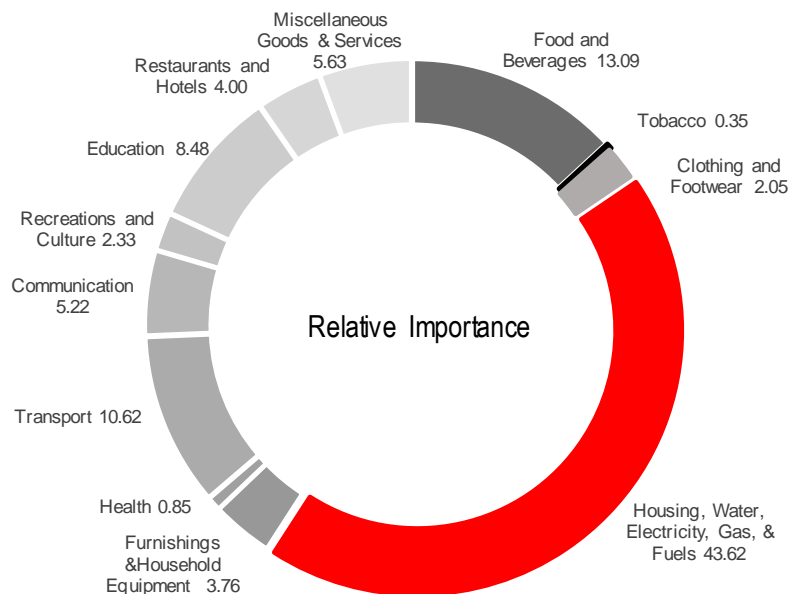


## Inflation in Consumer Price Index

### Emirate of Dubai 2016

Consumer Price Index considered as a principal base to show inflation indicator, which measure the periodic changes in goods and services prices during a specific period of time. The general increases in prices (Consumer Price Index) measure economic inflation and a direct measurement of purchasing power of money in various financial operations which include goods and services. Inflation is usually calculate monthly and compared with the previous period. It depends on base year, where weights of goods and services calculated according to household expenditure on these goods and services. 2014 is chosen as a base year by using this year family expenditures and income survey results. The goods and services have been divided according to Classification of Individual Consumption According to Purpose (COICOP), into 12 main expenditure groups, as the following, Food and Beverages group has a relative importance impact to the consumer basket by 13.09%, whereas, Tobacco group has an effect of 0.35% in the consumer basket, Clothing and Footwear group form 2.05% of consumer basket weight. Moreover, Housing, Water, Electricity, Gas, and other Fuels group considered as the highest group in the relative importance in the consumer basket by 43.62%, Furnishings, Household Equipment and Routine Household Maintenance group form 3.76% of total relative importance in the consumer basket. In addition, Health group has an effect of 0.85% in the consumer basket, the relative importance of Transport group to the consumer basket total is 10.62%, Communication group has a relative importance of 5.22% to the consumer basket. Additionally, Recreation and Culture group form 2.33% of total relative importance in the consumer basket, Education group accounted for 8.48% from the total weight of the consumer basket. Restaurants and Hotels group form 4.00% in the relative importance of the consumer basket, Finally, Miscellaneous Goods and Services group accounted for 5.63% of the total weight of the consumer basket. As illustrated in chart (1).

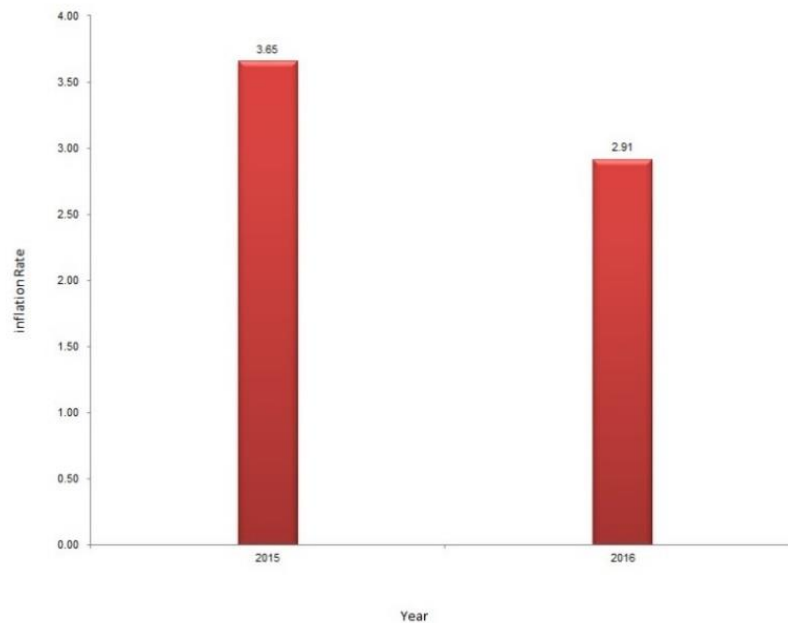
Chart 1 | Relative Importance for Main Expenditure Groups



## General Inflation

Inflation rate of 2016 amounted to 2.91% compared to 2015, where the rate of inflation increased, but less sharply from what has been recorded in 2015 which amounted to 3.65%, As illustrated in chart (2).

