



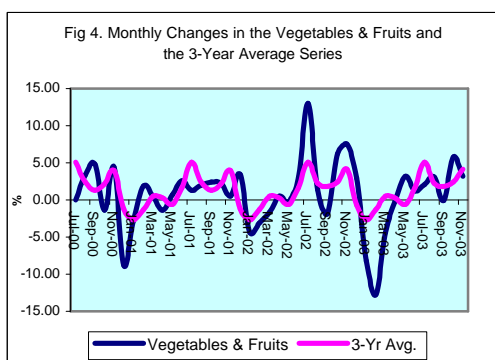
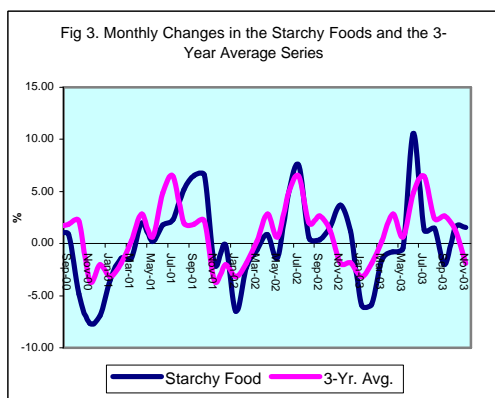
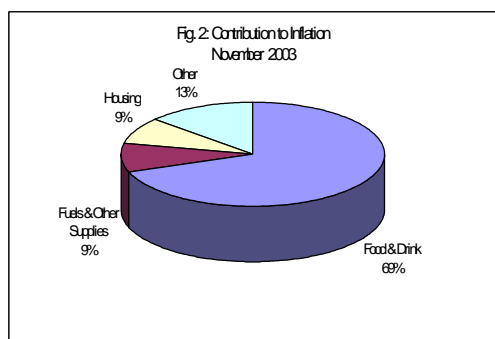
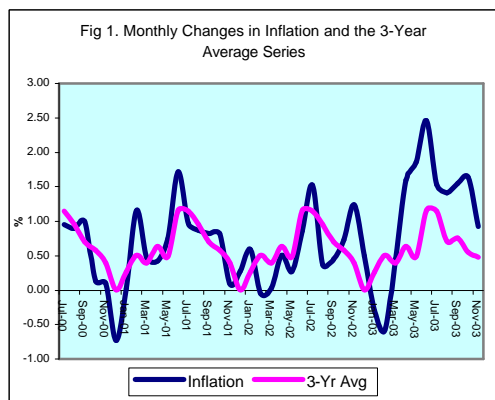
INFLATION REPORT

NOVEMBER 2003



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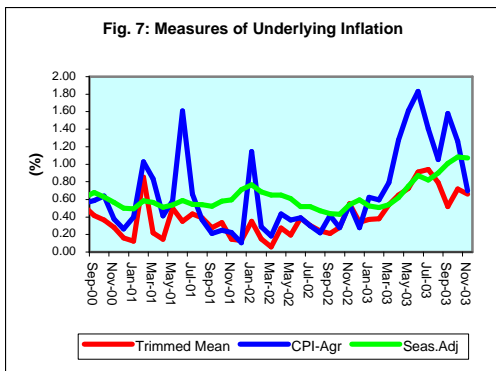
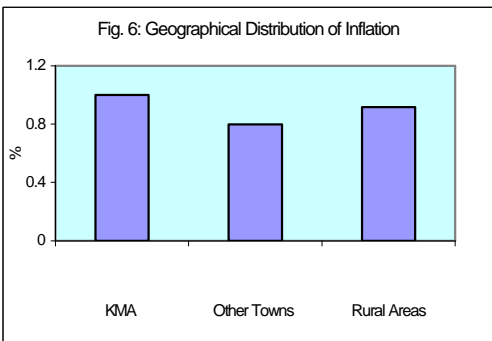
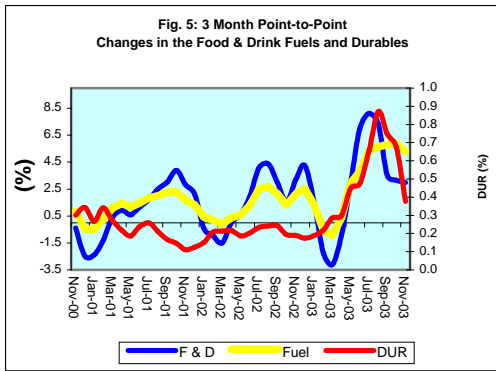
Introduction

1.0 The All Jamaica Consumer Price Index (CPI) increased by 0.9 per cent in November 2003. This outturn brought inflation for the first eight months of fiscal year (FY) 2003/04 to 13.7 per cent, compared to the 6.1 per cent reported for the same interval in FY 2002/03. For the calendar year-to-date, the inflation rate was 13.2 per cent, relative to 6.7 per cent in the comparable period of 2002. The 12-month point-to-point inflation rate as at November 2003 was 13.8 per cent, 6.8 percentage points above the rate recorded in the previous year. Similarly, the annual average inflation rate at November 2003 was 9.7 per cent, or 2.5 percentage points above the rate recorded for November 2002 (Table 1).

