



# Short term Inflation Analyses and Forecasts

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June 2011  
Bank of Jamaica

## Foreword

This report reviews recent trends in inflation and presents the outlook for the remainder of the fiscal year. The analysis is based on trends in short-term domestic demand and supply indicators as well as imported inflation. These inform the assumptions for the short-term inflation forecasting model – *Monthly Inflation Sub-Index Model* (MISI). The report ends with an assessment of the implication of inflation developments for monetary policy.

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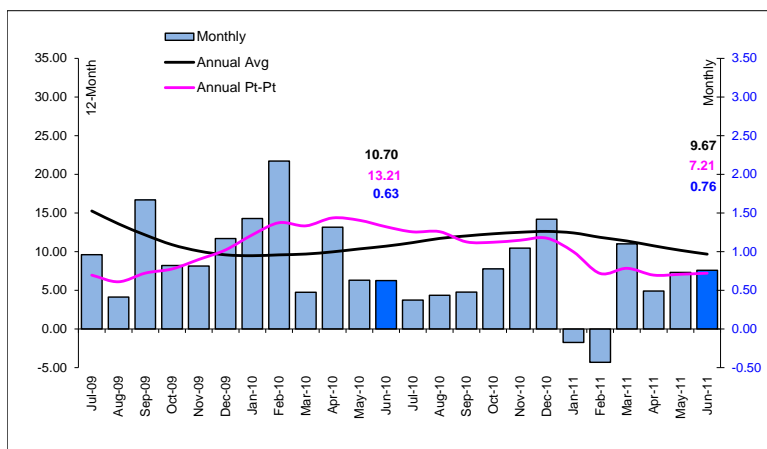
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## 1.0 Review of Outturn

Headline inflation for June 2011 was **0.8 per cent** relative to the **0.7 per cent** in May 2011 (see **Figure 1**). June's outturn was, however, lower than the 5-year average of **1.0 per cent** for the month. This outturn resulted in a calendar year-to-date inflation of **2.5 per cent** relative to **6.8 per cent** for the corresponding period of 2010.

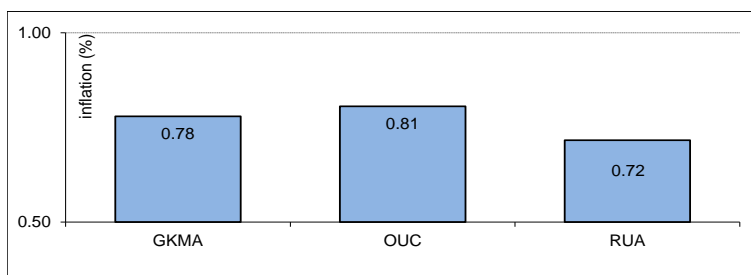
**Figure 1: Trend in monthly inflation**



*June 2011 inflation remains below seasonal level and was evenly distributed across all regions.*

Inflation in June 2011 reflected relatively similar price changes in all three regions. Both *Greater Kingston Metropolitan Area* (GKMA) and *Other Urban Areas* (OUR) reflected **0.8 per cent** inflation while *Rural Areas* (RUA) experienced a **0.7 per cent** increase (see **Figure 2**). Inflation for the month was influenced by higher electricity and water bill across all regions. In addition, OUC and RUA reflected higher prices among vegetables and starchy foods relative to the movement for these commodities in GKMA. There were also notable increases in the prices for fruits in both GKMA and OUC.

**Figure 2: Regional Inflation**

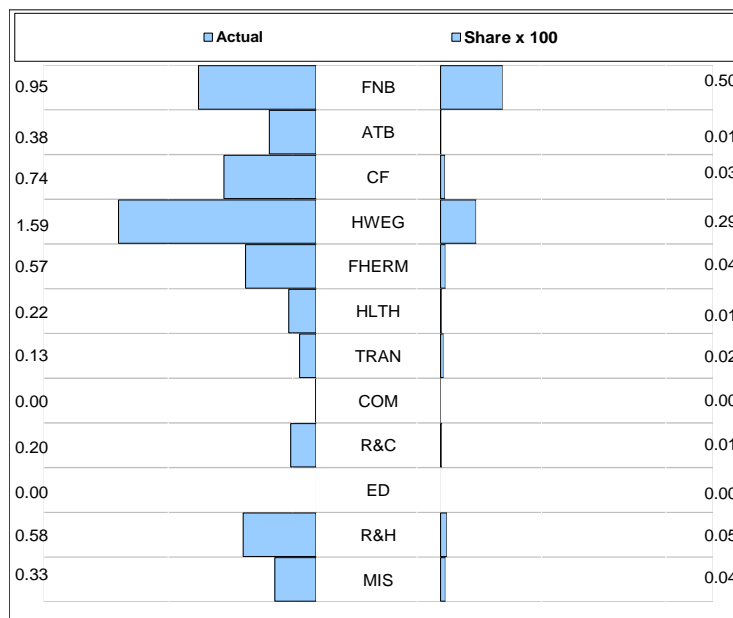




Inflation in June 2011 primarily reflected upward movements in Food & Non-Alcoholic Beverages (FNB) and Housing Water Electricity Gas and Other Fuels (HWEG). FNB contributed approximately **50.0 per cent** to overall inflation while HWEG contributed **29.0 per cent**. Inflation within FNB was mainly attributed to rising prices among processed foods, such as, bread, cereals, fish & other seafood, milk, cheese and eggs. This reflected the pass-through of higher energy and input costs associated with the increase in grain prices on the international market. Inflation within HWEG was directly related to higher costs for electricity which was associated with rising crude oil prices on the international market in previous months. The average price for crude oil in the June 2011 quarter was **1.4 per cent** higher than the average for the March 2011 quarter. The average increase in crude oil prices over recent months largely reflected civil unrest in the Middle East and North Africa (MENA).

*Inflation influenced by lagged impact of rising oil on domestic food and energy costs.*

Figure 3: Inflation Contribution



Blue bars = positive and Red bars = negative  
 MIS= Miscellaneous Goods & Services, R&H=Restaurants & Hotels, ED=Education,  
 R&C=Recreation & Culture, COM=Communication, TRAN= Transport, HLTH=Health,  
 FHERM=Furniture, Household Equipment & Routine Household Maintenance, HWEG=Housing,  
 Water, Electricity, Gas & Other Fuels, C&F=Clothing & Footwear, ABT=Alcohol, Beverages &  
 Tobacco, FNB=Food & Non-Alcoholic Beverages Source: STATIN



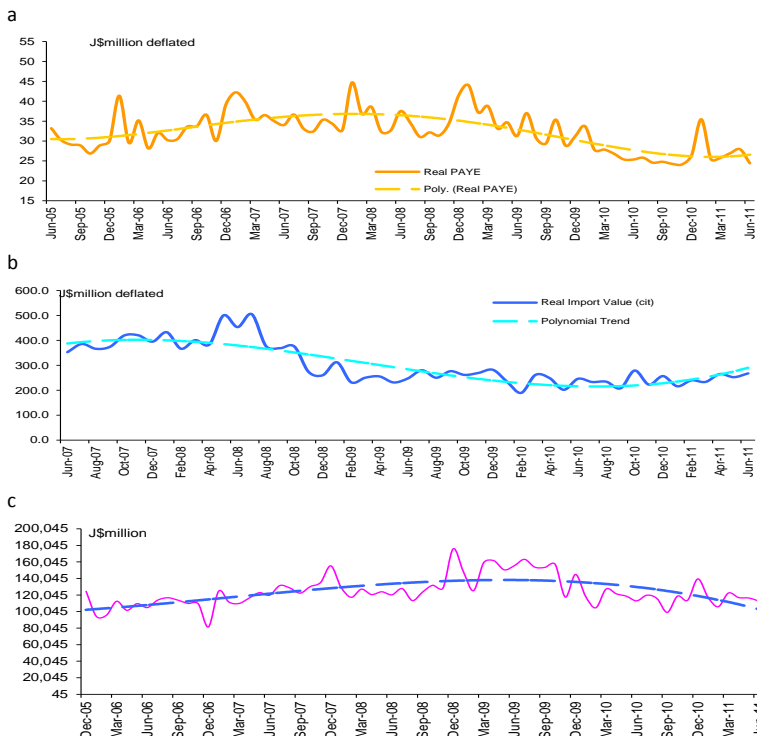
## 2.0 Factors underpinning the revised forecast

