Headline Inflation: Year-on-Year Changes for Jul 2018 compared to Jul 2017

The All Items Index rose 1.5% for the twelve months ending July 2018. The Index for Food rose 5.4% over the year. Eight of the nine major grocery store food groups index rose over the span; the Index for Meats increased 12.2% as six of its seven sub-indexes advancing over the last twelve months, the second largest increase among the food groups.

The Index for Hot Beverages had the largest increase of 24.5%. Both the average price for Coffee and Chocolate contributed to this increase.

Contrary to the increases, the Index for Dairy Products fell 6.6% over the year.

The Index for All Items Less Food and Energy advance 0.3%. The Accommodation Index rose 2.2% as the cost of transporting potable water increased. The Medical Expenses Index rose 3.8% as prescription and over counter drugs increased over the year.

The Alcoholic Drink and Tobacco Index decreased 4.1% with the Index for Alcoholic Beverages falling 5.3% and the Index for Personal Services declined 8.8%.

The Energy Index remains unchanged.

The Consumer Price Index increased 0.1% in July. The Food Index rose 1.5% after increasing 0.3% in June. The Index for Food Not Elsewhere Specified (Food N.E.S) rose 2.7% with the Index for Condiments and Spices increasing 6.6%. The Fruits and Vegetables Index advanced 2.4% over the one month. The Index for Sugars, Jams and Confectionery increased 4.0%.

The Index for Meats rose 1.1% with the Indexes for Poultry and Fish contributing to the increases.

Contrary to the increases, the Index for Bakery and Cereals declined 0.3% after rising 0.3% in June. The Index for Hot Beverages decreased 7.7%.

The Index for All Items Less Food and Energy declined 0.4%. The Index for Personal Services had the largest decrease of 5.8%. The Index for Other (Miscellaneous) decreased 0.5% and the Index for Transport Services (Airline Fares) declined 1.2%. The Alcoholic Drink and Tobacco index fell 0.2%.

In contrast to the declines the Index for Medical Expenses increased 2.1%. 

Month-to-Month Changes for Jul 2018 compared to Jun 2018

Contrary to the increases, the Index for Dairy Products fell 6.6% over the year.

The Index for Hot Beverages had the largest increase of 24.5%. Both the average price for Coffee and Chocolate contributed to this increase.

The Energy Index remains unchanged.
What is the Consumer Price Index?
The Consumer Price Index (CPI) is a statistical indicator of changes in the general level of prices of consumer goods and services purchased by private households. The CPI measures price movements of a fixed quality and quantity of goods and services. The mix of these consumer goods and services comprising the CPI are referred to as a “shopping basket.” In constructing this “shopping basket”, the selected goods and services are organised first by commodity type. They are then divided into sections, then sub-groups and then assigned to a major expenditure category. The Antigua and Barbuda CPI has 26 sections, 30 sub-groups and 11 major categories.

What is the Base Period?
The base period (base year) is the time period that is used as a reference point for measuring the price change of goods and services. The base period for the Antigua and Barbuda CPI is January 2001.

The base period index is represented as 100.0. (Usually presented as 2001 = 100). So for instance, if the April 2010 CPI for chicken legs is 167.1, then it means that the price for chicken legs has gone up by 67.1% since 2001. Similarly, if the January 2010 CPI for bread is 93.1, then the price of bread has dropped by 6.9% compared to its price in 2001.

What is Inflation?
Inflation is the process of rising prices, resulting in diminishing purchasing power of a given amount of money. There are three expressions of price changes:
- year-on-year (the inflation rate)
- month-to-month
- annual average (or annualised average)

The annual average CPI is derived by summing the CPI for each month of the year and dividing by 12.

What are Weights?
Weights can be considered in the same way we would express how much we spend on various goods and services each month. Just like a monthly salary can be broken down as 20% on rent, 25% food, 15% mortgage, 10% on utilities and so on, the CPI weights are a collective expression of how households would generally spend their monthly income on goods and services.

