



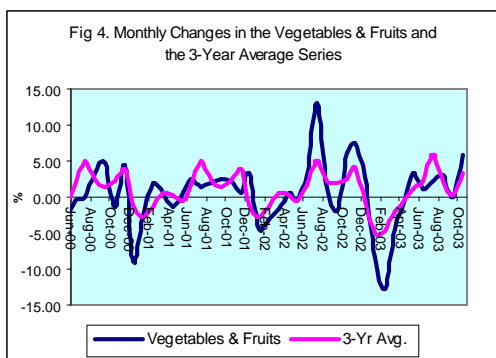
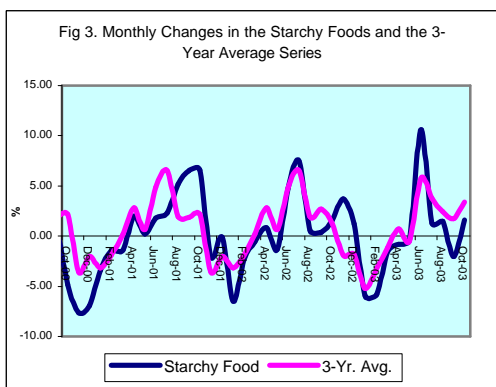
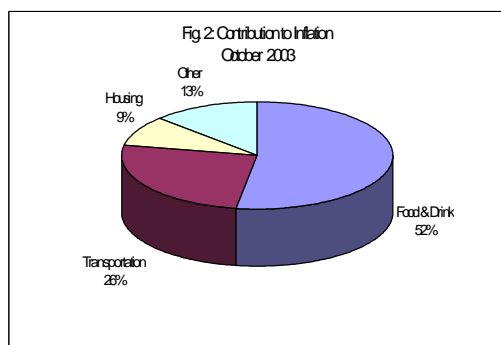
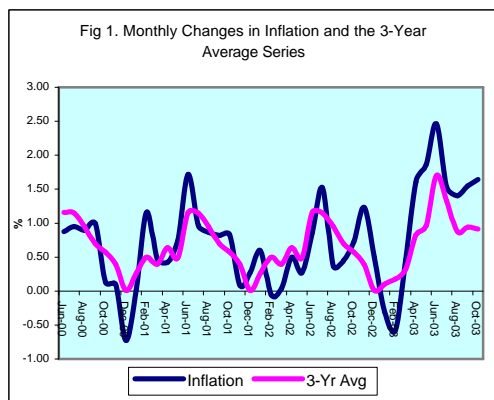
INFLATION REPORT

OCTOBER 2003



Contents

A.	NOTE: OCTOBER 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



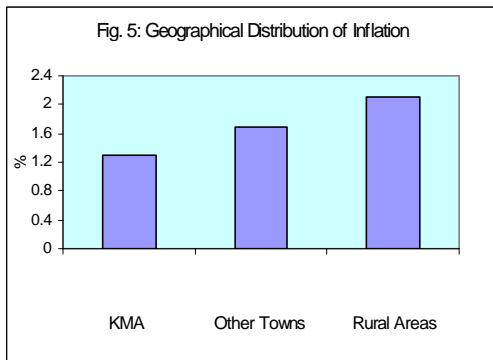
Introduction

1.0 The All Jamaica Consumer Price Index (CPI) increased by 1.6 per cent in October 2003. This outturn brought inflation for the first seven months of FY 2003/04 to 12.6 per cent, compared to 4.8 per cent obtained over the same interval in FY 2002/03. For the first ten months of the calendar year, the inflation rate was 12.2 per cent, relative to 5.4 per cent in the comparable period of 2002. The 12-month point-to-point inflation rate as at October 2003 was 14.1 per cent, 8.3 percentage points above the rate recorded in the previous year. Similarly, the annual average inflation rate at October 2003 was 9.2 per cent, or 2.0 percentage points above the rate recorded for October 2002 (Table 1).

2.0 The major influences on October's inflation were higher vegetables, fruits and meat prices, and increases in bus fares in the rural areas. Additional impulses emanated from the increased cost of rental, healthcare and electricity (see Table 4). All the sub-indices of the CPI recorded increases relative to September. The major increases were recorded in the *Food & Drink*, *Transportation*, *Housing & Other Housing Expenses*, and *Healthcare & Personal Expenses* sub-indices. Inflation in these sub-indices were 1.6 per cent, 6.8 per cent, 1.9 per cent and 1.0 per cent, contributing 52.6 per cent, 25.5 per cent, 9.1 per cent, and 3.9 per cent, respectively, to the overall outturn (see Table 2).

