



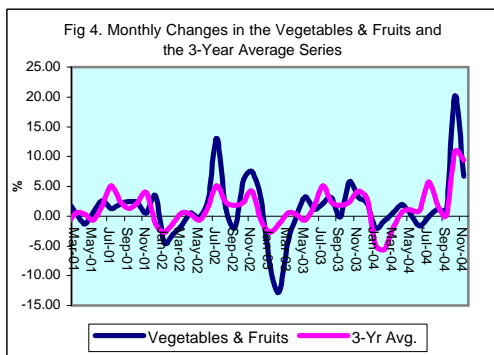
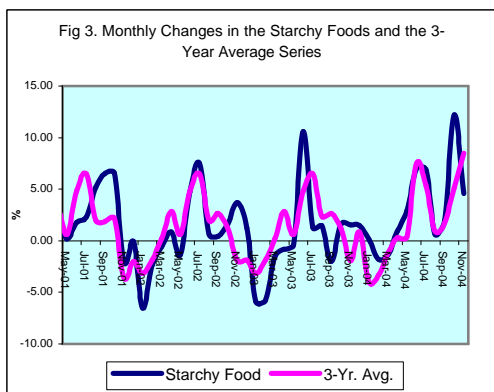
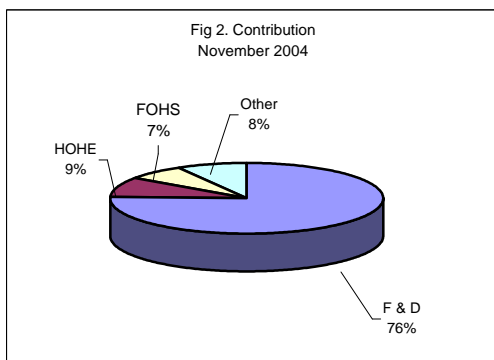
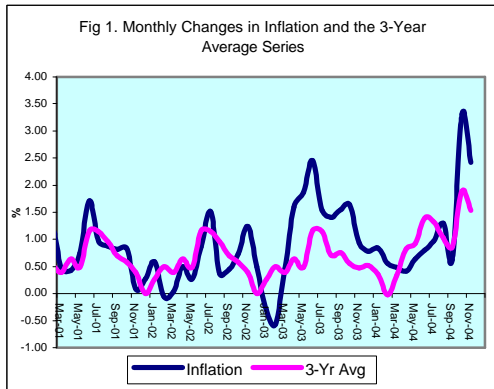
INFLATION REPORT

NOVEMBER 2004



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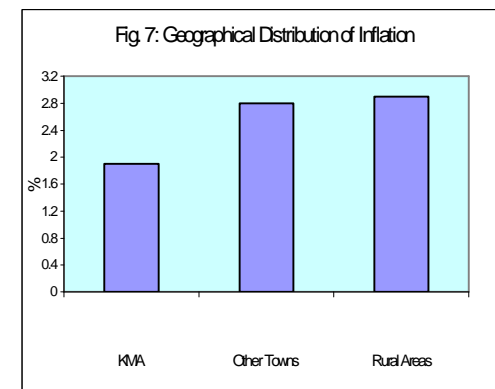
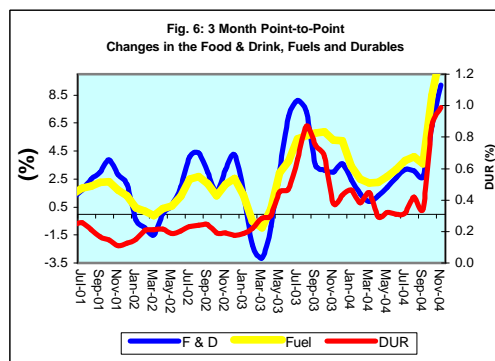
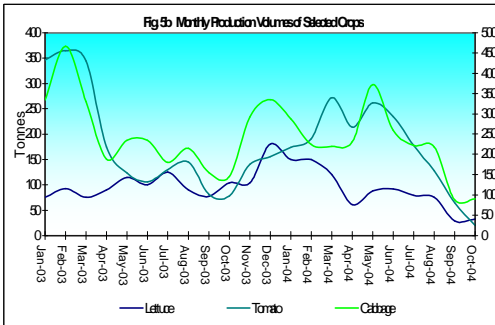
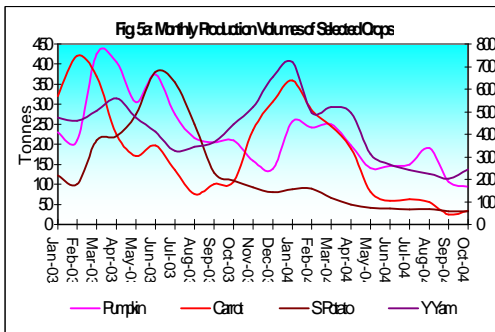
Introduction

