## Month-on-Year Analysis

In June 2011, the annual rate of inflation was measured at 3.2%.

The Food index increased 4.2% over the twelve month period June 2010 to June 2011. All nine Food sub-groups increased, with Hot Beverages, Dairy products, Fats and Oils and Meats registering the highest increases. Average prices in these categories showed Hot Beverages increased by 19%, Dairy Products 7.8%, Fats and Oils 6.4% and Meats 5.3%.

The Alcoholic Beverages and Tobacco category recorded an increase of 4.6%, while Medical Expenses increased by 3.5%.

The energy index increased by 18% over the same twelve month period. Operations of Personal Equipment, a sub category of Transportation and Communication, increased by 32.2%, as a result of the increase in the price of gasoline at the pump from $11.95 in June 2010 to $15.80 in June 2011. The Fuel and Light index increased by 15% due the further upward movement in the fuel variation rate from 66 cents in June 2010 to 82 cents in June 2011. When Food and Energy are removed from the All Items index, the inflation rate is 0.7%, indicating the further effects of rising Food and Energy prices on inflation.

## Month-to-Month Analysis

The monthly price changes in the Food category showed a 0.5 percent point change in June 2011 compared to May 2011. The Fuel and Light category recorded an increase of 7.9%, while Transportation and Communication declined by 0.7%. The decrease recorded was attributed to the lower price for gasoline at the pump, from $16.45 in May to $15.80 in June.
Main Expenditure Categories | No. of Items | Example of Goods and Services for which prices are collected to calculate the inflation rate | Frequency of price collection
---|---|---|---
Food | 173 | Breakfast cereal, milk, coffee, juices, chicken, wine, vegetables, fruits, full-service meals, snacks | Monthly
Alcoholic Drink and Tobacco | 12 | Beer, stout, rum, whisky | Monthly
Clothing and Footwear | 65 | Men’s pants, boys shorts, women's dresses, brassieres, underwear, infant’s disposable diapers, watches, rings, bags | Quarterly
Accommodation | 10 | Rent paid, repairs and maintenance, property taxes, mortgage payments | Quarterly
Furnishings, Supplies and Operations | 74 | Sofas, mattress, kitchen cabinets, dressing table, rugs, knioleum, curtains, glassware; hourly wage rate | Quarterly
Fuel and Light | 2 | Electricity, LPG cooking gas | Monthly
Transportation and Communication | 27 | Cellular phones, cars, license, gasoline, insurance, driving permit | Quarterly
Medical Expenses | 16 | Doctor’s bill, hospital care room rate, medicine | Quarterly
Education | 8 | Tuition fees, cars, books, school supplies, exam fees | Quarterly
Personal Services | 10 | Hair cut, pedicure, manicure, driving lessons | Quarterly
Other (Misc) | 45 | Body lotion, toothpaste, shampoo, carnival costumes, gym membership | Monthly, Quarterly
Total number of goods and services in the basket | 442 | Prices are collected from the second Monday to the second Thursday of every month

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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 is 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.

The compilation of the CPI and the calculation of the inflation rate involve the processing of hundreds of price quotations. The Statistics Division wishes to acknowledge the cooperation of the business community in supplying the required prices and accommodating the Statistical Officers on their premises. Price collection is authorised by the General Statistics Act, No. 13 of 1975.

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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 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).