YOUR GUIDE TO THE JAMAICAN CPI

Preface

*This pamphlet was born out of the Bank's recognition of some commonly held misconceptions by the public about the source of data on inflation, and general issues relating to compilation and use of the CPI. Beyond that, it is envisioned that "**Your Guide to the Jamaican Consumer Price Index"** will serve as a useful tool for students and practitioners interested in a simple and illustrative discussion on the CPI.*

The pamphlet briefly touches on all the pertinent issues relating to the current method of calculating the Jamaican index, before discussing some of the more practical applications of the information. It is supported by appendix material and data that could be useful for research and other purposes.

*Bank of Jamaica wishes to express its thanks to the Statistical Institute of Jamaica for its support in the preparation of this, the **XX** in our series of pamphlets. All the errors and omissions however, are our own.*

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What is the Consumer Price Index?

The Consumer Price Index (CPI) is a measure of the rate of price change for goods and services bought by Jamaican consumers. It is the most widely used indicator of *inflation* in Jamaica.

The Jamaican CPI began during the Second World War, when the rapid changes in the cost of living highlighted the need to develop a mechanism that would measure aggregate price

Portmore and Spanish Town, while the Other Towns and Rural Areas regions cover the major shopping centres around Jamaica (see tables 1A, 1B & 1C in the appendix). In addition, specialised indices are published every year for consumers whose annual expenditure exceeded J$24,000.00 in 1984.

Relevance of the CPI

The CPI is relevant to all those who earn and spend money. When prices rise, the *purchasing power* of money drops, in that

> The Jamaican CPI is defined more precisely as an indicator of the change in consumer prices experienced by Jamaicans. It is obtained by comparing, through time, the cost of a *fixed basket* of commodities purchased by Jamaican consumers in a particular year. Since the basket contains commodities of unchanging or equivalent quantity and quality, the index reflects only *pure price movements.*

changes. The CPI was launched with a study conducted by the Department of Statistics, now the Statistical Institute of Jamaica (STATIN). This study was based on a budget that represented monthly expenditures of a family of four within a certain income range. Since then the CPI has grown in comprehensiveness and detail to keep pace with increases in its use.

The Jamaican CPI for a given month is usually published by the end of the third full week of the following month. Detailed CPIs are published simultaneously for all of Jamaica, the Kingston Metropolitan Area (KMA), "Other Major Towns" in Jamaica, and the "Rural Areas". The KMA region covers Kingston, Urban St. Andrew,

people are able to buy less with the same amount of money. When prices fall, the purchasing power of money increases, or people are able to buy more with the same amount of money.

For this reason, the following is a list of some of the uses to which the CPI is put:

- Public and private sector wage settlements are typically adjusted to take account of changes in the CPI. Some contracts are normally linked to the CPI to protect the parties involved from losing purchasing power over the contract period. Also, given the protracted nature of some legal cases,

lawyers will ask for an adjustment in settlements to take account of changes in the CPI. There are of course cases where some people cannot do this. The chief example of these types of people would be pensioners and workers.

- Interest rate changes may be linked to movements in the CPI. An upward movement in the CPI causes depositors to demand more interest on their deposits from banks and other financial institutions. Banks in turn will try to pass on this increased cost to borrowers by increasing loan rates.

- Decisions to spend money for either personal consumption or investment depends on how the consumer thinks prices of goods and services are likely to move. The larger the changes in the CPI, the less likely one will be to save money and the more likely to consume.

Some misconceptions about the CPI

Misconception 1:

"The CPI is wrong because what it says is different from what I experience when I go to the supermarket"

Some people question the CPI numbers because their personal experience does not seem to match what is being reported. It is important to remember that the CPI measures the average price change of a selected set of goods and service that is purchased by the representative Jamaican, in a certain income range. It cannot and should not be expected to reflect the price change experience of every household or person.

The current CPI basket contains many items, from which any one person will more than likely buy only a small set. In some cases, some people may buy commodities that are not in the CPI at all! Also, no two persons will buy exactly the same set of items.

Now, for a particular month, the prices of some of the items in the CPI may go up, while the prices of others may go down. It is therefore very likely that the overall price change for the set of items that are bought by an individual will be different from the overall movement in the CPI. As well, the overall price change of the set of items that are bought by an individual will be different from the overall price change experienced by other consumers.

Misconception 2

"The CPI numbers come from the Bank of Jamaica"

The Bank of Jamaica (BOJ) does not produce the CPI. The principal authority on collecting and reporting on the CPI is the Statistical Institute of Jamaica (STATIN). However, using the CPI data produced by STATIN, the BOJ does estimate and report a measure of inflation called **Core Inflation**.

