

Chapter 3

Prices

1. MAIN DEVELOPMENTS

The inflation rate declined in 1990, after rising in 1989. The increase in the rise of some prices also moderated in relation to previous years since the 1985 stabilization program (ESP). Nonetheless, it is difficult to say that there has been a genuine change in the basic rate of inflation, which has remained appreciably higher than that of Israel's trading partners.

The Consumer Price Index (CPI) went up by 17.6 percent in 1990, after increasing by 20.7 percent in 1989. Although this rate is still higher than it was in 1987 and 1988, it largely reflects the persistent significant increase in housing prices (31.6 percent), while consumer prices other than housing rose by 14.3 percent—less than in any previous year since the ESP. The implicit price index of GDP and domestic use of resources rose at a similar rate of about 16 percent in 1990, compared with annual rates of about 19 percent in the preceding 3 years. There was a particularly marked slowdown in the rate of increase of the implicit price index of business product and wholesale prices of industrial output—11.8 and 12.6 percent in 1990—compared with an annual increase of 17 and 19 percent respectively in the preceding 3 years.

The CPI did not rise evenly during the year; the changes reflecting primarily shifts in housing prices, and in prices of fuel and controlled goods, as well as the exchange rate to some extent. In the first quarter the CPI rose by a relatively moderate 12 percent (annual rate); in the second and third quarters housing prices rose appreciably, and the CPI rose by 22 percent (annual rate); in the fourth quarter the increase in housing prices moderated, and with it the rise in prices declined to 14 percent (annual rates). There was a relatively mild increase in the CPI—an annual rate of 13 percent—in the first quarter of 1991 (despite the fact that in January 1991 VAT was raised from 16 to 18 percent).

The moderation of inflation in 1990 reflects several factors: gentler adjustment of the exchange rate than in the preceding year, less steep increases in world trade prices (primarily intermediates other than fuel), accumulation of excess capacity in the business sector (excluding housing), and persistent slack in the labor market, reflected by the restrained rate of increase of nominal business-sector wages in 1989–90.

Prices of housing and fuel continued to rise sharply in 1990, however, and the relative increase in prices of controlled goods was sustained (although not at the same rate as in 1989). In the context of monetary expansion and the awakening of local demand, these

Table 3.1
Selected Price Indexes, 1970-91:I

(annual rate of change, percent)

	CPI	Implicit price index of		Wholesale prices ^b
		Domestic use of resources ^a	GDP	
<i>Change during period^c</i>				
1970-73	15.4	17.4	16.2	11.6
1974-78	41.2	42.4	43.1	43.6
1979-82	118.9	119.2	120.5	123.1
1983-85	256.1	247.3	243.9	247.0
1986-89	18.2	19.9	20.9	17.8
1986	19.6	22.8	26.1	15.1
1987	16.1	19.8	17.5	20.9
1988	16.4	17.9	22.2	15.8
1989	20.7	19.2	18.0	19.5
1990	17.6	15.7	15.1	12.6
1989				
I	30.7	24.6	23.9	43.7
II	20.4	28.2	26.2	14.8
III	14.2	8.1	10.4	13.9
IV	18.1	16.9	12.1	8.6
1990				
I	12.0	9.9	14.4	12.8
II	21.2	24.7	30.7	9.5
III	23.3	12.9	4.7	9.6
IV	14.3	15.7	12.3	19.0
1991				
I	13.3			16.9
<i>Average change</i>				
1986	48.1	47.2	50.7	45.1
1987	19.9	21.2	20.2	18.5
1988	16.3	17.0	19.7	17.5
1989	20.2	20.1	20.6	21.0
1990	17.2	15.5	15.6	11.6

^a Net of direct defense imports.

^b Prices of industrial output for domestic market.

^c CPI and wholesale price figures based on monthly data; GDP and resource use on quarterly data.

SOURCE: Central Bureau of Statistics.