The weights for this series of CPI were drawn from a survey of a sample of households in 2001 (the base period). Each household was asked to keep a record of their expenditure for one month. Once completed, the expenditures were added to determine the pattern. This pattern is what is referred to as the weights.

The current weights assume that each month, households would spend the most on Accommodation (218.3) followed by Food (214.2) and Transportation and Communication (153.5). Households would also spend the least on Alcoholic Drink and Tobacco (1.6).

Index Points Contribution
Contribution of each expenditure category (category weight over All Items weight) to the All Items index points change.

Table 1: Examples of Goods and Services in the 2001-based Consumer Shopping Basket

<table>
<thead>
<tr>
<th>Main Expenditure Categories</th>
<th>No. of Items</th>
<th>Example of Goods and Services for which prices are collected to calculate the inflation rate</th>
<th>Frequency of price collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>173</td>
<td>Breakfast cereal, milk, coffee, juices, chicken, wine, vegetables, fruits, full-service meals, snacks</td>
<td>Monthly</td>
</tr>
<tr>
<td>Alcoholic Drink and Tobacco</td>
<td>12</td>
<td>Beer, stout, rum, whisky</td>
<td>Monthly</td>
</tr>
<tr>
<td>Clothing and Footwear</td>
<td>65</td>
<td>Men’s pants, boys shorts, women’s dresses, brassieres, underwear, infant’s disposable diapers, watches, rings, bags</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Accommodation</td>
<td>10</td>
<td>Rent paid, repairs and maintenance, property taxes, mortgage payments</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Furnishings, Supplies and Operations</td>
<td>74</td>
<td>Sofas, mattress, kitchen cabinets, dressing table, rugs, linoleum, curtains, glassware; hourly wage rate</td>
<td>Monthly</td>
</tr>
<tr>
<td>Fuel and Light</td>
<td>2</td>
<td>Electricity, LPG cooking gas</td>
<td>Monthly</td>
</tr>
<tr>
<td>Transportation and Communication</td>
<td>27</td>
<td>Cellular phones, cars, license, gasoline, insurance, driving permit</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Medical Expenses</td>
<td>16</td>
<td>Doctor’s bill, hospital care room rate, medicine</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Education</td>
<td>8</td>
<td>Tuition fees, books, school supplies, exam fees</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Personal Services</td>
<td>10</td>
<td>Hair cut, pedicure, manicure, driving lessons</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Other (Misc)</td>
<td>45</td>
<td>Body lotion, toothpaste, shampoo, carnival costumes, gym membership</td>
<td>Monthly, Quarterly</td>
</tr>
</tbody>
</table>

The Total number of goods and services in the basket is 442. Prices are collected from the second Monday to the second Thursday of every month.

1 Outlets refer to the business where prices are collected (e.g. supermarkets). The same outlets are used for Food, Alcoholic Drink & Tobacco, and some Other (Misc) items.
Table 2: CPI and Inflation Rate for Main Categories, Sub-groups and Sections

<table>
<thead>
<tr>
<th>Expenditure Category and Sub Groups</th>
<th>Jan 2001 weights</th>
<th>Consumer Price Indices</th>
<th>Year-on-Year % Change</th>
<th>Month-to-Month % Change</th>
</tr>
</thead>
</table>