One of the main functions of the Central Bank is to prevent excessive changes in the CPI, or high inflation. In discharging its duty, the Bank naturally analyses data on the CPI on a monthly basis. For this reason, the BOJ is in a position to inform the public about the CPI through its various methods of publication, and to provide analyses on inflation.

Misconception 3

"Jamaica only produces one measure of inflation".

The CPI is often perceived as the only measure of the rate of price changes. This is a common misconception. STATIN publishes an alternative measure of prices called the **Gross Domestic Product** (GDP) **Deflator**. This deflator, unfortunately, is only available annually, and its movement reflects average price changes of all goods and services produced in Jamaica, and which are recognised in the **system of national accounts (SNA)**.

Other measures of price changes also exist. The Consumer Affairs Commission (CAC) presently publishes a monthly bulletin on selected commodities sold in supermarkets, pharmacies, and service stations. The information is however not summarised into a single index as done with the deflator and the CPI.

In addition, the Ministry of Agriculture publishes periodic reports on price movements. The Petroleum Corporation of Jamaica also informs the public of changes in the price of petroleum products as the need arises.

Misconception 4

"The CPI and its sub-indices are actual prices of goods and services"

Although people sometimes misinterpret the CPI figures as actual prices, this is wrong. It is also equally wrong to compare the indices for two commodities or groups of commodities and conclude that one is more expensive than the other. The CPI only shows the rate at which prices change between two periods. For example, two Jamaican price indices for December 1998 were as follows: Food & Drink; 1226.6, and Miscellaneous Expenses; 1592.8. From these numbers, we cannot conclude that the prices of Miscellaneous Expenses items were higher than the prices of Food and Drink items in December 1999. The indices only show that Miscellaneous Expenses rose by 1,492.8 percent since 1988, while Food and Drink rose by 1,116.6 percent. What we can conclude is that, on average, the prices of Miscellaneous Expenses items rose faster than the prices of Food & Drink items over the period.

The Groups that make up the CPI

The goods and services included in the CPI are those considered legal retail consumer items that have standard weights or measures. Nothing is omitted on the basis of moral judgement. For example, some people may

regard alcohol or cigarettes as socially undesireable. However, these products are included in the CPI because they represent a significant proportion of the expenditure of Jamaican households.

The goods and services are organised in the CPI according to a classification system. Every product is uniquely identified, and is grouped with other items or commodities because they either have a common end-use, or because they are considered substitutes for each other. These families of products are joined together in a hierarchical manner. The lowest level of the hierarchy is called an *item*, followed by a *commodity* (which is made up of items). The next level in the hierarchy is the sub-group, (which is made up of commodities), followed by the group (or sub-index, consisting of sub-groups) and finally All Items.

Under this classification system in Jamaica, there are 288 items, 231 commodities, 20 sub-groups and 8 groups.

As an example of how items are arranged in the classification system, an item such as Grace tinned mackerel belongs to the *commodity class* "Fish (canned)", which in turn comes under the larger *sub-group*, "Meat Poultry & Fish". When "Meat Poultry & Fish" is combined with "Meals Away from Home", "Dairy Products Oils & Fat", "Baked Products, Cereals & Breakfast Drink", "Starchy Foods", "Vegetables & Fruits", and "Other Foods & Beverages", they form the *group* "Food & Drink". By this method of organisation, the CPI groups are constructed as shown in box 2.

It is important to recognise that the Healthcare & Personal Expenses and Transportation groups have no subgroups.

Relative Importance of Commodities in the CPI (Weights)

The CPI uses the relative importance of items, or *weights*, in determining the strength of an overall price change for a month. The weight of an item is the percentage share of expenditure on the item in the base year, compared with the specified consumers' total expenditure. These percentage shares are calculated from surveys

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Box 2
Major Groups: Jamaican CPI[*]

1. Food & Drink
2. Fuels & Other Household Supplies
3. Housing
4. Household Furnishing & Furniture
5. Healthcare & Personal Expenses
6. Personal Clothing Footwear & Other Accessories
7. Transportation
8. Miscellaneous Expenses

* For a more detailed view of the components of the Jamaican CPI, see table 3, Appendix.

