

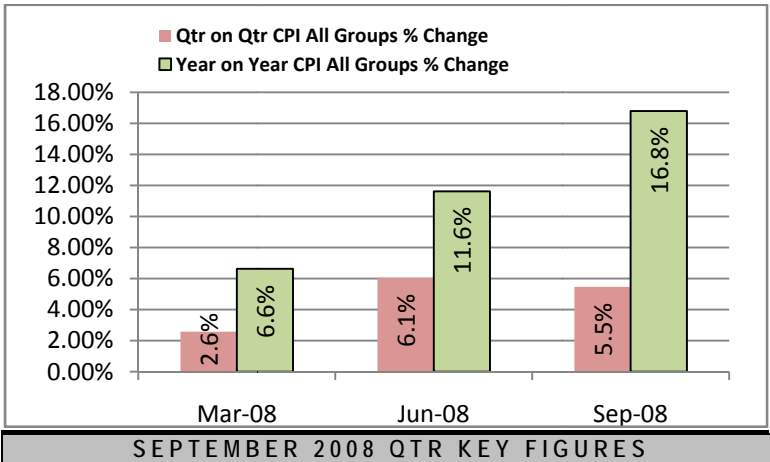


**Ministry of Finance
Bureau of Budget & Planning
Office of Planning & Statistics**

P. O. Box 6011, Melekeok, Republic of Palau 96940
Tel. (680) 767-1269/1270 ext. 5319 Fax. (680) 767-5642
Email: ops@palaugov.net Web address: http://www.palaugov.net/stats

SEPTEMBER 2008 QUARTER RELEASE

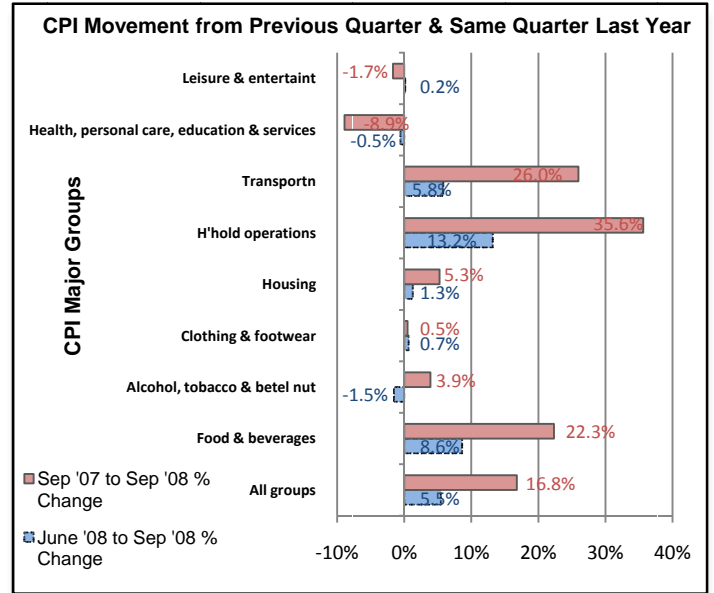
CONSUMER PRICE INDEX



Consumer Price Index Major Groups	Qtr % Change	Annual % Change
	Jun Qtr 2008 Sep Qtr 2008	Sep Qtr 2007 Sep Qtr 2008
Food & Beverage	8.6%	22.3%
Alcohol, tobacco & betel nut	-1.5%	3.9%
Clothing & Footwear	0.7%	0.5%
Housing	1.3%	5.3%
Household operations	13.2%	35.6%
Transportation	5.8%	26.0%
Health, Personal care, Educ. & Services	-0.6%	-8.9%
Leisure & entertainment	0.2%	-1.7%
All Groups	5.5%	16.8%

THE CPI 'ALL GROUPS'

- Overall, the CPI has seen the greatest year on year percent change in the 3rd quarter of 2008 compared to the previous two quarters
- An increase in the price of items in the Food & Beverage group, the Transportation group, and the Household operations group contributed to the elevated annual percent change.



SEPTEMBER 2008 QTR KEY POINTS

Palau's Consumer Price Index has been reviewed and now has a new expression base of June 2008 quarter = 100.

OVERVIEW OF CPI MOVEMENT

Comparing from last quarter, items in the Household Operations group contributed the largest (13.26%) to the overall increase, followed by the Food & Beverage group (8.63%) and the Transportation group (5.84%).

- Higher energy costs as well as a rise in the average price of household appliances, household services and supplies contributed to the rise in overall Household Operations costs.
- In the Food & Beverage group, the higher price of imported foods contributed to the rise.
- Higher roundtrip airfare and boat fare, as well as higher gas prices contributed to the rise in Transportation costs.
- Lower cigarette prices contributed the most to the fall in the Alcohol, Tobacco & Betelnut group from last quarter.
- A lower price for toiletries contributed to the slight decrease in Health, Personal care, Education & Services group.