1.0 The All Jamaica Consumer Price Index (CPI) increased by 2.4 per cent in November 2004. This outturn brought inflation for the first eight months of fiscal year (FY) 2004/05 to 10.9 per cent, which compares favourably with the 13.9 per cent obtained over the same interval in FY2003/04. The calendar year to date inflation rate of 13.1 per cent is just below the 13.2 per cent recorded over the similar interval of 2003. The annual point-to-point inflation rate increased relative to the previous month by 1.7 percentage points to 13.9 per cent, which is just above the 13.8 per cent recorded at November 2003. Similarly, the annual average inflation rate at November 2004 was 13.6 per cent, which was the same rate in the previous month, but higher than the 9.7 per cent recorded at November 2003 (Table 1).

2.0 The major influences on inflation continue to emanate from price increases in domestic agricultural products, other related food items and higher prices of some international commodities. The upward movement in the prices of domestic products was caused by supply shocks that stemmed principally from the impact of the recent hurricane. External impulses originated mainly from the movements in international crude oil prices. These impulses were largely reflected in the *Food & Drink*, *Housing & Other Housing Expenses* and the *Fuels & Other Household Supplies* sub-indices that increased by 3.5 per cent, 2.7 per cent and 2.5 per cent, respectively (Table 2). The respective contributions from these sub-groups to inflation were 75.5 per cent, 9.3 per cent and 6.9 per cent.

Main Developments in the Basket

3.0 Similar to the previous month, the increase in *Food & Drink* emanated mainly from the *Vegetables & Fruits* and the *Starchy Foods* sub-groups. These subgroups had respective increases of 9.4 per cent and 8.5 per cent. The primary factor, which explains this increase, relates to the lower agricultural supply conditions brought about by damage to crops from Hurricane Ivan (see Figures 5a and 5b). The main items affected were yams, potatoes, dasheen, green bananas, tomato, cabbage, escallion, and carrots.



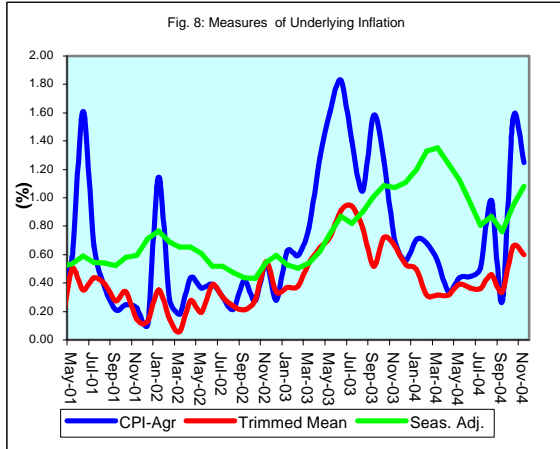
4.0 For Fuels & Other Household Supplies, upward adjustments in the prices of kerosene and cooking gas were the main underlying factors. These expected increases are related to the significant rise in the price of crude oil, from which these products are derived. Additionally, there were significant increases in the prices of miscellaneous household supplies such as powdered soap, candles and batteries. Larger price increases in these commodities occurred in the rural areas and may be associated with greater demand due to hurricane, as well as increased distributional cost due to higher fuel prices.

