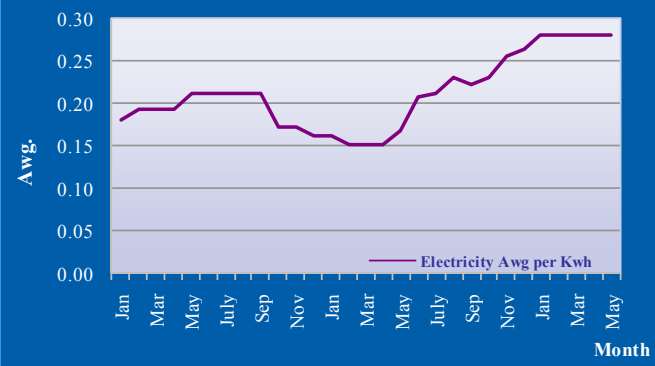


Figure 6-2 Water Price in Awg, 2006-2008

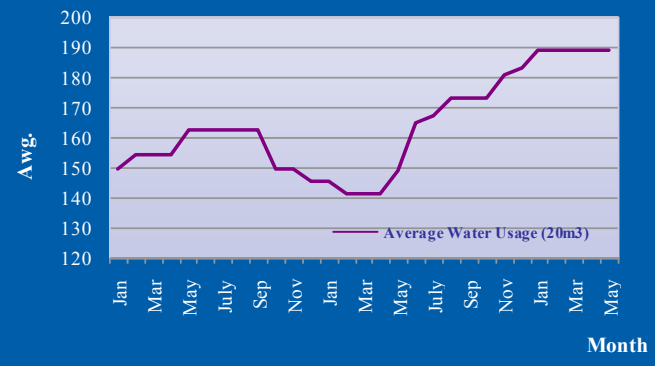
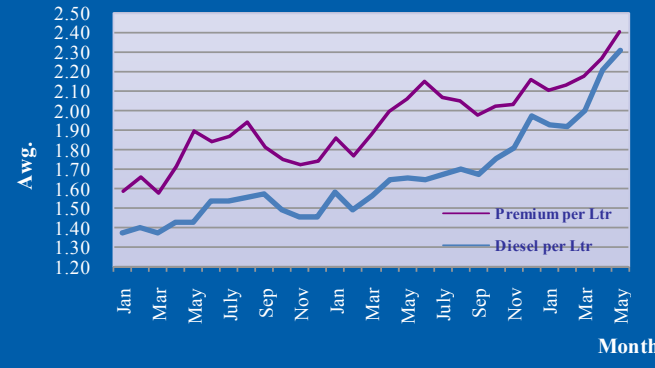


Figure 6-3 Gasoline and Diesel Prices in Awg, 2006-2008



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 May 2007. In May 2008 the Δ CPI of the USA, Curaçao and the Netherlands were respectively 0.8%, 0.8% and 0.4%.

Table 5: Monthly Δ CPI 2007-2008 per Country

Period	Aruba	USA	Curaçao	Netherlands
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
April	0.5	0.6	0.6	0.4
May	0.8	0.8	0.8	0.4

Source: CBS Aruba, Bureau of Labor Statistics, CBS Netherland Antilles, CBS Netherlands

4.1 Comparison of the CPI for the USA & Aruba

The USA is considered Aruba's largest trading partner². Table 6 provides an overview of the Δ CPI for Aruba and the USA. The monthly Δ CPI for both Aruba and the USA was 0.8%.

Table 6 Overview in Δ of CPI

Period		Aruba	USA
Current Month	Apr-May	0.8	0.8
Year-to-date	Jan-May	3.1	3.1
Last 12 Months ¹	May-May	8.7	4.2
Last 24 Months ²	May-May	7.6	3.5

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 percentage points higher compared with the USA's 12-month Δ CPI. The Δ CPI over the last 24 months for Aruba is 4.1 percentage points higher than the Δ CPI of the 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 for Aruba and the USA is provided in table 7 and figure 8.