### 2.1 Trends in demand

Demand indicators in June 2011 continued to reflect low spending conditions. Real incomes, as proxied by real PAYE, declined by **8.6 per cent** in the June 2011 quarter relative to the March 2011 quarter. This is however due to the seasonally higher demand in the March 2011 quarter relative to the June 2011 quarter. Trends in average real PAYE trends have settled below pre-crisis levels (see **Figure 4.a**). However, in the June 2011 quarter, real annual imports increased by **3.1 per cent** when compared to the March 2011 quarter. This suggests some improvement in demand conditions over the period. However, the real value of imports has trended notably below pre-2008 crisis levels since 2009 (see **Figure 4.b**). The real value of debit and credit card transactions reflected a **1.1 per cent** increase in the June 2011 quarter relative to the March 2011 quarter. Notwithstanding this increase, the average real value of debit and credit card transactions, remained notably below pre-2008 crisis levels (see **Figure 4.c**).

*Low demand conditions persists since 2008 crisis.*

Figure 4: Short-term Indicators of Demand





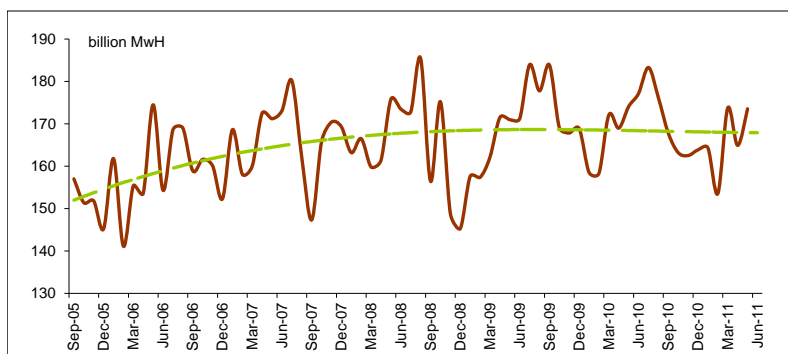
## 2.2 Trends in supply

There were expansions in some agriculture supplies such as cabbage, carrots, pumpkin and sweet potatoes, in June 2011 relative to May 2011. These items remained notably above seasonal levels. Agriculture inflation was therefore primarily driven by higher prices for tomatoes and Irish potatoes, two heavily weighted items, which reflected significant contractions in supplies during the month. Projections from the Rural Agricultural Development Authority (RADA) indicate that in July supplies for vegetable items should contract and remain relatively stable until September 2011 (see **Figure 11** in Appendix). Starchy food supplies, however, are expected to remain relatively stable over the September 2011 quarter with the exception of Irish potato which is expected to reflect continued declines, in line with seasonal trends, over the September quarter (see Figure 9 in Appendix).

*Vegetable and starchy foods expected to reflect some seasonal tightness despite some expansions.*

Industrial electricity sales, used as a proxy for industrial production, seemed to have stabilized since 2008 (see **Figure 5**). This is likely due to the constraining impact of low demand conditions that may be signalled from rising inventories. This is an indication that industrial supplies may not be exerting any pressures on inflation.

Figure 5: Industrial Electricity Sales



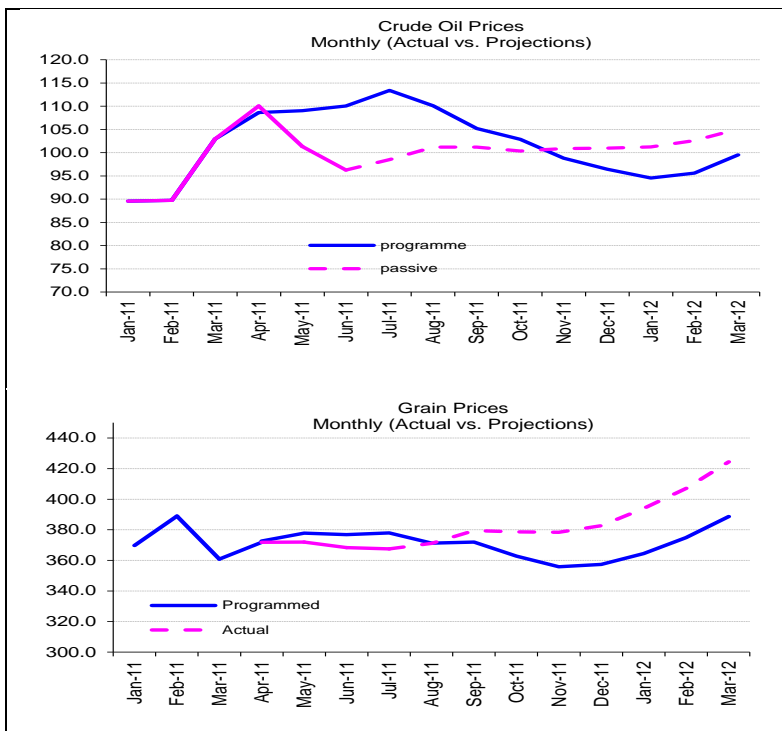


### 2.3 Import prices

The average price of crude oil declined by **5.0 per cent** to **US\$96.29 per bbl** in June 2011, relative to May 2011. For July 2011, relative to June 2011, the average price of crude oil increased by **1.1 per cent** to **US\$97.34 per bbl**. This slower rate of increase was influenced by an announcement from the International Energy Agency (IEA) that oil would be released from its strategic reserves in an environment of expanded supplies from Saudi Arabia and other Persian Gulf states. Fears that demand would be lower, due to the potential resurgence of the debt crisis in the Euro area, also added countervailing pressures on global oil prices during the review month. The average price of crude oil is expected to increase in both August and September 2011 to **US\$101.20 per bbl** and **US\$101.21 per bbl**, respectively. The current projection for average crude oil price for fiscal year 2011/12 is **US\$101.55 per bbl** (see **Figure 6**).

*Oil prices fall in due to anticipated increase in supplies*

Figure 6: International Commodity Prices



The upside risks to the Bank’s projection for crude oil prices pertain to the expected active 2011 Atlantic hurricane season along with on-going tensions in the Middle East and North Africa which may further restrict oil supplies on the global market.



There was a decline in average grain prices on the international market in June 2011, relative to May 2011. This reflected a **6.1 per cent** decline in wheat prices in June 2011 relative to May 2011<sup>1</sup>. Both rice and corn prices increased by **6.7 per cent** and **0.9 per cent**, respectively.

The reduction in wheat prices was influenced by the planned lifting of the export ban on Russia in July 2011. This was coupled with a successful harvest resulting from improved weather conditions. The increase in rice prices was due to the less than favourable outlook for production in China, the US, Cuba and El Salvador. The higher price for corn during June 2011 was due to the lower demand for ethanol in light of declining oil prices<sup>2</sup>.