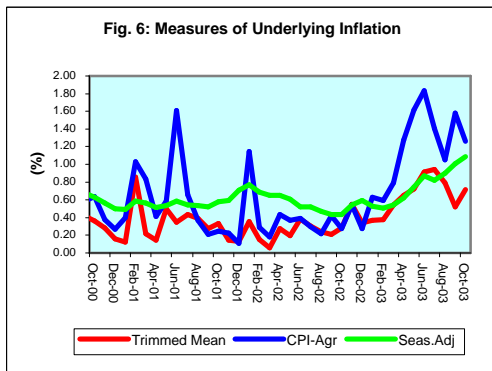
Main Developments in the Basket

3.0 The increase in the *Food & Drink* sub-index was influenced primarily by price movements in the *Vegetables & Fruits*, *Meat, Poultry & Fish* and *Baked Products, Cereals & Breakfast Drinks* sub-indices. These subgroups increased by 5.8 per cent, 0.7 per cent and 1.2 per cent, respectively (see Table 2). The increase in these sub-groups was influenced by a combination of seasonal declines in output, exchange rate movements, international commodity prices and revenue measures. Exchange rate movements were primarily reflected in the price of feeds, flour, meat and baked products prices. Since August, soybean prices, an important input in animal feeds, have increased from



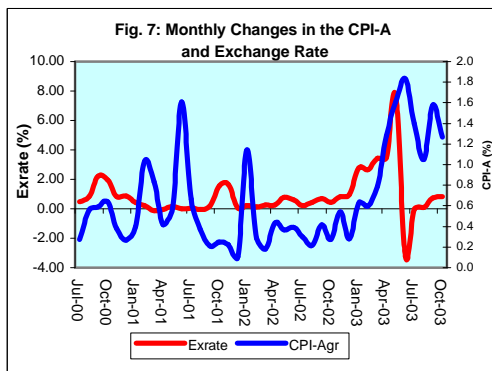
\$160 per short ton to \$250 per short ton, which represents a seven-year high.

4.0 The *Transportation* sub-index was influenced primarily by increased cost of air travel and an upward adjustment in bus fares in the Rural Areas. Airfares were increased by an average 16.7 per cent while rural bus fares rose by 32.0 per cent. Other price pressures emanated from recent increases in oil prices and adjustments in the exchange rate.

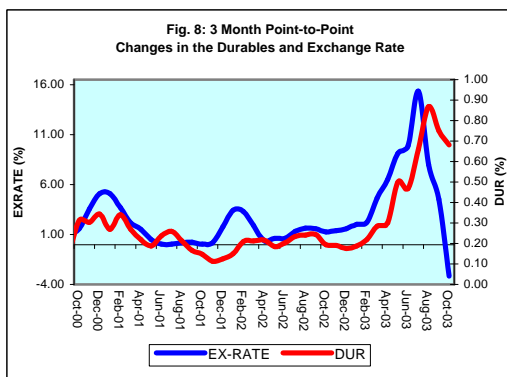


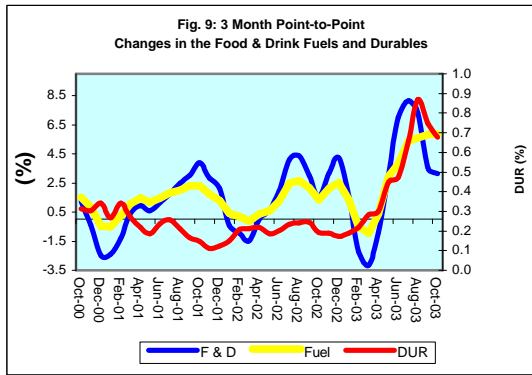
5.0 The *Housing & Other Housing Expenses* sub-index increased by 1.9 per cent, largely influenced by the *Other Housing Expenses* sub-group. There was also a significant movement in the *Rental* sub-group. The primary impetus for the increase in the *Other Housing Expenses* sub-group resulted from a higher electricity bill, which jumped by 4.2 per cent, largely as a result of an increase in the billed fuel rate.

6.0 The upward movement in the *Healthcare & Personal Expenses* sub-category of 1.0 per cent resulted primarily from higher prices for *dental products, powders, tonics* and increased *dentists' fees*.



7.0 There was a significant disparity in inflation across the regions. The CPI in the Rural Areas increased by 2.1 per cent, while the indices for the KMA and Other Towns increased by 1.3 per cent and 1.7 per cent, respectively. The pattern was due mainly to the movements in the *Transportation* sub-index, which increased by 17.8 per cent in the Rural Areas, 11.9 per cent in the Other Towns and marginally by 0.4 per cent in the KMA.





CPI-A

8.0 The measure of inflation that excludes agricultural prices (CPI-A) was **1.26 per cent for October**. This estimate was 0.32 percentage point lower than the measure in the previous month but 0.99 percentage points above that which obtained in October 2002. This index has trended downward since June, in tandem with the sharp appreciation in the exchange rate, particularly subsequent to the June quarter (see Figure 7). A similar pattern was observed in the durable products index (see Figure 8).

