Consumer Price Index
Republic of Palau

2026 Q2 - Provisional

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Foreword

We are pleased to publish this quarter's Consumer Price Index (CPI) publication.

The statistical information presented in this publication contains a wealth of information that measures quarterly changes in prices of a "basket" of goods and services, which are representative of purchases by private households in Palau.

We acknowledge with great appreciation the valuable contributions of many offices of the National Government and state governments, as well as those participating establishments, for enabling us to continue the collection of prices every quarter for the selected items within the Palau CPI. With your cooperation and assistance, we will continue to publish the Palau CPI to account for the changes in the prices of goods and services consumed by all the people residing in Palau.

Sincerely,

Kaleb Udui Jr.
Director

KEY CHANGES TO THE CONSUMER PRICE INDEX (CPI)

This publication presents data for the second quarter (2026 Q2) and finalized data for the first quarter of 2026.

2026 Q1 – Revised Data

In April 2026, we released the provisional data for the first quarter of 2026 (2026 Q1) using the new CPI weights. Following a thorough review with an IMF consultant in May 2026, we made necessary revisions to the figures and structure of our reports to improve accuracy and clarity.

Updated Classification: Goods and Services

The new CPI basket incorporates a Goods and Services classification structure, replacing the Domestic and Imported Goods categorization used in the previous CPI series. This enhancement brings the CPI in line with current statistical practices and provides users with a clearer understanding of how price changes affect the goods and services purchased by households.

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PALAU CPI – SUMMARY OF MOVEMENTS FOR 2026 QTR 2

Summary of Annual Movement

ANNUAL PERCENTAGE CHANGE BY COICOP DIVISION
2026 Q2 (OVER THE PAST 12 MONTHS)

COICOP Division	Division Description	2026 Q2 Annual % Change
0	All items	3.0% ↑
01	Food and non-alcoholic beverages	2.2% ↑
02	Alcoholic beverages, tobacco and narcotics	2.6% ↑
03	Clothing and footwear	0.2% ↑
04	Housing, water, electricity, gas and other fuels	2.9% ↑
05	Furnishings, household equipment and routine household maintenance	1.5% ↑
06	Health	0.0% —
07	Transport	19.5% ↑
08	Communication	-28.1% ↓
09	Recreation and culture	7.0% ↑
10	Education	0.0% —
11	Restaurants and hotels	3.3% ↑
12	Miscellaneous goods and services	3.8% ↑

***The annual inflation rate in Palau shows an increase of 3.0 percent*.**

This table (infographic) illustrates the percentage change contributed by divisions over the corresponding quarters for the past 12 months.

The divisions that saw increases were Division 07 – Transport; Division 09 – Recreation and culture; Division 12 – Miscellaneous goods and services; Division 11 – Restaurants and hotels; Division 04 – Housing, water, electricity, gas and other fuels; Division 02 – Alcoholic beverages, tobacco and narcotics; Division 01 – Food and non-alcoholic beverages; Division 05 – Furnishings, household equipment and routine household maintenance; and Division 03 – Clothing and footwear. The major decline was noted for Division 08 - Communication.

The annual inflation rate can be further analyzed for both goods and services items (Table 4). Goods items increased by 4.6 percent, while services items decreased by -1.1 percent.

More details on the causes of the latest annual movement can be found in the "annual change analysis" section of this report.

Summary of Quarterly Movement

QUARTERLY PERCENTAGE CHANGE BY COICOP DIVISION
2026 Q2 (COMPARED TO 2026 Q1)

COICOP Division	Division Description	2026 Q2 Quarterly % Change
0	All items	2.2% ↑
01	Food and non-alcoholic beverages	3.4% ↑
02	Alcoholic beverages, tobacco and narcotics	4.6% ↑
03	Clothing and footwear	3.6% ↑
04	Housing, water, electricity, gas and other fuels	0.0% —
05	Furnishings, household equipment and routine household maintenance	-1.4% ↓
06	Health	0.0% —
07	Transport	16.4% ↑
08	Communication	-28.1% ↓
09	Recreation and culture	6.1% ↑
10	Education	0.0% —
11	Restaurants and hotels	1.9% ↑
12	Miscellaneous goods and services	4.5% ↑

***The quarterly inflation rate shows a slight increase of 2.2 percent compared to the previous quarter (2026 Q1)*.**

This table (infographic) shows the percentage contributions of each division compared to the previous quarter.

The divisions that showed an increase were Division 07 – Transport; Division 09 – Recreation and culture; Division 02 – Alcoholic beverages, tobacco and narcotics; Division 12 – Miscellaneous goods and services; Division 03 – Clothing and footwear; Division 01 – Food and non-alcoholic beverages; and Division 11 – Restaurants and hotels. A significant decline was observed in Division 08 – Communication.

This quarter's inflation rate can be further analyzed for goods and services items (Table 4). There was a 4.4 percent increase in the prices of goods, whereas prices for services decreased by -3.3 percent.

More details on what has caused the latest quarterly movement can be found in the "quarterly change analysis" section of this report.

ANALYSIS OF INDEX, ANNUAL AND QUARTERLY BY COICOP DIVISIONS

Table 1 below shows the index value for each Division and its change over time, from both annual and quarterly perspectives. More information on interpreting the changes from both annual and quarterly perspectives can be found in the next two sections of this report's analysis.