Figure 1
1988 Weights by Major Groups, expressed as Percentages
Jamaican CPI
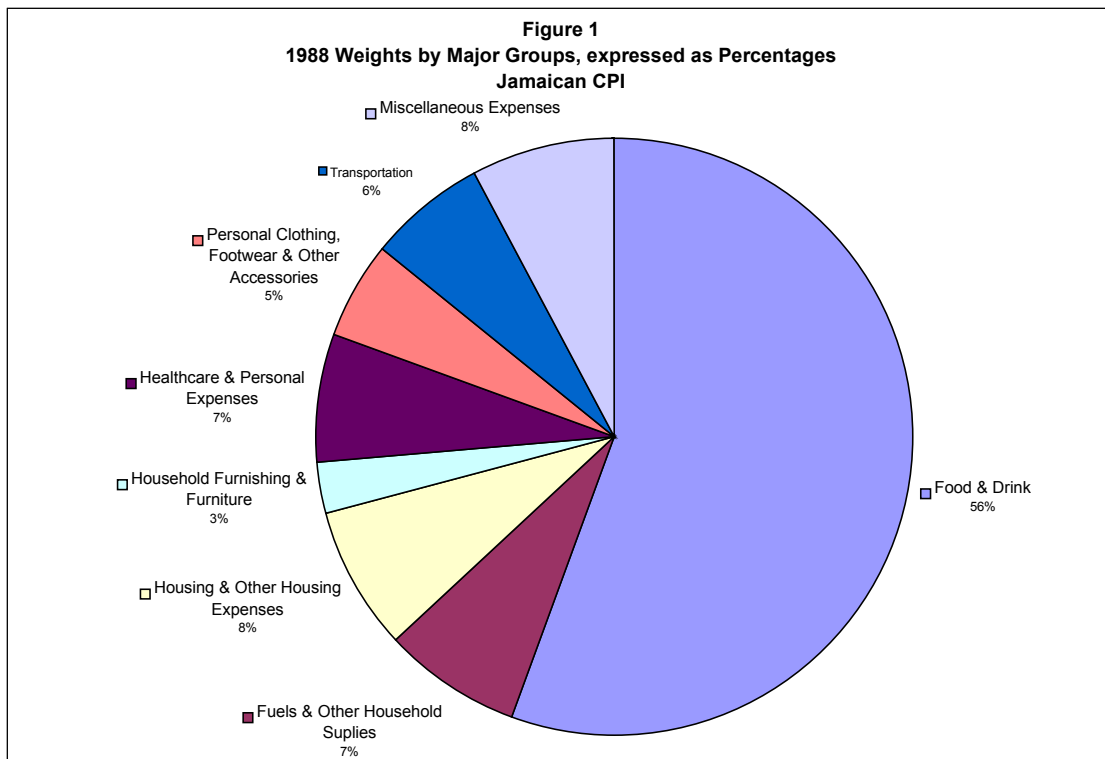
of household spending. The last survey was carried out in 1984, and identified that approximately 85 percent of Jamaican households had a total expenditure of J$24,000.00 per year or less. Based on the findings of this survey, the revised CPI became operational in January 1988.

Weights determine the impact that a particular price change will have on the consumer's budget. For example, yellow yam has a weight of 1.33 in the CPI, while steel for house repairs has a weight of 0.03. This means that yellow yam is about 44 times more important than steel to the selected Jamaican consumer It should be clear that if the price of yellow yam doubled, the average consumer's budget would increase by

1.33 per cent, while if the price of steel for house repairs doubled, the average consumer's budget would increase by 0.03 per cent.

The eight groups of the CPI along with their respective weights appear in figure 1. It is clear to see that the group "Food & Drink" commands the highest weight among all the groups, accounting for 56 percent of total expenditure in 1984.

Construction of the CPI

Collecting Prices
Prices are collected for most of the 288 items in the CPI on a monthly basis. Collection takes place during the first full week of every month from a fixed set of retail outlets throughout the three regions (table 1A – C, appendix). Before

prices enter the CPI calculations, they are examined for accuracy and validity, and then averaged for each item in the three regions. Since the CPI is designed to measure price changes experienced by Jamaican consumers, the prices used in the Consumer Price Index are those that any consumer would have to pay on the day of the survey. This means that if an item is on sale, the sale price is collected. The index that results from this price collection activity is used as the price level for that month.

STATIN also recognises that since prices of items such as telephone services and bus fares are usually published, they can be re-priced when an announcement occurs. Generally, the more prices change, the more often they are collected. In cases where goods appear on the market seasonally, prices are collected in the season when they are available, and are held constant at the last price collected until when they become available again.