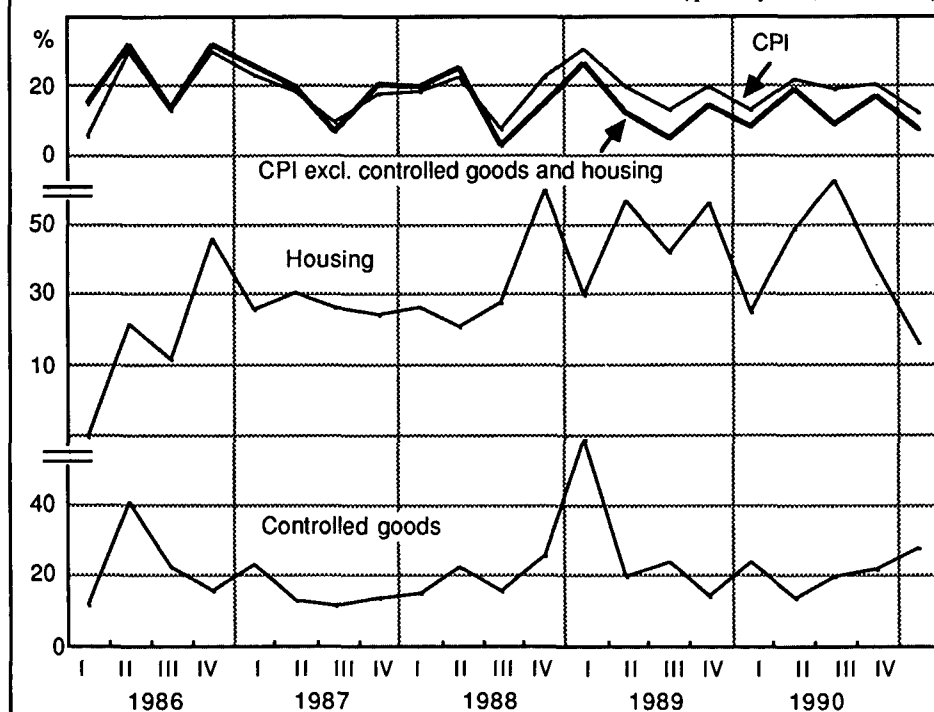
developments may have exerted upward pressure on prices, thus preventing a more significant decline in the rate of inflation.

Detailed national accounts and CPI figures show that in comparison with previous years there was an appreciable slowdown in the rate of increase of nontradables prices (excluding housing), which approached that of tradables prices. Due to the persistent rise

Figure 3.1

Rate of Change of Selected Prices, 1986-91:I

(quarterly data, annual rates)



in housing prices and the relative increase in prices of controlled goods, however, the rate of increase of nontradables prices continued higher than that of tradables.

Since the ESP, inflation has tended to remain at an annual rate of between 16 and 21 percent. This was accompanied by real appreciation which reflected, among other things, labor-market rigidities and a relatively large increase in controlled prices. The persistent real appreciation¹ necessitated exchange-rate adjustments, preventing reduction of the inflation rate. (We do not have a full explanation of the way the specific inflation plateau was determined. It may have represented a point in the trade-off between inflation and unemployment rates which policy-makers were prepared to accept.) The considerable moderation of the price rise of nontradables (excluding housing) in relation to previous years indicates a weakening of the forces which generate real appreciation. This provides a suitable environment for reducing the basic inflation rate below that of previous years since the ESP. A necessary condition for attaining this goal is moderating adjustment of

¹ The term "real appreciation" means the rise in the price ratio of nontradables to tradables. It does not necessarily impair the competitiveness of tradables, whose relative profitability is also affected by unit labor costs. Thus, if as well as appreciation there is also a concomitant change in relative wages and/or productivity, the relative profitability of tradables will be unchanged.

Table 3.2
Prices of Tradables and Nontradables, 1986-90

(annual rate of change, percent)

	CPI ^a						Implicit price indexes ^b				
	Nontradables			Tradables							
	Total	Excluding housing	Excluding controlled goods and housing	Total	Excluding controlled goods & fuel	Domestic resource use	Narrow domestic resource use	GDP	Business product	Imports	Exports
<i>Change during period^c</i>											
1986	21.6	31.6	35.3	14.0	17.8	22.8	19.5	26.1	23.8	0.7	6.4
1987	19.4	20.8	22.8	12.3	15.2	19.8	19.2	17.5	15.9	21.0	16.0
1988	21.6	21.2	21.7	10.8	9.6	17.9	14.5	22.2	20.1	2.2	10.0
1989	24.7	20.3	14.5	13.7	13.7	19.2	17.4	18.0	15.6	22.3	20.7
1990	21.2	16.0	12.2	13.0	11.7	15.7	13.3	15.1	11.8	15.4	10.8
<i>Average change</i>											
1986	52.0	64.2	67.7	42.3	45.2	47.2	45.6	50.7	50.5	25.2	30.0
1987	24.0	27.2	30.4	13.1	16.2	21.2	19.9	20.2	18.4	19.3	16.7
1988	19.7	20.7	22.8	11.6	12.1	17.0	15.1	19.7	18.5	6.6	10.7
1989	24.9	22.1	17.1	13.3	12.3	20.1	17.8	20.6	18.4	17.0	19.7
1990	20.6	14.9	10.8	11.6	11.1	15.5	13.1	15.6	12.7	12.6	10.6

^a Nontradables comprise services other than foreign travel, fruit and vegetables, butter and cheese, eggs, breads and bakery products, gas and electricity. Tradables are all other CPI items. The weights in the CPI are 58 and 42 for nontradables and tradables respectively.