² "58% of Aruba's import by sea & air originates from the USA (Source: Trade Statistics Report, 3rd Quarter 2007).

Table 7: End of year Δ CPI, 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*	3.1	3.1

Source: Central Bureau of Statistics Aruba

* year-to-date

Figure 7: Monthly Δ CPI for Aruba and the USA, 2007-2008

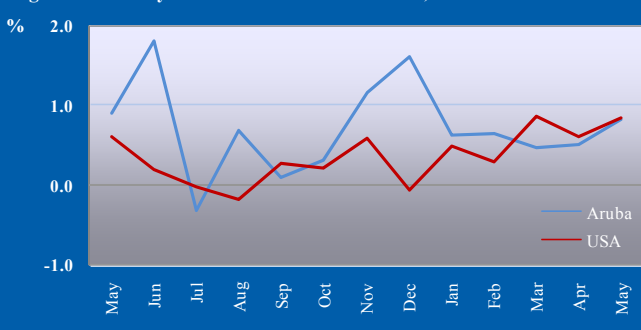
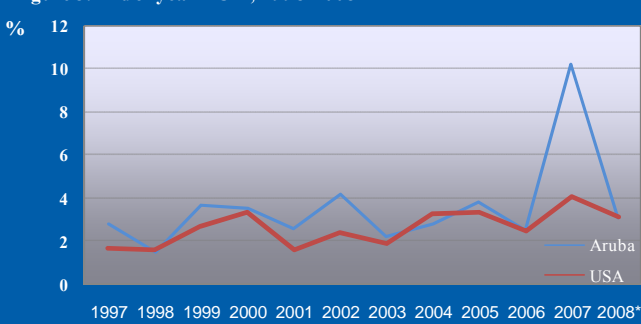


Figure 8: End of year Δ CPI, 1998-2008



* year-to-date

APPENDIX 1
Table 8: Monthly & Yearly Changes (%) for May 2008 for the Consumer Price Index, Total Population (Sep 2000 = 100)