A special problem that can arise is where an item becomes permanently unavailable on the market (also referred to as being in non-supply). There are several methods of dealing with this, but the general idea is to remove the item from the CPI, and recalculate the share of expenditure represented by the remaining items. STATIN usually carries out careful investigation over a period, no less than six months, to ensure that the item is truly unavailable on the market before removing it from the basket.

Calculating the Indices

The calculation of the monthly All-Jamaica index starts with the measurement of price indices for a particular commodity. Price indices for the commodities are then combined following the hierarchy, with the appropriate weight being applied along the way. For example, the indices for fresh (or frozen) beef, canned beef, fresh (or frozen) fish, and other meat products are combined to form an index for "Meat Poultry & Fish". Similarly, the various items that make up "Dairy Products Oils & Fats" are combined to obtain that index. These sub-group indices are then further combined to arrive at the group: "Food & Drink".

The first step in this process is to form a **price relative** for each commodity. If the current month is December, for example, and the item is a pack of cigarettes, the price relative for the pack of cigarettes is the ratio of December's average price for cigarettes in a region, to the average price in the base month (assume this to be January of the same year). If the average price of cigarettes for January & December were $90.00 and $100.00 respectively, the price relative would be:

$$\frac{\$100.00}{\$90.00} \;=\; 1.11$$

This ratio indicates that an 11.0 per cent increase in the average price of a pack of cigarettes occurred between the first week of January and the first week of December.

The second step is to form an index of commodities at the sub-group level for a particular region. Imagine that the "Miscellaneous Expenses" sub-group contains only cigarettes and schoolbooks, that the weights for the two commodities within that sub-group are 0.7 and 0.3 respectively, and that the price relative for schoolbooks in December was 1.52 (calculated in the same way we calculated the price relative for cigarettes). The December index for "Miscellaneous Expenses" would be found by multiplying each price relative by its respective weight, adding the two and using the sum of the weights as a divisor:

$$\frac{1.11 \times 0.7 \quad + 1.52 \times 0.3}{0.3 + 0.7} = 1.23$$

The sub-group indices are further combined to obtain a group index, which in turn are used to obtain an "All Item" index for a particular region. To arrive at an index for the country as a whole, "cross weights" are applied at the sub-group level, after which the three weighted-indices are added.

Calculating Percentage Changes

To illustrate the most frequent calculations done with price indices, we shall use data from Table 2 in the appendix. Table 2 has three sections. In the first section the indices for all Jamaica between 1988 and 1999 are given by month. These monthly indices are also averaged over the twelve calendar months to arrive at an annual average index. The three most frequently calculated percentage changes are as follows:

- **Monthly**: Between a given month and the preceding month.

- **Annual Point to Point:** Between a given month and the same month of the previous year; and

- **Annual Average:** Between the annual average index of a given year and that of the previous year.

The second and third sections of table 2 in the appendix show these percentage changes. They are calculated from the indices in the first section.

To illustrate the first measure (monthly), the percentage change between November 1999 and December 1999 is calculated as follows:

$$\frac{(1265.9 - 1259.9)}{1259.9} \times 100\% = 0.48\%$$

The result of this month-over-month calculation tells us that from November 1999 to December 1999, prices increased by an average of 0.48 per cent in Jamaica.

Many people consider the alternative formula (a simple derivation from the first) more convenient:

$$\left[\frac{1265.9}{1259.9} - 1 \right] \times 100\% = 0.48\%$$

In all the cases that follow, we will employ this second formula.

To illustrate the second measure (annual point to point), the percentage change between December 1998 and December 1999 is calculated as follows:

$$\left[\frac{1265.9}{1185.5} - 1 \right] \times 100\% = 6.8\%$$

The result of this year-over-year calculation tells us that for the twelve-month period, prices increased by an average of 6.8 per cent in Jamaica.

To illustrate the third measure (annual average), the percentage change between the annual average index at December 1998 and the annual average index at December 1999 is calculated as follows:

$$\left[\frac{1215.9}{1147.6} - 1 \right] \times 100\% = 6.0\%$$

The result of this calculation tells us that the average level of prices in Jamaica for all of 1999 was higher than that for 1998 by 6.0 per cent.

It is possible to calculate percentage changes over any two periods. To do this, always remember to divide the more recent index by the older index, subtract 1, and then multiply by 100. A typical use of these calculations is to determine the inflation rate between the start of the fiscal (April) or calendar year (January), and the current month. For the purpose of economic planning, the Bank of Jamaica targets inflation on a fiscal year basis (April – March).

