



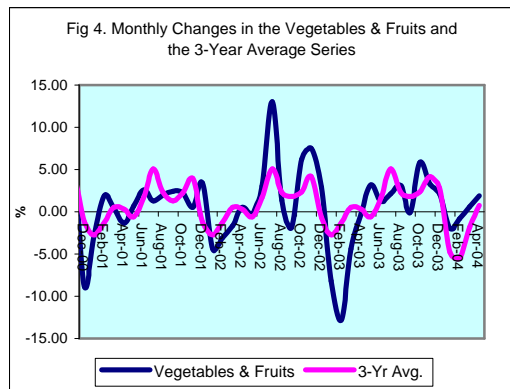
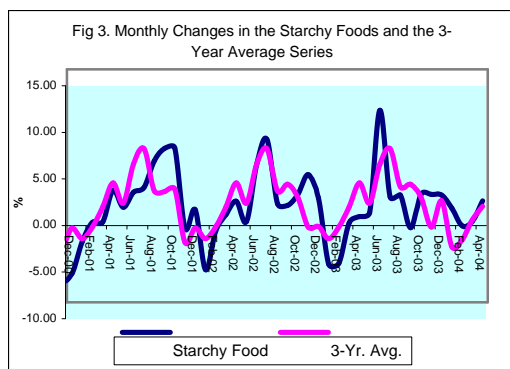
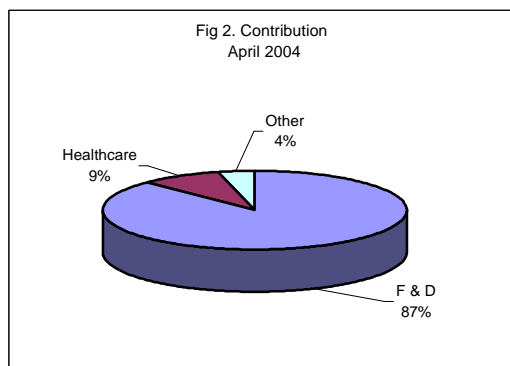
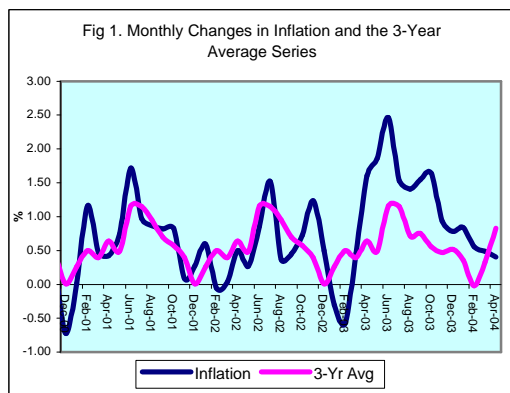
INFLATION REPORT

APRIL 2004



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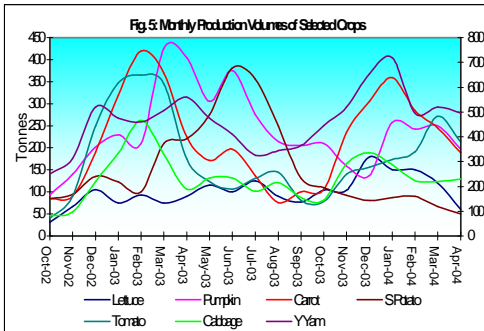
Introduction

1.0 The All Jamaica Consumer Price Index (CPI) increased by 0.4 per cent in April 2004. This brings the rate of inflation for the calendar year to date to 2.3 per cent, compared to 1.1 per cent obtained over the same interval in 2003. The annual average rate at April 2004 was 13.5 per cent, significantly higher than the 6.5 per cent as at April 2003 (Table 1). Similarly, the point-to-point inflation rate was 15.4 per cent, 8.1 percentage points above that recorded in the similar period of 2003. More importantly, however, the outturn for April reflects a continuation of the downward trend in monthly inflation since the peak in June 2003.