^b National accounts data: domestic resource use is net of direct defense imports; narrow domestic business resource use is the price of domestic resources, excluding public services wages and housing services.

^c Change from fourth quarter.

SOURCE: Based on Central Bureau of Statistics data.

the exchange rate, prices of controlled goods, and public services wages. The expected growth in the labor supply (if immigrant numbers match predictions) should moderate business-sector wage-increases, thereby helping to reduce the inflation rate.

The tradables–nontradables dichotomy facilitates the analysis of prices. Prices of tradables are influenced primarily by the exchange rate, foreign prices, and import taxes and export subsidies. Prices of nontradables are affected by several factors, namely, those which affect aggregate demand and those which affect aggregate supply. Prices of many nontradables items are controlled by the government. In 1987, and especially in 1988, the emphasis was on keeping exchange-rate adjustments as moderate as possible, while gradually loosening monetary policy as a result of high interest rates. Excessive wage increases in 1987 and 1988, and a relatively steep rise in the prices of controlled goods in 1988, led to a significant increase in nontradables prices (Table 3.2). The moderate adjustment of the exchange rate in 1988 softened the increase in tradables prices, thereby preventing inflation from accelerating but impairing the competitiveness of exports and slowing economic activity.

In view of the slump in demand, an expansionary monetary policy was pursued and the currency was devalued appreciably to compensate for the fact that the exchange rate was kept constant in 1988. The devaluation stopped the erosion of the relative price of tradables, though the significant rise in the prices of controlled goods and housing, in the context of the weakening of the anchors (monetary policy and the exchange rate), also led to an accelerated increase in nontradables prices in 1989, and consequently of prices in general, despite the softening of the rate of business-sector wage increase.

The recession of 1988–89, together with the persistently slack labor market of 1988–90, tended to moderate business-sector wage increases in 1989 and 1990. Expectations of an appreciable growth in the labor supply as a result of the influx of immigrants also appear to have contributed to the gentler pace of wage-increases in 1990. Moreover, excess capacity emerged in the business sector (excluding construction). All this prepared the ground for the softening of the rate of price-increases in 1990, among other things through the moderating influence of the rise of nontradables prices, which reduced the pressure for real appreciation.

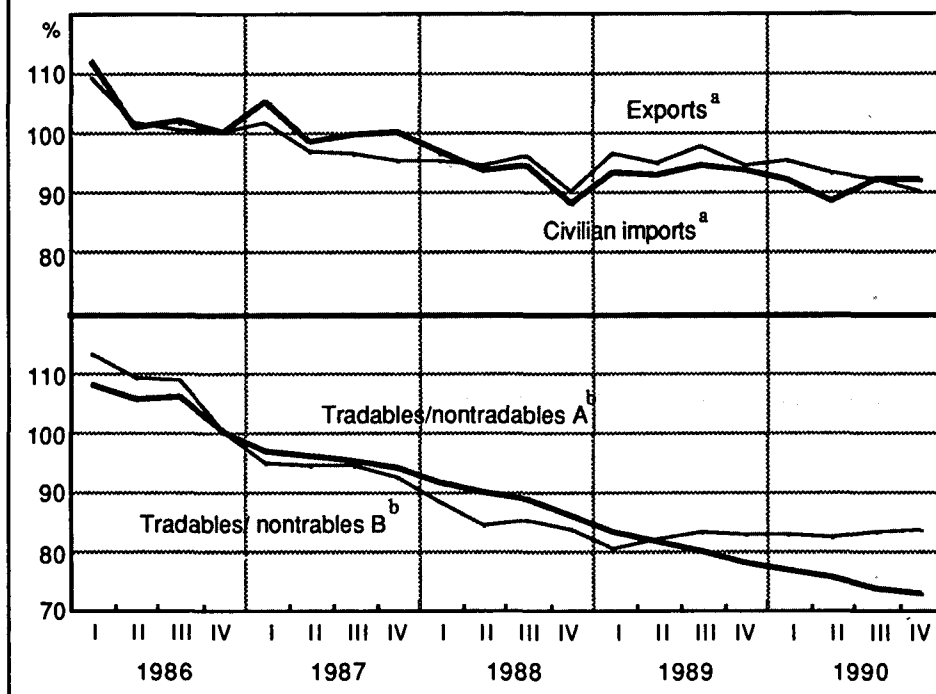
Reduced pressure for real appreciation eased return to a policy of moderate exchange-rate adjustment—after quite considerable depreciation in 1989—an essential condition for softening the rate of price-increases. The latter was further alleviated by the gentle rise in world prices of exports and imports for final destinations and raw materials (excluding fuel) in 1990. There was also approximately 1 percent unification of exchange rates.²

