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18.8% Consumer Price Inflation In 1991

by Steven Ranieri

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On Jan. 9, the Banco de Mexico (central bank) reported that the consumer price index rose 18.8% in 1991, the lowest annual rate since 1978 (16.2%). Last year's inflation rate was 4.3 points above the target set by government planners in January 1991. In the month of December, the index rose 2.4%, largely the result of price hikes for housing rental, bottled soft drinks, urban public transportation, telephone service, and selected foodstuffs. According to financial affairs analyst Enrique Quintana, who writes for the *Coordenadas* column in daily newspaper *El Financiero*, the official inflation figures are misleading since they "obscure the enormous gap between price inflation for goods and for services, despite the fact that the two have a very different impact on purchasing power." Price inflation on clothing and footwear in 1991 was 11.7%, and for furniture and household goods, 11.9%. The accumulated increase for selected services follows: transportation, 30%; school fees, 24.1%; and, housing rental, 23.8%. Quintana said the central bank chose to exclude figures pertaining to price inflation for the government-defined "basket" of basic goods and services, used as a reference point for measuring purchasing power. In the January-November period, the basket price index rose 21%. The average wage increased only 12% over the same period. (Sources: Notimex, Spanish news service EFE, 01/09/92; Agence France-Presse, 01/09/92, 01/10/92)

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