TABLE 1: PALAU CONSUMER PRICE INDEX (2025 = 100)

COICOP Division		0 - All-Items	01 - Food and non-alcoholic beverages	02 - Alcoholic beverages, tobacco and narcotics	03 - Clothing and footwear	04 - Housing, water, electricity, gas and other fuels	05 - Furnishings, household equipment and routine household maintenance	06 - Health	07 - Transport	08 - Communication	09 - Recreation and culture	10 - Education	11 - Restaurants and hotels	12 - Miscellaneous goods and services
Weights**		100.00%	26.01%	7.13%	3.07%	13.07%	9.82%	0.83%	7.84%	4.32%	3.21%	0.70%	12.23%	11.77%
Annual														
2017		**73.8**	66.7	84.0	84.1	71.2	85.0	93.2	64.0	90.6	88.8	88.8	65.7	86.1
2018		**75.4**	69.4	83.8	85.0	73.6	83.7	95.1	68.1	90.3	86.7	88.8	64.3	84.3
2019		**75.6**	69.8	83.8	84.5	73.6	83.7	95.6	68.3	90.3	86.0	88.8	66.8	83.3
2020		**75.7**	71.3	84.3	88.5	72.4	83.8	95.8	66.3	90.3	86.6	89.6	66.8	82.4
2021		**77.2**	74.3	84.6	86.5	67.0	81.7	97.1	73.8	90.3	89.4	93.4	70.4	84.3
2022		**87.9**	84.4	87.2	92.6	95.2	86.6	97.2	87.5	90.3	92.3	97.6	71.9	86.0
2023		**98.1**	98.1	99.1	98.1	101.7	95.9	100.0	99.0	92.4	98.6	98.8	83.0	96.4
2024		**100.4**	97.8	100.7	97.6	107.0	100.3	100.0	101.6	98.1	100.0	100.0	91.9	98.7
2025		**100.0**	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Quarter														
2016	Q3	**73.1**	65.6	84.0	87.6	69.5	84.1	93.2	62.6	90.6	87.6	88.8	66.2	86.2
	Q4	**72.8**	65.6	83.7	83.7	69.5	85.0	93.2	62.8	90.6	87.6	88.8	65.7	84.0
2017	Q1	**73.5**	66.7	83.8	83.7	69.9	85.3	93.2	63.6	90.6	87.6	88.8	65.7	86.2
	Q2	**73.5**	66.1	84.0	83.9	70.1	84.8	93.2	64.5	90.6	89.6	88.8	65.7	85.6
	Q3	**73.6**	66.4	84.0	84.5	70.1	85.2	93.2	64.0	90.6	89.0	88.8	65.7	85.6
	Q4	**74.6**	67.6	84.0	84.5	74.8	84.8	93.2	63.7	90.6	89.0	88.8	65.7	86.9
2018	Q1	**74.7**	67.9	83.6	85.8	73.4	83.7	93.4	66.3	90.7	87.4	88.8	63.9	84.0
	Q2	**75.6**	70.5	83.6	85.6	73.7	83.7	95.6	67.1	89.8	89.3	88.8	63.9	84.7
	Q3	**75.7**	69.6	84.0	84.0	73.8	83.7	95.6	69.2	90.3	85.1	88.8	65.6	84.8
	Q4	**75.7**	69.5	84.0	84.6	73.4	83.6	95.6	69.8	90.3	85.1	88.8	63.9	83.6
2019	Q1	**75.2**	70.2	83.8	82.4	73.6	83.6	95.6	65.5	90.3	87.5	88.8	66.8	83.5
	Q2	**75.6**	69.3	83.8	85.0	73.7	83.7	95.6	68.4	90.3	87.5	88.8	66.8	84.1
	Q3	**75.5**	69.2	83.8	85.0	73.6	83.7	95.6	68.4	90.3	84.5	88.8	66.8	83.4
	Q4	**76.2**	70.3	83.8	85.6	73.5	83.7	95.6	70.7	90.3	84.5	89.0	66.8	82.3
2020	Q1	**76.7**	70.8	84.3	86.5	74.4	83.9	95.6	71.4	90.3	84.5	89.6	66.8	82.3
	Q2	**75.3**	72.4	84.2	86.9	73.9	83.9	95.6	61.7	90.3	87.3	89.6	66.8	82.6
	Q3	**76.0**	71.4	84.3	90.0	74.1	83.5	93.6	66.0	90.3	87.3	89.6	66.8	82.6
	Q4	**74.7**	70.5	84.3	90.5	67.2	84.0	98.1	66.2	90.3	87.3	89.6	66.8	82.2
2021	Q1	**73.6**	71.1	84.4	90.5	56.8	82.1	98.1	67.3	90.3	87.3	89.6	70.2	83.8
	Q2	**74.9**	71.5	84.4	85.9	58.7	79.6	98.1	73.5	90.3	87.9	88.8	70.2	85.0
	Q3	**79.4**	75.1	85.4	84.4	75.6	82.5	96.2	76.5	90.3	91.1	97.6	70.2	83.9
	Q4	**80.9**	79.3	84.4	85.3	76.7	82.5	96.2	77.9	90.3	91.2	97.6	71.0	84.6
2022	Q1	**83.6**	81.1	84.4	89.7	86.8	84.5	96.2	79.9	90.3	91.2	97.6	71.7	84.5
	Q2	**87.6**	82.2	84.8	91.8	95.8	86.7	97.5	90.9	90.4	91.3	97.6	71.7	85.2
	Q3	**90.3**	85.9	89.2	93.7	101.3	86.4	97.5	91.1	90.2	93.0	97.6	72.2	86.7
	Q4	**90.1**	88.4	90.5	95.3	96.8	89.0	97.5	88.0	90.3	93.6	97.6	72.2	87.4
2023	Q1	**97.7**	97.2	98.5	94.8	105.7	92.7	100.0	97.9	92.2	95.1	97.6	81.2	94.7
	Q2	**98.7**	97.8	99.0	99.1	110.6	95.4	100.0	94.8	92.5	99.5	97.6	83.3	95.8
	Q3	**98.4**	99.3	99.1	100.4	96.2	97.6	100.0	102.5	92.5	99.6	100.0	83.8	97.2
	Q4	**97.6**	98.1	99.8	97.9	94.4	97.9	100.0	100.8	92.5	100.0	100.0	83.8	97.7
2024	Q1	**99.6**	96.0	100.4	96.9	104.6	100.1	100.0	105.2	92.5	100.0	100.0	83.9	98.1
	Q2	**101.1**	99.2	100.5	96.9	108.3	100.0	100.0	101.8	100.0	100.0	100.0	93.8	97.8
	Q3	**100.7**	97.8	101.0	98.2	108.3	100.0	100.0	100.6	100.0	100.0	100.0	94.9	99.3
	Q4	**100.3**	98.0	101.0	98.5	106.7	101.2	100.0	99.0	100.0	100.0	100.0	94.9	99.5
2025	Q1	**100.1**	101.0	101.3	100.0	96.5	101.2	100.0	100.9	100.0	100.0	100.0	100.0	99.7
	Q2	**99.7**	99.7	101.3	100.0	99.2	99.7	100.0	98.1	100.0	100.0	100.0	100.0	100.6
	Q3	**99.8**	99.2	98.2	100.0	102.1	99.6	100.0	99.7	100.0	100.0	100.0	100.0	100.4
	Q4	**100.4**	100.1	99.3	99.9	102.1	99.6	100.0	101.3	100.0	100.0	100.0	100.0	99.3
2026	Q1*	**100.5**	98.6	99.3	96.8	102.1	102.6	100.0	100.7	100.0	100.9	100.0	101.4	99.8
	Q2	**102.7**	101.9	103.9	100.2	102.1	101.2	100.0	117.2	71.9	107.0	100.0	103.3	104.4

