



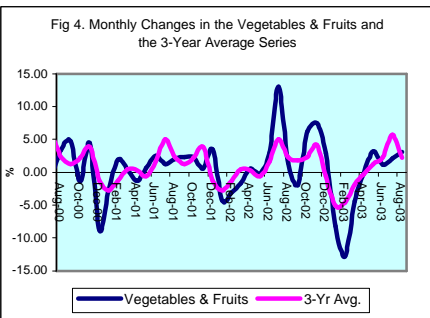
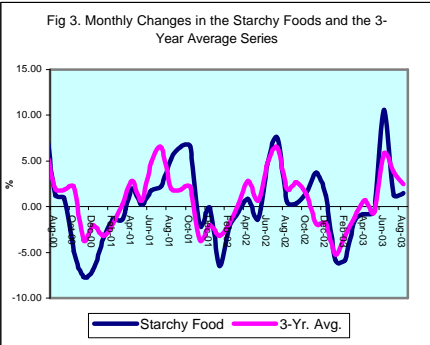
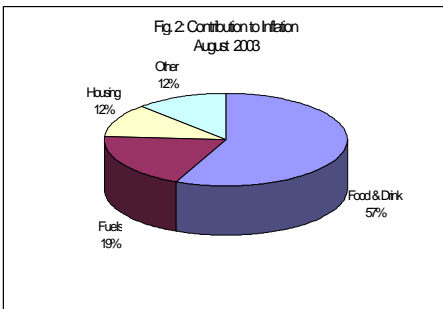
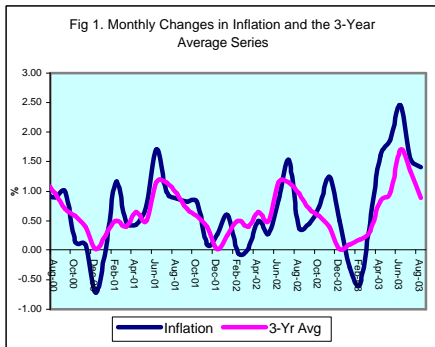
INFLATION REPORT

AUGUST 2003



Contents

A.	NOTE: AUGUST 2003	i
B.	APPENDIX:	
	TABLE 1A: Jamaica's Inflation Rates	1
	TABLE 1B: CPI without Agriculture	2
	TABLE 2A: Contribution to Inflation	3
	TABLE 2B: Comparative FYTD Inflation	4
	TABLE 3: Regional Inflation	5
	TABLE 4: Core Inflation	6
	TABLE 5: Inflation Decomposition	7



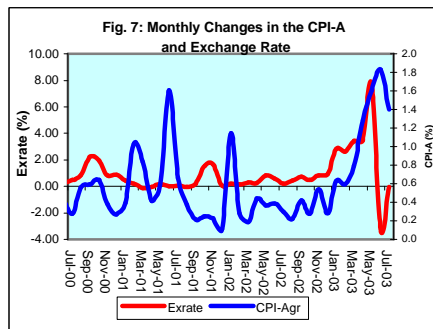
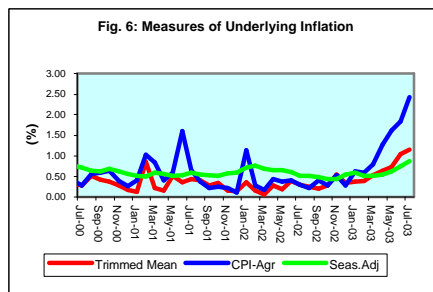
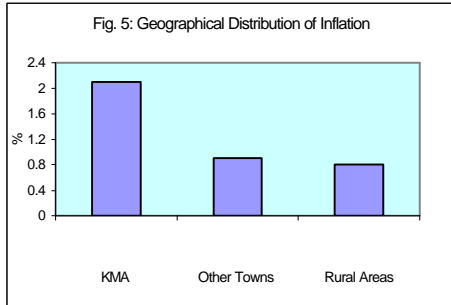
Introduction

1.0 The All Jamaica Consumer Price Index (CPI) increased by 1.4 per cent in August 2003, in line with the Bank’s projection. This outturn brought inflation for the first four months of FY 2003/04 to 9.1 per cent, compared to 3.6 per cent obtained over the same interval in FY 2002/03. For the first eight months of the calendar year, the inflation rate was 8.7 per cent, relative to 4.2 per cent in the comparable period of 2002. The point-to-point inflation rate as at August 2003 was 11.9 per cent, 5.6 percentage points above the rate recorded in the previous year. However, the annual average inflation rate at August 2003 was 7.8 per cent, or 0.3 percentage points below the rate recorded for August 2002 (Table 1).