Chart 2 | Inflation Rate for 2015 & 2016



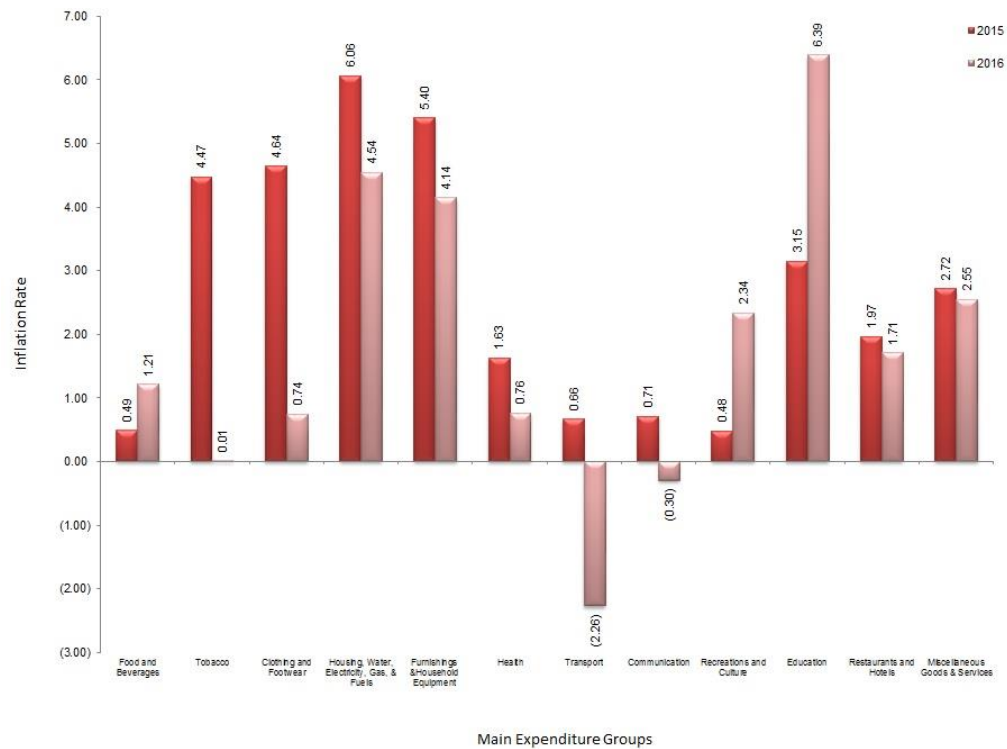
This inflation was due to the increase in the prices of consumer basket indices, Housing, Water, Electricity, Gas, and other Fuels group forms 43.62% of the relative importance of the total consumer basket, where the rate of inflation in the group amounted to 4.54%. Food and Beverages group has a relative importance impact to the consumer basket by 13.09% and its inflation rate is 1.21%. Education group form 8.48% of total relative importance in the consumer basket and it increased by 6.39%. Miscellaneous Goods and Services group forms 5.63% of the total weight in the consumer basket and its inflation rate 2.55%. Then an increase by 1.71% in the prices of Restaurants and Hotels group, which has a relative importance of 4.00% in the consumer basket. While the prices of Furnishings, Household Equipment and Routine Household Maintenance group dropped by 4.14% and it has relative importance in the consumer basket by 3.76%. While recreation and culture group form 2.33% of the total relative importance in the consumer basket, where the inflation rate was 2.34%. Clothing and Footwear group form 2.05% of the total relative importance in the consumer basket and increased by 0.74%. Health group form 0.85% of the total relative importance in the consumer basket and the inflation reached to 0.76%. Tobacco group form 0.35% of the total relative importance in the consumer basket by 0.01% inflation rate. On the other hand, Transport group contribute by 10.62% of the total relative importance in the consumer basket but its Inflation rate declined by 2.26% and Communication group forms 5.22% of the relative importance and it declined by 0.30%.

Table 1 | Inflation Rate for Main Expenditure Groups 2015 – 2016

2014 = 100

Expenditure groups	Weight	2015	2016
<b>Inflation (General number)</b>	<b>100.00</b>	<b>3.65</b>	<b>2.91</b>
Food and Beverages	13.09	0.49	1.21
Tobacco	0.35	4.47	0.01
Clothing and Footwear	2.05	4.64	0.74
Housing, Water, Electricity, Gas, and other Fuels	43.62	6.06	4.54
Furnishings, Household Equipment and Routine Household Maintenance	3.76	5.40	4.14
Health	0.85	1.63	0.76
Transport	10.62	0.66	(2.26)
Communication	5.22	0.71	(0.30)
Recreations and Culture	2.33	0.48	2.34
Education	8.48	3.15	6.39
Restaurants and Hotels	4.00	1.97	1.71
Miscellaneous Goods and Services	5.63	2.72	2.55

Chart 3 | Inflation Rate for Main Expenditure Groups 2015 – 2016



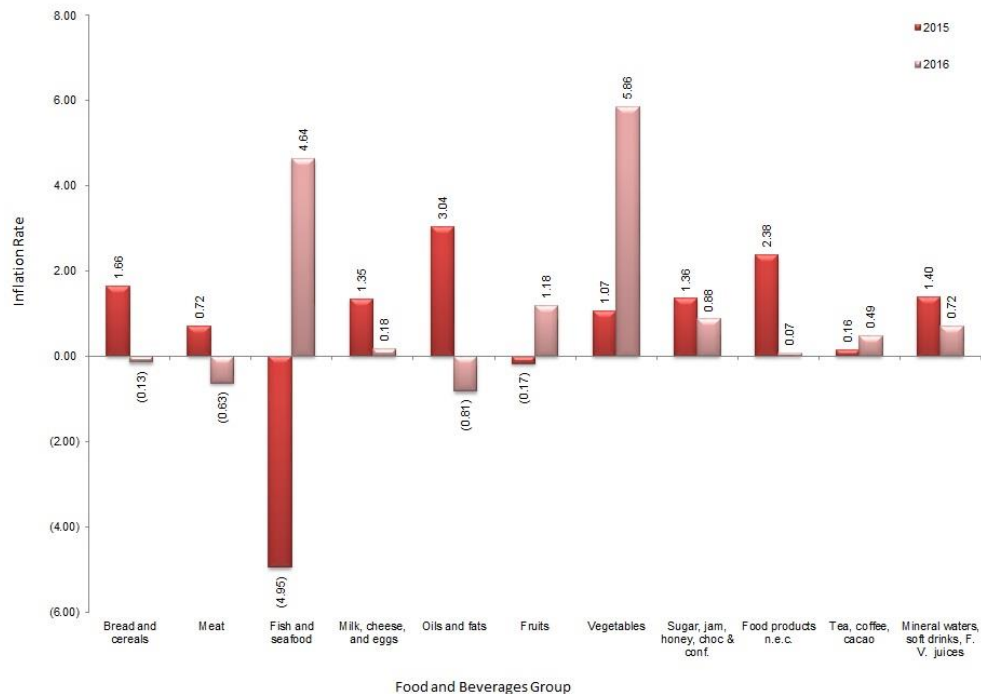
## Food and Beverages

Food and Beverages group inflation rate amounted to 1.21%, with highest increase in the prices of Vegetables by 5.86%, followed by an increase in the prices of Fish and seafood by 4.64%, then an increase by 1.18% in the prices of Fruits. As illustrated in table (2) and chart (4).

