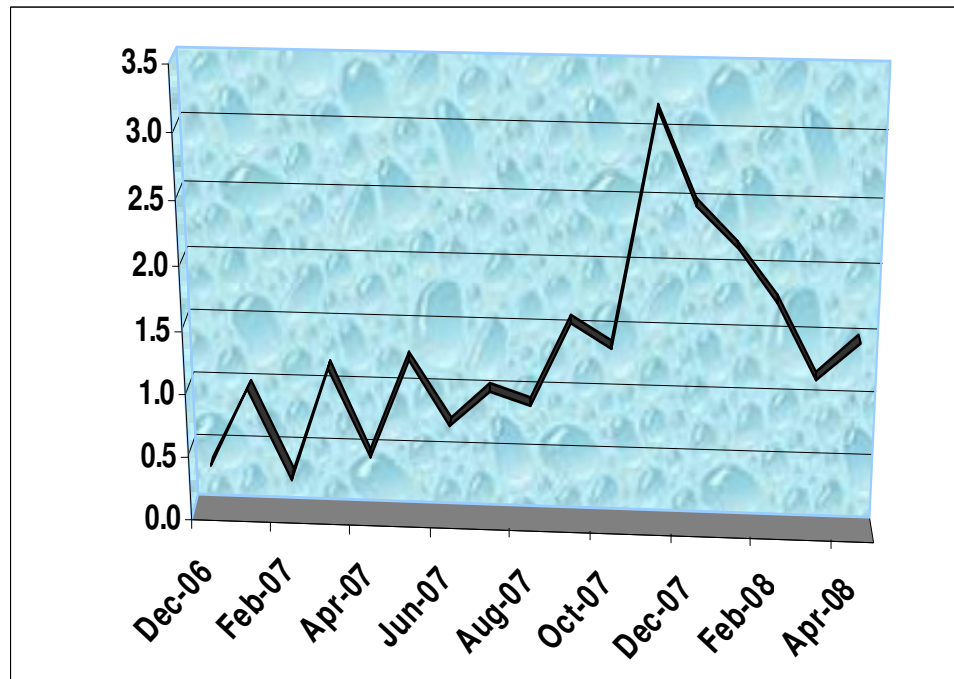


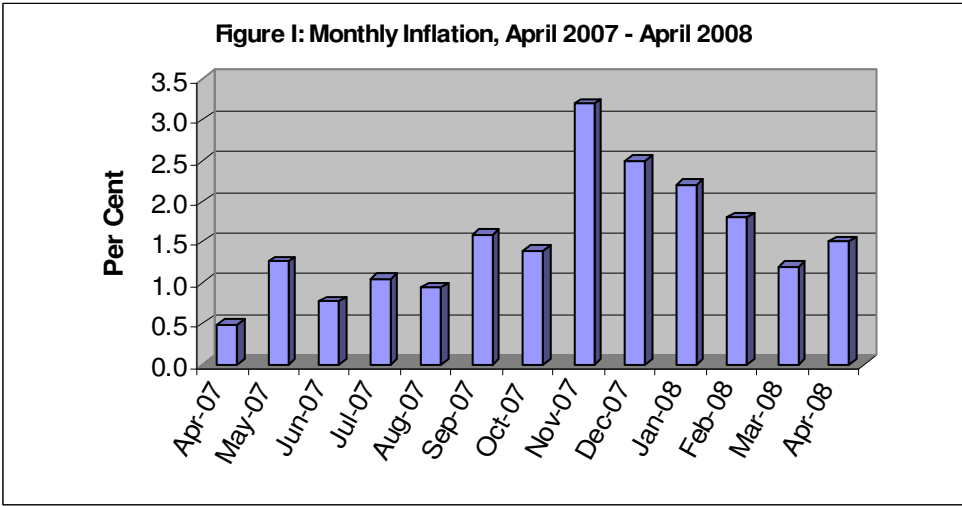
April 2008



# MONTHLY INFLATION REPORT

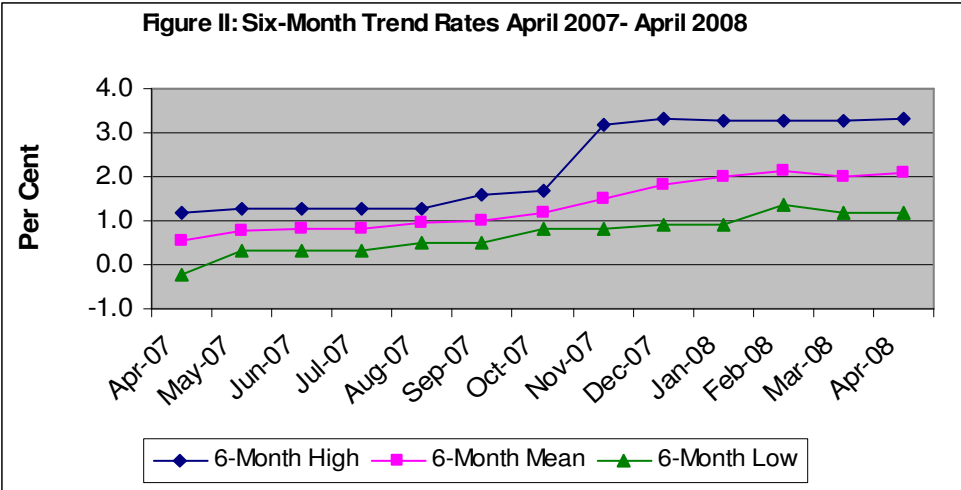
## Introduction

For April 2008, the 'All Divisions' Consumer Price Index increased to 124.8, reflective of a 1.5 per cent increase in inflation. Inflation for the preceding month and for April 2007 was 1.2 per cent and 0.5 per cent, respectively (Figure I). April's inflation out-turn resulted in a calendar year-to-date inflation of 6.8 per cent. Inflation for the review month was due largely to increased food and energy prices.