2.0 The major influences on August’s inflation were the tightening in agricultural supplies and pass through of recent exchange rate depreciation. Additionally, there were impulses from international commodities price increases, which affected oil related and other commodities. All the sub-indices of the CPI recorded increases relative to July. The inflation outturn primarily reflected price increases for items in the *Food & Drink*, *Fuels & Other Household Supplies* and *Housing & Other Housing Expenses* sub-indices. Inflation in these sub-indices were 1.4 per cent, 5.1 per cent and 1.7 per cent, contributing 56.8 per cent, 19.2 per cent and 11.8 per cent, respectively, to the overall outturn.

Main Developments in the Basket

3.0 The out-turn in the *Food & Drink* sub-index was influenced primarily by increases of 3.1 per cent and 2.0 per cent increase in the *Vegetables & Fruits* and *Meals Away from Home* sub-groups, respectively. This was complemented by expansions of 0.7 per cent, 0.9 per cent and 1.5 per cent in the *Meat, Poultry & Fish*, *Baked Products*, *Cereals & Breakfast Drinks*, and *Starchy Foods*, sub-groups, respectively (see Table 2A). The rise in the *Vegetables & Fruits* sub-group accounted for 15.1 per cent of the overall inflation. Increases in the prices of tomatoes, cabbages, onions, limes and oranges were primarily responsible for the expansion in this sub-group. The *Meals Away from Home* sub-group



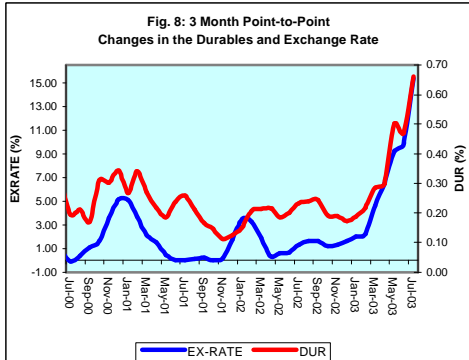
was mainly affected by the increased prices of traditional meat pies, restaurant-prepared meals and drinks. These items as well as others in the *Food & Drink* sub-category were affected by the recent depreciation in the exchange rate, as well as recent revenue measures.

4.0 The Fuels & Other Household Supplies sub-index was chiefly influenced by an increase in the price of kerosene. The residual effects from the revenue measures of central government affected other items in this sub-group. Of particular importance were bar soaps, bleach and scouring powders and pads.

5.0 The upward movement in the Housing & Other Housing Expenses sub-category of 1.7 per cent resulted primarily from higher rental charges for residential dwellings and increases in water rates. The movement in the cost of water provision reflects an automatic mechanism whereby these rates adjust for the impact of inflation, the exchange rate and movements in electricity rates. The CPI has the greatest weight in this mechanism and consequently, the significant inflation in the recent past would have impacted the water rates.

6.0 At the regional level, the overall CPI increased by 2.1 per cent in the KMA, 0.9 per cent in the Other Towns and 0.8 per cent in the Rural Areas. The *Fuels & Other Household Supplies* sub-index, which increased by 10.0 per cent in the KMA, 0.9 per cent in the Other Towns and 0.5 per cent in the Rural Areas, mostly influenced this pattern. The disparity in this sub-category was particularly evident in the *Fuels* sub-group, which expanded 17.2 per cent in the KMA, and 0.9 per cent and 0.5 per cent in the Other Towns and Rural Areas, respectively. The movement in the KMA resulted from an unusual and isolated increase in the price of kerosene. This pattern was also borne out in the *Housing & Other Housing Expenses* sub-index wherein the Rental sub-group expanded by 6.7 per cent in the KMA while there was negligible movement in the other two regions.