Several factors operated to push prices up in 1990, thus balancing part of the moderating influences just mentioned and preventing a greater reduction in the inflation rate. These included the housing shortage and expectations that it would be aggravated, a significant increase in fuel prices, the persistent increase in the relative price of controlled goods (though not as much as in 1989), the fact that VAT was raised from 15 to 16

² Approximately 1 percent reduction of both import taxes and exchange-rate insurance.

Figure 3.2
Relative Price Indexes, 1986-90

(1986: IV = 100)



^a Prices of exports (imports), excl. diamonds, relative to implicit price of domestic resource use, excl. direct defense imports.

^b Variant A, all CPI items; Variant B, excluding controlled goods and housing.

percent in March 1990, relatively large increases in public services wages, and a rather high domestic budget deficit for the second consecutive year.

Exchange-rate policy and tradables prices

Since the ESP, efforts have been made to keep exchange-rate realignments as small as possible. Tradables prices were consistent with the movement of the exchange rate and world prices, but nontradables prices continued to rise more than those of tradables. This trend became acute in 1988, when an attempt was made to avoid any change in the exchange rate. Persistent real appreciation reduced profitability and slowed economic activity that year. In the second half of 1988 expectations for devaluation grew, together with speculative foreign-currency purchases. As a result the currency was devalued twice, at the end of 1988 and at the beginning of 1989, by a total of 13.5 percent. Permitting the exchange rate to move 3 percent in either direction within a band enabled it to respond to supply and demand to some extent, thereby reducing the probability that

Table 3.3
Price Developments: Related Indicators, 1987-90

(annual rate of change, percent)

	Average				During period ^a			
	1987	1988	1989	1990	1987	1988	1989	1990
Imports and exports of merchandise^b								
Imports								
Intermediates	12.3	13.8	20.8	7.4	16.3	11.0	22.4	6.0
Consumer goods	19.8	6.8	8.0	12.2	13.7	7.8	10.8	12.7
Producer durables ^c	19.5	5.3	15.8	13.3	16.8	5.7	20.0	9.6
Exports (excl. diamonds) ^c	18.1	10.0	19.8	10.4	16.1	19.0	20.9	10.7
Real GDP and use of resources^c								
GDP	5.9	2.7	1.6	5.1	5.8	1.7	2.1	5.6
Domestic use of resources ^d	6.4	3.3	-0.6	7.5	5.8	2.0	-0.4	10.3
Exports (excl. diamonds)	8.9	-3.4	6.8	4.8	9.7	-4.9	9.7	1.0
Nominal labor cost (business sector)								
Business sector wages	29.6	21.8	18.3	15.4	27.1	21.2	15.0	16.0
Public services wages	28.2	27.4	20.7	17.6	23.9	29.5	14.5	20.6
Unit labor cost ^e	23.3	17.3	14.7	11.2				
General government deficit (percent of GNP)^c								
Total	0.3	-0.6	-3.8	-1.7				
Domestic	-0.9	-1.7	-5.8	-4.8				
Monetary indicators								
Change in M1	60.2	31.9	27.8	28.3	58.8	16.5	36.4	28.7
Change in M2	71.6	25.9	20.5	28.8	57.6	7.5	34.5	38.1
Interest rate								
Bank credit	37.6	31.7	33.6	22.8				
Overdraft facilities	61.9	46.2	34.3	29.6				
Long term ^f	4.4	4.1	1.7	1.2				
Change in exchange rates								
Currency basket	12.3	2.4	16.1	10.6	13.5	1.5	20.3	10.6
Dollar	7.2	0.3	19.9	5.2	5.6	2.0	23.5	2.0

^a Change from fourth quarter of preceding year to fourth quarter of current year.