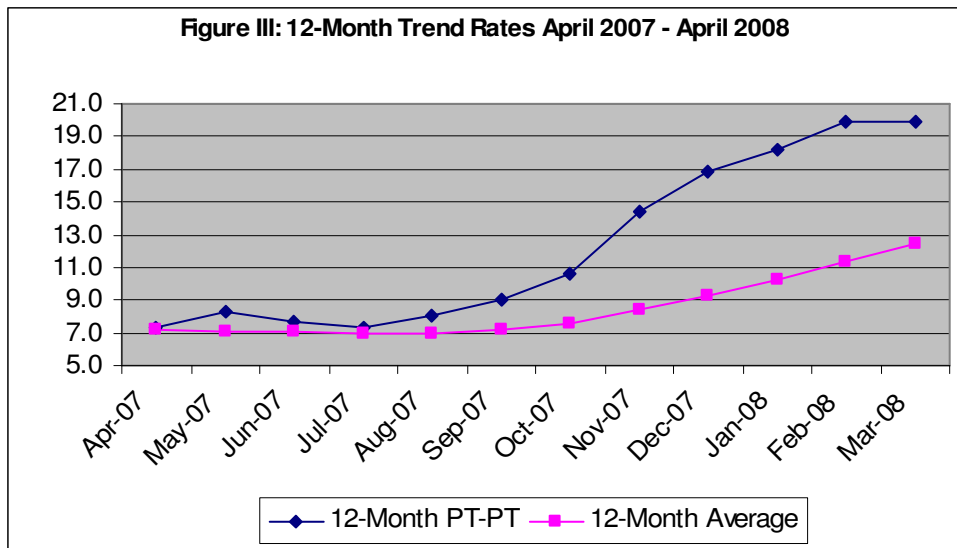


## Recent Trends

Inflation for April resulted in the following trend rates:



- ✓ Mean inflation for the past six months (6-month mean) was 2.1 per cent (Figure II). The highest inflation for the past 6 months was the 3.3 per cent recorded in November 2007, whilst the lowest was 1.2 per cent recorded in March.
- ✓ the 12-month average<sup>1</sup> inflation was 13.5 per cent, this was 1.1 percentage points above the same rate recorded for the preceding month (Figure III).
- ✓ the 12-month point-to-point inflation (April 2007 to April 2008) was 21.3 per cent.