DESCRIPTION	WEIGHT coefficient	2007 May	2007 Dec	2008 Apr	2008 May	Monthly change Apr-May	YTD change Jan-May	Yearly change May-May	Average change May 07-08
Food	1,469	136.8	140.9	144.7	146.4	1.2	3.9	7.0	9.2
Grain and grain products	233	122.6	125.7	127.8	129.8	1.6	3.3	5.9	7.9
Meat, poultry, game, fish and shellfish	320	133.0	136.9	143.5	143.6	0.0	4.9	8.0	8.9
Fats and oils	28	126.0	132.5	135.8	135.5	-0.2	2.3	7.6	5.4
Dairy products	149	145.4	166.7	180.9	183.8	1.6	10.2	26.4	17.3
Potatoes, vegetables and fruit	176	184.7	194.6	198.6	204.0	2.7	4.8	10.5	18.5
Sugar, sugar products and chocolate	30	116.4	112.6	115.1	117.2	1.8	4.1	0.7	1.2
Ready to eat meals	29	115.2	116.7	116.3	119.7	2.9	2.6	3.9	4.7
Take away beverages and meals	399	130.9	127.7	126.7	127.5	0.6	-0.2	-2.6	2.8
Groceries n.e.c.	104	125.3	127.3	130.7	132.8	1.5	4.3	6.0	8.6
Beverages and tobacco products	219	129.3	131.1	133.3	133.1	-0.1	1.6	2.9	10.6
Beverages	192	128.6	130.5	132.5	132.3	-0.2	1.3	2.8	11.4
Tobacco products	27	134.5	135.0	139.1	139.2	0.1	3.2	3.5	5.7
Clothing and footwear	1,086	127.5	137.5	141.2	141.7	0.3	3.0	11.1	3.3
Clothing and accessories	881	130.6	141.1	145.5	146.1	0.4	3.5	11.9	3.5
Footwear	204	114.2	122.0	122.6	122.7	0.1	0.6	7.4	2.1
Housing	2,296	133.0	148.9	152.4	152.8	0.3	2.6	14.9	12.1
Property Rent	717	135.3	138.1	139.7	140.1	0.3	1.5	3.5	3.5
Domestic Fuel and power	659	129.6	160.5	165.9	166.0	0.1	3.4	28.1	19.1
Property maintenance goods	500	128.8	130.1	131.3	132.6	0.9	1.9	3.0	7.1
Garden Supplies	61	173.6	182.2	187.6	189.2	0.8	3.9	9.0	13.0
Water Supply	358	133.3	169.8	176.1	176.1	0.0	3.7	32.1	22.5
Household operation	1,002	124.1	124.0	125.4	126.0	0.4	1.6	1.5	4.1
Furniture and lighting	133	115.6	102.1	102.6	104.5	1.9	2.4	-9.6	-1.8
Floor coverings and household textiles	113	147.7	155.5	160.5	160.5	0.0	3.2	8.6	13.9
Home appliances and tools	163	107.3	96.0	97.7	97.7	0.0	1.8	-8.9	-11.7
Household equipment and utensils	75	120.4	122.1	123.8	125.7	1.5	2.9	4.4	4.4
Household services	118	119.0	120.5	124.1	124.5	0.3	3.3	4.6	6.7
Housekeeping charges	227	127.2	133.7	136.8	138.0	0.9	3.2	8.5	7.8
Household supplies	173	132.1	137.5	133.0	132.2	-0.7	-3.9	0.1	8.0
Health	88	99.9	99.9	100.3	100.3	0.0	0.4	0.3	0.0
Health services	88	99.9	99.9	100.3	100.3	0.0	0.4	0.3	0.0
Transport and communication	1,967	116.7	119.9	123.5	125.9	2.0	5.0	7.9	6.4
Own transport	544	102.4	107.7	113.6	117.4	3.4	9.0	14.7	5.0
Vehicle supplies	712	141.9	146.6	151.9	155.6	2.4	6.2	9.7	10.8
Public Transport costs	249	105.5	106.4	106.8	107.0	0.1	0.5	1.4	2.7
Communication Services	462	100.9	100.4	100.3	100.3	0.0	0.0	-0.5	1.3
Leisure and recreational goods	799	119.9	124.7	126.7	127.8	0.8	2.5	6.5	6.3
Costs incurred for recreational purposes	465	120.8	124.9	127.0	128.0	0.7	2.5	5.9	7.2
Admission charges to events and venues	89	125.9	132.7	135.7	136.8	0.8	3.1	8.7	7.6
Publications (no study material)	51	129.8	132.7	132.4	133.1	0.5	0.3	2.6	6.0
Formal education fees	193	112.4	118.3	120.4	121.7	1.1	2.9	8.2	3.6
Goods and services n.e.c.	1,074	118.3	122.7	124.4	125.4	0.8	2.2	6.0	5.8
Toiletries and cosmetics	219	117.4	122.6	124.0	125.7	1.4	2.6	7.1	8.1
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	125.3	131.3	134.0	135.1	0.9	2.9	7.9	7.4
Money Transfers	103	125.9	132.7	135.7	136.8	0.8	3.1	8.7	7.6
Unknown article or not elsewhere classified	29	125.9	132.7	135.7	136.8	0.8	3.1	8.7	7.6
TOTAL INDEX	10,000	125.9	132.7	135.7	136.8	0.8	3.1	8.7	7.6