2.0 The major influences on November's inflation were increases in the prices of vegetables, fruits, baked products and meats. Additional impulses emanated from an increase in the cost of ice, and higher minimum wages (Table 4). In this context, the major increases were recorded in the *Food & Drink*, *Fuels & Other Household Supplies*, and *Housing & Other Housing Expenses* sub-indices. Inflation in these sub-indices were 1.2 per cent, 0.9 per cent and 1.1 per cent, respectively, contributing 69.5 per cent, 8.8 per cent and 8.5 per cent to the overall outturn (Table 2).

Main Developments in the Basket

3.0 The increase in the *Food & Drink* sub-index was primarily influenced by price movements in the *Vegetables & Fruits*, *Baked Products*, *Cereals & Breakfast Drinks* and *Meat, Poultry & Fish* sub-indices. These subgroups increased by 3.2 per cent, 1.4 per cent and 0.6 per cent, respectively (see Table 2). The vegetables mainly affected were tomatoes, cabbages, carrot, ackee, and escallion. In the *Baked Products*, *Cereals & Breakfast Drinks* sub-group, the main price impulses emanated from an increase in the price of flour, which also precipitated increases in bread prices. These developments were expected on the basis of adverse crop conditions, reduced grains yields in the US, and the consequent increase in the wheat prices on the international commodity markets. The increase in the *Meat, Poultry & Fish* sub-group was chiefly due to



higher beef and fish prices. These increases are related to the higher cost of feeds resulting from rising grain prices. Also of importance in the month were higher prices for sugar and coconut that affected the *Other Food & Beverages* sub-group.

4.0 The Fuels & Other Household Supplies sub-index was influenced primarily by the increased cost of ice, bleach, detergents and scouring powders and pads. Impulses in the sub-category can be related to pass through from the exchange rate. The increase in the cost of ice was largest in the KMA where the price change was approximately three times that in the Rural Areas.

5.0 The Housing & Other Housing Expenses sub-index increased by 1.1 per cent, entirely influenced by the Other Housing Expenses sub-group as there was no movement in the Rental sub-group. The primary impetus for the increase in the *Other Housing Expenses* sub-group was an increase of 11.0 per cent in the national minimum wage. Higher cement prices also contributed to the increase in this sub-group.

6.0 Of note, the upward movement in the Miscellaneous Expenses sub-category of 0.6 per cent resulted primarily from higher fees for the Caribbean Examinations Council (CXC) examinations. These fees went up by 23.5 per cent, on average, as a result of depreciation in the exchange rate, as well the impact of overall inflation on administrative costs.

7.0 There was near uniformity in inflation across the regions. The CPI in the KMA increased by 1.0 per cent, while the indices for the Rural Areas and Other Towns increased by 0.9 per cent and 0.8 per cent, respectively. This pattern was largely reflected in the *Food & Drink* and *Housing & Other Housing Expenses* groups. Nonetheless, there were significant disparities in the *Fuels & Other Household Supplies* and *Miscellaneous Expenses* groups, which, on the balance, negated each other.

Core Inflation

Trimmed Mean

8.0 The trimmed mean index was estimated to have increased by 0.66 percent in November, 0.13 percentage points below the estimate for the previous month (Table 5). The fall in monthly core inflation was consistent with the Bank's efforts at restricting monetary expansion and reverses the transient spike that was observed in October. Notwithstanding, the 12-month point-to-point core inflation rate at November 2003 was 7.9 per cent, 4.7 percentage points above the comparable measure at November 2002. Similarly, the annual average core inflation rate of 5.5 per cent was 2.2 percentage points above the rate recorded in the corresponding month of 2002.

Other Measures of Underlying Inflation

9.0 The measure of underlying inflation that excludes agricultural prices (CPI-A) was 0.70 per cent in November. This estimate was 0.56 percentage point lower than the measure in the previous month but 0.16 percentage points above that which obtained in November 2002. Non-agricultural inflation has trended down since June, in tandem with most measures of underlying inflation, as the effects the shocks in the first half of the year began to moderate (see Figure 7). A similar pattern was observed in the durable products index (see Figure 5).