^b Exports at official exchange rates, imports at effective exchange rate.

^c National accounts data.

^d Excluding direct defense imports.

^e Business sector.

^f Real gross yield to maturity on 5-year CPI-indexed government bonds.

SOURCE: Based on Central Bureau of Statistics data.

strong expectations for devaluation would develop and bring capital movements in their wake. In June 1989 the midpoint was raised by 6 percent, and from beginning-December 1988 to end-December 1989 the currency depreciated vis-à-vis the currency

Table 3.4
Price Change of Controlled Goods in the CPI, 1986-90

		(percent)				
	Weight	1986	1987	1988	1989	1990
<i>During the year</i>						
Controlled goods						
Budget-related						
Subsidized ^a		17.2	11.4	26.0	29.5	15.7
Other budget-related ^b		24.4	16.6	16.5	26.2	21.5
Total		21.7	14.8	19.9	27.5	19.2
Other controlled ^c		32.7	18.5	9.6	19.7	18.5
Fuel and oil		-15.8	1.9	1.6	23.5	44.6
Total controlled		20.6	14.7	15.5	24.4	19.9
CPI		19.6	16.1	16.4	20.7	17.6
CPI excluding controlled		19.1	16.4	15.6	18.9	17.3
<i>Annual average</i>						
Controlled goods						
Budget-related						
Subsidized ^a	76	50.7	15.5	16.7	36.6	14.5
Other budget-related ^b	119	57.0	19.5	15.5	24.3	21.7
Total	195	54.7	18.1	15.9	29.1	18.7
Other controlled ^c	133	63.9	19.5	14.3	15.2	17.7
Fuel and oil	16	12.2	-4.1	1.8	20.2	37.2
Total controlled	343	52.8	16.4	14.7	23.4	19.1
CPI	1000	48.1	19.9	16.3	20.2	17.2
CPI excluding controlled	805	46.4	20.3	16.4	18.1	16.8

^a Milk and milk products, eggs and poultry, bread, public transport.

^b Health and education services, public utilities, PTT, railways, local flights, rates, beef.

^c Flour, margarine, tea, coffee, cocoa, soft and alcoholic beverages, sugar and sugar substitutes, frozen and canned vegetables, soap powder, refrigerators, insurance, textbooks, etc., pharmaceuticals, taxi fares, motor cars, driving lessons, car hire, tobacco and cigarettes; excluding fuel.

SOURCE: Based on Central Bureau of Statistics data.

basket by about 20.5 percent. As a result, the increase in tradables prices accelerated and the persistent real appreciation was arrested, though at the cost of higher price rises.

The recession and the slack labor market which prevailed in 1988-89 led to a softening in the rate of increase of wages and nontradables prices in 1990. (During 1989 the rate of wage-increases slowed down, but this was not reflected adequately in nontradables prices because of the appreciable increase in prices of controlled goods and housing.) This made it possible to moderate exchange-rate adjustments in 1990 and help reduce the inflation rate without impairing the competitiveness of the tradables sector.

The midpoint was raised by 6 percent in March 1990, and at the same time the band was widened from 3 to 5 percent in each direction. The midpoint was raised again in September 1990, this time by 10 percent, though during the last quarter the actual exchange rate remained close to the lower limit. In 1990 the exchange rate rose by 10.6 percent—far less than the 20.5 percent of 1989, and nearer the 1987–89 annual rates of about 11.5 percent (Table 3.3).

Prices of controlled goods

In the last three years the government allowed the prices of controlled goods to go up by much more than other prices, which made a significant contribution to the general price rise, for several reasons. First, the weight in the CPI of controlled goods, narrowly-defined, is some 20 percent, and 34 percent when broadly-defined (Table 3.4); consequently when their price goes up this affects the index directly. Second, the rise in prices of controlled goods sets off a series of increases in the prices of associated goods. Third, most controlled goods are nontradables. A rise in their relative price constitutes real appreciation, and this may eventually lead to realignment of the exchange rate and also to an increase in tradables prices. Fourth, when the relative prices of controlled goods rise together with an increase in the budget deficit (as in 1989), public confidence in the government's determination to reduce inflation may be undermined. This affects inflationary expectations, labor-market agreements, and so forth. (If increases in the prices of controlled goods are perceived by the public as indicative of the government's intention of balancing the budget, they may lead to temporary price increases without raising inflationary expectations.)