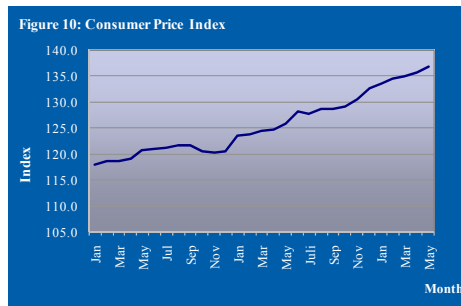
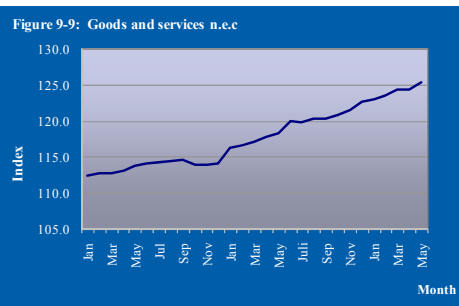
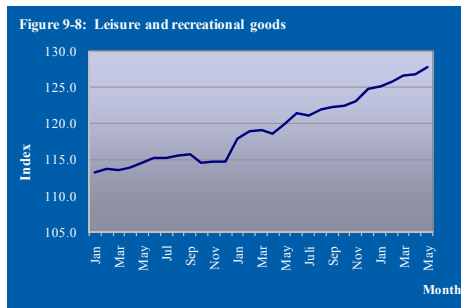
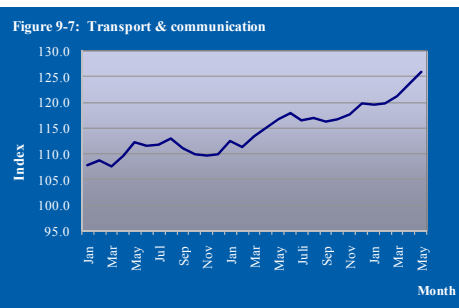
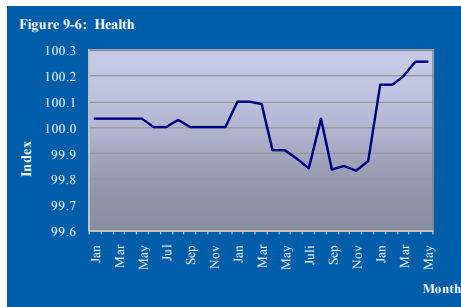
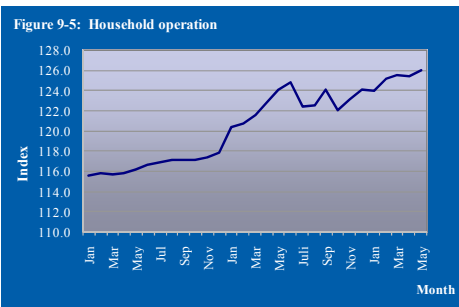
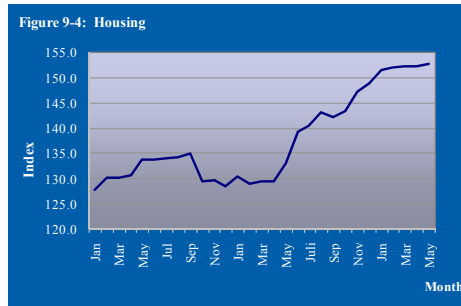
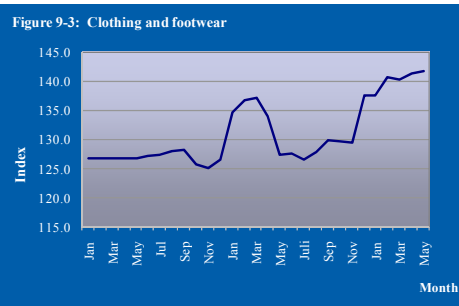
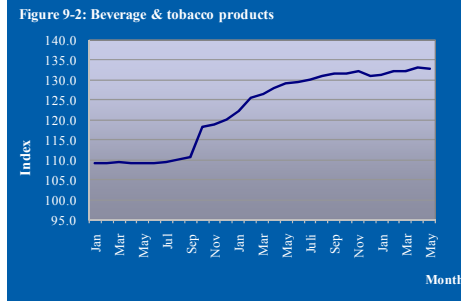
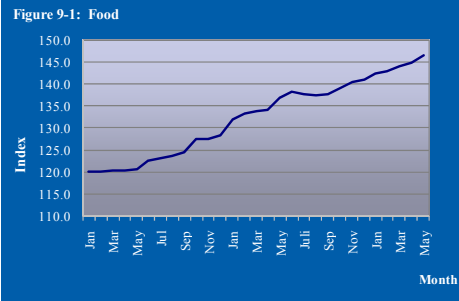
Source: Central Bureau of Statistics Aruba