2.0 The inflation outturn in April was primarily due to increases in global commodity prices as well as increases in domestic agricultural products due to reduction in supplies relative to March. These increases were largely reflected in the *Food & Drink* sub-index, which increased by 0.8 per cent, contributing 87.4 per cent to the overall inflation. Other significant contributors to the outturn were the *Healthcare & Personal Expenses* and *Fuels & Other Household Supplies* sub-indices, which increased by 0.6 per cent and 0.3 per cent, respectively. These sub-indices respectively contributed 8.6 per cent and 6.8 per cent to the overall inflation (Table 2). Other inflationary impulses of note were registered in the *Transportation* sub-index (0.4%), which contributed 4.9 per cent to the overall inflation. Of note, there were countervailing impulses in the *Housing & Other Housing Expenses* sub-index, which declined by 1.1 per cent (Table 2).

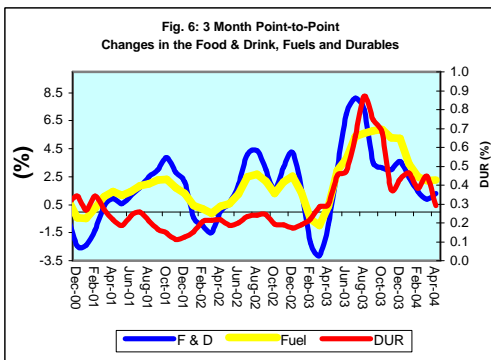
Main Developments in the Basket

3.0 The primary impetus to prices in the *Food & Drink* sub-index emanated from the *Meat, Poultry & Fish* sub-group. This sub-group increased by 1.0 per cent and primarily reflected price increases for fish, beef and chicken. These increases were due, in part, to the recent movements in international grain prices. Additionally, the price of fish reflected the seasonally higher demand associated with the Lenten period. There were also strong impulses from the *Vegetables & Fruits* sub-group, reflective of reduced

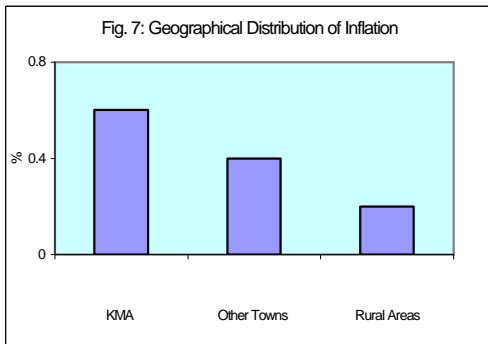


production volumes, relative to the previous month (see Figure 5).

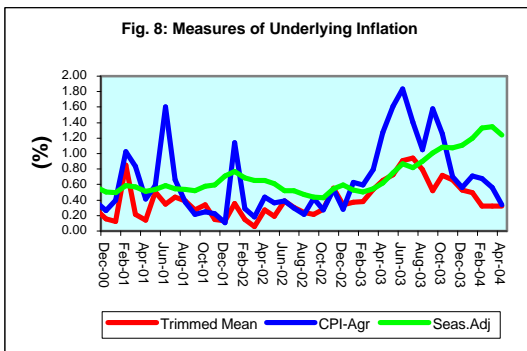
4.0 The increase in the *Healthcare & Personal Expenses* sub-index was primarily influenced by upward adjustments in dentists' fees. This item increased by 21.7 per cent, 4.1 per cent and 2.6 per cent in the KMA, Other Towns and Rural Areas, respectively.

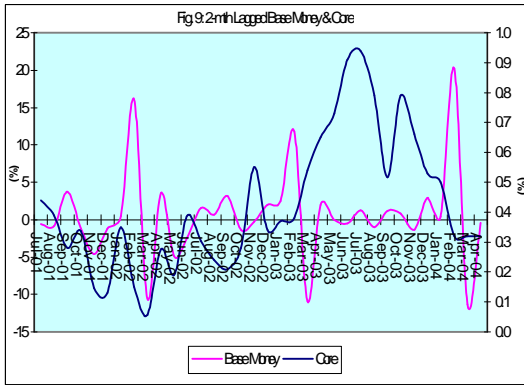


5.0 The *Fuels & Other Household Supplies* sub-index increased by 0.3 per cent. This was mainly influenced by upward adjustments in the prices of household supplies. Other impulses of note that arose in the *Transportation* sub-index were primarily the result of increased petroleum prices and other fuel related commodities. These increases were principally attributed to the movements in world oil prices, which despite declining by 0.1 per cent in April 2004, rose by approximately 7.0 per cent since the start of the calendar year. Additionally, relative to April 2003, world oil prices have increased by 29.9 per cent.