7.0 The measure of inflation that excludes agricultural prices (CPI-A) was 1.05 per cent for August. This estimate was 0.35 percentage point below the measure in the previous month and 0.8 percentage points above that which obtained in August 2002. This index has trended sharply upward since the beginning of the calendar year in tandem with the accelerated depreciation in the exchange rate particularly in the June quarter. However, since then with the appreciation in the exchange rate, there has been a departure from this trend (See Figure 7). Simultaneously, the durable products index has advanced steadily since the beginning of the calendar year (see Figure 8).



Core Inflation

8.0 The trimmed mean index, adjusted for the impact of the revenue measures, was estimated to have increased by 0.94 per cent in the review month, 0.03 percentage points above the estimate for the previous month (table 4). This estimate brings core inflation for the fiscal year to date to 3.27 per cent, 1.11 percentage points above that which obtained for the similar interval of 2002. The 12-month point-to-point core inflation rate was 6.3 per cent, 3.3 percentage points above the comparable measure at July 2002. Similarly, the annual average core inflation rate of 3.99 per cent was 0.29 percentage points above the rate in the corresponding month of 2002.

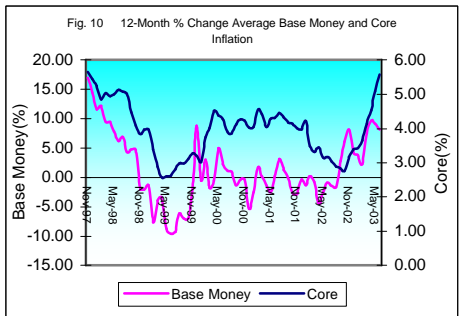
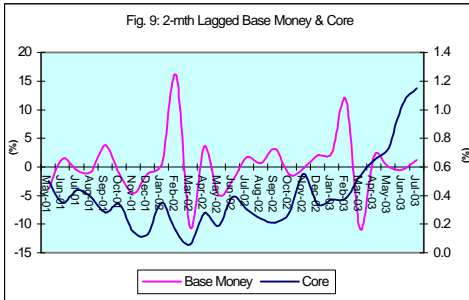