Note: *** The current weights are 2023/2024 and apply from Q1-2026, and before that, the previous weights reference period was 2013/14.*

** The initial figure published for 2026 Q1 in April has been revised.*

PALAU CONSUMER PRICE INDEX: ANNUAL CHANGE

ALL ITEMS CPI

- The annual inflation rate shows an increase of 3.0 over the last 12 months.

OVERVIEW OF CPI MOVEMENTS

- The significant increase was noted for the following items: fuels, pet food, online subscriptions, dental products, restaurant meals, bento, roofing maintenance, betel nut, tobacco, bread, cookies, grapes, onions, taro, cabbage, electric fans, cleaning detergents, and clothing. The prices of items that declined were internet data bundles, bathroom and kitchen cleaning products, and electric bulbs.

TABLE 2: PALAU CPI: ANNUAL CHANGE (%)

COICOP Division		0 - All-Item	01 - Food and non-alcoholic beverages	02 - Alcoholic beverages, tobacco and narcotics	03 - Clothing and footwear	04 - Housing, water, electricity, gas and other fuels	05 - Furnishings, household equipment and routine household maintenance	06 - Health	07 - Transport	08 - Communication	09 - Recreation and culture	10 - Education	11 - Restaurants and hotels	12 - Miscellaneous goods and services
Year														
2018		**2.2**	4.0	-0.2	1.0	3.3	-1.6	2.0	6.5	-0.4	-2.4	0.0	-2.2	-2.1
2019		**0.2**	0.6	0.0	-0.6	0.1	0.0	0.6	0.2	0.0	-0.8	0.1	3.9	-1.1
2020		**0.1**	2.2	0.5	4.7	-1.7	0.2	0.1	-2.9	0.0	0.7	0.8	0.0	-1.1
2021		**2.0**	4.2	0.4	-2.2	-7.5	-2.6	1.5	11.3	0.0	3.2	4.3	5.4	2.3
2022		**13.9**	13.6	3.1	7.0	42.2	6.0	0.0	18.5	0.0	3.2	4.5	2.2	1.9
2023		**11.6**	16.2	13.6	5.9	6.8	10.7	2.9	13.2	2.3	6.8	1.2	15.5	12.1
2024		**2.4**	-0.3	1.7	-0.5	5.2	4.6	0.0	2.7	6.2	1.5	1.2	10.6	2.4
2025		**-0.4**	2.3	-0.7	2.4	-6.5	-0.3	0.0	-1.6	1.9	0.0	0.0	8.8	1.3
2017	Q3	**0.7**	1.1	0.0	-3.5	0.8	1.3	0.0	2.4	0.0	1.6	0.0	-0.8	-0.8
	Q4	**2.4**	3.1	0.4	0.9	7.7	-0.3	0.0	1.5	0.0	1.6	0.0	0.0	3.4
2018	Q1	**1.6**	1.8	-0.2	2.4	5.0	-1.9	0.2	4.1	0.1	-0.3	0.0	-2.8	-2.7
	Q2	**2.8**	6.7	-0.5	2.0	5.1	-1.2	2.6	4.1	-1.0	-0.4	0.0	-2.8	-1.0
	Q3	**3.0**	4.9	-0.1	-0.5	5.2	-1.8	2.6	8.1	-0.3	-4.4	0.0	-0.3	-0.9
	Q4	**1.4**	2.8	0.0	0.2	-1.9	-1.4	2.6	9.5	-0.4	-4.4	0.0	-2.8	-3.8
2019	Q1	**0.7**	3.4	0.3	-4.0	0.2	-0.1	2.4	-1.2	-0.5	0.1	0.0	4.6	-0.5
	Q2	**0.0**	-1.6	0.2	-0.6	0.1	0.0	0.0	1.9	0.6	-2.0	0.0	4.6	-0.7
	Q3	**-0.4**	-0.6	-0.2	1.2	-0.2	0.0	0.0	-1.1	-0.1	-0.7	0.0	1.9	-1.6
	Q4	**0.6**	1.2	-0.2	1.2	0.2	0.1	0.0	1.3	0.0	-0.7	0.3	4.6	-1.5
2020	Q1	**2.0**	0.8	0.6	5.0	1.0	0.4	0.0	9.1	0.0	-3.4	0.9	0.0	-1.4
	Q2	**-0.4**	4.4	0.5	2.2	0.2	0.3	0.0	-9.9	0.0	-0.2	0.9	0.0	-1.8
	Q3	**0.6**	3.2	0.5	5.9	0.7	-0.3	-2.1	-3.6	0.1	3.3	0.9	0.0	-0.9
	Q4	**-1.9**	0.2	0.5	5.7	-8.7	0.5	2.6	-6.4	0.1	3.3	0.6	0.0	-0.2
2021	Q1	**-4.0**	0.5	0.1	4.7	-23.6	-2.2	2.6	-5.8	0.1	3.3	0.0	5.1	1.8
	Q2	**-0.5**	-1.1	0.2	-1.2	-20.6	-5.2	2.6	19.2	0.1	0.7	-0.9	5.1	2.9
	Q3	**4.6**	5.2	1.3	-6.3	2.0	-1.2	2.7	15.9	0.0	4.3	9.0	5.1	1.6
	Q4	**8.3**	12.5	0.2	-5.7	14.2	-1.8	-1.9	17.7	0.0	4.4	9.0	6.2	2.9
2022	Q1	**13.7**	14.1	0.1	-0.9	52.8	2.8	-1.9	18.8	0.0	4.4	9.0	2.1	0.8
	Q2	**17.0**	14.8	0.5	6.8	63.3	8.9	-0.6	23.6	0.1	3.9	9.9	2.1	0.3
	Q3	**13.7**	14.3	4.5	11.1	34.0	4.7	1.4	19.1	-0.1	2.1	0.0	2.8	3.3
	Q4	**11.4**	11.6	7.2	11.7	26.2	7.8	1.4	13.0	0.0	2.6	0.0	1.7	3.3
2023	Q1	**16.9**	19.8	16.7	5.7	21.8	9.8	4.0	22.6	2.0	4.3	0.0	13.3	12.1
	Q2	**12.6**	19.1	16.8	8.0	15.4	10.1	2.5	4.4	2.3	9.0	0.0	16.3	12.4
	Q3	**9.0**	15.7	11.0	7.2	-5.1	13.0	2.5	12.5	2.5	7.0	2.5	16.1	12.1
	Q4	**8.3**	10.9	10.3	2.8	-2.6	10.0	2.5	14.6	2.4	6.9	2.5	16.1	11.8
2024	Q1	**2.0**	-1.2	1.9	2.1	-1.0	8.0	0.0	7.5	0.3	5.1	2.5	3.4	3.6
	Q2	**2.4**	1.4	1.5	-2.3	-2.1	4.8	0.0	7.3	8.1	0.5	2.5	12.5	2.1
	Q3	**2.3**	-1.5	2.0	-2.2	12.5	2.5	0.0	-1.8	8.1	0.4	0.0	13.2	2.2
	Q4	**2.8**	0.0	1.2	0.6	13.1	3.3	0.0	-1.8	8.1	0.0	0.0	13.2	1.8
2025	Q1	**0.5**	5.2	0.8	3.3	-7.7	1.0	0.0	-4.1	8.1	0.0	0.0	19.1	1.6
	Q2	**-1.4**	0.5	0.8	3.3	-8.4	-0.3	0.0	-3.6	0.0	0.0	0.0	6.7	2.8
	Q3	**-0.9**	1.5	-2.8	1.8	-5.7	-0.4	0.0	-0.8	0.0	0.0	0.0	5.3	1.1
	Q4	**0.1**	2.1	-1.7	1.4	-4.4	-1.6	0.0	2.3	0.0	0.0	0.0	5.3	-0.1
2026	Q1	**0.4**	-2.4	-1.9	-3.2	5.8	1.5	0.0	-0.2	0.0	0.9	0.0	1.4	0.2
	Q2	**3.0**	2.2	2.6	0.2	2.9	1.5	0.0	19.5	-28.1	7.0	0.0	3.3	3.8