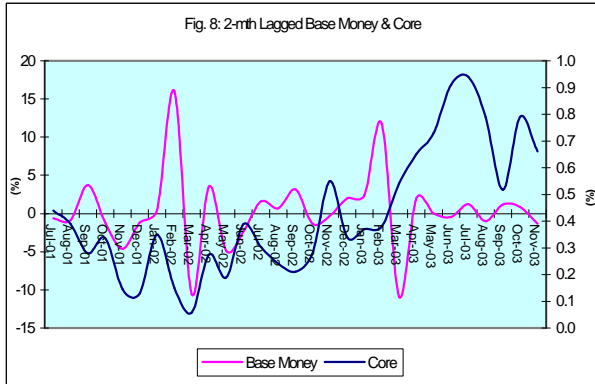


Table 1A
JAMAICA: INFLATION RATES

	1/ C.P.I	3 Month AVG. C.P.I	Monthly % change	3 Month * % change	3 Month # % change	12 Month* % change	12 Month# % change	FYTD % change	CYTD % change	
2000	Jan	1268.1	1264.6	0.17	1.65	2.00	6.57	5.88	7.24	0.17
	Feb	1273.1	1269.0	0.39	1.05	1.66	8.18	6.04	7.66	0.57
	Mar	1281.7	1274.3	0.68	1.25	1.31	8.39	6.25	8.39	1.25
	Apr	1294.4	1283.0	0.99	2.07	1.46	9.70	6.61	0.99	2.25
	May	1300.0	1292.0	0.43	2.11	1.81	9.19	6.92	1.43	2.69
	Jun	1311.4	1301.9	0.88	2.32	2.17	8.75	7.24	2.32	3.59
	Jul	1324.0	1311.8	0.96	2.29	2.24	8.49	7.53	3.30	4.59
	Aug	1335.9	1323.7	0.90	2.76	2.46	8.23	7.79	4.23	5.53
	Sep	1349.3	1336.4	1.00	2.89	2.65	9.03	8.10	5.27	6.59
	Oct	1351.1	1345.4	0.13	2.05	2.56	8.30	8.25	5.41	6.73
	Nov	1352.4	1350.9	0.10	1.24	2.05	7.34	8.25	5.52	6.83
	Dec	1342.6	1348.7	-0.72	-0.50	0.92	6.06	8.17	4.75	6.06
2001	Jan	1342.9	1345.9	0.02	-0.61	0.04	5.90	8.11	4.77	0.02
	Feb	1358.6	1348.0	1.17	0.46	-0.21	6.72	7.98	6.00	1.19
	Mar	1365.0	1355.5	0.47	1.67	0.50	6.50	7.82	6.50	1.67
	Apr	1370.8	1364.8	0.42	2.08	1.40	5.90	7.51	0.42	2.10
	May	1381.1	1372.3	0.75	1.65	1.80	6.24	7.27	1.18	2.87
	Jun	1404.9	1385.6	1.73	2.93	2.22	7.13	7.14	2.93	4.64
	Jul	1418.7	1401.6	0.98	3.50	2.70	7.15	7.03	3.94	5.67
	Aug	1431.1	1418.3	0.87	3.63	3.35	7.13	6.94	4.85	6.59
	Sep	1442.9	1430.9	0.82	2.70	3.27	6.94	6.78	5.71	7.47
	Oct	1454.9	1443.0	0.83	2.55	2.95	7.68	6.73	6.59	8.36
	Nov	1456.2	1451.3	0.09	1.75	2.33	7.68	6.76	6.68	8.46
	Dec	1460.2	1457.1	0.27	1.20	1.83	8.76	6.99	6.97	8.76
2002	Jan	1468.8	1461.7	0.59	0.96	1.30	9.38	7.28	7.60	0.59
	Feb	1468.0	1465.6	-0.05	0.81	0.99	8.05	7.39	7.55	0.53
	Mar	1468.5	1468.4	0.03	0.57	0.78	7.58	7.48	7.58	0.57
	Apr	1475.9	1470.8	0.50	0.48	0.62	7.67	7.62	0.50	1.08
	May	1480.0	1474.8	0.28	0.82	0.62	7.16	7.69	0.78	1.36
	Jun	1492.8	1482.9	0.86	1.65	0.99	6.25	7.61	1.65	2.23
	Jul	1515.6	1496.1	1.53	2.69	1.72	6.83	7.58	3.21	3.79
	Aug	1521.2	1509.9	0.37	2.79	2.38	6.29	7.51	3.59	4.18
	Sep	1528.0	1521.6	0.45	2.36	2.61	5.90	7.41	4.05	4.64
	Oct	1539.2	1529.5	0.73	1.56	2.23	5.80	7.25	4.82	5.41
	Nov	1558.3	1541.8	1.24	2.44	2.12	7.01	7.20	6.12	6.72
	Dec	1566.1	1554.5	0.50	2.49	2.16	7.25	7.08	6.65	7.25
2003	Jan	1561.3	1561.9	-0.31	1.44	2.12	6.30	6.83	6.32	-0.31
	Feb	1552.2	1559.9	-0.58	-0.39	1.17	5.74	6.64	5.70	-0.89
	Mar	1559.5	1557.7	0.47	-0.42	0.20	6.20	6.52	6.20	-0.42
	Apr	1584.0	1565.2	1.57	1.45	0.21	7.33	6.50	1.57	1.14
	May	1613.4	1585.6	1.86	3.94	1.65	9.01	6.66	3.46	3.02
	Jun	1653.1	1616.8	2.46	6.00	3.80	10.74	7.04	6.00	5.56
	Jul	1678.4	1648.3	1.53	5.96	5.31	10.74	7.38	7.62	7.17
	Aug	1702.0	1677.8	1.41	5.49	5.81	11.88	7.85	9.14	8.68
	Sep	1728.4	1702.9	1.55	4.56	5.33	13.11	8.47	10.83	10.36
	Oct	1756.7	1729.0	1.64	4.67	4.90	14.13	9.17	12.65	12.17
	Nov	1773.0	1752.7	0.93	4.17	4.46	13.78	9.74	13.69	13.21