Prices of controlled goods (narrowly-defined) rose by 27.5 percent in 1989, compared with an 18.9 percent increase in the prices of nontradables and a 14.4 percent rise in prices excluding controlled goods and housing. The substantial increase in the prices of controlled goods led to a steep rise in the CPI and, because of the relatively large weight of nontradable controlled goods, prevented any significant real depreciation. At the beginning of 1990 the government announced its intention of slowing down the rate of increase of controlled-goods prices. In the event, their prices went up by 19.2 percent during 1990, compared with an increase of 17.3 percent in other prices, and of 12.6 percent in prices excluding controlled goods and housing.

Demand and economic activity

Domestic use of resources increased by a real 7.5 percent in 1990, compared with the 5.1 percent rise in GDP. This may have reflected some demand pressure on GDP, but the real appreciation of 1990 seems to have derived from the demand mix rather than from the increase in aggregate demand: most of the appreciation is the outcome of exceptional developments in housing prices, while the rate of price-increase of nontradables excluding housing was similar to that of tradables.

Prices of GDP and domestic resource uses rose by 16 percent, while prices of business product and of domestic resource uses excluding public services wages and housing services rose by a more moderate 11.8 and 13.3 percent respectively. A similar picture is given by the components of the CPI. There was a significant slowdown of the rate of increase of nontradables prices excluding controlled goods and housing (Table 3.2), and for the first time since the ESP this rate was similar to, and even slightly less than, that of tradables. It would appear, then, that in the nontradables sector, excluding housing, business product responded to increased demand without creating significant pressure on prices, probably due to excess capacity in the business sector (excluding construction).

Table 3.5

Principal Components of Dwelling Services in the CPI, 1986-90

(annual rate of change, percent)

	Prices of owner-occupied apartments	Rents	Other dwelling expenses	Residential services	CPI
<i>During period^a</i>					
1986	3.1	22.1	8.6	4.9	18.5
1987	14.5	33.0	17.1	16.4	16.8
1988	20.4	38.6	24.5	22.6	17.0
1989	35.3	36.4	38.1	35.6	20.4
1990	34.7	20.8	30.5	32.8	18.2
<i>Annual average</i>					
1986	30.9	44.4	36.7	32.3	48.1
1987	15.4	38.1	18.0	17.7	19.9
1988	14.7	33.6	21.2	17.0	16.3
1989	31.6	37.1	32.3	32.3	20.2
1990	36.2	20.3	34.9	34.2	17.2
Weight in CPI	138.1	16.7	9.8	164.6	1000

^a Change from fourth quarter of preceding year to fourth quarter of current year.

SOURCE: Based on Central Bureau of Statistics data.

Components of housing prices (Table 3.5) show that the appreciable increase in apartment prices in 1989-90 almost certainly reflects a lag in adjusting to the significant and sustained rise of rents in 1986-89. (This steep rise reflected increased demand for housing services before immigrants were expected.) The adjustment of apartment purchase prices to the increase in rents is connected with the significant decline in real interest rates in general, and mortgage interest in particular. The decline in interest, which was prominent in the first half of 1989, together with the high level of real rent, made it more worthwhile to purchase an apartment than to rent one, and this was reflected in the increased demand for apartments for purchase in 1989-90. Another important factor pushing up apartment prices in 1990 was the expectation of increased demand for housing services due to the influx of immigrants from the Soviet Union, as

indicated by the fact that in 1990 apartment prices rose more than rent—35 and 21 percent respectively.

Monetary and fiscal policy

The decline in interest rates, which began in 1988, continued in 1990 together with the persistent expansion of unindexed financial assets. The decline in interest prevented the intensification of the slump in 1988–89, and helped demand (and economic activity) to recover during 1990. Monetary expansion may have had some influence on price-increases, however, allowing exceptionally large rises (reflecting forces for changes in relative prices) to be expressed in a general price-rise. Such forces operated to raise the relative prices of housing and fuel in 1990. There was still a relatively large increase in the prices of controlled goods, necessitating the upward accommodation of other prices. Given full play, these forces would have brought other prices down, or at least taken up their rise, but many prices tend to be downward rigid (in rate of increase as well as in level), at least in the short run. This makes it difficult to derive the full benefit from the required change in relative prices, possibly with adverse effects on economic activity. Adjusting the money supply to the large price rises could enable relative prices to be adjusted without adversely affecting economic activity, though at the cost of higher price rises.

