

ANNUAL INFLATION RATES BY MAJOR COMMODITY GROUPS

Year	All Items	Food, Beverages & Tobacco	Clothing & Footwear	Rent, Water, Fuel & Power	Household Goods & Maintenance	Medical Care	Transportation & Communication	Recreation, Education & Culture	Personal Care
2004	3.1	2.5	0.4	5.2	0.1	1.0	5.5	1.3	-0.9
2005	3.7	4.7	-0.1	4.2	0.7	1.8	5.7	0.8	0.9
2006	4.2	4.2	1.5	4.9	2.3	2.7	6.8	1.2	2.8
2007	2.3	5.3	0.8	1.4	2.3	1.6	-0.6	0.9	2.2
2008	6.4	13.3	-0.9	3.6	1.9	3.0	3.5	0.7	2.1

+ either was not a part of the 1980 CPI or formed a part of the "Miscellaneous Goods" category

## Acknowledgements

We thank all business owners for their continued support because without their assistance we would not be able to conduct our CPI surveys. We look forward to maintaining an amicable working relationship.

### SIB Educational Brochures Series

This is the first in a series of brochures produced by SIB to help explain to the public some of the important work that the Institute does. Look out for further editions on our website, or contact our offices at the addresses below.



Statistical Institute of Belize  
1902 Constitution Drive  
Belmopan  
BELIZE C.A.

P.O. Box 617

Tel: 501-822-2207 / 2352  
Fax: 501-822-3206

E-Mail: [info@statisticsbelize.org.bz](mailto:info@statisticsbelize.org.bz)  
Web: [www.statisticsbelize.org.bz](http://www.statisticsbelize.org.bz)

#### District offices

Corozal Town: 422-3277  
Orange Walk Town: 322-2996  
Belize City: 227-4276  
San Ignacio Town: 824-3015  
Dangriga Town: 522-2986  
Punta Gorda Town: 722-2328

# Consumer Price Index

what  
when  
how  
why



STATISTICAL INSTITUTE OF BELIZE

## What is Consumer Price Index?

A **Consumer Price Index** measures changes in the price of goods and services that households consume. Such changes affect the real purchasing power of consumers' incomes and their welfare. It assists us in measuring the inflation rate, which is the percentage change in the price level from one period to another.

The CPI is one of the most closely watched national economic statistics.

## What is an Index Number?

An index number is developed with an arbitrary base, usually starting with 100 in the base period, and indicates a change in magnitude relative to its value at a specified point in time.

## What is involved in the price collections?

CPI data are collected in the middle of each quarter, so as to take a representative sample of the prices which prevailed in that quarter. A total of 277 goods and services comprise the basket of goods. For most goods a minimum of 5 prices are collected for each item in each city/town. The exception occurs for items which may have a limited number of providers for example, new cars, telephone services etc.



## When and where is the CPI survey conducted?

The CPI survey is conducted countrywide on a quarterly basis in February, May, August and November. Prices are collected from eight major cities or towns: Corozal Town, Orange Walk Town, Belize City, San Pedro Town, San Ignacio Town, Belmopan City, Dangriga Town and Punta Gorda Town.

## How is the CPI basket chosen?

In 1991, a Household Income and Expenditure Survey was carried out in which the participants were required to keep journals of daily expenditures. The information was compiled and was used to produce statistics on most heavily consumed goods and services. This formed the basis for items in the basket.

## Why is it important?

The CPI is important because it tells how prices change over a given time period. When the CPI rises, a family has to spend more to maintain its standard of living. On the other hand, when the CPI falls that same family will spend less and is still able to maintain the same standard of living.

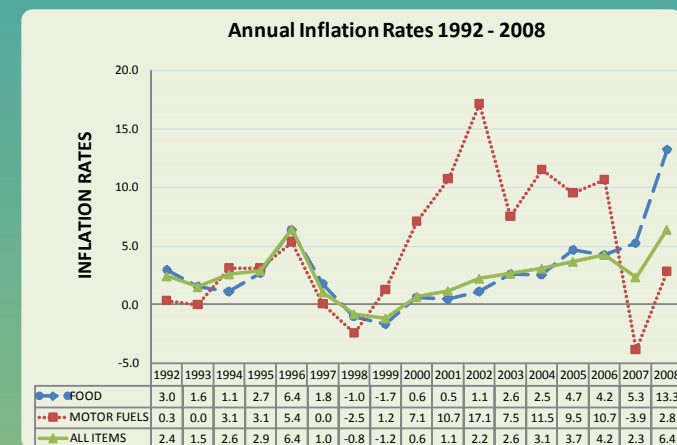
Here are some other reasons why countries compile a CPI

- CPIs are widely used to index pensions and social security benefits.
- CPIs are also used to index other payments, such as interest payments or rents, or the price bonds.
- The price data collected for CPI purposes can also be used to compile other indices, such as the price indices used to deflate household consumption expenditures in national accounts.

*Please note that the information received from each establishment is kept confidential. The prices gathered are not for comparison with other establishments or for tax purposes. Please see below for our latest statistics.*

## 2008 Consumer Price Index

The consumer price index shows that consumer prices went up by 6.4% in 2008. As shown in the graph below, this is Belize's highest rate of inflation in the last twelve years.



The general hike in consumer prices was largely precipitated by an increase of 13.3% in "food, beverages and tobacco", the highest increase in this category in 25 years. This rise is attributed to significant price increases in staples such as flour (50.4%), rice (34.9%) and chicken (15.8%). While motorists felt some relief at the fuel pump, particularly in the last quarter of 2008, the higher cost of fuel in the first three quarters of the year led to an overall increase of 3.5% in the "transport and communications" category.

Among the other major categories of goods and services, the cost of "medical care" rose by 3.0% and "rent, water, fuel and power" increased by 3.6%. The "clothing and footwear" and "recreation, education and culture" categories recorded very little changes in prices from the previous years.