5.0 The increase in the sub-index for Housing & Other Housing Expenses was primarily influenced by a 5.4 per cent increase in electricity rates. This stemmed from an 11.8 per cent increase in the fuel rate, which reflected the lagged effects of upward movement in international oil prices. Since the beginning of the year, the benchmark West Texas Intermediate (WTI) crude oil price has risen by over 60 per cent. Another impulse of note within the subgroup was a 2.9 per cent increase in rental rates.

6.0 There were noticeable disparities in inflation in the KMA and the rest of the country. While the CPI in the KMA increased by 1.9 per cent, the indices in the Other Towns and Rural Areas, and KMA rose by 2.8 per cent and 2.9 per cent, respectively. This may have occurred in the context of a disruption of consumer supplies from the main distribution centres in the urban areas due to the hurricane. This disparity was most evident in the Food & Drink subgroups, which reflected an increase of 2.6 per cent for the KMA and 4.1 per cent for both Other Towns and Rural Areas. This was primarily due to higher price adjustments in the categories of the Food & Drink sub index with the exception of Starchy Foods and Other Food & Beverages. For the fiscal year to date, the index of the Other Towns has reflected the highest inflation of 16.0 per cent, relative to the 10.7 and 13.2 per cent inflation in KMA and Rural Areas, respectively.

Core Inflation Trimmed Mean

7.0 The trimmed mean index was estimated to have increased by 0.60 per cent in November, 0.06 percentage points below the previous month's measure (Table 4). The relatively high core outturn was in the context of significant increase in consumer demand juxtaposed with a lowering in supply arising from the passage of the hurricane. The resulting



increased expenditure resulted in strong underlying inflation during the month. Despite this however, the 12-month point-to-point core inflation rate at November 2004 of 5.26 per cent was 0.07 percentage points below the comparable measure in the previous month and 2.62 percentage points below the measure one year ago. Similarly, core inflation for the fiscal year to date was 3.54 per cent, which compared favourably with the 6.14 per cent recorded for the similar period in the previous fiscal year. The annual average core inflation rate of 6.8 per cent was less than what obtained in the previous month, but higher by 1.3 percentage points when compared with the rate recorded in November 2003.

Other Measures of Underlying Inflation

8.0 The measure of underlying inflation that excludes agricultural prices (CPI-A) was 1.3 per cent in November, down from the 1.6 per cent in the previous month. Since May 2004, the changes in the CPI-A index have been increasing, a reversal in the declining trend which was observed between June 2003 and April 2004.

