



Press Release

Consumer Price Index

The Headline Consumer Price Index (CPI) published by National Statistical Office is reporting signs of inflation easing for the September quarter 2011.

According to the report, the Headline Consumer Price Index shows 0.2 per cent in the September quarter 2011, down from 2.2 per cent in the June quarter. Whilst over 12 months, the Headline Consumer Price Index shows 8.4 per cent in the September quarter down from the 9.6 per cent in the June quarter 2011.

Similarly, the Underlying Consumer Price Index shows 0.9 per cent in the September quarter 2011 down from 3.3 per cent in the June quarter 2011. Whilst over 12 months, the Underlying Consumer Price Index recorded 8.0 per cent in the September quarter 2011.

The easing of inflation over the September quarter 2011 reflects significant price moderation in a number of consumer items such as cereals, clothing and footwear, fuel and power and motor vehicle operations, in spite of increases in fruits and vegetables, men's and boy's clothing, semi-durable goods and other goods.

Across regions, Port Moresby recorded price decreases. Lae, Goroka and Madang recorded minimal price increases of 0.4 per cent, 0.3 per cent and 0.1 per cent respectively. Conservely, the strongest price increases were recorded in Rabaul.

As Minister for Treasury and Finance, I urge all other business houses to embrace such change and pass on lower prices to consumers too, instead of solely maximising profits. With this point, I take the opportunity to commend Trukai Industries who has slashed prices of its products by almost 18 per cent. A 10 kg trukai rice is now selling at K37.50 down from a price of around K46 in the past.

The easing of inflation is particularly important especially, given that from January to end of October 2011, the Kina exchange rate has appreciated against both the US and Australian dollar by 19 per cent and 17 per cent respectively. The strong appreciation implies that business houses must pass on the lower prices to consumers, and not only maximise profits.

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Minister for Treasury and Finance

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