Table 1A
JAMAICA: INFLATION RATES

	1/ C.P.I	3 Month AVG. C.P.I	Monthly % change	3 Month * % change	3 Month # % change	12 Month* % change	12 Month# % change	
1999	Apr	1179.9	1179.7	-0.22	-0.84	-0.26	5.37	7.79
	May	1190.6	1184.3	0.91	1.17	0.02	5.46	7.53
	Jun	1205.9	1192.1	1.29	1.98	0.77	4.93	7.10
	Jul	1220.4	1205.6	1.20	3.43	2.20	4.99	6.67
	Aug	1234.3	1220.2	1.14	3.67	3.03	5.09	6.28
2000	Sep	1237.6	1230.7	0.27	2.63	3.24	5.26	6.02
	Oct	1247.5	1239.8	0.80	2.22	2.83	6.43	5.96
	Nov	1259.9	1248.3	0.99	2.07	2.31	7.39	6.03
	Dec	1265.9	1257.7	0.48	2.29	2.19	6.78	5.95
	Jan	1268.1	1264.6	0.17	1.65	2.00	6.57	5.88
	Feb	1273.1	1269.0	0.39	1.05	1.66	8.18	6.04
	Mar	1281.7	1274.3	0.68	1.25	1.31	8.39	6.25
	Apr	1294.4	1283.0	0.99	2.07	1.46	9.70	6.61
	May	1300.0	1292.0	0.43	2.11	1.81	9.19	6.92
	Jun	1311.4	1301.9	0.88	2.32	2.17	8.75	7.24
	Jul	1324.0	1311.8	0.96	2.29	2.24	8.49	7.53
	Aug	1335.9	1323.7	0.90	2.76	2.46	8.23	7.79
2001	Sep	1349.3	1336.4	1.00	2.89	2.65	9.03	8.10
	Oct	1351.1	1345.4	0.13	2.05	2.56	8.30	8.25
	Nov	1352.4	1350.9	0.10	1.24	2.05	7.34	8.25
	Dec	1342.6	1348.7	-0.72	-0.50	0.92	6.06	8.17
	Jan	1342.9	1345.9	0.02	-0.61	0.04	5.90	8.11
	Feb	1358.6	1348.0	1.17	0.46	-0.21	6.72	7.98
	Mar	1365.0	1355.5	0.47	1.67	0.50	6.50	7.82
	Apr	1370.8	1364.8	0.42	2.08	1.40	5.90	7.51
	May	1381.1	1372.3	0.75	1.65	1.80	6.24	7.27
	Jun	1404.9	1385.6	1.73	2.93	2.22	7.13	7.14
	Jul	1418.7	1401.6	0.98	3.50	2.70	7.15	7.03
	Aug	1431.1	1418.3	0.87	3.63	3.35	7.13	6.94
2002	Sep	1442.9	1430.9	0.82	2.70	3.27	6.94	6.78
	Oct	1454.9	1443.0	0.83	2.55	2.95	7.68	6.73
	Nov	1456.2	1451.3	0.09	1.75	2.33	7.68	6.76
	Dec	1460.2	1457.1	0.27	1.20	1.83	8.76	6.99
	Jan	1468.8	1461.7	0.59	0.96	1.30	9.38	7.28
	Feb	1468.0	1465.6	-0.05	0.81	0.99	8.05	7.39
	Mar	1468.5	1468.4	0.03	0.57	0.78	7.58	7.48
	Apr	1475.9	1470.8	0.50	0.48	0.62	7.67	7.62
	May	1480.0	1474.8	0.28	0.82	0.62	7.16	7.69
	Jun	1492.8	1482.9	0.86	1.65	0.99	6.25	7.61
	Jul	1515.6	1496.1	1.53	2.69	1.72	6.83	7.58
	Aug	1521.2	1509.9	0.37	2.79	2.38	6.29	7.51
2003	Sep	1528.0	1521.6	0.45	2.36	2.61	5.90	7.41
	Oct	1539.2	1529.5	0.73	1.56	2.23	5.80	7.25
	Nov	1558.3	1541.8	1.24	2.44	2.12	7.01	7.20
	Dec	1566.1	1554.5	0.50	2.49	2.16	7.25	7.08
	Jan	1561.3	1561.9	-0.31	1.44	2.12	6.30	6.83
	Feb	1552.2	1559.9	-0.58	-0.39	1.17	5.74	6.64
	Mar	1559.5	1557.7	0.47	-0.42	0.20	6.20	6.52
	Apr	1584.0	1565.2	1.57	1.45	0.21	7.33	6.50
	May	1613.4	1585.6	1.86	3.94	1.65	9.01	6.66
	Jun	1653.1	1616.8	2.46	6.00	3.80	10.74	7.04
	Jul	1678.4	1648.3	1.53	5.96	5.31	10.74	7.38
	Aug	1702.0	1677.8	1.41	5.49	5.81	11.88	7.85