Some Popular Uses of the CPI

Escalation Factor
As noted earlier, given that legal cases are sometimes protracted in nature, the Consumer Price Index can be used to adjust settlements to take account of changes in the purchasing power of money. In this case, the CPI is used as an *escalation factor*. This escalation factor is necessary because when prices rise, a given sum of money buys fewer goods and services. If someone was owed $100.00 in January 1990 and had to wait on an award from the court system for 5 years before the money was received, the purchasing power of the $100.00 in 1995 would be less than its purchasing power in 1990.

Based on table 2A, how much would the creditor have to get back to maintain the purchasing power of $100.00 in 1990? Now the CPI for January 1990 was 129.6, while the CPI for January 1995 was 701.1. Based on these indices, the $100.00 would be adjusted in the following manner to ensure that the creditor is protected from inflation:

$$\frac{701.1}{129.6} \times \$100.00 = \$540.97$$

This means that the creditor would have to receive \$540.97 in January 1995, to ensure that he could afford the same quantity of goods that the \$100.00 could have bought in January 1990.

Deflating a number

In many cases, people are interested in ascertaining how the purchasing power of their income is changing over time. When employees are given increases in their pay packages, they cannot be certain if they are doing better or worse than they had been doing in the past without adjusting their earnings for inflation. For example, a worker might have been earning at a rate of \$5,000.00 per month in January 1988, and \$40,000.00 per month in January 1998. Despite the large difference between these two numbers, they cannot be compared directly because a dollar in 1998 will buy a different quantity of goods and services compared with a dollar in 1988. To compare dollar values over time, we must convert the worker's earnings in 1998 to constant dollar values (i.e. what current earnings would have been worth in some base period if the appropriate correction is made for inflation since the base period). This means that the current dollar values are all re-expressed in terms of the value of the dollar at a specific earlier point in time.

Given that the CPI in January 1988 was 100, and the CPI in January 1998 was 1185.5, we convert the worker's 1998 salary to a comparable salary in 1988 by performing the following calculation:

$$\frac{100.0}{1185.5} \times \$40,000 = \$3,374.15$$

This means that \$40,000.00 in 1998 could purchase the equivalent of \$3,374.15 in 1988. This is of course much less than the \$5,000.00 in 1988, indicating that the worker's purchasing power in 1998 had fallen relative to his purchasing power in 1988. The type of calculation performed in this example is typically referred to as "deflating" a number. In general, to deflate a number, divide the index in the past by the current index and multiply the current numerical value by that ratio. The \$3,374.15 would loosely be referred to as being expressed in January 1988 prices.

Changes in the CPI Since 1988

The history of changes in the CPI in Jamaica since 1988 is depicted by figure 2 (appendix). We have chosen to show the annual point-to-point inflation rate for four months of each year: March, June, September and December. The most obvious feature of the graph is the high rate of inflation recorded in March 1992 (point 1).

This high level of inflation reflected significant changes in the exchange rate, which moved from US\$1.00 = J\$7.90 at the end of September 1990 to US\$1.00=J\$27.38 by end March 1992.

The exchange rate affects inflation because the price of every commodity that is imported into the country is converted from foreign to local prices using this rate.

The figure also shows that inflation in 1994 and 1996, again in response to significant changes in the exchange rate (points 2 & 3), was relatively high.

Of some significance, inflation has been relatively low since December 1996 (point 4). In fact, the annual point-to-point rate of 6.8 percent at December 1999 was the lowest rate recorded in the period since March 1988.

The low inflation out-turn since 1996 demonstrates the Bank of Jamaica's success at containing the main factors that affect inflation, namely the money supply and excessive changes in the exchange rate. The Bank has the objective of reducing inflation to the level of Jamaica's main trading partners, and maintaining changes in the CPI at this level.