Figure 1: Annual Change (%), 2026 Q2

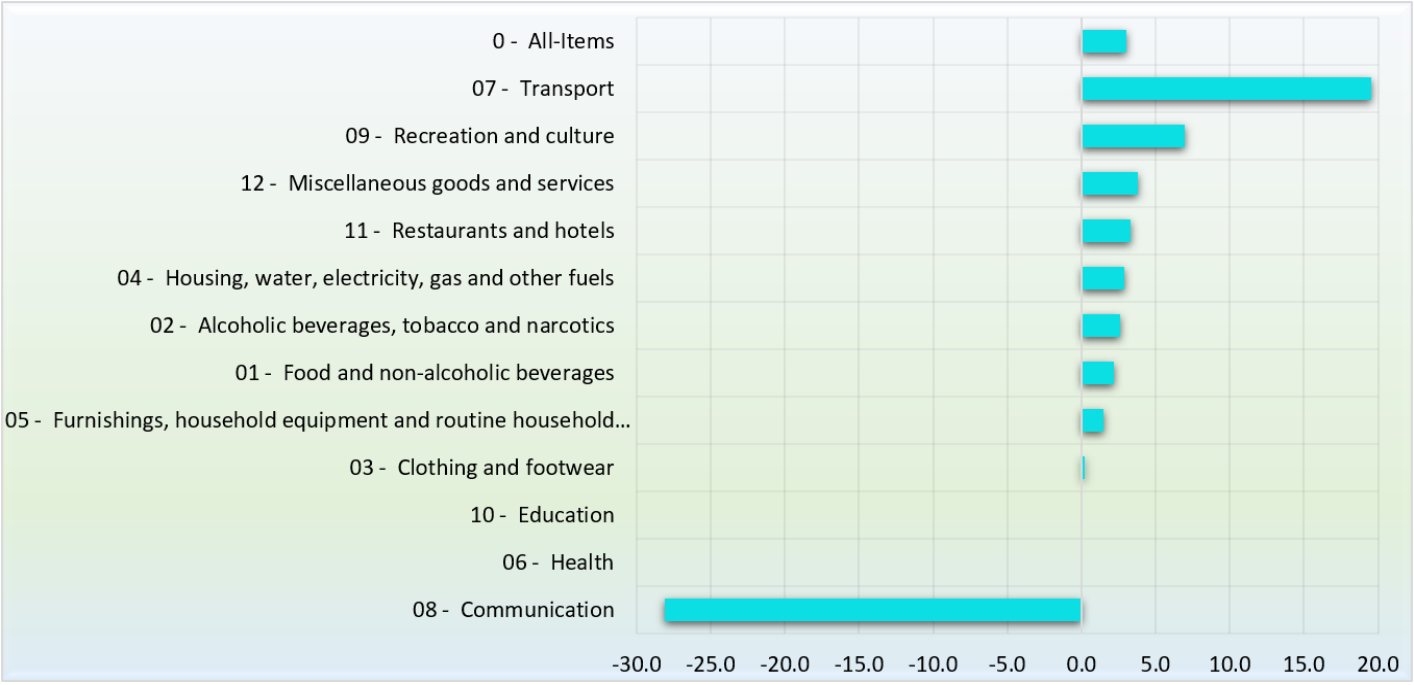
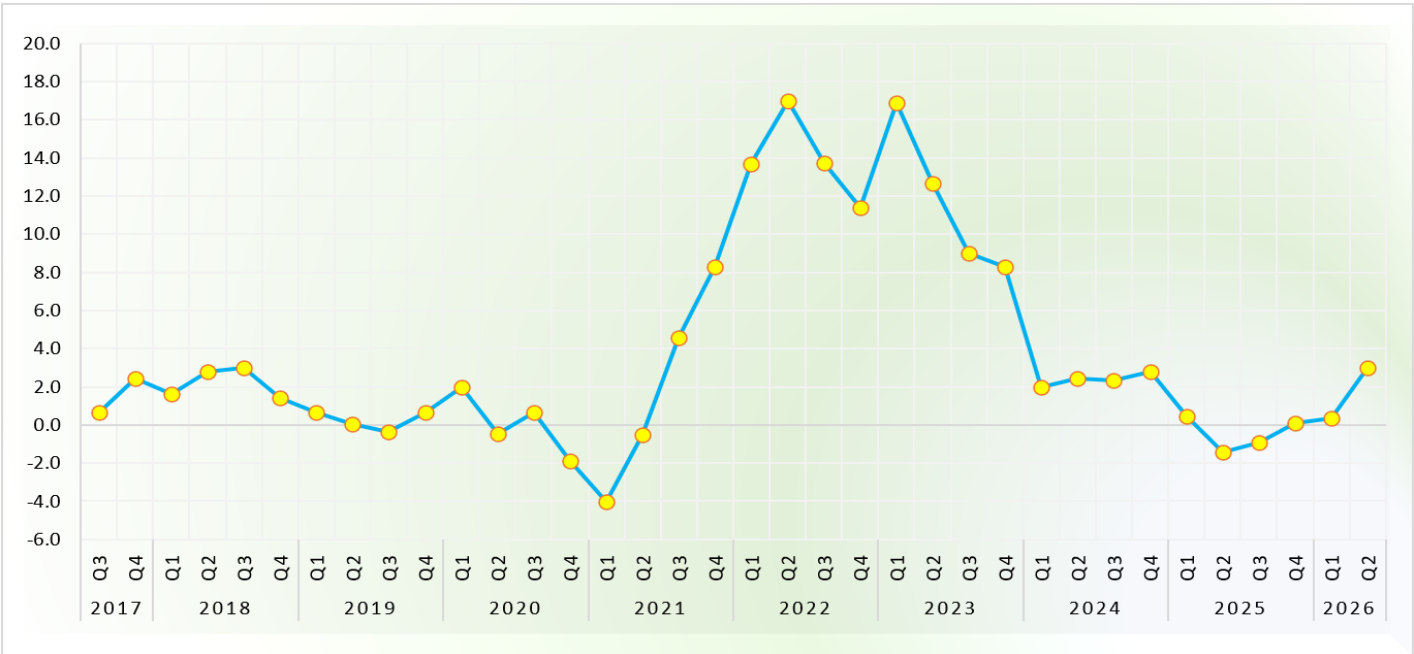