1/ January 1988 = 100

* Point to point

Moving average

Source: STATIN

Table 1B
JAMAICA: CPI WITHOUT AGRICULTURE

	1/ CPI-A	3 Month AVG. CPI-A	Monthly % change	3 Month * % change	3 Month # % change	12 Month* % change	12 Month# % change	
2000	Apr	214.3	213.3	0.55	1.54	1.31	6.25	6.06
	May	215.1	214.2	0.36	1.27	1.34	6.15	6.03
	Jun	216.0	215.1	0.41	1.33	1.38	6.17	6.11
	Jul	216.6	215.9	0.28	1.05	1.22	5.71	6.14
	Aug	217.8	216.8	0.56	1.25	1.21	5.10	6.03
	Sep	219.0	217.8	0.59	1.43	1.24	5.19	5.94
	Oct	220.4	219.1	0.64	1.80	1.49	5.64	5.89
	Nov	221.3	220.3	0.38	1.61	1.61	5.44	5.81
	Dec	221.9	221.2	0.26	1.29	1.56	5.34	5.77
2001	Jan	222.7	222.0	0.40	1.04	1.31	5.54	5.76
	Feb	225.0	223.2	1.03	1.70	1.34	5.95	5.70
	Mar	226.9	224.9	0.83	2.28	1.67	6.47	5.74
	Apr	227.8	226.6	0.41	2.29	2.09	6.32	5.75
	May	229.2	228.0	0.58	1.84	2.14	6.55	5.79
	Jun	232.9	230.0	1.61	2.62	2.25	7.83	5.93
	Jul	234.4	232.1	0.66	2.88	2.45	8.24	6.15
	Aug	235.3	234.2	0.37	2.66	2.72	8.04	6.39
	Sep	235.8	235.1	0.21	1.25	2.26	7.64	6.60
2002	Oct	236.4	235.8	0.25	0.83	1.57	7.22	6.73
	Nov	236.9	236.3	0.22	0.69	0.92	7.06	6.86
	Dec	237.1	236.8	0.11	0.58	0.70	6.89	6.99
	Jan	239.9	238.0	1.14	1.48	0.92	7.68	7.16
	Feb	240.5	239.2	0.29	1.54	1.20	6.89	7.24
	Mar	241.0	240.5	0.18	1.62	1.55	6.20	7.21
	Apr	242.0	241.2	0.44	0.91	1.35	6.23	7.20
	May	242.9	242.0	0.37	0.99	1.17	6.00	7.15
	Jun	243.9	242.9	0.39	1.20	1.03	4.73	6.88
Jul	244.6	243.8	0.30	1.06	1.08	4.35	6.55	
Aug	245.1	244.5	0.22	0.91	1.06	4.19	6.23	
2003	Sep	246.2	245.3	0.42	0.94	0.97	4.41	5.96
	Oct	246.8	246.0	0.28	0.91	0.92	4.43	5.73
	Nov	248.2	247.1	0.54	1.24	1.03	4.76	5.54
	Dec	248.9	248.0	0.28	1.10	1.08	4.94	5.38
	Jan	250.4	249.2	0.63	1.45	1.26	4.41	5.11
	Feb	251.9	250.4	0.60	1.51	1.35	4.73	4.94
	Mar	253.9	252.1	0.79	2.02	1.66	5.36	4.87
	Apr	257.1	254.3	1.28	2.68	2.07	6.24	4.88
	May	261.3	257.4	1.61	3.72	2.81	7.56	5.02
Jun	266.1	261.5	1.83	4.79	3.74	9.10	5.39	
Jul	269.8	265.7	1.40	4.93	4.48	10.30	5.89	
Aug	272.6	269.5	1.05	4.35	4.69	11.22	6.48	

1/ December 1993 = 100

* Point to point

Moving average

Source: BOJ

Table 2A
Component Contribution to Inflation
August 2003

	Weight in the CPI	Monthly Inflation(%)	Weighted Inflation	% Contribution to Inflation
FOOD & DRINK	0.5563	1.4	0.7557	56.8
- Meals Away From Home	0.0741	2.0	0.1491	11.2
- Meat Poultry & Fish	0.1613	0.7	0.1145	8.6
- Dairy Products Oils & Fats	0.0668	0.9	0.0622	4.7
- Baked Products Cereals & Breakfast Drink	0.0864	0.9	0.0813	6.1
- Starchy Foods	0.0525	1.5	0.0768	5.8
- Vegetables & Fruits	0.0650	3.1	0.2005	15.1
- Other Food & Beverages	0.0502	1.4	0.0712	5.4
FUELS & OTHER HOUSEHOLD SUPPLIES	0.0735	5.1	0.2549	19.2
- Household Supplies	0.0482	1.0	0.0475	3.6
- Fuels	0.0253	8.2	0.2073	15.6
HOUSING & OTHER HOUSING EXPENSES	0.0786	1.7	0.1566	11.8
- Rental	0.0209	5.4	0.1119	8.4
- Other Housing Expenses	0.0577	0.8	0.0446	3.4
HOUSEHOLD FURNISHINGS & FURNITURE	0.0283	0.4	0.0133	1.0
- Furniture	0.0068	-0.5	-0.0033	-0.3
- Furnishings	0.0215	0.8	0.0166	1.2
HEALTHCARE & PERSONAL EXPENSES	0.0697	1.0	0.0707	5.3
PERSONAL CLOTHING FOOTWEAR & ACC.	0.0507	0.5	0.0258	1.9
- Clothing Materials	0.0055	0.0	0.0002	0.0
- Readymade Clothing & Accessories	0.0242	0.4	0.0090	0.7
- Footwear	0.0159	1.0	0.0155	1.2
- Making & Repairs	0.0051	0.2	0.0011	0.1
TRANSPORTATION	0.0644	0.3	0.0167	1.3
MISCELLANEOUS EXPENSES	0.0785	0.5	0.0369	2.8
			*	
ALL GROUPS	1.0000	1.41	1.33	100.0