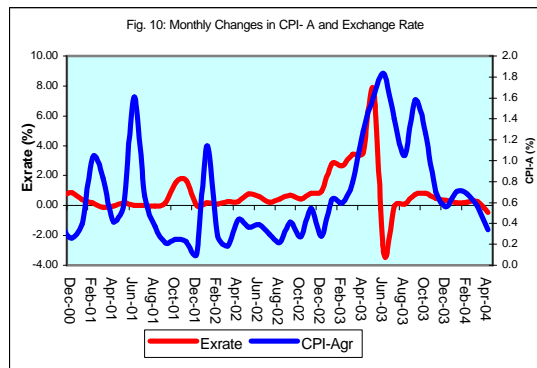
6.0 At the regional level, all areas reported increases in their overall index for the month. The CPI in the KMA, Other Towns and Rural Areas had respective increases of 0.6 per cent, 0.4 per cent, and 0.2 per cent. The inflation in the three regions was mainly influenced by the *Food & Drink* sub-index, which increased by 1.0 per cent in the KMA and 0.9 per cent in the Other Towns, and 0.4 per cent in the Rural Areas. Agricultural prices were the moderating factor in the Rural Areas inflation as the *Starchy Foods* sub-group declined by 0.2 per cent (see Table 3).





Core Inflation Trimmed Mean

7.0 The trimmed mean index was estimated to have increased by 0.32 per cent in April, similar to what obtained in the previous month (Table 4). Core inflation has been exhibiting a stable pattern since February 2004. This is consistent with the monetary base, which outside of seasonal impulses has contributed little in terms of inflationary impulses. The 12-month point-to-point core inflation rate at April 2004 was 7.6 per cent, 3.1 percentage points above the comparable measure at April 2003. Similarly, the annual average core inflation rate of 7.2 per cent was 3.8 percentage points above the rate recorded in the corresponding month of 2003.



Other Measures of Underlying Inflation

8.0 The measure of underlying inflation that excludes agricultural prices (CPI-A) was 0.34 per cent in April. This estimate shows a decrease of 0.22 percentage point relative to the previous month's out-turn. Non-agricultural inflation had peaked in June 2003, consequent on impulses arising from budgetary measures and the instability in the exchange rate. Subsequent measures at limiting inflationary effects from this development and restoring stability have led to the general downward trend.

Fig. 11: Trends in the Inflation Rate

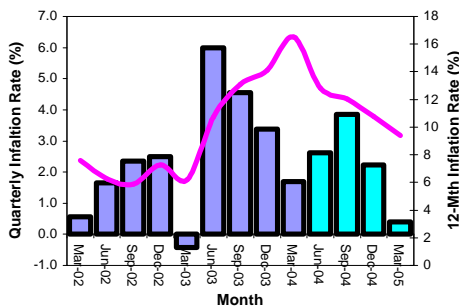


Table 1A
JAMAICA: INFLATION RATES

	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
	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
	Dec	1786.8	1772.2	0.78	3.38	4.07	14.09	10.32	14.58	14.09
2004	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