Figure 1.1: All Items – Annual Change (%), 2017 Q3 – 2026 Q2



PALAU CONSUMER PRICE INDEX: QUARTERLY CHANGE

ALL ITEM CPI

- Increased by 2.2 percent compared to last quarter (2026 Q1).

OVERVIEW OF CPI MOVEMENTS

- The items that increased in price were garlic, fuel, dental products, onions, taro, canned vegetables, cookies, pet food, online subscriptions, pants, and betel nuts. The prices of items that decreased included internet data bundles and kitchen cleaning products.

TABLE 3: PALAU CPI: QUARTERLY CHANGE (%)

COICOP Division		0 - All-Items	01 - Food and non-alcoholic beverages	02 - Alcoholic beverages, tobacco and narcotics	03 - Clothing and footwear	04 - Housing, water, electricity, gas and other fuels	05 - Furnishings, household equipment and routine household maintenance	06 - Health	07 - Transport	08 - Communication	09 - Recreation and culture	10 - Education	11 - Restaurants and hotels	12 - Miscellaneous goods and services
2016	Q4	**-0.3**	-0.1	-0.4	-4.4	0.0	1.1	0.0	0.4	0.0	0.0	0.0	-0.8	-2.6
2017	Q1	**0.9**	1.6	0.2	0.0	0.7	0.4	0.0	1.3	0.0	0.0	0.0	0.0	2.7
	Q2	**0.1**	-0.9	0.3	0.2	0.3	-0.7	0.0	1.4	0.0	2.3	0.0	0.0	-0.8
	Q3	**0.0**	0.5	0.0	0.7	0.0	0.6	0.0	-0.7	0.0	-0.6	0.0	0.0	0.0
	Q4	**1.4**	1.9	0.0	0.0	6.7	-0.5	0.0	-0.5	0.0	0.0	0.0	0.0	1.6
2018	Q1	**0.0**	0.3	-0.5	1.5	-1.8	-1.3	0.2	4.0	0.1	-1.9	0.0	-2.8	-3.4
	Q2	**1.3**	3.8	0.0	-0.2	0.3	0.0	2.4	1.3	-1.0	2.1	0.0	0.0	0.9
	Q3	**0.2**	-1.2	0.4	-1.8	0.1	0.0	0.0	3.1	0.6	-4.7	0.0	2.6	0.0
	Q4	**-0.1**	-0.1	0.0	0.7	-0.5	-0.2	0.0	0.9	-0.1	0.0	0.0	-2.6	-1.4
2019	Q1	**-0.7**	1.0	-0.2	-2.7	0.3	0.1	0.0	-6.2	0.0	2.8	0.0	4.6	-0.1
	Q2	**0.6**	-1.2	0.0	3.3	0.2	0.1	0.0	4.5	0.0	0.0	0.0	0.0	0.8
	Q3	**-0.2**	-0.2	0.0	0.0	-0.2	0.0	0.0	0.0	0.0	-3.4	0.0	0.0	-0.9
	Q4	**0.9**	1.6	0.0	0.7	-0.1	-0.1	0.0	3.4	0.0	0.0	0.3	0.0	-1.3
2020	Q1	**0.7**	0.6	0.6	1.0	1.1	0.4	0.0	1.0	0.0	0.0	0.6	0.0	0.0
	Q2	**-1.8**	2.3	-0.1	0.5	-0.6	0.0	0.0	-13.7	0.0	3.3	0.0	0.0	0.4
	Q3	**0.9**	-1.3	0.1	3.6	0.3	-0.6	-2.1	7.0	0.1	0.0	0.0	0.0	0.0
	Q4	**-1.6**	-1.3	0.0	0.5	-9.4	0.7	4.8	0.3	0.0	0.0	0.0	0.0	-0.5
2021	Q1	**-1.5**	0.9	0.2	0.0	-15.5	-2.3	0.0	1.7	0.0	0.0	0.0	5.1	2.0
	Q2	**1.8**	0.6	-0.1	-5.1	3.3	-3.1	0.0	9.3	0.0	0.7	-0.9	0.0	1.5
	Q3	**6.1**	5.0	1.2	-1.8	28.8	3.7	-1.9	4.1	0.0	3.6	9.9	0.0	-1.3
	Q4	**1.9**	5.5	-1.1	1.2	1.5	0.1	0.0	1.8	0.0	0.1	0.0	1.1	0.8
2022	Q1	**3.3**	2.3	0.0	5.2	13.1	2.3	0.0	2.6	0.0	0.0	0.0	1.0	-0.1
	Q2	**4.8**	1.3	0.4	2.3	10.4	2.6	1.4	13.8	0.1	0.1	0.0	0.0	0.9
	Q3	**3.1**	4.5	5.3	2.1	5.8	-0.3	0.0	0.3	-0.2	1.9	0.0	0.7	1.7
	Q4	**-0.2**	3.0	1.4	1.7	-4.4	3.0	0.0	-3.4	0.1	0.6	0.0	0.0	0.8
2023	Q1	**8.4**	9.9	8.8	-0.5	9.1	4.2	2.5	11.3	2.0	1.7	0.0	12.4	8.3
	Q2	**1.0**	0.7	0.5	4.5	4.6	2.9	0.0	-3.2	0.3	4.6	0.0	2.7	1.2
	Q3	**-0.2**	1.5	0.1	1.3	-13.0	2.3	0.0	8.1	0.0	0.1	2.5	0.6	1.4
	Q4	**-0.9**	-1.3	0.8	-2.4	-1.9	0.3	0.0	-1.6	0.0	0.4	0.0	0.0	0.5
2024	Q1	**2.1**	-2.1	0.6	-1.1	10.9	2.3	0.0	4.3	0.0	0.0	0.0	0.1	0.4
	Q2	**1.5**	3.4	0.1	0.0	3.5	-0.1	0.0	-3.3	8.1	0.0	0.0	11.7	-0.3
	Q3	**-0.4**	-1.5	0.5	1.4	0.0	0.0	0.0	-1.2	0.0	0.0	0.0	1.2	1.6
	Q4	**-0.4**	0.2	0.0	0.3	-1.4	1.2	0.0	-1.5	0.0	0.0	0.0	0.0	0.1
2025	Q1	**-0.2**	3.0	0.2	1.5	-9.6	0.0	0.0	1.9	0.0	0.0	0.0	5.3	0.2
	Q2	**-0.4**	-1.2	0.0	0.0	2.8	-1.4	0.0	-2.8	0.0	0.0	0.0	0.0	0.9
	Q3	**0.1**	-0.5	-3.1	0.0	2.9	-0.2	0.0	1.7	0.0	0.0	0.0	0.0	-0.1
	Q4	**0.6**	0.8	1.1	-0.1	0.0	0.0	0.0	1.5	0.0	0.0	0.0	0.0	-1.1
2026	Q1	**0.0**	-1.5	0.0	-3.2	0.0	3.1	0.0	-0.6	0.0	0.9	0.0	1.4	0.5
	Q2	**2.2**	3.4	4.6	3.6	0.0	-1.4	0.0	16.4	-28.1	6.1	0.0	1.9	4.5