APPENDIX 2
Table 9: Effect on the Consumer Price Index per sector and category for May 2008 (Sep 2000 = 100)

DESCRIPTION	WEIGHT coefficient	Effect Apr-May	Effect Jan-May	Effect May-May	Effect May 07-08
Food	1,469	0.16	0.58	1.00	1.28
Grain and grain products	233	0.04	0.08	0.15	0.20
Meat, poultry, game, fish and shellfish	320	0.01	0.18	0.27	0.31
Fats and oils	28	0.00	0.01	0.02	0.02
Dairy products	149	0.02	0.17	0.39	0.26
Potatoes, vegetables and fruit	176	0.04	0.08	0.19	0.25
Sugar, sugarproducts and chocolate	30	0.01	0.01	0.00	0.00
Ready to eat meals	29	0.01	0.01	0.01	0.02
Take away beverages and meals	399	0.02	-0.01	-0.11	0.12
Groceries n.e.c.	104	0.02	0.05	0.07	0.10
Beverages and tobacco products	219	-0.01	0.03	0.07	0.24
Beverages	192	-0.01	0.02	0.06	0.23
Tobacco products	27	0.00	0.01	0.01	0.02
Clothing and footwear	1,086	0.06	0.34	1.20	0.35
Clothing and accessories	881	0.06	0.33	1.04	0.30
Footwear	204	0.01	0.01	0.16	0.05
Housing	2,296	0.08	0.60	3.66	2.97
Property Rent	717	0.02	0.11	0.27	0.27
Domestic Fuel and power	659	0.00	0.23	1.95	1.36
Property maintenance goods	500	0.05	0.10	0.17	0.38
Garden Supplies	61	0.00	0.02	0.05	0.07
Water Supply	358	0.00	0.14	1.22	0.88
Household operation	1,002	0.07	0.18	0.08	0.36
Furniture and lighting	133	0.03	0.05	-0.14	-0.03
Floor coverings and household textiles	113	0.01	0.03	0.07	0.14
Home appliances and tools	163	0.00	0.03	-0.15	-0.22
Household equipment and utensils	75	0.01	0.02	0.04	0.04
Household services	118	0.00	0.04	0.06	0.09
Housekeeping charges	227	0.02	0.08	0.20	0.19
Household supplies	173	-0.01	-0.07	0.00	0.15
Health	88	0.00	0.00	0.00	0.00
Health services	88	0.00	0.00	0.00	0.00
Transport and communication	1,967	0.32	0.93	1.50	1.24
Own transport	544	0.18	0.52	0.85	0.30
Vehicle supplies	712	0.13	0.40	0.66	0.81
Public Transport costs	249	0.00	0.01	0.03	0.07
Communication Services	462	0.00	0.00	-0.03	0.07
Leisure and recreational goods	799	0.07	0.20	0.56	0.53
Costs incurred for recreational purposes	465	0.03	0.12	0.30	0.36
Admission charges to events and venues	89	0.01	0.03	0.08	0.08
Publications (no study material)	51	0.00	0.00	0.02	0.03
Formal education fees	193	0.02	0.06	0.16	0.06
Goods and services n.e.c.	1,074	0.08	0.24	0.65	0.66
Toiletries and cosmetics	219	0.03	0.06	0.16	0.20
Insurance services	283	0.00	0.00	0.00	0.00
Other goods and services n.e.c.	438	0.04	0.13	0.37	0.35
Money Transfers	103	0.01	0.03	0.10	0.09
Unknown article or not elsewhere classified	29	0.00	0.01	0.03	0.02
TOTAL INDEX	10,000	0.83	3.11	8.72	7.64

Source: Central Bureau of Statistics Aruba

Course of Indices for 2006 - 2008 up to and including May 2008



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 prior to the year under review.

End of 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.

Period average 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.