Core Inflation

9.0 The trimmed mean index was estimated to have increased by **0.79 percent in October, 0.27 percentage points above the estimate for the previous month (Table 5)**. The rise in core contrasts with the previous three months declining trend and goes contrary to the Bank's efforts at restricting monetary expansion. The 12-month point-to-point core inflation rate was 7.8 per cent, 5.1 percentage points above the comparable measure at October 2002. Similarly, the annual average core inflation rate of 5.1 per cent was 1.7 percentage points above the rate in the corresponding month of 2002.

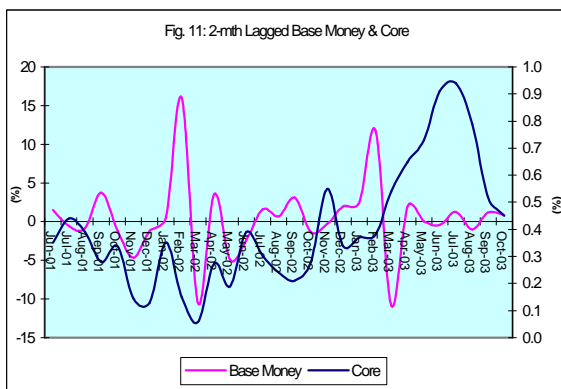
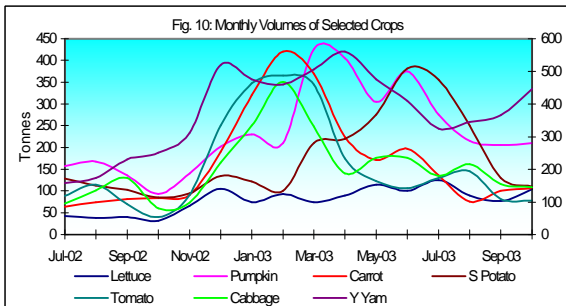


Table 1A
JAMAICA: INFLATION RATES

	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	
1999	Aug	1234.3	1220.2	1.14	3.67	3.03	5.09	6.28	4.38	4.12
	Sep	1237.6	1230.7	0.27	2.63	3.24	5.26	6.02	4.66	4.39
	Oct	1247.5	1239.8	0.80	2.22	2.83	6.43	5.96	5.50	5.23
2000	Nov	1259.9	1248.3	0.99	2.07	2.31	7.39	6.03	6.55	6.28
	Dec	1265.9	1257.7	0.48	2.29	2.19	6.78	5.95	7.05	6.78
	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
2001	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
	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

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
2001	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
	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	
2002	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
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	
2003	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
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	

1/ December 1993 = 100

* Point to point

Moving average

Source: BOJ

Table 2A
Component Contribution to Inflation
October 2003

	Weight in the CPI	Monthly Inflation(%)	Weighted Inflation	% Contribution to Inflation
FOOD & DRINK	0.5563	1.6	0.9063	52.6
- Meals Away From Home	0.0741	0.8	0.0562	3.3
- Meat Poultry & Fish	0.1613	0.7	0.1154	6.7
- Dairy Products Oils & Fats	0.0668	1.3	0.0867	5.0
- Baked Products Cereals & Breakfast Drink	0.0864	1.2	0.1072	6.2
- Starchy Foods	0.0525	1.6	0.0825	4.8
- Vegetables & Fruits	0.0650	5.8	0.3764	21.8
- Other Food & Beverages	0.0502	1.6	0.0818	4.7
FUELS & OTHER HOUSEHOLD SUPPLIES	0.0735	0.6	0.0552	3.2
- Household Supplies	0.0482	1.0	0.0503	2.9
- Fuels	0.0253	0.2	0.0049	0.3
HOUSING & OTHER HOUSING EXPENSES	0.0786	1.9	0.1565	9.1
- Rental	0.0209	3.4	0.0708	4.1
- Other Housing Expenses	0.0577	1.5	0.0857	5.0
HOUSEHOLD FURNISHINGS & FURNITURE	0.0283	1.1	0.0325	1.9
- Furniture	0.0068	1.1	0.0073	0.4
- Furnishings	0.0215	1.2	0.0252	1.5
HEALTHCARE & PERSONAL EXPENSES	0.0697	1.0	0.0669	3.9
PERSONAL CLOTHING FOOTWEAR & ACC.	0.0507	0.9	0.0469	2.7
- Clothing Materials	0.0055	1.0	0.0056	0.3
- Readymade Clothing & Accessories	0.0242	0.3	0.0071	0.4
- Footwear	0.0159	2.1	0.0341	2.0
- Making & Repairs	0.0051	0.0	0.0001	0.0
TRANSPORTATION	0.0644	6.8	0.4389	25.5
MISCELLANEOUS EXPENSES	0.0785	0.3	0.0204	1.2
			*	
ALL GROUPS	1.0000	1.64	1.72	100.0