Further decline in wheat prices are expected for July, reflecting the impact of favourable weather conditions in both the US and Europe. There is also the increased possibility that wheat supplies from Australia could increase, resulting in further downward pressures on price. Rice prices are expected to continue to increase in July as the Thai government has increased the purchase price, triggering hoarding behaviour. Corn prices are expected to remain relatively stable in July as declining price pressures, influenced by lower demand, are likely to be offset by further inflationary pressures caused by hot dry weather in the US corn belt.

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<sup>1</sup> The Bank's grain index is comprised of wheat (50%), rice (30%) and corn (20%).

<sup>2</sup> Corn is used as a major input for ethanol production. Since ethanol is a substitute for oil, the demand for ethanol and also corn increases when oil becomes expensive, but declines when oil prices fall.



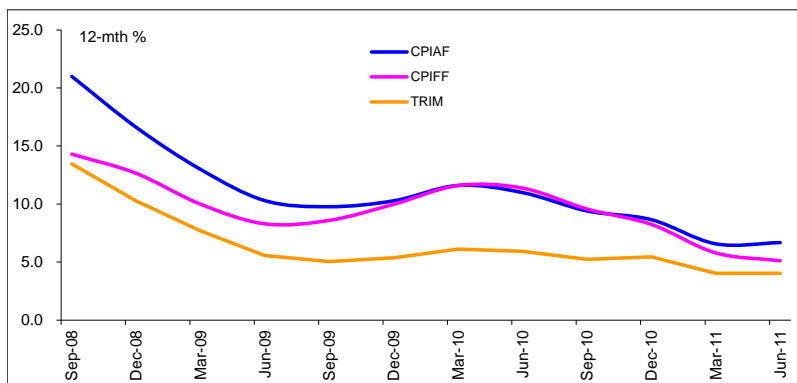


## 2.4 Trends in Core inflation

Monthly core inflation represented by CPI without Agriculture and Fuel (CPI-AF) was unchanged at **0.6 per cent** in June 2011 when compared to May 2011. However, CPI without Food and Fuel (CPI-FF) and the Trimmed Mean (TRIM) both increased by **0.1 percentage point** in the review month relative to May 2011. In June 2011, the annual point-to-point measure for core inflation was unchanged for all three measures when compared to May 2011 (see **Figure 7**). The annual point-to-point measures for the CPI-FF, CPI-AF and TRIM in June 2011 were **5.1 per cent**, **6.7 per cent** and **4.0 per cent**, respectively.

*Underlying inflation continues to reflect low domestic demand conditions.*

Figure 7: Core Inflation (12-month change)





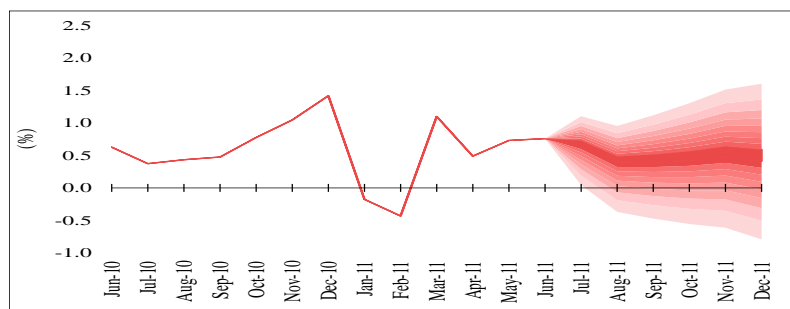
### 3.0 Revised Forecast

The Bank’s forecast indicates that headline inflation for FY2011/12 will be within the target range of **6.0 per cent to 8.0 per cent** with a point estimate of **7.1 per cent**. The upside risks pertain to stronger than anticipated effects from adverse weather systems during the current hurricane season. Additionally, any adverse supply shocks affecting imported oil and international grains prices could lead to an increase in domestic inflation. The risks of greater than expected depreciation in the exchange rate could also increase the cost of imported goods and services. Downside risks emanate from demand conditions being lower than currently assessed as well as the impact of a possible worsening in international demand on oil prices in light of continued monetary tightening in China and the European debt crisis. Also, should domestic agriculture supplies be greater than anticipated, there could be downward pressures on prices for the months ahead.

*Single digit inflation is expected for FY2011/12.*

Prices are estimated to have increased by **0.6 per cent** in July 2011 and forecasted to increase by **0.6 per cent** and **0.7 per cent** in August and September 2011, respectively. Accordingly, headline inflation for the September 2011 quarter is expected to be in the range **1.5 per cent to 2.5 per cent**. Inflation during the September quarter is expected to reflect higher food prices, for both agriculture and processed food items. Education and Miscellaneous Expenses are also expected to increase reflecting higher costs associated with increased seasonal demand for the summer holiday and back-to-school expenses. In addition, Communication should reflect the recently announced increase in the cost of land line telephone services.

Figure 8: Inflation Fan Chart





## 4.0 Summary and conclusions

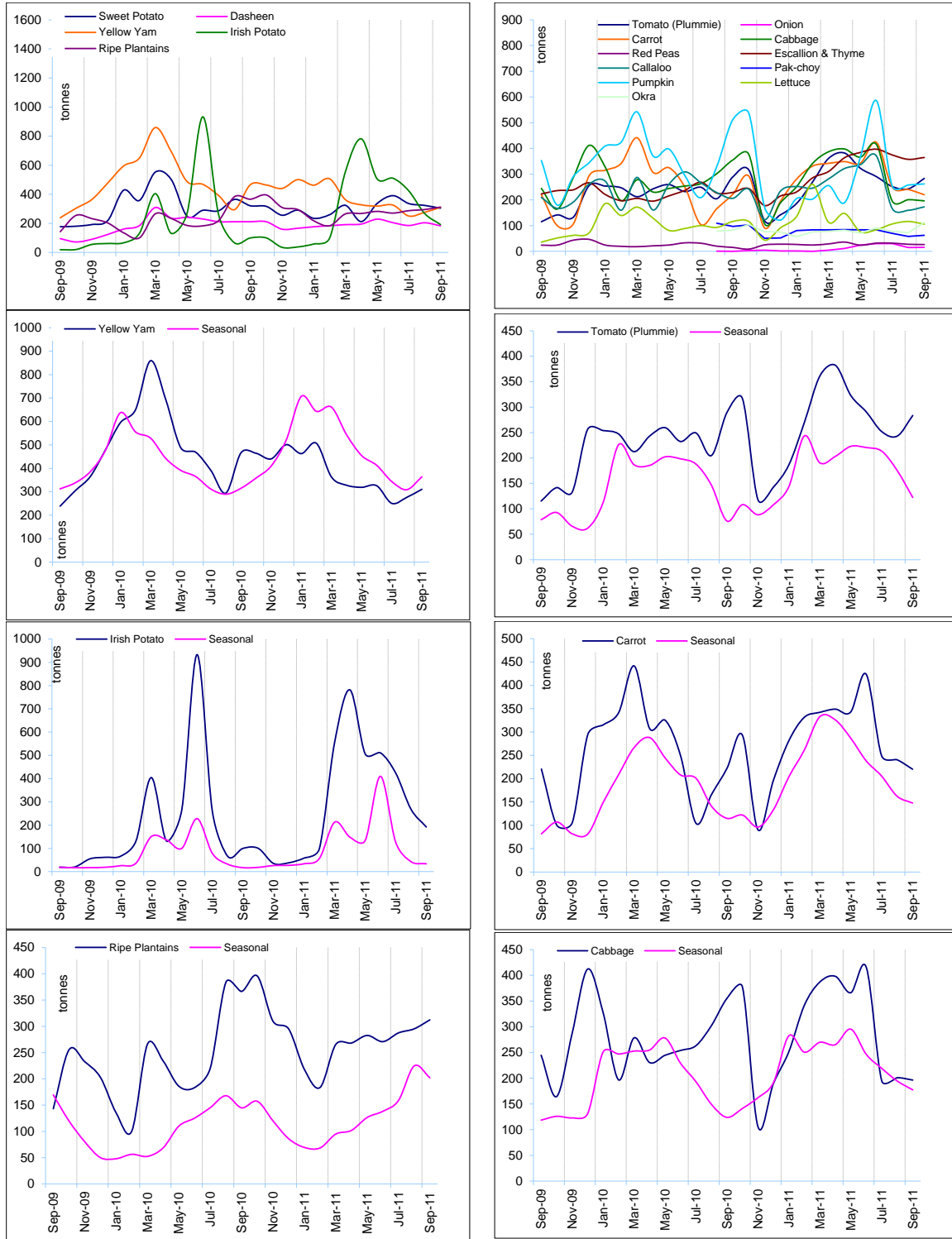
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Inflation for June 2011 primarily reflected the lagged impact of rising international grain and energy prices on processed food items. However, weak domestic demand and stable exchange rate continued to counter inflationary pressures on consumer prices. Prices are expected to moderate in the September 2011 quarter as international commodity prices contract in the face of improved supply conditions. However, inflationary pressures are expected from declines in domestic agriculture supplies in the quarter. Additionally, seasonal price increases related to the back-to-school period and the announced increase in telephone land line rates, should contribute to inflation in the September 2011 quarter. The forecast for headline inflation in FY2011/12 remains within the target range of **6.0 per cent to 8.0 per cent**.