APPENDIX

Annual Point to Point Inflation Rates
Jamaica (1988 - 1999)
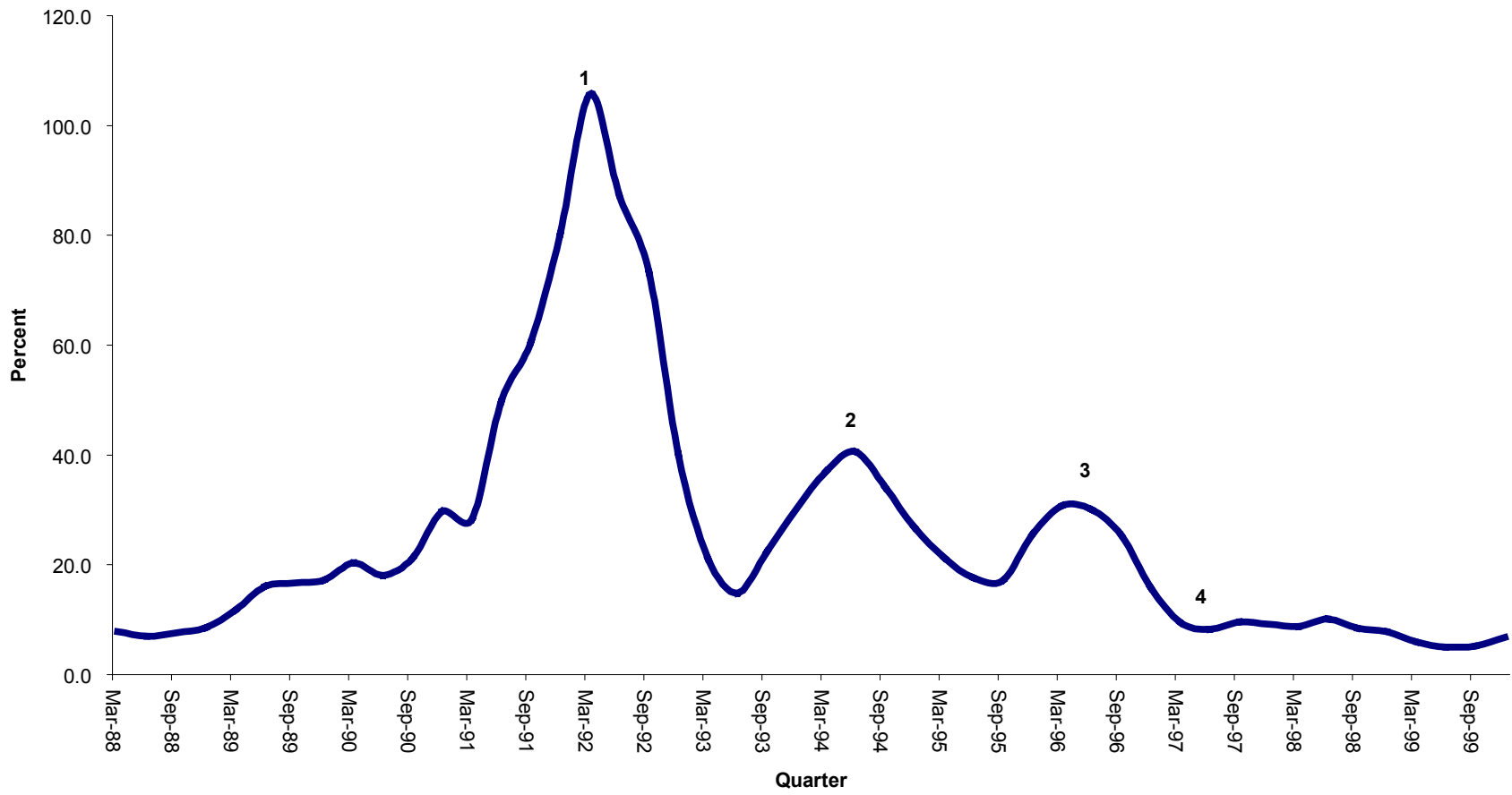
Table 1A
Kingston
Metropolitan Area

Kingston
Portmore
Spanish Town
Urban St. Andrew

Table 1B
Other Towns

Annotto Bay	Frankfield	Morant Bay
Black River	Grange Hill	Ocho Rios
Brown's Town	Highgate	Old Harbour
Buff Bay	Linstead	Port Antonio
Chapelton	Lionel Town	Port Maria
Christiana	Lucea	Porus
Claremont	Mandeville	Santa Cruz
Clark's Town	May Pen	Savanna-La-Mar
Falmouth	Montego Bay	St. Ann's Bay

Table 1C
Rural Areas

Aenon Town	Darliston	Lambs River	Riversdale & Hampshire
Albert Town	Delroy	Lluidasvale	Sheffield
Alley	Devon	Lumsden	Skibo
Baileysvale	Duckenfield	Lyssons	Southfield
Balcarres	Golden Grove	Malvern	Spauldings
Bamboo	Granville	Moneague	Springfield
Belmont	Green Island	Gordon Town	Springhill
Benbow	Gutters	Mt. Pleasant	St. Margaret's Bay
Bog Walk	Guys Hill	Negril	Summerfield
Bowden	Hope Bay	Newroads & Warsop	Troy
Cambridge	Hopewell	Oracabessa	Wakefield
Cold Spring	Kellits	Pedro Cross	Yallahs
Cornwall Mountains	Kensington	Pondside	York Town
Cross Keys		Port Morant	