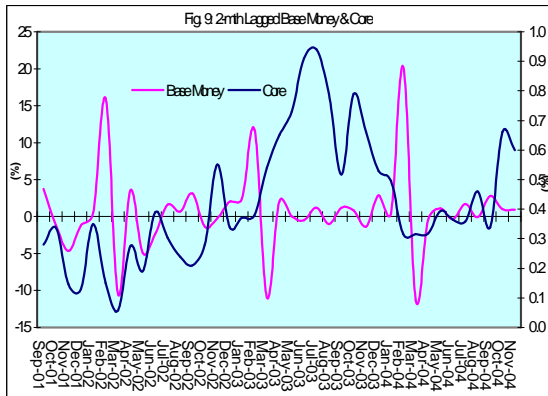


Table 1A
JAMAICA: INFLATION RATES

	1/	3 Month	Monthly	3 Month *	3 Month #	12 Month*	12 Month#	FYTD	CYTD	
	C.P.I	AVG. C.P.I	% change	% change	% change	% change	% change	% change	% 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
2001	Dec	1342.6	1348.7	-0.72	-0.50	0.92	6.06	8.17	4.75	6.06
	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
2002	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
	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	
2003	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
	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	
2004	Nov	1773.0	1752.7	0.93	4.17	4.46	13.78	9.74	13.69	13.21
	Dec	1786.8	1772.2	0.78	3.38	4.07	14.09	10.32	14.58	14.09
	Jan	1801.8	1787.2	0.84	2.57	3.36	15.40	11.08	15.54	0.84
	Feb	1811.9	1800.2	0.56	2.19	2.71	16.73	11.99	16.18	1.40
	Mar	1820.8	1811.5	0.49	1.90	2.22	16.76	12.86	16.76	1.90
	Apr	1828.2	1820.3	0.41	1.47	1.85	15.42	13.52	0.41	2.32
	May	1839.9	1829.6	0.64	1.55	1.64	14.04	13.93	1.05	2.97
	Jun	1854.8	1841.0	0.81	1.87	1.63	12.20	14.03	1.87	3.81
	Jul	1872.8	1855.8	0.97	2.44	1.95	11.58	14.08	2.86	4.81
	Aug	1897.3	1875.0	1.31	3.12	2.48	11.47	14.02	4.20	6.18
	Sep	1909.2	1893.1	0.63	2.93	2.83	10.46	13.77	4.86	6.85
Oct	1972.2	1926.2	3.30	5.31	3.79	12.27	13.61	8.32	10.38	
Nov	2020.0	1967.1	2.42	6.47	4.92	13.93	13.62	10.94	13.05	

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	
Dec		237.1	236.8	0.11	0.58	0.70	6.89	6.99	
2002	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	
	Dec	248.9	248.0	0.28	1.10	1.08	4.94	5.38	
2003	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	
	Dec	284.0	282.3	0.56	2.54	3.35	14.11	9.45	
2004	Jan	286.0	284.1	0.71	1.97	2.69	14.20	10.27	
	Feb	287.9	286.0	0.68	1.96	2.16	14.30	11.06	
	Mar	289.5	287.8	0.56	1.95	1.96	14.04	11.78	
	Apr	290.5	289.3	0.34	1.58	1.83	12.98	12.34	
	May	291.8	290.6	0.44	1.34	1.62	11.68	12.67	
	Jun	293.1	291.8	0.44	1.23	1.38	10.16	12.73	
	Jul	294.6	293.2	0.51	1.40	1.32	9.18	12.61	
	Aug	297.5	295.0	0.98	1.94	1.52	9.10	12.41	
	Sep	298.3	296.8	0.27	1.77	1.70	7.70	11.98	
	Oct	302.9	299.6	1.56	2.83	2.18	8.01	11.50	
	Nov	306.7	302.6	1.25	3.11	2.57	8.61	11.06	

1/ December 1993 = 100

* Point to point

Moving average

Source: BOJ

Table 2
Component Contribution to Inflation
November 2004

	Weight in the CPI	Monthly Inflation(%)	Weighted Inflation	% Contribution to Inflation
FOOD & DRINK	0.5563	3.5	1.7420	75.5
- Meals Away From Home	0.0741	1.8	0.1305	5.7
- Meat Poultry & Fish	0.1613	1.8	0.2836	12.3
- Dairy Products Oils & Fats	0.0668	1.8	0.1203	5.2
- Baked Products Cereals & Breakfast Drink	0.0864	1.1	0.0931	4.0
- Starchy Foods	0.0525	8.5	0.4454	19.3
- Vegetables & Fruits	0.0650	9.4	0.6085	26.4
- Other Food & Beverages	0.0502	1.2	0.0605	2.6
FUELS & OTHER HOUSEHOLD SUPPLIES	0.0735	2.5	0.1603	6.9
- Household Supplies	0.0482	1.7	0.0834	3.6
- Fuels	0.0253	3.0	0.0769	3.3
HOUSING & OTHER HOUSING EXPENSES	0.0786	2.7	0.2148	9.3
- Rental	0.0209	2.9	0.0603	2.6
- Other Housing Expenses	0.0577	2.7	0.1545	6.7
HOUSEHOLD FURNISHINGS & FURNITURE	0.0283	1.5	0.0471	2.0
- Furniture	0.0068	0.5	0.0035	0.2
- Furnishings	0.0215	2.0	0.0436	1.9
HEALTHCARE & PERSONAL EXPENSES	0.0697	0.8	0.0571	2.5
PERSONAL CLOTHING FOOTWEAR & ACC.	0.0507	0.4	0.0200	0.9
- Clothing Materials	0.0055	0.0	0.0002	0.0
- Readymade Clothing & Accessories	0.0242	0.5	0.0123	0.5
- Footwear	0.0159	0.4	0.0070	0.3
- Making & Repairs	0.0051	0.1	0.0005	0.0
TRANSPORTATION	0.0644	0.9	0.0595	2.6
MISCELLANEOUS EXPENSES	0.0785	0.1	0.0056	0.2
			*	
ALL GROUPS	1.0000	2.42	2.31	100.0