<b>Table I: CALENDAR YEAR &amp; FISCAL YEAR-TO-DATE INFLATION</b>			
<b>Period</b>	<b>Calendar Year to Date</b>	<b>Period</b>	<b>Fiscal Year to Date</b>
<b>2005</b>	3.3	<b>2005/2006</b>	1.8
<b>2006</b>	1.4	<b>2006/2007</b>	1.2
<b>2007</b>	3.0	<b>2007/2008</b>	0.5
<b>2008</b>	6.8	<b>2008/2009</b>	1.5

<sup>1</sup> This is a moving average taking the change in the average CPI for the 12 months to date over the average CPI for the previous 12 months.

## **ANALYSIS OF INFLATION FOR APRIL**

### ***Commodity Composition of Price Changes***

All divisions with the exception of Communication recorded increased indices. The division **Food & Non-Alcoholic Beverages**, which increased by 1.8 per cent continued to be the largest contributor to overall inflation. All three groups within this division recorded increased indices: **Food** (1.9 per cent); **Vegetables & Starchy Foods** (1.5 per cent); and **Non-Alcoholic Beverages** (0.9 per cent). Prices in the Food group were highly influenced by international grain prices, in particular wheat and rice. This largely influenced the movement in the indices for: **Bread & Cereals** (3.5 per cent); **Meat** (1.3 per cent); **Milk, Cheese & Eggs** (2.1 per cent); and **Oils & Fats** (4.0 per cent).

The group **Vegetables & Starchy Foods** was largely driven by the 1.6 per cent increase in the index for **Starchy Foods**. Also significant was the 1.4 per cent increase in the index for **Vegetables**. The movement in **Non-Alcoholic Beverages** was supported by movements in the indices for both **Mineral waters, Soft Drinks, Fruit & Vegetable Juices** and **Coffee, Tea & Cocoa**.

Higher food prices also influenced the 1.0 per cent increase in the index for the division **Restaurants & Hotels**.

There was a 2.5 per cent increase in the index for **Housing, Water, Electricity, Gas & Other Fuels**. This out-turn was largely due to a 4.0 per cent increase in the index for the group **Electricity, Gas & Other Fuels**. The fuel portion of electricity rates was adjusted upwards in response to movements in international crude oil prices. Also contributing was the 1.5 per cent and the 1.1 per cent increase in the groups, **Maintenance & Repair of the Dwelling** and **Water Supply & Miscellaneous Services**, respectively.

During the review month the index for **Miscellaneous Goods & Services** increased by 2.0 per cent and was the third largest contributor to overall inflation. Items in this

division which recorded increased prices included jewellery, visa fees, toiletries and some salon services.

On average the cost of **Transportation** increased by 0.8 per cent. This movement was influenced by the increases in international crude oil prices. There were higher domestic fuel prices, in particular unleaded gasoline and diesel fuels.

The indices **Health** and **Furnishings, Household Equipment & Routine Household Maintenance** increased by 1.3 per cent and 0.8 per cent, respectively. Health-related costs were primarily driven by the 1.9 per cent increase in *Health Services*. For Furnishings, Household Equipment & Routine Household Maintenance, all six groups recorded increased indices.

The indices for **Recreation & Culture** and **Furnishings, Household Equipment & Routine Household Maintenance** increased by 0.9 per cent and 0.5 per cent, respectively. For the former, the increased index was attributed to higher entertainment equipment and information processing prices. While for the latter, there were higher prices in the groups *Household Textiles* and *Tools and Equipment for House & Garden*.