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

1/ December 1993 = 100

* Point to point

Moving average

Source: BOJ

Table 2A
Component Contribution to Inflation
April 2004

	Weight in the CPI	Monthly Inflation(%)	Weighted Inflation	% Contribution to Inflation
FOOD & DRINK	0.5563	0.8	0.4451	87.4
- Meals Away From Home	0.0741	0.2	0.0129	2.5
- Meat Poultry & Fish	0.1613	1.0	0.1676	32.9
- Dairy Products Oils & Fats	0.0668	0.8	0.0505	9.9
- Baked Products Cereals & Breakfast Drink	0.0864	0.3	0.0233	4.6
- Starchy Foods	0.0525	0.9	0.0452	8.9
- Vegetables & Fruits	0.0650	1.9	0.1227	24.1
- Other Food & Beverages	0.0502	0.5	0.0228	4.5
FUELS & OTHER HOUSEHOLD SUPPLIES	0.0735	0.3	0.0345	6.8
- Household Supplies	0.0482	0.7	0.0322	6.3
- Fuels	0.0253	0.1	0.0024	0.5
HOUSING & OTHER HOUSING EXPENSES	0.0786	-1.1	-0.0682	-13.4
- Rental	0.0209	1.4	0.0297	5.8
- Other Housing Expenses	0.0577	-1.7	-0.0978	-19.2
HOUSEHOLD FURNISHINGS & FURNITURE	0.0283	0.6	0.0130	2.6
- Furniture	0.0068	1.8	0.0120	2.4
- Furnishings	0.0215	0.0	0.0010	0.2
HEALTHCARE & PERSONAL EXPENSES	0.0697	0.6	0.0436	8.6
PERSONAL CLOTHING FOOTWEAR & ACC.	0.0507	0.3	0.0134	2.6
- Clothing Materials	0.0055	0.0	0.0001	0.0
- Readymade Clothing & Accessories	0.0242	0.1	0.0032	0.6
- Footwear	0.0159	0.4	0.0071	1.4
- Making & Repairs	0.0051	0.6	0.0030	0.6
TRANSPORTATION	0.0644	0.4	0.0248	4.9
MISCELLANEOUS EXPENSES	0.0785	0.0	0.0031	0.6
			*	
ALL GROUPS	1.0000	0.41	0.51	100.0

* May differ from the 0.41 reported due to rounding

Table 3
Regional Inflation
April 2004

	KMA	Other Towns	Rural
	(%)	(%)	(%)
FOOD & DRINK	1.0	0.9	0.4
- Meals Away From Home	0.1	0.4	0.1
- Meat Poultry & Fish	1.3	1.0	0.7
- Dairy Products Oils & Fats	1.0	1.0	0.4
- Baked Products Cereals & Breakfast Drink	0.3	0.4	0.2
- Starchy Foods	2.7	1.7	-0.2
- Vegetables & Fruits	1.8	1.7	2.0
- Other Food & Beverages	0.8	0.5	0.1
FUELS & OTHER HOUSEHOLD SUPPLIES	0.5	0.5	0.0
- Household Supplies	1.1	0.6	0.1
- Fuels	0.0	0.4	0.0
HOUSING & OTHER HOUSING EXPENSES	-0.7	-1.5	-1.6
- Rental	1.8	0.0	0.0
- Other Housing Expenses	-1.7	-1.7	-1.7
HOUSEHOLD FURNISHINGS & FURNITURE	1.4	0.1	0.1
- Furniture	4.3	0.6	0.6
- Furnishings	0.3	-0.2	-0.1
HEALTHCARE & PERSONAL EXPENSES	1.0	0.5	0.1
PERSONAL CLOTHING FOOTWEAR & ACC.	0.4	0.5	0.1
- Clothing Materials	0.0	0.1	0.0
- Readymade Clothing & Accessories	0.1	0.2	0.1
- Footwear	0.6	0.9	0.0
- Making & Repairs	1.0	0.1	0.3
TRANSPORTATION	0.4	0.4	0.4
MISCELLANEOUS EXPENSES	0.0	0.1	0.0
ALL GROUPS	0.6	0.4	0.2

Table 4
Inflation: Actual & 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

Table 5

Decomposition of Inflation Out-turn January - April 2004		
	(%) CYTD Inflation	Contribution
<u>Non-Core Shocks</u>	0.9	39.6%
<i>Food & Drink</i>	0.5	23.7%
Meals Away From Home	0.1	6.2%
Meat, Poultry & Fish	0.4	17.5%
<i>Other Housing Expenses</i>	0.2	9.2%
<i>Fuels</i>	0.1	3.0%
<i>Miscellaneous Expenses</i>	0.2	7.7%
<i>Other</i>	-0.1	-4.0%
<u>Core</u>	<u>1.4</u>	<u>60.4%</u>
<u>TOTAL</u>	<u>2.3</u>	<u>100.0%</u>