Table 2 | Inflation Rate for Food and Beverages group 2015 – 2016

Expenditure groups	Weight	2014 = 100	
		2015	2016
<b>Food and beverages</b>	<b>13.09</b>	<b>0.49</b>	<b>1.21</b>
Bread and cereals	2.01	1.66	(0.13)
Meat	2.29	0.72	(0.63)
Fish and seafood	1.33	(4.95)	4.64
Milk, cheese and eggs	1.36	1.35	0.18
Oils and fats	0.43	3.04	(0.81)
Fruits	1.81	(0.17)	1.18
Vegetables	1.41	1.07	5.86
Sugar, jam, honey, chocolate and confectionery	0.57	1.36	0.88
Food products n.e.c.	0.61	2.38	0.07
Tea, coffee and cacao	0.30	0.16	0.49
Mineral waters, soft drinks, fruits and vegetables juices	0.97	1.40	0.72

Chart 4 | Inflation Rate for Food and Beverages group 2015 – 2016



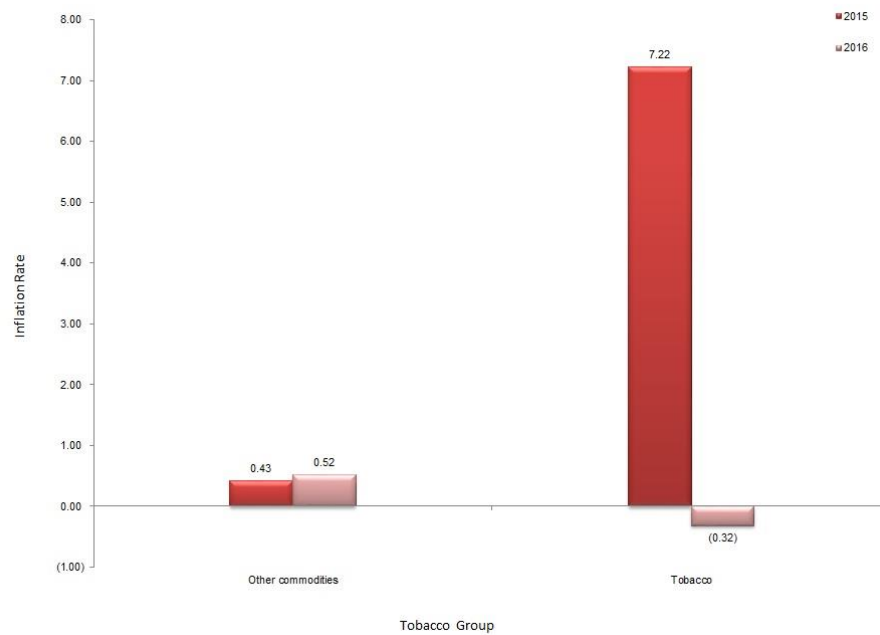
## Tobacco

Tobacco group inflation rate reached 0.01%, due to an increase in the prices of the group other commodities by 0.52%. As illustrated in table (3) and chart (5).

Table 3 | Inflation Rate for Tobacco group 2015 – 2016

Expenditure groups	Weight	2014 = 100	
		2015	2016
<b>Tobacco</b>	<b>0.35</b>	<b>4.47</b>	<b>0.01</b>
Other commodities	0.14	0.43	0.52
Tobacco	0.21	7.22	(0.32)