The effect of monetary policy on prices should not be exaggerated, however, since the rate of increase of most price indexes was in fact moderated in 1990. Some monetary restraint could have moderated the inflation rate still further in 1990, but at the cost of harming real activity. A more significant slowing of the rate of inflation without impairing economic activity could have been attained by moderating the increase in the prices of controlled goods, fuel (by changing the way it is taxed), and housing (by tackling bottlenecks in the construction industry).

The deficit/GNP ratio was reduced in 1990, but it cannot be assumed that this helped to reduce inflationary expectations; this was because the domestic deficit remained higher than it had been in 1986–88, and in addition future needs regarding the absorption of immigrants in housing and employment increase fears of a larger future deficit.

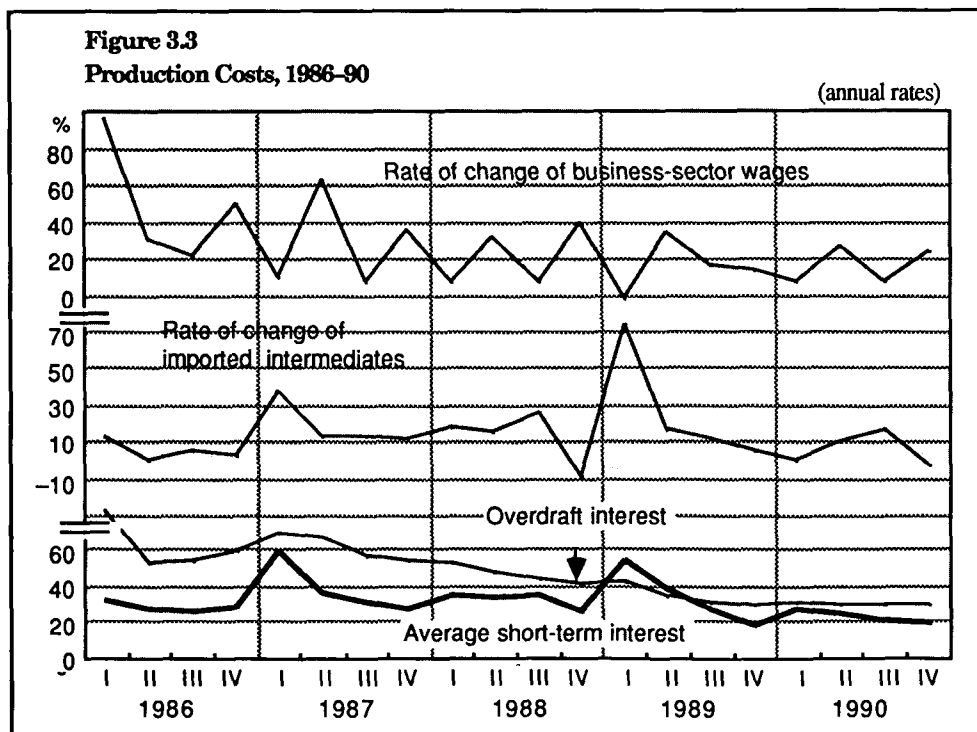
Wages and raw materials

Wages

As in many western countries, Israel's labor market is relatively rigid, the reason for this lying in the institutional and unionized structure of its wage agreements. The exceptional wage increases of 1986–87 and the slow process of their adaptation to real conditions partly explain the development of prices in the past few years.

There was a large rise in both business-sector and public services wages per employee post in 1986–87, leading to real appreciation. Within the context of the slump in demand, economic activity, and employment, some moderation of the rate of wage-

increase began to emerge in 1988, but wages still rose slightly faster than prices, even though the economic situation demanded a considerable fall in real wages. The exceptional development of wages in 1986–88 would seem, therefore, to lie behind the persistent real appreciation of those years, as well as behind the slump which prevailed at end-1987 and deepened in 1988 and 1989.



In 1989 the slump began to leave its mark on real wages, which did in fact go down that year, together with some improvement in profitability, which was supported by a relatively large adjustment of the exchange rate. Nevertheless, the level of real wages remained appreciably higher than was justified by the state of the labor market. This fact, which was reflected by the increased unemployment rate, together with the influx of immigrants from the Soviet Union which began in 1989 and swelled in 1990, moderated business-sector wage-increases in 1990. This development helped to slow the rise in nontradables prices, thereby contributing to the slowing-down of the increase in prices in general (for the development of wages and unit labor costs, see Table 3.3).