Source: STATIN

Table 2A

Jamaican Consumer Price Index

(1988=100)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Average
1988	100.0	100.0	100.2	100.6	100.7	101.4	102.8	104.0	104.1	107.1	108.6	109.2	103.2
1989	111.3	111.4	112.0	113.0	116.2	117.7	118.8	119.7	121.5	122.3	124.3	128.0	118.0
1990	129.6	131.2	134.8	137.0	137.7	139.0	141.9	146.1	147.4	154.5	161.8	166.1	143.9
1991	168.3	170.6	172.9	180.9	188.8	208.1	219.2	228.3	236.8	257.5	278.9	299.3	217.5
1992	315.3	339.6	355.7	376.1	387.0	389.9	399.7	403.6	410.2	412.2	417.3	419.6	385.5
1993	423.2	425.2	430.7	435.5	442.8	447.8	466.0	481.9	502.3	514.6	531.2	546.0	470.6
1994	558.9	578.0	590.4	601.6	616.1	629.8	650.5	666.4	673.5	682.5	687.3	692.3	635.6
1995	701.1	709.2	715.8	723.5	733.7	740.9	753.5	766.4	789.2	810.3	832.8	869.2	762.1
1996	892.1	921.6	936.4	948.8	960.0	963.6	970.4	978.4	989.4	994.7	999.0	1006.9	963.4
1997	1012.8	1022.0	1025.5	1032.1	1039.5	1043.4	1055.0	1069.3	1084.5	1094.0	1100.2	1099.2	1056.4
1998	1106.8	1107.5	1115.9	1119.8	1129.0	1149.2	1162.4	1174.5	1175.8	1172.1	1173.2	1185.5	1147.6
1999	1189.9	1176.8	1182.5	1179.9	1190.6	1205.9	1220.4	1234.3	1237.6	1247.5	1259.9	1265.9	1215.9

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
					Table 2B							
					Jamaican Consumer Price Index							
					Monthly % Change							
1988	-0.60	0.00	0.20	0.40	0.10	0.70	1.38	1.17	0.10	2.88	1.40	0.55
1989	1.92	0.09	0.54	0.89	2.83	1.29	0.93	0.76	1.50	0.66	1.64	2.98
1990	1.25	1.23	2.74	1.63	0.51	0.94	2.09	2.96	0.89	4.82	4.72	2.66
1991	1.32	1.37	1.35	4.63	4.37	10.22	5.33	4.15	3.72	8.74	8.31	7.31
1992	5.35	7.71	4.74	5.74	2.90	0.75	2.51	0.98	1.64	0.49	1.24	0.55
1993	0.86	0.47	1.29	1.11	1.68	1.13	4.06	3.41	4.23	2.45	3.23	2.79
1994	2.36	3.42	2.15	1.90	2.41	2.22	3.29	2.44	1.07	1.34	0.70	0.73
1995	1.27	1.16	0.93	1.08	1.41	0.98	1.70	1.71	2.97	2.67	2.78	4.37
1996	2.63	3.31	1.61	1.32	1.18	0.38	0.70	0.83	1.12	0.54	0.43	0.79
1997	0.59	0.91	0.34	0.64	0.72	0.38	1.11	1.36	1.42	0.88	0.57	-0.09
1998	0.69	0.06	0.76	0.35	0.82	1.79	1.15	1.04	0.11	-0.31	0.09	1.05
1999	0.37	-1.10	0.48	-0.22	0.91	1.29	1.20	1.14	0.27	0.80	0.99	0.48

Table 2C
Jamaican Consumer Price Index
Annual Point to Point & Annual
Average Percentage Change

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Average
1988	8.5	8.2	7.8	8.0	7.2	7.0	7.5	8.2	7.6	9.8	10.4	8.5	N/A
1989	11.3	11.4	11.8	12.3	15.4	16.1	15.6	15.1	16.7	14.2	14.5	17.2	14.3
1990	16.4	17.8	20.4	21.2	18.5	18.1	19.4	22.1	21.3	26.3	30.2	29.8	22.0
1991	29.9	30.0	28.3	32.0	37.1	49.7	54.5	56.3	60.7	66.7	72.4	80.2	51.1
1992	87.3	99.1	105.7	107.9	105.0	87.4	82.3	76.8	73.2	60.1	49.6	40.2	77.3
1993	34.2	25.2	21.1	15.8	14.4	14.8	16.6	19.4	22.5	24.8	27.3	30.1	22.1
1994	32.1	35.9	37.1	38.1	39.1	40.6	39.6	38.3	34.1	32.6	29.4	26.8	35.1
1995	25.4	22.7	21.2	20.3	19.1	17.6	15.8	15.0	17.2	18.7	21.2	25.6	19.9
1996	27.2	29.9	30.8	31.1	30.8	30.1	28.8	27.7	25.4	22.8	20.0	15.8	26.4
1997	13.5	10.9	9.5	8.8	8.3	8.3	8.7	9.3	9.6	10.0	10.1	9.2	9.7
1998	9.3	8.4	8.8	8.5	8.6	10.1	10.2	9.8	8.4	7.1	6.6	7.9	8.6
1999	7.5	6.3	6.0	5.4	5.5	4.9	5.0	5.1	5.3	6.4	7.4	6.8	6.0