## Appendices

Figure 9: Trends in selected agriculture production



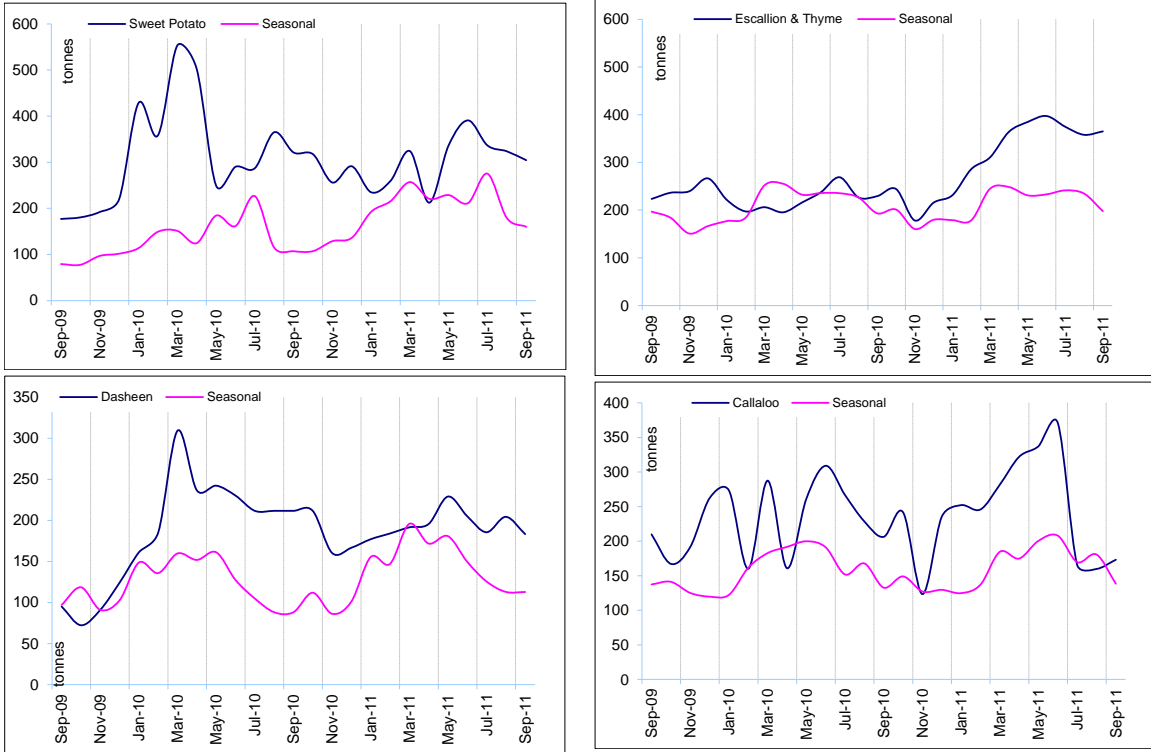
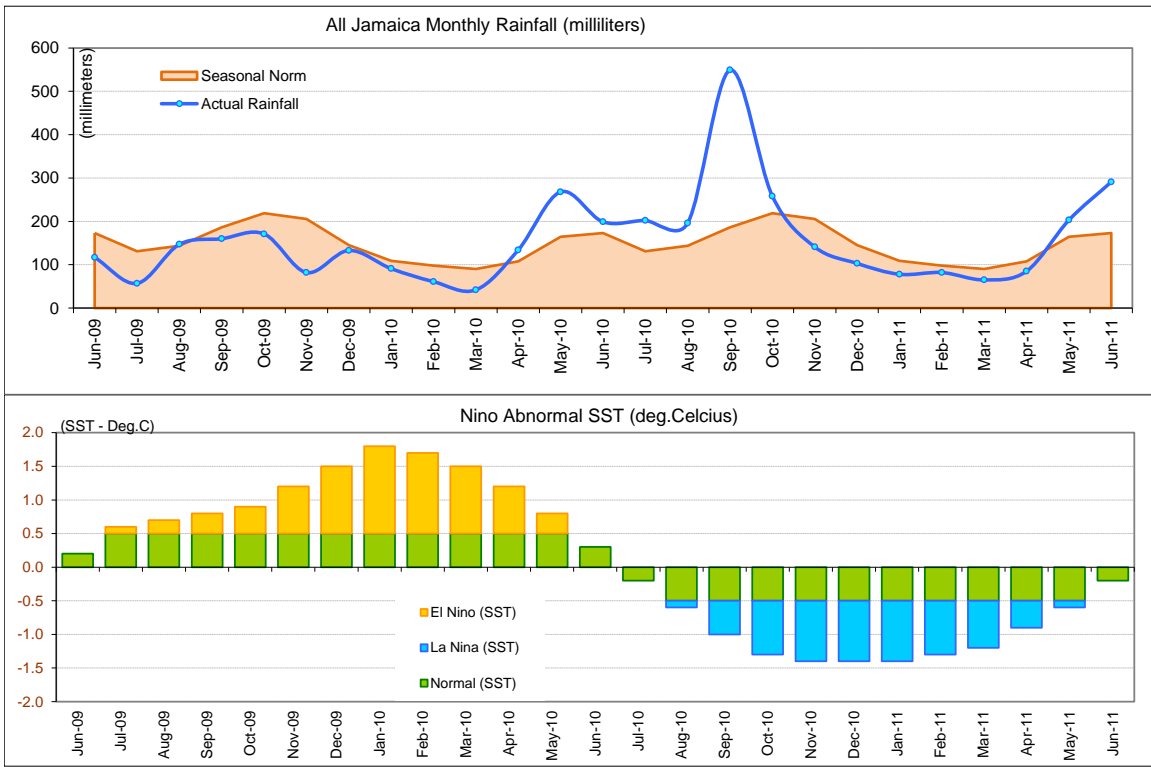


