LESOTHO CONSUMER PRICE INDEX METADATA

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1. Methodology

1.1 Definition

Consumer Price Index (CPI) measures the changes in the cost of goods and services in the month under review compared with an earlier period. The annual inflation rate is the change in the CPI for all items of the relevant month of the current year compared with the CPI for all items of the same previous year month expressed as a percentage. The national CPI measures changes in the cost of a fixed basket of goods and services purchased by households in Lesotho.

1.2 Scope and Coverage

- The geographic scope of the CPI is urban and rural, covering all twelve main towns of Lesotho; Botha-Bothe, Leribe, Berea, Maseru, Mafeteng, Mohale's Hoek, Quthing, Qacha's Nek, Mokhotlong, Thaba-tseka, Semonkong and Maputsoe) and forty-five selected areas. About 30 000 price quotations from 500 selected outlets.
- The items are divided into 12 divisions, 36 groups and 75 classes

1.3 Sources of data

- The data is collected from representative sources /outlets in urban and rural which include; Markets, shops around markets, supermarkets, pharmaceutical shops, schools, hotels and restaurants, taxis and buses.

1.4 Compilation practices

- About 30000 price quotations in about 500 outlets for about 370 basic price products collected. The prices data correspond to goods while charges are collected on services.

1.5 Classification

Classification of Individual Consumption by Purpose is used. The weights are given below

Divisions	Weights
1.Food and non-alcoholic beverages	32.6%
2.Alcoholic beverages and tobacco	6.4%
3. Clothing & Footwear	8.1%
4. Housing, Water, Electricity, Gas	14.9%
5. Furnishing, Household Equipment, and Routine Maintenance of the House	3.3%
6. Health	1.9%
7. Transport	11.1%
8. Communications	4.4%
09. Recreation and culture	1.4%
10. Education	4.9%
11. Restaurants and Hotels	6.6%
12.Miscellaneous goods and services	4.4%

2. Accuracy and reliability

2.1Sources of data

2.1.1 Sources of data compilation practices

The CPI basket of goods and services is derived from the results of 2017/18 Household Survey (HBS). The revision of the basket of goods and services is supposed to be done every five years, which is after publication of the latest HBS results.

The representatives items/products and the specific outlets are preselected. Prices are collected by personal visits to the outlets by permanent staff of the Bureau of Statistics (BOS). Market prices of all food and non-food items are collected from markets in all twelve urban towns and rural areas of Lesotho during the first two weeks of every month.

Prices for water, electricity and telephone charges, are collected on annual basis in January every year, but they are collected when there are changes in such charges. Government health centers are visited once when there is change in hospital fees. Schools are visited once in the beginning of the year.In case of non-availability of some items, callbacks are done before any substitution can be made for those items that are permanently out of market. The temporarily missing observation is imputed using the growth

rate of same item obtained from those outlets where the item is available. Update of the CPI is allowed up to only one month after the reference period. Imputation of missing data is allowed up to three months, instead of carrying prices forward.

The replacement is done for the items which have permanently disappeared from the market. Replacement is made considering the brands where possible, if not available weights are reallocated amongst the existing items.

Unit average prices are computed using the Average or Geo mean for some items. Price changes minimum and maximum range is between 75and 150 percent, those outside the rangeare checked for possible errors.

2.1.2 Computation Method

The CPI basket has been rebased and the new base period is Average 2022 = 100.

The formula used in calculating the price indices is modified Laspeyers index with basic price observations being processed through geometric mean. The officially accepted method of measuring inflation rate in Lesotho is the index for the current month compared with that of the corresponding month in the previous year.

$$\{(Ic/Ip)-1\}*100 = \text{Inflation rate}$$

Where: Ic = index for the current month,
Ip = index for the same month in the previous year.

3. Serviceability

3.1 Periodicity

The CPI data are collected on monthly basis

3.2 Timeliness

The CPI results are published on the 20th day of the month following the reference month of data collection. Price changes after the 20th are reflected during the following month

4. Accessibility and availability of data

4.1 Dissemination media and format

This information can be accessed by users from the

- Hard copy – CPI monthly report
- BOS website: www.bos.gov.ls
- Mailing list

5. Comments and limitations

- Frequent closure of businesses impacts on the number of outlets available for data collection.
- CPI by districts is not compiled