Table 3

Component Weights of the Jamaican CPI (%)				
	KMA	*Other Towns*	*Rural*	*All Jamaica*
FOOD & DRINK	**50.53**	**53.55**	**59.88**	**55.63**
- Meals Away From Home	17.3	16.0	10.3	7.4
- Meat Poultry & Fish	28.8	30.2	28.7	16.1
- Dairy Products Oils & Fats	12.2	12.1	11.8	6.7
- Baked Products Cereals & Breakfast Drink	15.0	14.7	16.1	8.6
- Starchy Foods	5.9	7.6	12.0	5.3
- Vegetables & Fruits	11.9	10.7	11.9	6.5
- Other Food & Beverages	8.9	8.9	9.2	5.0
FUELS & OTHER HOUSEHOLD SUPPLIES	**7.44**	**7.51**	**7.24**	**7.35**
- Household Supplies	64.84	61.88	67.34	4.82
- Fuels	35.16	38.12	32.66	2.53
HOUSING & OTHER HOUSING EXPENSES	**11.4**	**8.89**	**5.05**	**7.86**
- Rental	33.84	19.98	19.03	2.09
- Other Housing Expenses	66.16	80.02	80.97	5.77
HOUSEHOLD FURNISHINGS & FURNITURE	**2.19**	**3.57**	**3.04**	**2.83**
- Furniture	32.56	23.62	27.63	0.68
- Furnishings	67.44	76.38	72.37	2.15
HEALTHCARE & PERSONAL EXPENSES	**9.53**	**6.31**	**5.4**	**6.97**
PERSONAL CLOTHING FOOTWEAR & ACC.	**4.42**	**5.11**	**5.5**	**5.07**
- Clothing Materials	11.97	10.8	10.34	0.55
- Readymade Clothing & Accessories	48.21	50.91	50.88	2.42
- Footwear	31.74	31.23	31.04	1.59
- Making & Repairs	8.08	7.06	7.74	0.51
TRANSPORTATION	**6.55**	**6.7**	**6.27**	**6.44**
MISCELLANEOUS EXPENSES	**7.94**	**8.36**	**7.62**	**7.85**
ALL GROUPS	**100.0**	**100.0**	**100.0**	**100.0**

Glossary of Terms

Core Inflation	-	Also called *Underlying Inflation*. It is that part of overall inflation that can be attributed to changes in the money supply. Central Banks typically try to control core inflation because there are some parts of inflation that are outside of their control. One example of this is the effect of changes in oil prices.
Cross Weights	-	Cross weights represent the share of total consumption accounted for by a particular region.
Gross Domestic Product (GDP)	-	This is the total value of all goods and services produced within a country over a particular time period. This measure of production is usually estimated over a year or three months.
Implicit GDP Deflator	-	Calculated by dividing current price GDP by constant price GDP. The difference between current and constant price GDP rests in the set of prices that are used to value production. For current price GDP, production is valued by prices that prevail in the period in question (the current period). For constant prices GDP, production is valued by prices that prevail in some past period (called the base year).
Inflation	-	A tendency for the cost of living to increase.
Item/Commodity	-	A commodity is a good or service that performs a particular task (e.g. condensed milk), while an item is particular brand (e.g. Nestle or Betty).
Purchasing Power	-	The ability of money to buy goods and services.

Price Relative	-	This is the ratio of two prices, in two different time periods, for a particular commodity. The price in the denominator of the price relative is the price that existed in the base year, while the price in the numerator is the price for the current period.
System of National Accounts (SNA)	-	An internationally accepted set of rules that guides the preparation of data on GDP and other measures of total income.
Weights	-	Weights in the CPI are the proportion of total consumption of goods and services that an individual commodity or item represent. Weights can be determined for the sub-groups, and groups.