Figure 2: Quarterly Changes (%), 2026 Q2

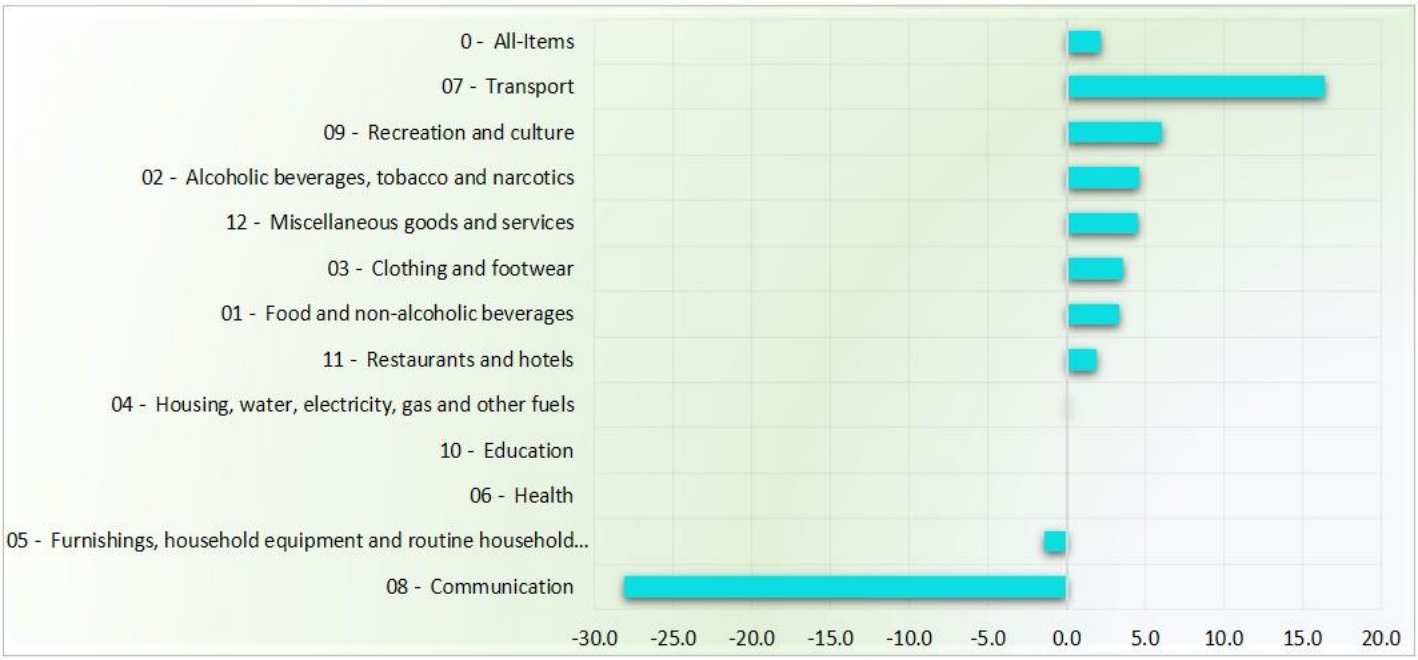


Figure 2.2: All items, Quarterly Change (%), 2016 Q4 – 2026 Q2

ANALYSIS OF GOODS AND SERVICES INDEX

The final analysis section highlights how both goods and services significantly affect the CPI for Palau, showcasing the importance of understanding these impacts for better economic decision-making. As discussed in the explanatory notes, goods items make up the bulk of household expenditure, accounting for 72 percent in total, with the remaining 28 percent covering expenditure on services items.

Both Table 4 and Figure 3.3 show the change in the index for both groups since the re-base in December 2025. Compared to the same period last year, the prices of goods increased by 4.4 percent, and services decreased by -3.3 percent.

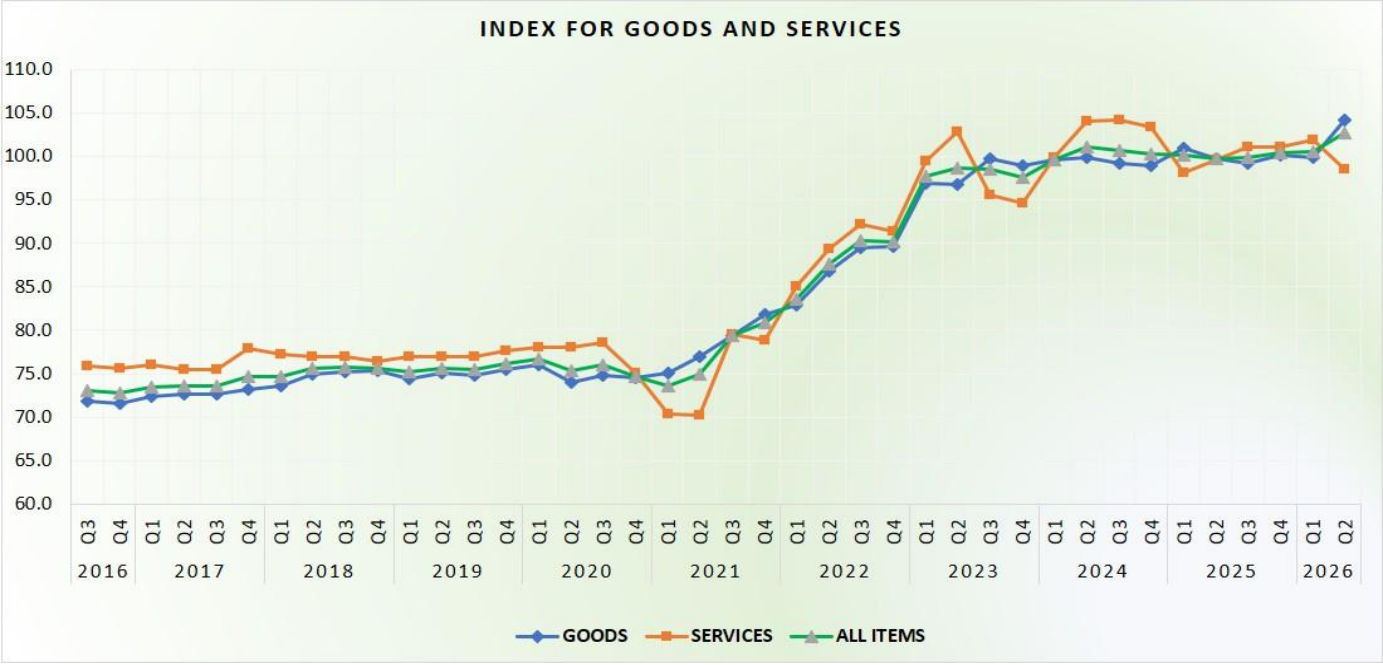
TABLE 4. GOODS AND SERVICES INDEX (2025 = 100)

YEAR	QUARTER	GOODS	SERVICES	ALL ITEMS