Chart 5 | Inflation Rate for Tobacco group 2015 – 2016



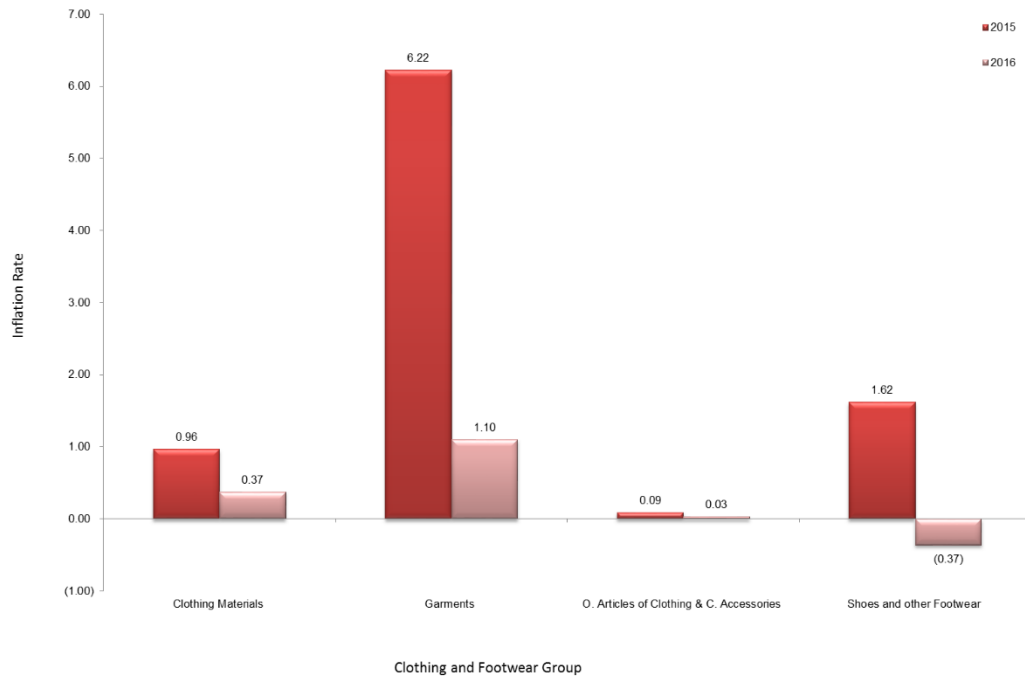
## Clothing and Footwear

Clothing and Footwear group inflation rate reached 0.74%, due to an increase in the prices of Garments by 1.10%, followed by Clothing Materials prices by 0.37%, then the prices of Other Articles of Clothing and Clothing Accessories increased by 0.03%. As illustrated in table (4) and chart (6).

Table 4 | Inflation Rate for Clothing and Footwear group 2015 – 2016

Expenditure groups	Weight	2014 = 100	
		2015	2016
<b>Clothing and Footwear</b>	<b>2.05</b>	<b>4.64</b>	<b>0.74</b>
Clothing Materials	0.03	0.96	0.37
Garments	1.45	6.22	1.10
Other Articles of Clothing and Clothing Accessories	0.03	0.09	0.03
Cleaning, Repair and Hire of Clothing	0.25	-	-
Shoes and other Footwear	0.29	1.62	(0.37)

Chart 6 | Inflation Rate for Clothing and Footwear group 2015 – 2016



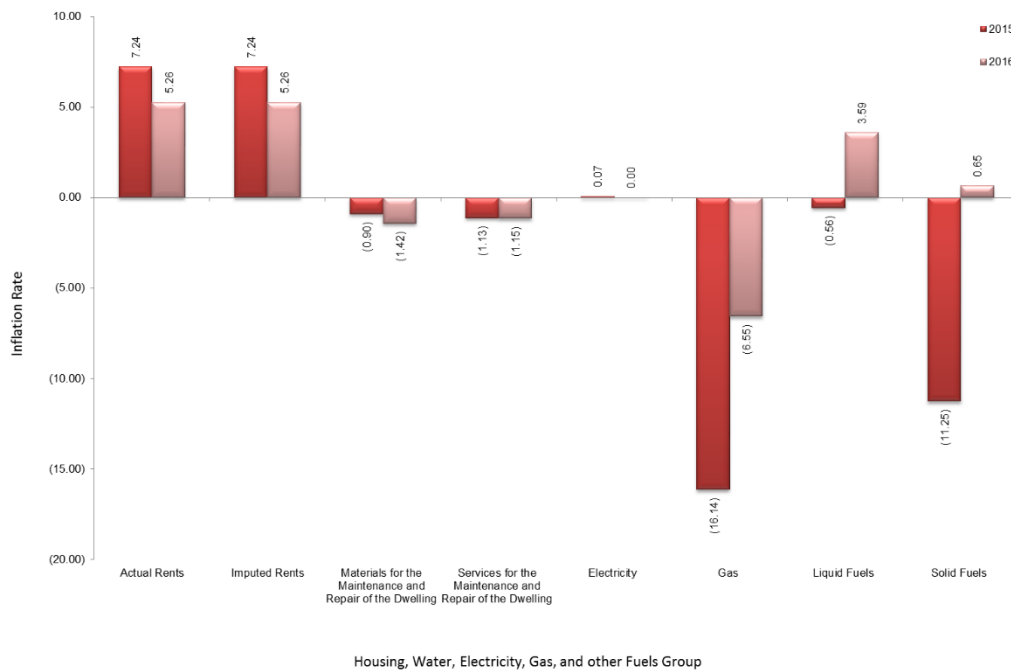
## Housing, Water, Electricity, Gas, and other Fuels

Housing, Water, Electricity, Gas, and other Fuels group inflation rate amounted to 4.54%, with highest increase in the prices of Actual Rents and Imputed rents by 5.26%, then an increase by 3.59% in the prices of Liquid Fuels. As illustrated in table (5) and chart (7).

Table 5 | Inflation Rate for Housing, Water, Electricity, Gas, and other Fuels group 2015 – 2016

Expenditure groups	Weight	2014 = 100	
		2015	2016
<b>Housing, Water, Electricity, Gas, and other Fuels</b>	<b>43.62</b>	<b>6.06</b>	<b>4.54</b>
Actual Rents	22.56	7.24	5.26
Imputed Rents	15.30	7.24	5.26
Materials for the Maintenance and Repair of the Dwelling	0.03	(0.90)	(1.42)
Services for the Maintenance and Repair of the Dwelling	0.13	(1.13)	(1.15)
Water Supply	1.53	-	-
Electricity	3.49	0.07	-
Gas	0.58	(16.14)	(6.55)
Liquid Fuels	<0.01	(0.56)	3.59
Solid Fuels	0.01	(11.25)	0.65

Chart 7 | Inflation Rate for Housing, Water, Electricity, Gas, and other Fuels group 2015 – 2016