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	
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	
2002	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	
	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		
2003	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	
	Sep	276.9	273.1	1.58	4.09	4.45	12.51	7.16	
	Oct	280.5	276.7	1.26	3.95	4.13	13.62	7.93	
Nov	282.4	279.9	0.70	3.58	3.87	13.79	8.69		

1/ December 1993 = 100

* Point to point

Moving average

Source: BOJ

Table 2A
Component Contribution to Inflation
November 2003

	Weight in the CPI	Monthly Inflation(%)	Weighted Inflation	% Contribution to Inflation
FOOD & DRINK	0.5563	1.2	0.6884	69.5
- Meals Away From Home	0.0741	0.9	0.0634	6.4
- Meat Poultry & Fish	0.1613	0.6	0.1013	10.2
- Dairy Products Oils & Fats	0.0668	0.3	0.0220	2.2
- Baked Products Cereals & Breakfast Drink	0.0864	1.4	0.1197	12.1
- Starchy Foods	0.0525	1.6	0.0823	8.3
- Vegetables & Fruits	0.0650	3.2	0.2096	21.2
- Other Food & Beverages	0.0502	1.8	0.0901	9.1
FUELS & OTHER HOUSEHOLD SUPPLIES	0.0735	0.9	0.0875	8.8
- Household Supplies	0.0482	1.7	0.0811	8.2
- Fuels	0.0253	0.3	0.0064	0.6
HOUSING & OTHER HOUSING EXPENSES	0.0786	1.1	0.0842	8.5
- Rental	0.0209	0.0	0.0000	0.0
- Other Housing Expenses	0.0577	1.5	0.0842	8.5
HOUSEHOLD FURNISHINGS & FURNITURE	0.0283	1.0	0.0280	2.8
- Furniture	0.0068	1.7	0.0113	1.1
- Furnishings	0.0215	0.8	0.0167	1.7
HEALTHCARE & PERSONAL EXPENSES	0.0697	0.6	0.0392	4.0
PERSONAL CLOTHING FOOTWEAR & ACC.	0.0507	0.3	0.0154	1.5
- Clothing Materials	0.0055	0.0	0.0000	0.0
- Readymade Clothing & Accessories	0.0242	0.1	0.0034	0.3
- Footwear	0.0159	0.7	0.0113	1.1
- Making & Repairs	0.0051	0.1	0.0007	0.1
TRANSPORTATION	0.0644	0.0	0.0023	0.2
MISCELLANEOUS EXPENSES	0.0785	0.6	0.0456	4.6
			*	
ALL GROUPS	1.0000	0.93	0.99	100.0