Figure 10: Trends in Weather related Factors



**Table 1A**  
**JAMAICA: HEADLINE INFLATION RATES**  
**Jul. 2011**

		1/ C.P.I	3 Month AVG. C.P.I	Monthly % change	3 mth* % change	3mth# % change	12 Month* % change	12 Month# % change	FYTD % change	CYTD % change
	May-08	127.78	125.18	2.38	5.20	5.00	22.50	24.88	3.94	9.39
	Jun-08	130.29	127.63	1.96	5.98	5.25	23.97	16.15	5.98	11.53
	Jul-08	133.99	130.69	2.84	7.36	6.19	26.21	17.72	8.99	14.70
	Aug-08	135.63	133.31	1.22	6.14	6.49	26.48	19.25	10.32	16.10
	Sep-08	136.45	135.36	0.61	4.73	6.06	25.30	20.60	10.99	16.81
	Oct-08	136.88	136.32	0.32	2.16	4.31	24.00	21.68	11.34	17.18
	Nov-08	136.45	136.59	-0.32	0.60	2.47	19.72	22.07	10.99	16.80
	Dec-08	136.50	136.61	0.04	0.03	0.92	16.84	22.01	11.03	16.84
2009	Jan-09	136.03	136.33	-0.34	-0.62	0.00	13.97	21.57	10.65	-0.34
	Feb-09	137.07	136.53	0.76	0.46	-0.04	12.84	20.89	11.49	0.42
	Mar-09	138.22	137.11	0.84	1.26	0.36	12.43	20.19	12.43	1.26
	Apr-09	138.78	138.02	0.41	2.02	1.24	11.19	19.29	0.41	1.67
	May-09	140.03	139.01	0.90	2.16	1.81	9.58	18.15	1.31	2.59
	Jun-09	141.95	140.25	1.37	2.70	2.29	8.95	16.87	2.70	4.00
	Jul-09	143.31	141.76	0.96	3.27	2.71	6.95	15.25	3.69	4.99
	Aug-09	143.90	143.05	0.41	2.77	2.91	6.10	13.59	4.11	5.42
	Sep-09	146.30	144.50	1.67	3.06	3.03	7.22	12.15	5.85	7.18
	Oct-09	147.50	145.90	0.82	2.92	2.92	7.75	10.89	6.72	8.06
	Nov-09	148.70	147.50	0.81	3.34	3.11	8.98	10.07	7.59	8.94
	Dec-09	150.44	148.88	1.17	2.83	3.03	10.21	9.58	8.84	10.21
2010	Jan-10	152.59	150.58	1.43	3.45	3.20	12.17	9.47	10.40	1.43
	Feb-10	155.90	152.98	2.17	4.84	3.71	13.74	9.58	12.80	3.63
	Mar-10	156.64	155.04	0.47	4.12	4.14	13.33	9.68	13.33	4.12
	Apr-10	158.70	157.08	1.32	4.01	4.32	14.36	9.97	1.32	5.49
	May-10	159.70	158.35	0.63	2.44	3.51	14.05	10.35	1.95	6.16
	Jun-10	160.70	159.70	0.63	2.59	3.00	13.21	10.70	2.59	6.82
	Jul-10	161.30	160.57	0.37	1.64	2.22	12.55	11.17	2.97	7.22
	Aug-10	162.00	161.33	0.43	1.44	1.89	12.58	11.70	3.42	7.68
	Sep-10	162.77	162.02	0.48	1.29	1.45	11.26	12.03	3.91	8.20
	Oct-10	164.03	162.93	0.78	1.69	1.47	11.21	12.30	4.72	9.04
	Nov-10	165.75	164.18	1.05	2.31	1.77	11.47	12.50	5.82	10.18
	Dec-10	168.10	165.96	1.42	3.27	2.43	11.74	12.61	7.32	11.74
2011	Jan-11	167.80	167.22	-0.18	2.30	2.63	9.97	12.41	7.13	-0.18
	Feb-11	167.08	167.66	-0.43	0.80	2.12	7.17	11.84	6.66	-0.61
	Mar-11	168.92	167.93	1.10	0.49	1.19	7.84	11.37	7.84	0.49
	Apr-11	169.74	168.58	0.49	1.16	0.81	6.96	10.75	0.49	0.98
	May-11	170.98	169.88	0.73	2.34	1.32	7.06	10.17	1.22	1.71
	Jun-11	172.28	171.00	0.76	1.99	1.83	7.20	9.67	1.99	2.48
	Jul-11	173.61	172.29	0.78	2.28	2.20	7.63	9.27	2.78	3.28

1/ December 2006 = 100

\* Point to Point

# Moving average

Source: STATIN

**Table 1B**  
**JAMAICA: CPI WITHOUT FOOD AND FUEL**  
**Jul. 2011**

		1/	3 Month	Monthly	3 mth*	3mth#	12 Month*	12 Month#	FYTD	CYTD
		CPI-FF	Avg.CPIFF	% change	% change	% change	% change	% change	% change	% change
	May-08	213.13	210.74	1.23	3.14	3.73	13.83	20.65	2.19	6.85
	Jun-08	215.77	213.15	1.24	3.46	3.37	14.45	11.44	3.46	8.18
	Jul-08	217.40	215.43	0.76	3.26	3.28	14.77	12.02	4.24	9.00
	Aug-08	219.31	217.49	0.88	2.90	3.20	14.64	12.54	5.16	9.95
	Sep-08	221.75	219.49	1.11	2.77	2.98	14.30	12.95	6.33	11.18
	Oct-08	222.71	221.26	0.43	2.44	2.70	14.04	13.30	6.79	11.66
	Nov-08	223.81	222.76	0.49	2.05	2.42	13.57	13.55	7.32	12.21
	Dec-08	224.68	223.73	0.39	1.32	1.93	12.64	13.63	7.73	12.64
2009	Jan-09	225.40	224.63	0.32	1.21	1.53	10.84	13.47	8.08	0.32
	Feb-09	227.13	225.74	0.77	1.48	1.34	9.91	13.20	8.91	1.09
	Mar-09	229.37	227.30	0.99	2.09	1.60	9.98	12.96	9.98	2.09
	Apr-09	230.76	229.09	0.60	2.37	1.98	9.60	12.64	0.60	2.71
	May-09	231.92	230.68	0.51	2.11	2.19	8.82	12.21	1.11	3.23
	Jun-09	233.65	232.11	0.75	1.87	2.12	8.29	11.69	1.87	4.00
	Jul-09	235.00	233.53	0.58	1.84	1.94	8.10	11.13	2.46	4.60
	Aug-09	236.93	235.19	0.82	2.16	1.96	8.03	10.59	3.29	5.45
	Sep-09	240.80	237.58	1.64	3.06	2.36	8.59	10.12	4.98	7.18
	Oct-09	243.31	240.35	1.04	3.54	2.92	9.25	9.74	6.08	8.30
	Nov-09	244.89	243.00	0.65	3.36	3.32	9.42	9.42	6.77	9.00
	Dec-09	247.10	245.10	0.90	2.62	3.17	9.98	9.22	7.73	9.98
2010	Jan-10	252.16	248.05	2.05	3.64	3.21	11.87	9.32	9.94	2.05
	Feb-10	254.62	251.29	0.97	3.97	3.41	12.10	9.52	11.01	3.04
	Mar-10	255.96	254.25	0.53	3.59	3.73	11.59	9.66	11.59	3.59
	Apr-10	258.31	256.30	0.92	2.44	3.32	11.94	9.86	0.92	4.53
	May-10	259.18	257.82	0.34	1.79	2.60	11.75	10.11	1.26	4.89
	Jun-10	260.22	259.24	0.40	1.66	1.96	11.37	10.36	1.66	5.31
	Jul-10	260.60	260.00	0.15	0.89	1.45	10.89	10.59	1.81	5.46
	Aug-10	262.62	261.15	0.77	1.32	1.29	10.84	10.81	2.60	6.28
	Sep-10	263.84	262.35	0.47	1.39	1.20	9.57	10.88	3.08	6.78
	Oct-10	265.60	264.02	0.67	1.92	1.55	9.16	10.86	3.77	7.49
	Nov-10	266.46	265.30	0.32	1.47	1.59	8.81	10.80	4.10	7.84
	Dec-10	267.47	266.51	0.38	1.37	1.59	8.24	10.64	4.50	8.24
2011	Jan-11	268.27	267.40	0.30	1.01	1.28	6.39	10.17	4.81	0.30
	Feb-11	269.36	268.37	0.40	1.08	1.15	5.79	9.63	5.23	0.70
	Mar-11	270.77	269.47	0.53	1.23	1.11	5.79	9.14	5.79	1.23
	Apr-11	271.78	270.64	0.37	1.31	1.21	5.22	8.57	0.37	1.61
	May-11	272.48	271.68	0.26	1.16	1.23	5.13	8.02	0.63	1.87
	Jun-11	273.52	272.59	0.38	1.02	1.16	5.11	7.51	1.02	2.26
	Jul-11	274.40	273.47	0.32	0.96	1.05	5.29	7.05	1.34	2.59