* Differs from the 1.64 reported due to rounding

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

	Weight in the CPI	FYTD Inflation(%)	Weighted Inflation	% Contribution to Inflation
FOOD & DRINK	0.5563	12.5	6.89	56.7
- Meals Away From Home	0.0741	11.7	0.87	7.2
- Meat Poultry & Fish	0.1613	8.5	1.38	11.3
- Dairy Products Oils & Fats	0.0668	15.1	1.01	8.3
- Baked Products Cereals & Breakfast Drink	0.0864	14.2	1.23	10.1
- Starchy Foods	0.0525	11.8	0.62	5.1
- Vegetables & Fruits	0.0650	15.9	1.03	8.5
- Other Food & Beverages	0.0502	15.1	0.76	6.2
FUELS & OTHER HOUSEHOLD SUPPLIES	0.0735	15.9	0.97	8.0
- Household Supplies	0.0482	8.5	0.41	3.4
- Fuels	0.0253	21.9	0.56	4.6
HOUSING & OTHER HOUSING EXPENSES	0.0786	7.5	0.60	5.0
- Rental	0.0209	10.4	0.22	1.8
- Other Housing Expenses	0.0577	6.7	0.39	3.2
HOUSEHOLD FURNISHINGS & FURNITURE	0.0283	5.4	0.15	1.2
- Furniture	0.0068	6.6	0.045	0.4
- Furnishings	0.0215	4.9	0.106	0.9
HEALTHCARE & PERSONAL EXPENSES	0.0697	8.2	0.57	4.7
PERSONAL CLOTHING FOOTWEAR & ACCESSORIES	0.0507	4.4	0.22	1.8
- Clothing Materials	0.0055	1.5	0.01	0.1
- Readymade Clothing & Accessories	0.0242	3.2	0.08	0.6
- Footwear	0.0159	6.7	0.11	0.9
- Making & Repairs	0.0051	4.7	0.02	0.2
TRANSPORTATION	0.0644	24.0	1.55	12.7
MISCELLANEOUS EXPENSES	0.0785	15.3	1.20	9.9
ALL GROUPS	1.0000	12.65	12.15	100.0

* Differs from the 12.65 reported due to rounding

Table 3
Regional Inflation
October 2003

	KMA (%)	Other Towns (%)	Rural (%)
FOOD & DRINK	1.7	1.0	1.7
- Meals Away From Home	0.7	1.4	0.5
- Meat Poultry & Fish	1.0	0.2	0.7
- Dairy Products Oils & Fats	1.0	0.4	2.3
- Baked Products Cereals & Breakfast Drink	1.4	1.1	1.1
- Starchy Foods	2.3	0.4	1.6
- Vegetables & Fruits	7.7	4.3	4.6
- Other Food & Beverages	1.3	1.0	2.4
FUELS & OTHER HOUSEHOLD SUPPLIES	0.6	0.9	0.3
- Household Supplies	1.4	1.1	0.5
- Fuels	0.0	0.7	0.1
HOUSING & OTHER HOUSING EXPENSES	2.0	1.7	1.7
- Rental	3.2	4.2	4.2
- Other Housing Expenses	1.5	1.4	1.5
HOUSEHOLD FURNISHINGS & FURNITURE	1.8	0.9	0.6
- Furniture	0.5	1.2	1.4
- Furnishings	2.3	0.8	0.2
HEALTHCARE & PERSONAL EXPENSES	0.9	0.8	1.2
PERSONAL CLOTHING FOOTWEAR & ACC.	1.1	0.5	1.0
- Clothing Materials	1.8	0.0	0.1
- Readymade Clothing & Accessories	0.7	0.2	0.0
- Footwear	1.9	1.1	3.1
- Making & Repairs	0.0	0.1	0.0
TRANSPORTATION	0.4	11.9	17.8
MISCELLANEOUS EXPENSES	0.2	0.6	0.1
ALL GROUPS	1.3	1.7	2.1

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
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

Table 5

Decomposition of Inflation Out-turn		
April - October 2003		
	(%) FYTD Inflation	Contribution
<u>Non-Core Shocks</u>	7.20	56.9%
<i>Miscellaneous Expenses</i>	1.01	8.0%
<i>Food & Drink</i>	4.42	35.0%
Agriculture	1.39	11.0%
Dairy Products, etc	0.85	6.7%
Baked Products, Cereals & B'fast	1.03	8.1%
Meat, Poultry & Fish	<u>1.15</u>	9.1%
<i>Transportation</i>	1.17	9.2%
<i>Other</i>	<u>0.60</u>	4.7%
<u>Core</u>	<u>5.45</u>	<u>43.1%</u>
<u>TOTAL</u>	<u>12.65</u>	<u>100.0%</u>