<b>Table II –INFLATION AND CONTRIBUTION TO INFLATION BY CPI DIVISION</b>					
	<b>April 2007</b>	<b>March 2008</b>	<b>April 2008</b>	<b>Percentage Contribution, April 2008 *</b>	<b>Percentage Point Contribution, April 2008 *</b>
<b>ALL DIVISIONS</b>	<b>0.5</b>	<b>1.2</b>	<b>1.5</b>	<b>100.0</b>	<b>1.5</b>
<b>FOOD &amp; NON-ALCOHOLIC BEVERAGES</b>	<b>0.6</b>	<b>2.1</b>	<b>1.8</b>	<b>45.3</b>	<b>0.7</b>
<b>ALCOHOLIC BEVERAGES &amp; TOBACCO</b>	<b>1.9</b>	<b>0.7</b>	<b>0.4</b>	<b>0.4</b>	<b>0.0</b>
<b>CLOTHING &amp; FOOTWEAR</b>	<b>0.8</b>	<b>0.9</b>	<b>0.8</b>	<b>1.6</b>	<b>0.0</b>
<b>HOUSING, WATER, ELECTRICITY, GAS &amp; OTHER FUELS</b>	<b>-0.8</b>	<b>-0.9</b>	<b>2.5</b>	<b>21.9</b>	<b>0.3</b>
<b>FURNISHINGS, HOUSEHOLD EQUIPMENT &amp; ROUTINE HOUSEHOLD MAINTENANCE</b>	<b>0.6</b>	<b>0.7</b>	<b>0.7</b>	<b>2.7</b>	<b>0.0</b>
<b>HEALTH</b>	<b>0.2</b>	<b>0.3</b>	<b>1.3</b>	<b>2.9</b>	<b>0.0</b>
<b>TRANSPORT</b>	<b>1.1</b>	<b>0.5</b>	<b>0.8</b>	<b>7.2</b>	<b>0.1</b>
<b>COMMUNICATION</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>RECREATION &amp; CULTURE</b>	<b>1.4</b>	<b>0.9</b>	<b>0.5</b>	<b>1.0</b>	<b>0.0</b>
<b>EDUCATION</b>	<b>0.0</b>	<b>0.0</b>	<b>0.9</b>	<b>1.3</b>	<b>0.0</b>
<b>RESTAURANTS &amp; ACCOMMODATION SERVICES</b>	<b>0.7</b>	<b>0.4</b>	<b>1.0</b>	<b>4.2</b>	<b>0.1</b>
<b>MISCELLANEOUS GOODS &amp; SERVICES</b>	<b>0.5</b>	<b>3.6</b>	<b>2.0</b>	<b>11.5</b>	<b>0.2</b>
* There may be errors due to rounding					

**Regional Composition of Price Changes**

<b>Table III: REGIONAL CPI AND INFLATION</b>				
	<b>CPI</b>	<b>Inflation</b>		
	<b>April '08</b>	<b>April '07</b>	<b>March '08</b>	<b>April '08</b>
All Jamaica	124.8	0.7	1.2	1.5
GKMA	126.6	0.9	1.4	1.2
Other Urban Centres	124.3	0.3	1.6	1.5
Rural Areas	123.8	0.6	0.9	1.7

During the review period all three regions recorded higher indices. Rural Areas recorded the largest increase of 1.7 per cent, 0.3 percentage point above the preceding month. Within this region all divisions with the exception of Communication recorded higher indices. The most significant movements were the 2.1 per cent and 3.1 per cent in the indices for Food & Non-Alcoholic Beverages and Housing, Water, Electricity, Gas & Other Fuels, respectively.

The 1.5 per cent increase in the index for Other Urban Centres was marginally below the 1.6 per cent recorded for the previous month. The inflation out-turn for this region was mainly due to the movements in the regions: Food & Non-Alcoholic Beverages (1.7 per cent); Housing, Water, Electricity, Gas & Other Fuels (2.5 per cent); and Miscellaneous Goods & Services (2.5 per cent).

For April the Greater Kingston Metropolitan Area (GKMA) recorded its lowest inflation of 1.2 per cent for the calendar year. The largest index movement was for Miscellaneous Goods & Services (2.2 per cent), followed by Housing, Water, Electricity, Gas & Other Fuels (2.0 per cent) and then Food & Non-Alcoholic Beverages (1.2 per cent).

## **OUTLOOK**

For the next few months movements in the CPI are expected to be influenced by:

- the impact of continued increases in international commodity prices;
- impact of 25.0 per cent increase in taxi fares, effective May 10.