* May differ from the 2.42 reported due to rounding

Table 3
Regional Inflation
November 2004

	KMA	Other Towns	Rural
	(%)	(%)	(%)
FOOD & DRINK	2.6	4.1	4.1
- Meals Away From Home	1.1	2.3	2.7
- Meat Poultry & Fish	1.1	2.9	1.9
- Dairy Products Oils & Fats	2.2	2.0	1.3
- Baked Products Cereals & Breakfast Drink	0.3	1.8	1.5
- Starchy Foods	10.7	8.6	7.5
- Vegetables & Fruits	7.3	10.7	11.1
- Other Food & Beverages	-0.5	2.0	2.7
FUELS & OTHER HOUSEHOLD SUPPLIES	2.1	4.3	2.0
- Household Supplies	0.5	4.5	2.2
- Fuels	3.4	4.1	1.9
HOUSING & OTHER HOUSING EXPENSES	3.0	2.4	2.3
- Rental	3.7	0.1	0.0
- Other Housing Expenses	2.7	2.7	2.5
HOUSEHOLD FURNISHINGS & FURNITURE	1.2	0.7	2.5
- Furniture	1.6	-0.1	0.0
- Furnishings	1.0	1.1	3.8
HEALTHCARE & PERSONAL EXPENSES	0.3	1.7	1.0
PERSONAL CLOTHING FOOTWEAR & ACC.	0.3	0.6	0.3
- Clothing Materials	0.0	0.1	0.1
- Readymade Clothing & Accessories	0.6	0.9	0.2
- Footwear	0.2	0.3	0.7
- Making & Repairs	0.0	0.6	0.0
TRANSPORTATION	1.1	0.7	0.6
MISCELLANEOUS EXPENSES	0.0	0.3	0.0
ALL GROUPS	1.9	2.8	2.9

Table 4
Inflation: Headline & Core

	Monthly		Fiscal Year to Date		12-Mth Core	
	Actual	Core	Actual	Core	Pt to Pt	Average
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
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
Dec	0.78	0.53	14.58	6.70	8.09	5.90
Jan	0.84	0.50	15.54	7.23	8.22	6.30
Feb	0.56	0.32	16.18	7.57	8.15	6.68
Mar	0.49	0.32	16.76	7.91	7.91	6.99
2004/05						
Apr	0.41	0.32	0.41	0.32	7.55	7.24
May	0.64	0.39	1.05	0.71	7.20	7.41
Jun	0.81	0.36	1.87	1.08	6.62	7.48
Jul	0.97	0.36	2.86	1.44	6.00	7.45
Aug	1.31	0.46	4.20	1.91	5.66	7.34
Sep	0.63	0.34	4.86	2.25	5.46	7.19
Oct	3.30	0.66	8.32	2.93	5.33	6.98
Nov	2.42	0.60	10.94	3.54	5.26	6.76

Table 5

Decomposition of Inflation Out-turn		
April - November 2004		
	(%)	
	FYTD Inflation	Contribution
<u>Non-Core Shocks</u>	7.4	67.6%
<i>Food & Drink</i>	5.3	48.1%
Meat, Poultry & Fish	1.0	9.0%
Starchy Foods	2.2	20.6%
Vegetables & Fruits	2.0	18.5%
<i>Household Supplies</i>	0.7	6.0%
<i>Other Housing Expenses</i>	0.5	4.8%
<i>Other</i>	1.0	8.8%
<u>Core</u>	<u>3.5</u>	<u>32.4%</u>
<u>TOTAL</u>	<u>10.9</u>	<u>100.0%</u>