1/January 2000 = 100

\* Point to Point

# Moving average

Source: BOJ

**Table 1C**  
**JAMAICA: CPI WITHOUT AGRICULTURE AND FUEL**  
**Jul. 2011**

		1/	3 Month	Monthly	3 mth*	3mth#	12 Month*	12 Month#	FYTD	CYTD
		CPI-AF	Avg.CPIAF	% change	% change	% change	% change	% change	% change	% change
	May-08	228.26	224.52	1.84	4.59	4.84	19.11	24.16	3.20	8.89
	Jun-08	231.98	228.12	1.63	4.88	4.64	20.27	15.09	4.88	10.66
	Jul-08	234.04	231.42	0.89	4.42	4.63	20.57	15.99	5.81	11.64
	Aug-08	236.79	234.27	1.18	3.74	4.34	20.82	16.88	7.06	12.96
	Sep-08	239.74	236.86	1.24	3.34	3.83	20.99	17.75	8.39	14.36
	Oct-08	241.28	239.27	0.64	3.10	3.39	20.42	18.50	9.09	15.10
	Nov-08	242.65	241.22	0.57	2.47	2.97	17.88	18.81	9.71	15.75
	Dec-08	244.44	242.79	0.74	1.96	2.51	16.61	18.86	10.52	16.61
2009	Jan-09	245.58	244.22	0.46	1.78	2.07	14.44	18.61	11.03	0.46
	Feb-09	247.19	245.74	0.66	1.87	1.87	13.26	18.23	11.76	1.12
	Mar-09	249.89	247.55	1.09	2.23	1.96	12.98	17.82	12.98	2.23
	Apr-09	252.21	249.77	0.93	2.70	2.27	12.53	17.32	0.93	3.18
	May-09	254.02	252.04	0.72	2.76	2.57	11.29	16.64	1.65	3.92
	Jun-09	255.85	254.03	0.72	2.38	2.61	10.29	15.78	2.38	4.67
	Jul-09	257.73	255.86	0.74	2.19	2.44	10.12	14.91	3.14	5.44
	Aug-09	259.57	257.71	0.71	2.18	2.25	9.62	13.99	3.87	6.19
	Sep-09	263.16	260.15	1.38	2.86	2.41	9.77	13.09	5.31	7.66
	Oct-09	265.66	262.79	0.95	3.08	2.71	10.10	12.28	6.31	8.68
	Nov-09	267.61	265.48	0.73	3.10	3.01	10.28	11.68	7.09	9.48
	Dec-09	269.57	267.61	0.73	2.44	2.87	10.28	11.19	7.87	10.28
2010	Jan-10	274.37	270.52	1.78	3.28	2.94	11.73	10.99	9.80	1.78
	Feb-10	277.15	273.70	1.01	3.57	3.10	12.12	10.91	10.91	2.81
	Mar-10	278.88	276.80	0.62	3.46	3.43	11.60	10.81	11.60	3.46
	Apr-10	281.18	279.07	0.83	2.48	3.16	11.49	10.74	0.83	4.31
	May-10	282.41	280.83	0.44	1.90	2.60	11.18	10.73	1.27	4.77
	Jun-10	283.95	282.52	0.55	1.82	2.06	10.99	10.79	1.82	5.34
	Jul-10	284.74	283.70	0.28	1.27	1.66	10.48	10.81	2.10	5.63
	Aug-10	286.55	285.08	0.64	1.47	1.52	10.40	10.87	2.75	6.30
	Sep-10	287.90	286.40	0.47	1.39	1.37	9.40	10.83	3.23	6.80
	Oct-10	289.63	288.03	0.60	1.72	1.52	9.02	10.73	3.86	7.44
	Nov-10	291.22	289.58	0.55	1.63	1.58	8.82	10.60	4.43	8.03
	Dec-10	292.88	291.25	0.57	1.73	1.69	8.65	10.46	5.02	8.65
2011	Jan-11	294.12	292.74	0.42	1.55	1.64	7.20	10.07	5.47	0.42
	Feb-11	295.37	294.13	0.43	1.43	1.57	6.57	9.60	5.91	0.85
	Mar-11	297.20	295.56	0.62	1.47	1.48	6.57	9.18	6.57	1.47
	Apr-11	299.50	297.36	0.78	1.83	1.58	6.51	8.76	0.78	2.26
	May-11	301.26	299.32	0.59	1.99	1.77	6.67	8.39	1.37	2.86
	Jun-11	302.91	301.22	0.55	1.92	1.91	6.67	8.04	1.92	3.42
	Jul-11	304.14	302.77	0.41	1.55	1.82	6.81	7.74	2.34	3.84