* Differs from the 1.41 reported due to rounding

Table 2B
Component contribution to Inflation
Fiscal Year to August 2003

	Weight in the CPI	FYTD Inflation(%)	Weighted Inflation	% Contribution to Inflation
FOOD & DRINK	0.5563	10.5	5.73	66.0
- Meals Away From Home	0.0741	10.2	0.76	8.7
- Meat Poultry & Fish	0.1613	7.1	1.14	13.1
- Dairy Products Oils & Fats	0.0668	13.0	0.87	10.0
- Baked Products Cereals & Breakfast Drink	0.0864	12.4	1.07	12.3
- Starchy Foods	0.0525	12.4	0.65	7.5
- Vegetables & Fruits	0.0650	9.7	0.63	7.3
- Other Food & Beverages	0.0502	12.2	0.61	7.1
FUELS & OTHER HOUSEHOLD SUPPLIES	0.0735	14.9	0.87	10.0
- Household Supplies	0.0482	6.8	0.33	3.8
- Fuels	0.0253	21.5	0.54	6.2
HOUSING & OTHER HOUSING EXPENSES	0.0786	3.7	0.31	3.5
- Rental	0.0209	6.7	0.14	1.6
- Other Housing Expenses	0.0577	2.9	0.17	1.9
HOUSEHOLD FURNISHINGS & FURNITURE	0.0283	4.8	0.13	1.5
- Furniture	0.0068	7.6	0.052	0.6
- Furnishings	0.0215	3.6	0.077	0.9
HEALTHCARE & PERSONAL EXPENSES	0.0697	5.9	0.41	4.8
PERSONAL CLOTHING FOOTWEAR & ACC.	0.0507	3.0	0.15	1.7
- Clothing Materials	0.0055	0.3	0.00	0.0
- Readymade Clothing & Accessories	0.0242	2.5	0.06	0.7
- Footwear	0.0159	4.3	0.07	0.8
- Making & Repairs	0.0051	2.7	0.01	0.2
TRANSPORTATION	0.0644	2.6	0.17	2.0
MISCELLANEOUS EXPENSES	0.0785	11.7	0.92	10.5
ALL GROUPS	1.0000	9.14	8.69	100.0

* Differs from the 9.14 reported due to rounding

Table 3
Regional Inflation
August 2003

	KMA (%)	Other Towns (%)	Rural (%)
FOOD & DRINK	1.8	1.3	1.0
- Meals Away From Home	3.3	1.1	0.2
- Meat Poultry & Fish	0.8	1.1	0.4
- Dairy Products Oils & Fats	1.1	1.0	0.8
- Baked Products Cereals & Breakfast Drink	1.2	0.8	0.8
- Starchy Foods	0.5	2.6	1.5
- Vegetables & Fruits	4.1	2.5	2.2
- Other Food & Beverages	1.8	0.6	1.4
FUELS & OTHER HOUSEHOLD SUPPLIES	10.0	0.9	0.5
- Household Supplies	0.9	1.3	1.0
- Fuels	17.2	0.6	0.1
HOUSING & OTHER HOUSING EXPENSES	2.6	0.6	0.4
- Rental	6.7	0.1	0.1
- Other Housing Expenses	1.0	0.6	0.4
HOUSEHOLD FURNISHINGS & FURNITURE	0.8	0.2	0.1
- Furniture	0.3	-0.9	-0.8
- Furnishings	1.0	0.8	0.5
HEALTHCARE & PERSONAL EXPENSES	1.1	0.8	1.0
PERSONAL CLOTHING FOOTWEAR & ACC.	0.5	0.4	0.6
- Clothing Materials	0.0	0.0	0.2
- Readymade Clothing & Accessories	0.2	0.3	0.5
- Footwear	1.0	0.6	1.1
- Making & Repairs	0.4	0.1	0.0
TRANSPORTATION	0.0	0.4	0.5
MISCELLANEOUS EXPENSES	0.6	0.5	0.3
ALL GROUPS	2.1	0.9	0.8