Public services wages in 1990 rose more than business-sector wage-increases, 21 percent compared with 16 percent. This is not consistent with the desire to expand employment and prevent the unemployment rate from rising, since an increase in relative public-services wages could push business-sector wages up, thereby aggravating the employment situation.

Imported intermediates

The rate of increase of imported intermediates prices, excluding fuel and diamonds, slowed significantly in 1990, rising by about 6 percent after an increase of some 22 percent in 1989. This development reflects in part a moderation in exchange-rate adjustments, and in part a further slowing of the increase in world prices. (During 1990 the world price of these items fell by about 4 percent against the currency basket, compared with an increase of some 3 percent in 1989 and of about 10 percent in 1988.) Because of the Gulf crisis oil prices rose appreciably in 1990, though their rate of increase was less steep than in 1989. Thus, the cost of oil for road construction and agriculture rose by some 40 and 44 percent respectively in 1990, after rising by about 53 and 47 percent in 1989.³ This reflects an appreciable rise in oil prices in 1989, together with a relatively large adjustment of the exchange rate that year.

³ The growth rates refer to the change from the fourth quarter of 1989 to the fourth quarter of 1990.

Table 3.A1
Selected Consumer Prices, 1986-91:I

(percent change over preceding period, annual rate)

	All items									
	All items (1)	Housing (2)	Controlled goods ^a (3)	Fruit and vegetables (4)	Clothing and footwear (5)	Excl. housing (6)	Excl. controlled goods (7)	Excl. housing & controlled goods (8)	Excl. fruit & vegetables (9)	Excl. controlled goods, etc. ^c (10)
<i>During period^c</i>										
1982-85	219.8	227.0	238.0	214.5	200.5	217.8	216.5	212.4	220.2	214.0
1986-89	18.2	18.8	20.9	17.4	9.1	18.3	17.5	17.5	18.2	18.6
1986	19.6	3.6	21.7	65.4	15.7	24.6	19.1	25.7	16.6	21.7
1987	16.1	15.7	14.8	7.4	14.3	16.1	16.4	16.7	18.3	21.6
1988	16.4	23.0	19.9	18.9	4.6	15.2	15.6	13.7	16.2	13.8
1989	20.7	35.2	27.5	4.4	2.5	17.6	18.9	14.4	21.7	17.3
1990	17.6	31.6	19.2	4.9	4.3	14.3	17.3	12.6	18.4	14.4
1989										
I	30.7	19.6	57.6	48.8	-33.5	33.0	24.5	25.8	29.4	33.6
II	20.4	54.6	25.2	-37.0	54.4	14.0	18.9	10.4	25.3	13.2
III	14.2	39.5	17.2	-8.0	-26.9	9.4	13.7	6.8	16.0	13.5
IV	18.1	29.5	14.3	37.6	47.1	15.3	18.8	15.6	16.6	10.3
1990										
I	12.0	18.3	21.4	-11.1	-31.8	10.5	9.6	6.9	13.6	14.7
II	21.2	43.2	12.5	14.3	54.4	16.3	23.8	17.7	21.5	14.6
III	23.3	65.6	22.6	-8.7	-28.7	13.9	23.5	10.9	25.2	18.5
IV	14.3	7.0	20.5	30.6	57.3	16.5	12.8	15.1	13.8	10.0
1991										
I	13.3	13.7	27.2	0.6	-28.0	13.1	9.7	8.2	13.8	13.7

<i>Average</i>										
1987	19.9	17.7	18.1	20.9	12.8	20.4	20.3	21.3	19.8	22.1
1988	16.3	17.0	15.9	17.7	11.0	16.1	16.4	16.2	16.2	16.7
1989	20.2	32.3	29.1	5.2	4.1	17.8	18.1	14.4	21.3	17.0
1990	17.2	34.2	18.7	0.9	3.1	13.4	16.8	11.6	18.2	13.8
Weight	1,000	165	195	64	72	835	805	640	936	505

^a The index of price-controlled commodities includes subsidized items (milk and milk products, poultry and poultry products, bread, public transport), and other budget-related controlled commodities, i.e. services supplied by the general government and public sector enterprises (health and education, gas, water and electricity, PTT, railway fares, local flights, rates, and beef).

^b Figures are for end of year.

^c Also excluding housing, fruit and vegetables, clothing and footwear.

SOURCE: Central Bureau of Statistics.