1/January 2000 = 100

\* Point to Point

# Moving average

Source: BOJ



**Table 1D**  
**JAMAICA: TRIMMED MEAN CORE INFLATION**  
**Jul. 2011**

		1/ CPI-TRIM	3 Month Avg.TRIM	Monthly % change	3 mth* % change	3mth# % change	12 Month* % change	12 Month# % change	FYTD % change	CYTD % change
	May-08	162.23	160.45	1.25	2.82	3.05	12.32	17.99	2.11	5.73
	Jun-08	164.18	162.21	1.20	3.33	2.98	13.35	9.07	3.33	7.00
	Jul-08	165.27	163.89	0.67	3.15	3.10	13.56	9.80	4.02	7.71
	Aug-08	166.55	165.33	0.77	2.66	3.05	13.78	10.53	4.83	8.54
	Sep-08	167.42	166.41	0.52	1.97	2.59	13.46	11.20	5.37	9.11
	Oct-08	168.07	167.34	0.39	1.69	2.11	13.23	11.80	5.78	9.53
	Nov-08	168.62	168.04	0.33	1.25	1.63	11.63	12.10	6.13	9.90
	Dec-08	169.18	168.62	0.33	1.05	1.33	10.26	12.16	6.48	10.26
2009	Jan-09	169.64	169.15	0.27	0.94	1.08	8.82	12.00	6.77	0.27
	Feb-09	170.04	169.62	0.23	0.84	0.94	7.77	11.70	7.02	0.51
	Mar-09	171.10	170.26	0.62	1.13	0.97	7.69	11.39	7.69	1.13
	Apr-09	171.87	171.00	0.45	1.31	1.09	7.27	11.01	0.45	1.59
	May-09	172.54	171.84	0.39	1.48	1.31	6.36	10.49	0.85	1.99
	Jun-09	173.31	172.57	0.44	1.29	1.36	5.56	9.83	1.29	2.44
	Jul-09	173.88	173.25	0.33	1.17	1.31	5.21	9.13	1.63	2.78
	Aug-09	174.60	173.93	0.41	1.19	1.22	4.83	8.39	2.05	3.20
	Sep-09	175.87	174.78	0.73	1.48	1.28	5.05	7.71	2.79	3.95
	Oct-09	176.67	175.71	0.45	1.60	1.42	5.12	7.06	3.26	4.43
	Nov-09	177.54	176.69	0.49	1.68	1.59	5.29	6.55	3.77	4.94
	Dec-09	178.26	177.49	0.41	1.36	1.55	5.37	6.16	4.19	5.37
2010	Jan-10	179.69	178.50	0.80	1.71	1.59	5.92	5.93	5.02	0.80
	Feb-10	180.75	179.57	0.59	1.81	1.63	6.30	5.82	5.65	1.40
	Mar-10	181.54	180.66	0.43	1.84	1.79	6.10	5.69	6.10	1.84
	Apr-10	182.05	181.45	0.28	1.32	1.65	5.92	5.59	0.28	2.12
	May-10	182.77	182.12	0.39	1.11	1.42	5.92	5.55	0.68	2.53
	Jun-10	183.57	182.80	0.44	1.12	1.18	5.92	5.59	1.12	2.98
	Jul-10	184.03	183.46	0.25	1.09	1.11	5.83	5.64	1.37	3.23
	Aug-10	184.54	184.05	0.28	0.97	1.06	5.70	5.71	1.65	3.52
	Sep-10	185.07	184.55	0.28	0.82	0.96	5.23	5.72	1.94	3.82
	Oct-10	185.89	185.17	0.44	1.01	0.93	5.22	5.73	2.40	4.28
	Nov-10	186.82	185.93	0.50	1.24	1.02	5.23	5.72	2.91	4.80
	Dec-10	187.96	186.89	0.61	1.57	1.27	5.44	5.72	3.54	5.44
2011	Jan-11	188.02	187.60	0.03	1.15	1.32	4.64	5.61	3.57	0.03
	Feb-11	188.11	188.03	0.05	0.69	1.13	4.07	5.43	3.62	0.08
	Mar-11	188.85	188.33	0.39	0.47	0.77	4.03	5.25	4.03	0.47
	Apr-11	189.43	188.80	0.30	0.75	0.64	4.05	5.10	0.30	0.78
	May-11	190.11	189.46	0.36	1.06	0.76	4.01	4.94	0.66	1.14
	Jun-11	190.98	190.17	0.46	1.13	0.98	4.04	4.78	1.13	1.60
	Jul-11	191.71	190.93	0.38	1.21	1.13	4.18	4.64	1.51	2.00

1/January 2000 = 100

\* Point to Point

# Moving average

Source: BOJ

**Table 2**  
**Regional Inflation**  
**Jul-MTH. 2011**

		GKMA	OUC	RUA
		Inflation(%)	Inflation(%)	Inflation(%)
<b>01</b>	<b>FOOD &amp; NON-ALCOHOLIC BEVERAGES</b>	1.14	1.54	1.41
01.1	<b>Food</b>	1.14	1.53	1.41
	Bread and Cereals	0.18	0.42	0.02
	Meat	0.47	0.31	0.69
	Fish and Seafood	0.58	0.19	0.74
	Milk, Cheese and Eggs	1.04	0.42	0.12
	Oils and Fats	0.38	0.47	0.60
	Fruit	0.97	2.01	3.47
	Vegetables and Starchy Foods	3.16	5.93	6.09
	Vegetables	4.29	8.10	4.92
	Starchy Foods	0.64	1.43	8.69
	Sugar, Jam, Honey, Chocolate and Confectionery	1.63	0.45	0.32
	Food Products n.e.c.	0.63	0.13	0.29
01.2	<b>Non-Alcoholic Beverages</b>	1.13	1.77	1.38
	Coffee, Tea and Cocoa	0.26	1.50	3.17
	Mineral Waters, Soft Drinks, Fruit and Vegetable Juices	1.42	1.85	0.56
<b>02</b>	<b>ALCOHOLIC BEVERAGES &amp; TOBACCO</b>	0.57	0.72	0.11
<b>03</b>	<b>CLOTHING &amp; FOOTWEAR</b>	1.55	0.81	0.11
03.1	Clothing	1.87	1.25	0.15
03.2	Footwear	1.16	0.04	0.05
<b>04</b>	<b>HOUSING, WATER, ELECTRICITY, GAS &amp; OTHER FUELS</b>	0.34	0.57	0.86
04.1	Rentals for Housing	0.00	0.00	0.00
04.3	Maintenance and Repair of Dwelling	0.46	0.47	0.11
04.4	Water Supply and Miscellaneous Services Related to the Dwelling	1.89	1.89	1.89
04.5	Electricity, Gas and Other Fuels	0.23	0.59	0.96
<b>05</b>	<b>FURNISHINGS, HOUSEHOLD EQUIPMENT &amp; ROUTINE HOUSEHOLD MAINTENAN</b>	0.60	0.08	0.18
05.1	Furniture and Furnishings (inc. Floor Coverings)	1.57	0.05	0.03
05.2	Household Textiles	1.79	0.07	0.10
05.3	Household Appliances	0.10	0.00	0.00
05.4	Glassware, Tableware and Household Utensils	1.64	1.30	0.49
05.5	Tools and Equipment for House and Garden	0.86	0.31	0.34
05.6	Goods and Services for Routine Household Maintenance	0.37	0.08	0.23
<b>06</b>	<b>HEALTH</b>	0.23	0.09	0.39
06.1	Medical Products, Appliances and Equipment	0.57	0.11	0.91
06.2	Health Services	0.00	0.08	0.09
<b>07</b>	<b>TRANSPORT</b>	0.51	0.36	0.10
<b>08</b>	<b>COMMUNICATION</b>	0.00	0.00	0.00
<b>09</b>	<b>RECREATION &amp; CULTURE</b>	0.35	0.11	0.12
<b>10</b>	<b>EDUCATION</b>	0.00	0.00	0.00
<b>11</b>	<b>RESTAURANTS &amp; ACCOMMODATION SERVICES</b>	0.07	0.08	0.57
<b>12</b>	<b>MISCELLANEOUS GOODS &amp; SERVICES</b>	0.53	0.57	0.21
<b>ALL DIVISIONS</b>		0.70	0.85	0.80