* Differs from the 0.93 reported due to rounding

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

	Weight in the CPI	FYTD Inflation(%)	Weighted Inflation	% Contribution to Inflation
FOOD & DRINK	0.5563	13.9	7.68	57.9
- Meals Away From Home	0.0741	12.7	0.94	7.1
- Meat Poultry & Fish	0.1613	9.2	1.49	11.2
- Dairy Products Oils & Fats	0.0668	15.5	1.04	7.8
- Baked Products Cereals & Breakfast Dr	0.0864	15.8	1.36	10.3
- Starchy Foods	0.0525	13.6	0.71	5.4
- Vegetables & Fruits	0.0650	19.6	1.28	9.6
- Other Food & Beverages	0.0502	17.1	0.86	6.5
FUELS & OTHER HOUSEHOLD SUP	0.0735	16.9	1.06	8.0
- Household Supplies	0.0482	10.4	0.50	3.8
- Fuels	0.0253	22.3	0.56	4.2
HOUSING & OTHER HOUSING EXPE	0.0786	8.7	0.69	5.2
- Rental	0.0209	10.4	0.22	1.6
- Other Housing Expenses	0.0577	8.3	0.48	3.6
HOUSEHOLD FURNISHINGS & FURN	0.0283	6.5	0.18	1.4
- Furniture	0.0068	8.3	0.057	0.4
- Furnishings	0.0215	5.7	0.124	0.9
HEALTHCARE & PERSONAL EXPEN	0.0697	8.9	0.62	4.7
PERSONAL CLOTHING FOOTWEAR	0.0507	4.7	0.23	1.7
- Clothing Materials	0.0055	1.5	0.01	0.1
- Readymade Clothing & Accessories	0.0242	3.3	0.08	0.6
- Footwear	0.0159	7.5	0.12	0.9
- Making & Repairs	0.0051	4.9	0.02	0.2
TRANSPORTATION	0.0644	24.0	1.55	11.7
MISCELLANEOUS EXPENSES	0.0785	16.0	1.26	9.5
			*	
ALL GROUPS	1.0000	13.69	13.27	100.0

* Differs from the 13.69 reported due to rounding

Table 3
Regional Inflation
November 2003

	KMA (%)	Other Towns (%)	Rural (%)
FOOD & DRINK	1.4	0.8	1.2
- Meals Away From Home	0.5	0.5	2.0
- Meat Poultry & Fish	0.8	1.0	0.2
- Dairy Products Oils & Fats	0.3	0.5	0.2
- Baked Products Cereals & Breakfast Drink	1.3	1.3	1.5
- Starchy Foods	2.0	-1.8	2.5
- Vegetables & Fruits	5.4	4.0	0.5
- Other Food & Beverages	1.9	0.7	2.3
FUELS & OTHER HOUSEHOLD SUPPLIES	1.2	0.5	0.6
- Household Supplies	2.8	0.7	0.7
- Fuels	0.1	0.4	0.5
HOUSING & OTHER HOUSING EXPENSES	0.9	1.3	1.7
- Rental	0.0	0.0	0.0
- Other Housing Expenses	1.3	1.4	1.9
HOUSEHOLD FURNISHINGS & FURNITURE	1.0	1.0	1.1
- Furniture	0.2	2.4	2.2
- Furnishings	1.2	0.3	0.6
HEALTHCARE & PERSONAL EXPENSES	0.6	0.7	0.4
PERSONAL CLOTHING FOOTWEAR & ACC.	0.4	0.5	0.1
- Clothing Materials	0.0	0.0	0.0
- Readymade Clothing & Accessories	0.1	0.2	0.2
- Footwear	1.2	0.9	0.1
- Making & Repairs	0.0	0.7	0.0
TRANSPORTATION	0.1	-0.1	0.0
MISCELLANEOUS EXPENSES	0.6	1.1	0.1
ALL GROUPS	1.0	0.8	0.9

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		3.99
Aug	1.41	0.79	9.14	4.08	6.90	4.33
Sep	1.55	0.52	10.83	4.62	7.22	4.70
Oct	1.64	0.79	12.65	5.45	7.77	5.12
Nov	0.93	0.66	13.69	6.14	7.89	5.51

Table 5

Decomposition of Inflation Out-turn		
April - November 2003		
	(%) FYTD Inflation	Contribution
<u>Non-Core Shocks</u>	7.55	55.1%
<i>Miscellaneous Expenses</i>	1.11	8.1%
<i>Food & Drink</i>	4.57	33.4%
Vegetables & Fruits	1.13	8.2%
Dairy Products, etc	0.92	6.7%
Baked Products, Cereals & B'fast	1.21	8.8%
Meat, Poultry & Fish	<u>1.31</u>	9.6%
<i>Transportation</i>	1.37	10.0%
<i>Other</i>	<u>0.50</u>	3.6%
<u>Core</u>	<u>6.14</u>	<u>44.9%</u>
<u>TOTAL</u>	<u>13.69</u>	<u>100.0%</u>