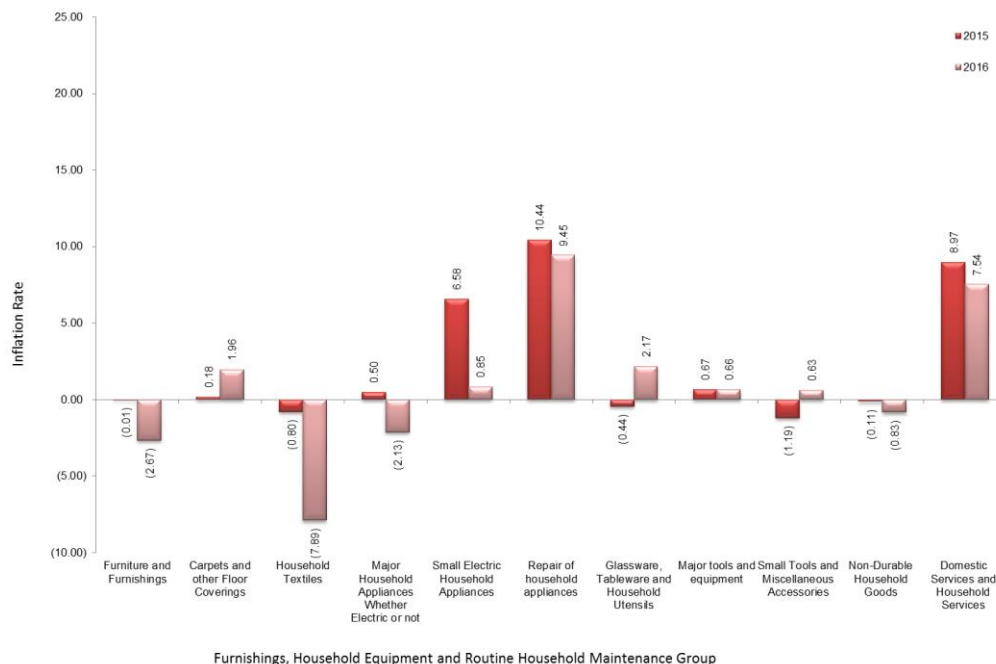
## Furnishings, Household Equipment and Routine Household Maintenance

Furnishings, Household Equipment and Routine Household Maintenance group inflation rate reached 4.14%, due to an increase in the prices of Repair of home appliances by 9.45%, followed by prices of Domestic Services by 7.54%, then an increase in the prices of Glassware, Tableware and Household Utensils by 2.17%. As illustrated in table (6) and chart (8).

Table 6 | Inflation Rate for Furnishings, Household Equipment and Routine Household Maintenance group 2015 – 2016

Expenditure groups	Weight	2014 = 100	
		2015	2016
<b>Furnishings, Household Equipment and Routine Household Maintenance</b>	<b>3.76</b>	<b>5.40</b>	<b>4.14</b>
Furniture and Furnishings	0.38	(0.01)	(2.67)
Carpets and other Floor Coverings	0.06	0.18	1.96
Repair of furniture, furnishings and floor coverings	<0.01	-	-
Household Textiles	0.04	(0.80)	(7.89)
Major Household Appliances Whether Electric or not	0.14	0.50	(2.13)
Small Electric Household Appliances	0.01	6.58	0.85
Repair of household appliances	<0.01	10.44	9.45
Glassware, Tableware and Household Utensils	0.02	(0.44)	2.17
Major tools and equipment	<0.01	0.67	0.66
Small Tools and Miscellaneous Accessories	<0.01	(1.19)	0.63
Non-Durable Household Goods	0.84	(0.11)	(0.83)
Domestic Services	2.26	8.97	7.54

Chart 8 | Inflation Rate for Furnishings, Household Equipment and Routine Household Maintenance group 2015 – 2016





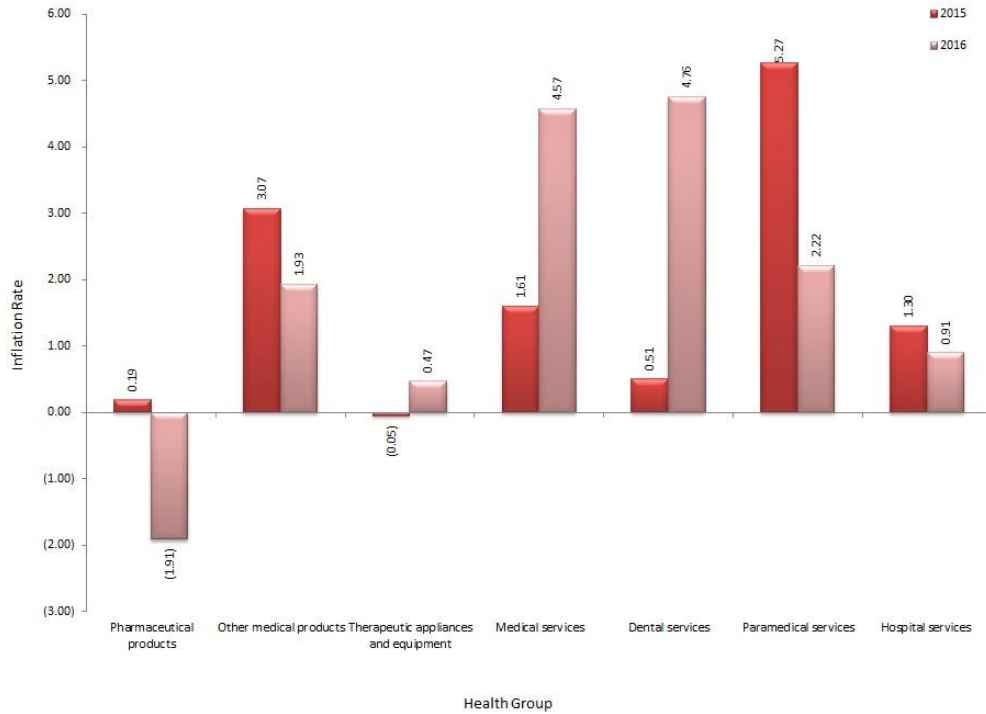
## Health

Health group inflation rate amounted to 0.76%, due to the raise in the prices of Dental services by 4.76%, followed by the prices of Medical services by 4.57%, then an increase in the Paramedical services by 2.22%. As illustrated in table (7) and chart (9).