2016	Q3	71.8	75.9	73.1
	Q4	71.6	75.6	72.8
2017	Q1	72.3	76.0	73.5
	Q2	72.7	75.5	73.5
	Q3	72.7	75.5	73.6
	Q4	73.1	77.9	74.6
2018	Q1	73.5	77.2	74.7
	Q2	75.0	77.0	75.6
	Q3	75.2	77.0	75.7
	Q4	75.4	76.4	75.7
2019	Q1	74.4	76.9	75.2
	Q2	75.0	77.0	75.6
	Q3	74.8	77.0	75.5
	Q4	75.5	77.6	76.2
2020	Q1	76.0	78.0	76.7
	Q2	74.0	78.1	75.3
	Q3	74.8	78.6	76.0
	Q4	74.5	75.1	74.7
2021	Q1	75.0	70.3	73.6
	Q2	77.0	70.2	74.9
	Q3	79.4	79.6	79.4
	Q4	81.9	78.8	80.9
2022	Q1	82.9	85.1	83.6
	Q2	86.8	89.3	87.6
	Q3	89.5	92.2	90.3
	Q4	89.6	91.3	90.1
2023	Q1	96.9	99.5	97.7
	Q2	96.8	102.9	98.7
	Q3	99.8	95.5	98.4
	Q4	98.9	94.6	97.6
2024	Q1	99.5	99.9	99.6
	Q2	99.8	104.0	101.1
	Q3	99.2	104.1	100.7
	Q4	98.9	103.4	100.3
2025	Q1	101.0	98.2	100.1
	Q2	99.7	99.6	99.7
	Q3	99.2	101.1	99.8
	Q4	100.1	101.1	100.4
2026	Q1*	99.9	101.9	100.5
	Q2	104.2	98.6	102.7

Note: * *The initial figure published in April for Goods and Services has been revised, with the All Items Index.*