Table 4
Inflation: Actual & Core

	Monthly		Fiscal Year to Date		12-Mth Core	
	Actual	Core	Actual	Core	Pt to Pt	Average
2000/01						
Apr	0.99	0.50	0.99	0.50	4.52	3.24
May	0.43	0.27	1.43	0.77	4.38	3.39
Jun	0.88	0.34	2.32	1.11	4.27	3.53
Jul	0.96	0.29	3.30	1.40	3.91	3.62
Aug	0.90	0.52	4.23	1.92	3.87	3.69
Sep	1.00	0.42	5.27	2.35	4.13	3.79
Oct	0.13	0.37	5.41	2.72	4.27	3.89
Nov	0.10	0.28	5.52	3.01	4.23	3.97
Dec	-0.72	0.16	4.75	3.18	4.03	4.03
Jan	0.02	0.13	4.77	3.31	4.05	4.12
Feb	1.17	0.85	6.00	4.19	4.55	4.18
Mar	0.47	0.22	6.50	4.41	4.41	4.22
2001/02						
Apr	0.42	0.14	0.42	0.14	4.04	4.18
May	0.75	0.50	1.18	0.65	4.29	4.17
Jun	1.73	0.35	2.93	1.00	4.30	4.17
Jul	0.98	0.44	3.94	1.44	4.46	4.22
Aug	0.87	0.39	4.85	1.84	4.33	4.26
Sep	0.82	0.28	5.71	2.12	4.18	4.26
Oct	0.83	0.34	6.59	2.46	4.15	4.25
Nov	0.09	0.15	6.68	2.61	4.01	4.23
Dec	0.27	0.13	6.97	2.75	3.98	4.23
Jan	0.59	0.35	7.60	3.11	4.22	4.24
Feb	-0.05	0.15	7.55	3.26	3.49	4.15
Mar	0.03	0.06	7.58	3.32	3.32	4.06
2002/03						
Apr	0.50	0.28	0.50	0.28	3.46	4.01
May	0.28	0.19	0.78	0.47	3.14	3.91
Jun	0.86	0.39	1.65	0.86	3.18	3.82
Jul	1.53	0.30	3.21	1.16	3.04	3.70
Aug	0.37	0.24	3.59	1.41	2.89	3.58
Sep	0.45	0.21	4.05	1.62	2.82	3.47
Oct	0.73	0.28	4.82	1.90	2.76	3.35
Nov	1.24	0.55	6.12	2.47	3.18	3.29
Dec	0.50	0.34	6.65	2.82	3.39	3.24
Jan	-0.31	0.37	6.32	3.20	3.41	3.17
Feb	-0.58	0.38	5.70	3.59	3.65	3.19
Mar	0.47	0.54	6.20	4.15	4.15	3.26
2003/04						
Apr	1.57	0.65	1.57	0.65	4.54	3.35
May	1.86	0.73	3.46	1.38	5.09	3.51
Jun	2.46	0.91	6.00	2.30	5.64	3.72
Jul	1.53	0.94	7.62	3.27	6.31	3.99
Aug	1.41	0.79	9.14	4.08	6.90	4.33

Table 5

Decomposition of Inflation Out-turn		
April - August 2003		
	(%) FYTD Inflation	Contribution
<u>Non-Core Shocks</u>	5.06	55.3%
<i>Miscellaneous Expenses</i>	0.81	8.9%
<i>Food & Drink</i>	3.76	41.2%
Agriculture	1.13	12.4%
Meals Away From Home	0.67	7.3%
Baked Products, Cereals & B'fast	0.95	10.4%
Meat, Poultry & Fish	<u>1.01</u>	11.1%
<i>Other</i>	<u>0.48</u>	5.3%
<u>Core</u>	<u>4.08</u>	<u>44.7%</u>
<u>TOTAL</u>	<u>9.14</u>	<u>100.0%</u>