Table 7 | Inflation Rate for Health group 2015 – 2016

Expenditure groups	Weight	2014 = 100	
		2015	2016
<b>Health</b>	<b>0.85</b>	<b>1.63</b>	<b>0.76</b>
Pharmaceutical products	0.34	0.19	(1.91)
Other medical products	0.01	3.07	1.93
Therapeutic appliances and equipment	0.01	(0.05)	0.47
Medical services	0.12	1.61	4.57
Dental services	0.04	0.51	4.76
Paramedical services	0.16	5.27	2.22
Hospital services	0.16	1.30	0.91

Chart 9 | Inflation Rate for Health group 2015 – 2016



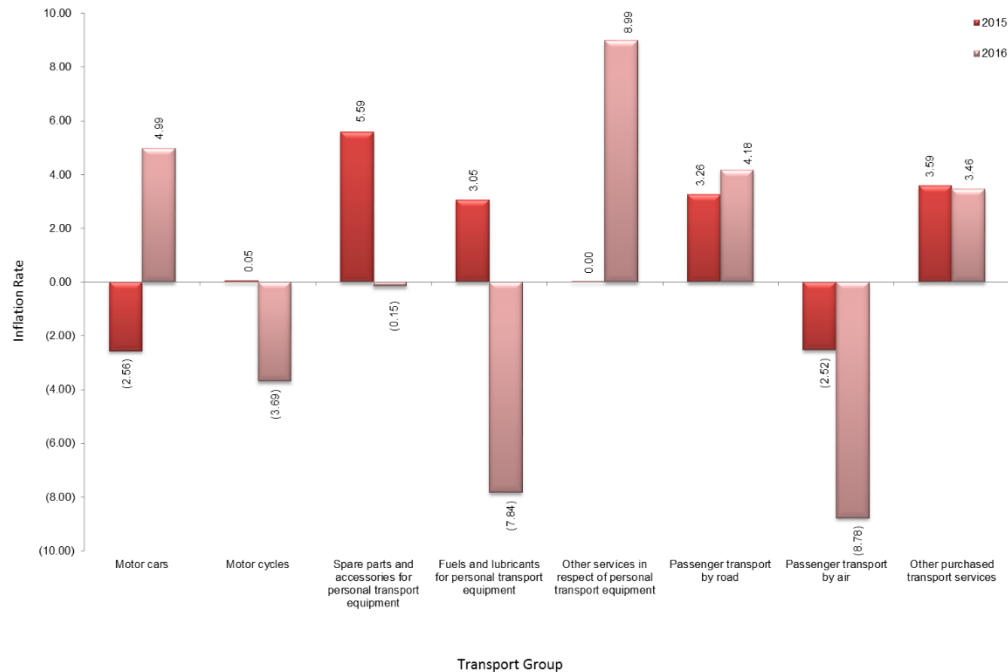
## Transport

Transport group inflation rate declined to 2.26%. Because of, a decrease in the prices of Passenger transport by air by 8.78%. In addition to that, prices of Fuels and lubricants for personal transport equipment decline by 7.84% after the announcement by the Ministry of Energy regarding deregulation of fuel prices in the UAE since August 2015, then the prices of Motor cycles decrease by 3.69%. As illustrated in table (8) and chart (10).

Table 8 | Inflation Rate for Transport group 2015 – 2016

Expenditure groups	Weight	2014 = 100	
		2015	2016
<b>Transport</b>	<b>10.62</b>	<b>0.66</b>	<b>(2.26)</b>
Motor cars	1.15	(2.56)	4.99
Motor cycles	<0.01	0.05	(3.69)
Bicycles	<0.01	-	-
Spare parts and accessories for personal transport equipment	0.03	5.59	(0.15)
Fuels and lubricants for personal transport equipment	3.96	3.05	(7.84)
Maintenance and repair of personal transport equipment	1.32	-	-
Other services in respect of personal transport equipment	1.57	-	8.99
Passenger transport by railway	0.04	-	-
Passenger transport by road	0.62	3.26	4.18
Passenger transport by air	1.71	(2.52)	(8.78)
Combined passenger transport	0.20	-	-
Other purchased transport services	0.01	3.59	3.46

Chart 10 | Inflation Rate for Transport group 2015 – 2016



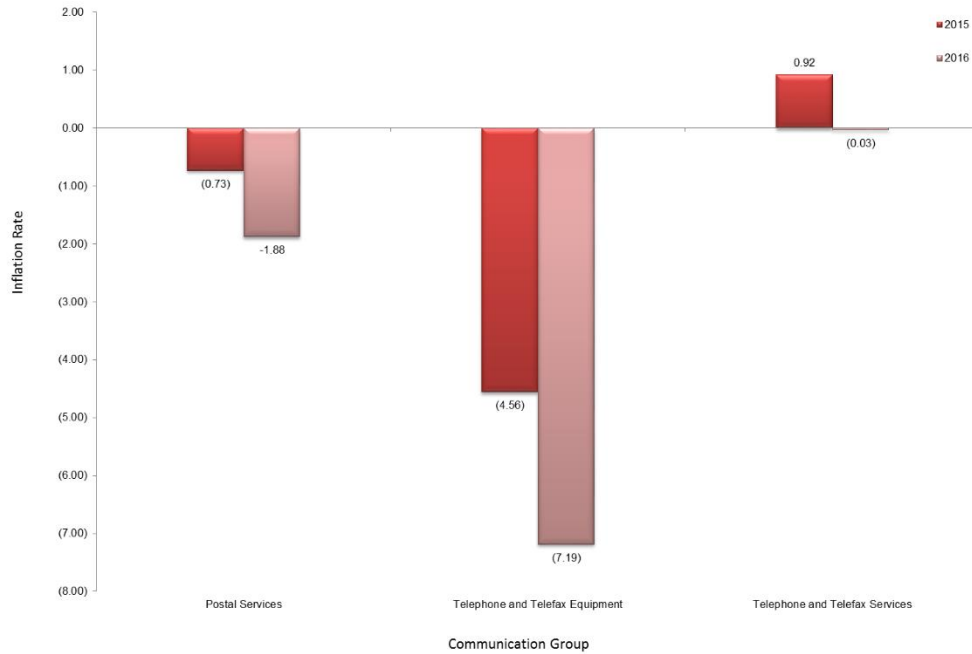
## Communication

Communication group inflation rate decreased to 0.30%, due to the decrease in the prices of Telephone and Telefax Equipment by 7.19% as a result of the rapid development of the technology sector, Further, the prices of Postal Services decreased by 1.88%, and a decrease by 0.03% in the prices of Telephone and Telefax Services. As illustrated in table (9) and chart (11).