Figure 3: Annual Index; Goods and Services Items

Figure 3.3: Goods and Services Index, 2016 Q3 – 2026 Q2



EXPLANATORY NOTES

Brief Description of the Palau Consumer Price Index:

The Palau Consumer Price Index (CPI) measures the quarterly change in prices of a *"basket of goods and services"* that are typically purchased by private households in Palau. The basket includes a wide range of items grouped according to the *12 divisions of the Classification of Individual Consumption According to Purpose (COICOP 1999)*. This classification ensures that Palau's CPI remains consistent with international statistical standards, facilitating comparisons with other countries. These divisions are *Food and non-alcoholic beverages*; *Alcoholic beverages, tobacco, and narcotics; Clothing and footwear*; *Housing, water, electricity, gas, and other fuels*; *Furnishings, household equipment, and routine household maintenance*; *Health; Transport; Communication*; *Recreation and culture*; *Education; Restaurants and hotels; and Miscellaneous goods and services*. Examples of items priced in each major group can be found in Appendix 2.

The CPI Index has been updated

The CPI has been updated with a new and expanded basket of goods and services with new expenditure weights based on the Household Income and Expenditure Survey 2023/2024. The sample of outlets for which prices are collected each quarter has been updated and enlarged, and the number of prices collected each quarter has increased.

The price reference period of the CPI has been updated to 2025 Q4. The weights reference period has been updated to 2023/2024 using the results of the *Household Income and Expenditure Survey (2023/2024 HIES*). The updated CPI has been linked to the previous CPI index series (2016 Q3=100) and has been re-referenced to 2025=100.

This update allows the CPI to better represent how households in Palau currently spend their income.
Prices of goods and services included in the CPI are collected quarterly in the middle month of each quarter, from a representative range of retail outlets.

Weighting of the CPI 'Basket'

The weights used in the CPI represent the relative importance of each expenditure group in total household consumption. These weights are derived from the *2023/2024 HIES*, which measures how households allocate their spending across different goods and services. The total weight of all twelve divisions equals 100 percent, meaning that the CPI reflects the full distribution of household expenditures. For example:

- Food and non-alcoholic beverages account for a weight of 26.01 percent, indicating that approximately 26 percent of total household expenditure in Palau is spent on food and non-alcoholic beverages.
- Transport represents a significant share of 7.84% of the household spending due to fuel and vehicle-related costs.

Each division's weight reflects the proportion of household spending allocated to that category. The updated weights of the CPI can be found in Table 1.

The Goods and Services Price Indexes

The aggregate indices comprise either Goods or Services. The Goods index includes only goods items, such as food, fuel, furniture and furnishing, and beauty products, which are largely imported. The Services index includes services such as laundry, rent payment, car maintenance, education, restaurant services, and personal services whose prices largely reflect domestic labor costs.
It should be noted that price movements in the CPI are significantly influenced by imported goods. For example, an increase in the prices of imported commodities such as fuel (classified as a good under the transport division) can have a broad impact on the overall CPI. Higher fuel prices not only raise the price of the fuel itself but also increase transportation and production costs, which in turn lead to higher prices for goods in the CPI basket. The cost of services largely reflects the cost of labor, which in turn reflects the changes in the price of goods. These aggregates are useful in understanding drivers of price change in Palau.

In Palau, goods account for 71.6 percent of the CPI baskets, while services account for 28.4 percent.

ANALYSIS OF CPI CHANGES

Movements in CPI numbers from one period to another are generally presented as percentage changes. For CPIs, both annual and quarterly percentage changes are calculated. The following example illustrates the method of calculating percentage changes between any two periods. It is simply a difference between the current quarter index and the previous quarter index. The difference is divided by the previous quarter's index to generate the percentage change between those two periods.

Example (quarterly change)

Reference Periods: 2025 Q1 – 2024 Q4

Change in Index: 112.1 - 111.8 = 0.3

Change in Percent: 0.3/111.8 = .003

.003 * 100 = 0.3%

Example (annual change)

Reference Periods: 2025 Q1 – 2024 Q1

Change in Index: 112.1 – 103.9 = 8.2

Change in Percent: 8.2/103.9 = .079

.079 * 100 = 7.9%

For Further Information

For further information, please contact the Division of Planning and Statistics. Inquiries should be directed to Ms. Muriel Sinsak, Senior Planning Analyst, Division of Planning and Statistics, at phone: (680) 488-3901; or email: muriels@palaugov.org.

APPENDIX 1: EXAMPLES OF ITEMS BEING PRICED

Examples of items being priced

Division		Examples of Items Priced
01	Food and non-alcoholic beverages	Rice, Breads, Sweet Biscuits, Fresh fish, Frozen chicken, Canned beef, Onions, Taro, Oil, Soya sauce, Milk, Egg, Soft drinks, Coffee, Purified water, Fizzy drinks, Snacks, Butter, Noodles, Banana, Oranges, etc.
02	Alcoholic beverages, tobacco and narcotics	Cigarettes, Beer, Wine, Spirits, Betel-nut
03	Clothing and footwear	Jeans, T-shirt, school uniforms, Shorts, Sport shoes, Laundry
04	Housing, water, electricity, gas and other fuels	Rent, Electricity bill, Water bill, LP Gas, Bhutane gas, Paint, Tin Roof
05	Furnishings, household equipment and routine household maintenance	Sofa set, Refrigerator, Electric Fan, Washer, Laundry soap, Housekeeping services, Dishwashing Liquid, Insecticides Spray, Bleach, Maid Services
06	Health	Pain reliever, Outpatient consultation fee, Doctor's consultation fee, Tablet and Capsules
07	Transport	Gasoline, Diesel, Bus and Taxi afre, Boat fare, Airfare, Car maintenance,
08	Communication	Mobile phone, Air Time Top-Up, Internet Data Bundles
09	Recreation and culture	Television set, Tablet device, Dog food, Books, Online Subscriptions
10	Education	Private school tuition (Elementary and Secondary)
11	Restaurants and hotels	Take-away (drinks, meals, and snacks); restaurant meals; drinks and alcoholic beverages consumed in restaurants and bars.
12	Miscellaneous goods and services	Haircut, Shampoo, Toothpaste, Bath soap, Deodorant, Diapers, Toilet paper, Passport Fees, Driving License