**Table 3A**  
**Component Contribution to Inflation**  
**Jul. 2011**

		Weight in the CPI	Monthly Inflation(%)	Weighted Inflation	% Contrib'n to Inflation
<b>01</b>	<b>FOOD &amp; NON-ALCOHOLIC BEVERAGES</b>	37.45	1.35	0.51	69.66
01.1	<b>Food</b>	35.10	1.35	0.47	65.17
	Bread and Cereals	6.10	0.15	0.01	1.23
	Meat	7.66	0.54	0.04	5.74
	Fish and Seafood	5.33	0.58	0.03	4.27
	Milk, Cheese and Eggs	3.11	0.49	0.02	2.11
	Oils and Fats	1.64	0.51	0.01	1.15
	Fruit	1.14	1.88	0.02	2.94
	Vegetables and Starchy Foods	6.85	4.99	0.34	47.02
	Vegetables	4.64	5.37	0.25	34.28
	Starchy Foods	2.21	4.39	0.10	13.34
	Sugar, Jam, Honey, Chocolate and Confectionery	1.72	0.72	0.01	1.70
	Food Products n.e.c.	1.55	0.36	0.01	0.77
01.2	<b>Non-Alcoholic Beverages</b>	2.35	1.39	0.03	4.51
	Coffee, Tea and Cocoa	0.66	2.03	0.01	1.85
	Mineral Waters, Soft Drinks, Fruit and Vegetable Juices	1.69	1.15	0.02	2.66
<b>02</b>	<b>ALCOHOLIC BEVERAGES &amp; TOBACCO</b>	1.38	0.36	0.01	0.69
<b>03</b>	<b>CLOTHING &amp; FOOTWEAR</b>	3.33	0.68	0.02	3.12
03.1	Clothing	2.12	0.85	0.02	2.47
03.2	Footwear	1.22	0.43	0.01	0.73
<b>04</b>	<b>HOUSING, WATER, ELECTRICITY, GAS &amp; OTHER FUELS</b>	12.76	0.58	0.07	10.27
04.1	Rentals for Housing	3.52	0.00	0.00	0.00
04.3	Maintenance and Repair of Dwelling	0.80	0.30	0.00	0.33
04.4	Water Supply and Miscellaneous Services Related to the Dwelling	1.32	1.89	0.02	3.43
04.5	Electricity, Gas and Other Fuels	7.12	0.66	0.05	6.45
<b>05</b>	<b>FURNISHINGS, HOUSEHOLD EQUIPMENT &amp; ROUTINE HOUSEHOLD MAINT</b>	4.93	0.31	0.02	2.08
05.1	Furniture and Furnishings (inc. Floor Coverings)	0.69	0.58	0.00	0.55
05.2	Household Textiles	0.32	0.59	0.00	0.26
05.3	Household Appliances	0.56	0.04	0.00	0.03
05.4	Glassware, Tableware and Household Utensils	0.05	1.03	0.00	0.07
05.5	Tools and Equipment for House and Garden	0.15	0.40	0.00	0.08
05.6	Goods and Services for Routine Household Maintenance	3.16	0.25	0.01	1.08
<b>06</b>	<b>HEALTH</b>	3.29	0.29	0.01	1.32
06.1	Medical Products, Appliances and Equipment	1.22	0.65	0.01	1.10
06.2	Health Services	2.07	0.07	0.00	0.19
<b>07</b>	<b>TRANSPORT</b>	12.82	0.28	0.04	5.02
<b>08</b>	<b>COMMUNICATION</b>	3.99	0.00	0.00	0.01
<b>09</b>	<b>RECREATION &amp; CULTURE</b>	3.36	0.20	0.01	0.92
<b>10</b>	<b>EDUCATION</b>	2.14	0.00	0.00	0.00
<b>11</b>	<b>RESTAURANTS &amp; ACCOMMODATION SERVICES</b>	6.19	0.27	0.02	2.33
<b>12</b>	<b>MISCELLANEOUS GOODS &amp; SERVICES</b>	8.37	0.40	0.03	4.58
	<b>ALL DIVISIONS</b>	100.00	0.78	0.73	100.00

**Table 3B**  
**Annual Component Contribution to Inflation**  
**Jul. 2011**

		Weight in the CPI	Monthly Inflation(%)	Weighted Inflation	% Contrib'n to Inflation
<b>01</b>	<b>FOOD &amp; NON-ALCOHOLIC BEVERAGES</b>	37.45	7.26	2.72	35.61
01.1	<b>Food</b>	35.10	7.14	2.51	32.82
	Bread and Cereals	6.10	10.28	0.63	8.22
	Meat	7.66	8.82	0.68	8.85
	Fish and Seafood	5.33	8.15	0.43	5.69
	Milk, Cheese and Eggs	3.11	10.43	0.32	4.25
	Oils and Fats	1.64	8.14	0.13	1.75
	Fruit	1.14	15.90	0.18	2.37
	Vegetables and Starchy Foods	6.85	-0.88	-0.06	-0.79
	Vegetables	4.64	-3.25	-0.15	-1.98
	Starchy Foods	2.21	6.29	0.14	1.82
	Sugar, Jam, Honey, Chocolate and Confectionery	1.72	7.79	0.13	1.75
	Food Products n.e.c.	1.55	8.16	0.13	1.66
01.2	<b>Non-Alcoholic Beverages</b>	2.35	8.82	0.21	2.71
	Coffee, Tea and Cocoa	0.66	14.49	0.10	1.25
	Mineral Waters, Soft Drinks, Fruit and Vegetable Juices	1.69	6.72	0.11	1.49
<b>02</b>	<b>ALCOHOLIC BEVERAGES &amp; TOBACCO</b>	1.38	5.59	0.08	1.01
<b>03</b>	<b>CLOTHING &amp; FOOTWEAR</b>	3.33	7.48	0.25	3.26
03.1	Clothing	2.12	9.09	0.19	2.53
03.2	Footwear	1.22	5.09	0.06	0.81
<b>04</b>	<b>HOUSING, WATER, ELECTRICITY, GAS &amp; OTHER FUELS</b>	12.76	16.16	2.06	27.01
04.1	Rentals for Housing	3.52	1.37	0.05	0.63
04.3	Maintenance and Repair of Dwelling	0.80	6.33	0.05	0.66
04.4	Water Supply and Miscellaneous Services Related to the Dwelling	1.32	17.86	0.24	3.09
04.5	Electricity, Gas and Other Fuels	7.12	25.78	1.84	24.04
<b>05</b>	<b>FURNISHINGS, HOUSEHOLD EQUIPMENT &amp; ROUTINE HOUSEHOLD MAINTENANCE</b>	4.93	7.56	0.37	4.88
05.1	Furniture and Furnishings (inc. Floor Coverings)	0.69	7.09	0.05	0.64
05.2	Household Textiles	0.32	8.24	0.03	0.35
05.3	Household Appliances	0.56	4.88	0.03	0.36
05.4	Glassware, Tableware and Household Utensils	0.05	7.54	0.00	0.05
05.5	Tools and Equipment for House and Garden	0.15	5.35	0.01	0.11
05.6	Goods and Services for Routine Household Maintenance	3.16	8.22	0.26	3.40
<b>06</b>	<b>HEALTH</b>	3.29	2.36	0.08	1.02
06.1	Medical Products, Appliances and Equipment	1.22	3.05	0.04	0.49
06.2	Health Services	2.07	1.84	0.04	0.50
<b>07</b>	<b>TRANSPORT</b>	12.82	5.58	0.72	9.37
<b>08</b>	<b>COMMUNICATION</b>	3.99	2.28	0.09	1.19
<b>09</b>	<b>RECREATION &amp; CULTURE</b>	3.36	3.83	0.13	1.69
<b>10</b>	<b>EDUCATION</b>	2.14	5.00	0.11	1.40
<b>11</b>	<b>RESTAURANTS &amp; ACCOMMODATION SERVICES</b>	6.19	3.82	0.24	3.09
<b>12</b>	<b>MISCELLANEOUS GOODS &amp; SERVICES</b>	8.37	6.99	0.59	7.67
	<b>ALL DIVISIONS</b>	100.00	7.63	7.63	100.00