Table 9 | Inflation Rate for Communication group 2015 – 2016

Expenditure groups	Weight	2014 = 100	
		2015	2016
<b>Communication</b>	<b>5.22</b>	<b>0.71</b>	<b>(0.30)</b>
Postal Services	<0.01	(0.73)	(1.88)
Telephone and Telefax Equipment	0.20	(4.56)	(7.19)
Telephone and Telefax Services	5.02	0.92	(0.03)

Chart 11 | Inflation Rate for Communication group 2015 – 2016



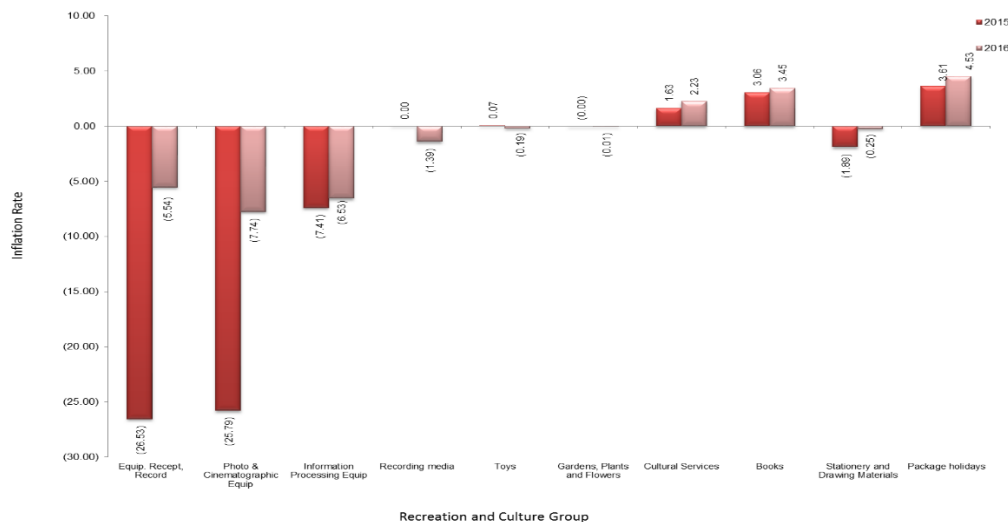
## Recreation and Culture

Recreation and Culture group inflation rate amounted to 2.34%, due to an increase in the prices of Holiday Packages by 4.53%, followed by Books prices by 3.45%, then an increase in the prices of Cultural Services by 2.23%. As illustrated in table (10) and chart (12).

Table 10 | Inflation Rate for Recreation and Culture group 2015 – 2016

Expenditure groups	Weight	2014 = 100	
		2015	2016
<b>Recreation and Culture</b>	<b>2.33</b>	<b>0.48</b>	<b>2.34</b>
Equipment for the Reception, Recording and Reproduction of Sound and Pictures	0.09	(26.53)	(5.54)
Photographic and Cinematographic Equipment and Optical Instruments	0.02	(25.79)	(7.74)
Information Processing Equipment	0.11	(7.41)	(6.53)
Recording media	<0.01	-	(1.39)
Toys	0.02	0.07	(0.19)
Equipment for sport, camping and open-air recreation	0.02	-	-
Gardens, Plants and Flowers	0.06	-	(0.01)
Pets and related products	0.07	-	-
Veterinary and other services for pets	<0.01	-	-
Recreational and Sporting Services	0.16	-	-
Cultural Services	0.42	1.63	2.23
Books	0.03	3.06	3.45
Newspapers and Periodicals	0.04	-	-
Stationery and Drawing Materials	0.10	(1.89)	(0.25)
Holidays Packages	1.19	3.61	4.53

Chart 12 | Inflation Rate for Recreation and Culture group 2015 – 2016



## Education

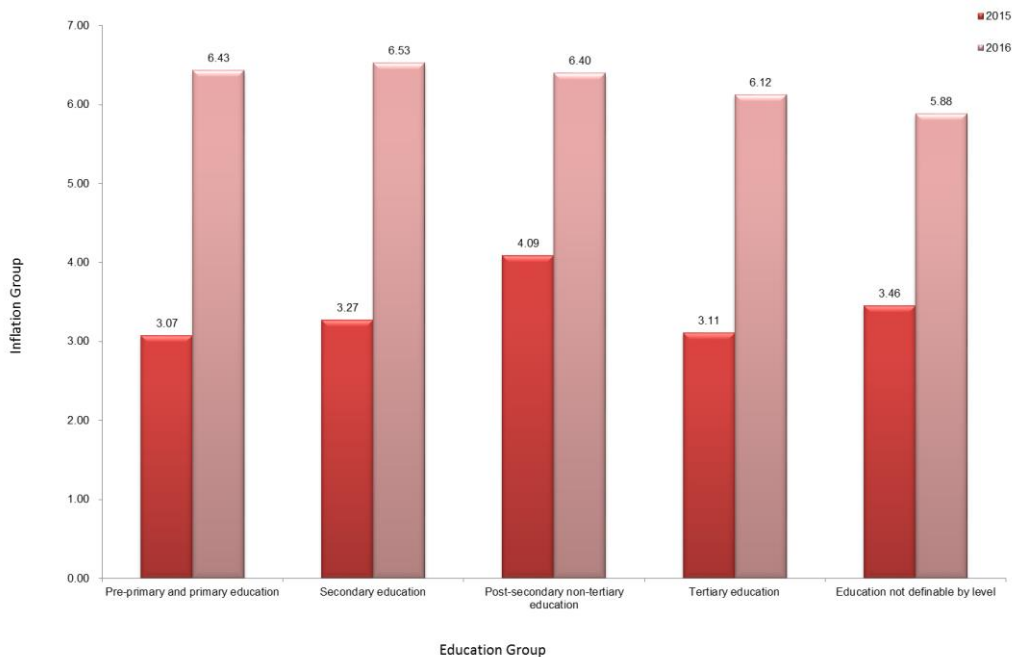
Education inflation rate has increased by 6.39%, due to an increase by 6.53% in the fees of Secondary education, followed by an increase in the fees of Pre-primary and primary education by 6.43% and by 6.40% the fees of Post-secondary non-tertiary education increased. It is worth to mention that the Consumer price index (CPI) - Education Group inflation measures the changes in tuition fees of schools and Post-secondary non-tertiary level, and it is different from cost of education index (ECI). Where (ECI) measures the operating expenses for schools. As illustrated in table (11) and chart (13).