**FOOD:**
- Bakery & Cereal Products: 199.44
- Bakery: 875.34
- Cereal: 124.66
- Meats: 225.02
- Beef: 59.92
- Pork: 37.71
- Lamb: 36.48
- Mutton: 51.99
- Preserved Meat: 153.39
- Poultry: 316.64
- Fish: 340.85
- Dairy Products: 93.37
- Milk: 614.06
- Cheese: 209.94
- Eggs: 176.00
- Fats & Oils: 33.11
- Butter/Oils: 1000.00
- Fruits & Vegetables: 185.81
- Fruits: 222.14
- Fruit Juices: 170.54
- Vegetables: 498.73
- Starchy Foods: 108.60
- Sugars, Jams, Confectionery: 39.29
- Sugar: 776.23
- Syrups: 92.70
- Jams & Jellies: 17.80
- Candy: 113.27
- Hot Beverages: 15.30
- Foods n.e.s: 147.96
- Condiments & Spices: 230.21
- Miscellaneous Food: 159.46
- Meals Out: 610.33
- Non-Alcoholic Beverages: 60.68
- ALCOLIC DRINK & TOBACCO:
  - 1.60
- Alcoholic Beverages: 885.15
- Tobacco: 111.85
- CLOTHING & FOOTWEAR:
  - 110.60
- Clothing: 755.67
- Men's: 274.10
- Boys': 70.06
- Women's: 335.61
- Girls': 65.87
- Infants': 33.47
- Accessories & Raw Materials: 220.90
- Footwear: 244.33
- ACCOMMODATION:
  - 218.30
- FURNISHINGS, SUPPLIES & OPERATIONS:
  - 126.00
- Furniture, Fixtures & Floor Coverings: 209.17
- Household Textiles & Furnishings/ Soft Furnishings: 66.19
- Household Utenils: 6.72
- Household Appliances: 263.73
- Services, Household Operations & Goods: 454.19
- FUEL & LIGHT: 63.90
- TRANSPORTATION & COMMUNICATION:
  - 153.50
- Communication Services: 92.78
- Operation of Personal Transportation: 823.48
- Repairs & Maintenance of Personal Transportation: 35.48
- Transport Services: 48.26
- MEDICAL EXPENSES:
  - 27.60
- Private Practitioners: 829.46
- Pharmaceutical: 170.54
- EDUCATION:
  - 23.40
- PERSONAL SERVICES:
  - 43.00
- Personal Care: 1000.00
- OTHER (MISCELLANEOUS):
  - 17.90
- Personal Effects: 1000.00

All Foods less Energy: 130.48 131.04 130.15 0.3 (0.4)
All Items less Food and Energy: 131.58 132.09 131.29 0.2 (0.4)
All Items less Energy: 139.09 138.96 136.86 1.6 (0.1)
CPI Jul 2018
Table 3: Distribution of Changes in the Inflation Rate

<table>
<thead>
<tr>
<th></th>
<th>Jul 2018 compared to Jul 2017</th>
<th>Jun 2018 compared to Jun 2017</th>
<th>May 2018 compared to May 2017</th>
<th>Jul 2018 compared to Jun 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of categories</td>
<td>No. of Decreases</td>
<td>No. of Increases</td>
<td>No. of No Changes</td>
</tr>
<tr>
<td>Main Expenditure Level</td>
<td>11</td>
<td>3</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Sub Group Level</td>
<td>26</td>
<td>8</td>
<td>16</td>
<td>2</td>
</tr>
<tr>
<td>Section Level</td>
<td>30</td>
<td>8</td>
<td>20</td>
<td>2</td>
</tr>
</tbody>
</table>

In Jul 2018 compared to Jul 2017, 3 of the 11 main expenditure categories recorded price decreases, while 7 recorded price increases. 16 of the 26 sub-group levels also recorded price increases for some of the items that fall in that level. These collective increases and decreases would account for the magnitude and direction of the current inflation rate. 1 of the 11 main expenditure categories recorded no price changes.

Chart 2: All Items Inflation Rate (%) Trend

Chart 3: Food Inflation Rate (%) Trend

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Chart 4: Year-on-Year Inflation Rate (%) for Special Indices
compared to the ALL ITEMS Index for Jul 2017 to Jul 2018

Energy includes: Fuel & Light (Electricity; LPG/Cooking Gas); Gasoline at the pump

Chart 5: Month-to-Month Changes for ALL ITEMS

Chart 6: Monthly Fuel Variation Rate Trend: Jan 2006 to Jul 2018

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