Table 11 | Inflation Rate for Education group 2015 – 2016

Expenditure groups	Weight	2015	2016
<b>Education</b>	<b>8.48</b>	<b>3.15</b>	<b>6.39</b>
Pre-primary and primary education	4.57	3.07	6.43
Secondary education	2.32	3.27	6.53
Post-secondary non-tertiary education	0.03	4.09	6.40
Tertiary education	1.29	3.11	6.12
Education not definable by level	0.27	3.46	5.88

2014 = 100

Chart 13 | Inflation Rate for Education group 2015 – 2016



## Restaurants and Hotels

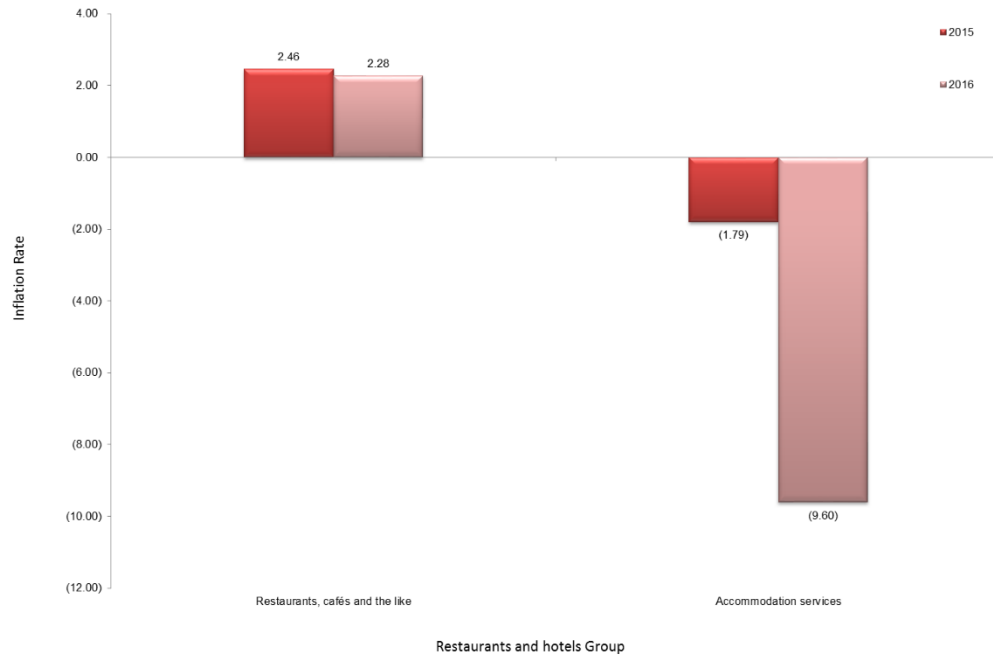
Restaurants and Hotels group records an inflation of 1.71%, due to an increase in the prices of Restaurants, cafés and the like by 2.28%. As illustrated in table (12) and chart (14).

Table 12 | Inflation Rate for Restaurants and Hotels group 2015 – 2016

Expenditure groups	Weight	2015	2016
<b>Restaurants and Hotels</b>	<b>4.00</b>	<b>1.97</b>	<b>1.71</b>
Restaurants, cafés and the like	3.25	2.46	2.28
Canteens	0.69	-	-
Accommodation services	0.06	(1.79)	(9.60)

2014 = 100

Chart 14 | Inflation Rate for Restaurants and Hotels group 2015 – 2016



### Miscellaneous Goods and Services

Miscellaneous Goods and Services group inflation rate reached 2.55%, due to an increase in Transport Insurance prices by 10.51%, followed by Jewellery, Clocks and Watches prices by 4.78%, then an increase of 3.15% in the prices of Electric Appliances for Personal Care. As illustrated in table (13) and chart (15).

Table 13 | Inflation Rate for Miscellaneous Goods and Services group 2015 – 2016

Expenditure groups	Weight	2014 = 100	
		2015	2016
<b>Miscellaneous Goods and Services</b>	<b>5.63</b>	<b>2.72</b>	<b>2.55</b>
Personal care Services	1.28	2.53	0.94
Electric Appliances for Personal Care	<0.01	5.29	3.15
Other Appliances, Articles and Products for Personal Care	2.39	2.62	0.38
Jewellery, Clocks and Watches	0.20	(7.41)	4.78
Other Personal Effects	0.09	1.40	(2.45)
Rehabilitation services	<0.01	-	-
Children Day Nurseries	0.01	-	-
Health Insurance	<0.01	-	-
Transport Insurance	1.11	4.01	10.51
Financial services n.e.c.	0.06	1.02	-
Other Services n.e.c.	0.47	5.53	(0.39)

Chart 15 | Inflation Rate for Miscellaneous Goods and Services group 2015 – 2016

