

Issues Report

An Examination of the Domestic Cost Structure in Barbados

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1. Introduction

Inflation is a continuous increase in the general price level. It is an important area to study because of its potential effects on the economy. Among other things, inflation can cause the cost of living to increase and the value of investment to fall. Inflation means that the average household now needs to spend a larger amount to purchase some minimum basket of goods and services. Rising prices therefore tend to be positively associated with higher rates of poverty. Easterly and Fischer (2001), using household data in 38 countries, reports that inflation leads to a decline in poverty and also reduces the share in national income of poorer households. Moreover, World Bank (2008) note that poorer individuals may also experience a relatively higher rate of inflation as they spend a larger percent of their income on food, which traditionally tends to rise faster than the core-rate of inflation.¹

In relation to investment, a higher rate of inflation increases uncertainty and might make individuals reluctant to enter into contracts. This reluctance may cause investors to either delay or scale-back the size of their project. In a high inflation environment,

¹ The core rate of inflation is calculated by excluded food and energy prices from the calculation of price inflation.

commercial banks and other financial institutions may be less willing to supply finance for investment as a higher than expected rate of inflation can transfer wealth from lenders to borrowers. As inflation increases firm input costs, it lowers the expected future profits of businesses and could lead to falling equity prices and difficulty in raising finance for projects.

Given the wide and varied effects of inflation, the aim of policymakers is to keep the rate of inflation to a minimum. In Barbados, as in most countries around the world, the desire to control inflation has been heightened due to relatively rapid rate of increase in prices due to higher food and fuel prices. Since the beginning of 2008, food prices have risen on average by 8.1 percent while fuel prices were up by 7.2 percent, this compares to 8 and 1.9 percent, respectively, in 2007.

For the year-to-date (November 2008) there were over 140 articles referring to the issue of inflation, compared to 97 and 94 in 2007 and 2006, respectively (source: www.nationnews.com). There is a general perception that most of the increase in prices, particularly food, has been due to price gouging among retailers. In a nationally televised interview on the 14th of April 2008, The Rt. Honourable David Thompson, Prime Minister had this to say on the issue:

“I have come to the conclusion that there is an element of price gouging and the monopolistic structure of Barbados has led to this. We are simply going to do everything in our power to start the process of negotiations with other businesses

and enterprises worldwide that may want to invest in the country in terms of the distributive sector in an effort to bring down prices...”

On the other hand, retailers have vehemently denied the accusation of price gouging. The Barbados Chamber of Commerce, through a report produced by the Sir Arthur Lewis Institute of Social and Economic Research produced empirical evidence to suggest that most of increase in prices has been due to higher import prices (source: www.nationnews.com). Nevertheless, there is still the perception that price gouging is still partially behind accelerating prices.

Due to its importance to the economy, this study attempts to provide an assessment of the factors that have historically driven prices in Barbados. Also, unlike previous research done for the island, this project attempts to quantify the impact of various factors such as shipping costs, port charges and local distribution on the price differential between imported and retail prices. The remainder of the report is structured as follows. After the introduction, Section 2 examines the previous literature on the determinants of inflation. Section 3 provides a look at previous price trends while Section 4 outlines the conceptual framework that will be employed to examine trends in the region.

2. Determinants of Prices: A Brief Review of the Literature

2.1 Theory

The historically dominant paradigm used by economists to explain fluctuations in prices is the *quantity theory of money*. Assuming that the determinants of the demand for real money balances are held constant and that nominal money demand² is equal to nominal money supply, the general price level will be proportional to the nominal money supply. While the quantity theory has been part of economics for the last three hundred years, it was Friedman (1956) that reintroduced it to a new generation of economists. The main prediction of the quantity equation is that if a policy-maker is concerned about high prices, the obvious policy change is to reduce the rate of growth of the money supply.

Contributions to the theory, however, note that the quantity theory should be conceptualised not as a theory of the price level but as a theory of the demand for money. One of the main criticisms of the approach is the assumption of a stable money demand function. However, surveys of the literature provided by Laidler (1969) and

² The determinants of the demand for real money balances are the volume of real transactions and the opportunity cost of holding money.

Bank of England (1970) all suggests that such a stable relationship is unlikely to pursue over long periods of time, even in economies with developed financial systems. Without such a stable relationship the utility of the quantity theory begins to breakdown.

An alternative explanation of price trends rests on the so-called *Phillip's curve* (1958) relationship. This relationship, based on a model of the labour market (Lipsey, 1960), posits that wage inflation is determined by demand pressure in the labour market (approximated by unemployment). If this is the case, wage inflation should be relatively high when demand pressures are high (low unemployment) and relatively low when demand pressures are low (high unemployment): there exists an inverse relationship between wage inflation and unemployment.

Assuming constant mark-up pricing on labour costs, one can translate the link between wage inflation and unemployment, into a model of general inflation and unemployment. Building on this framework, Samuelson and Solow (1960) posit that the role of policymakers is to choose between alternative points on the Phillips curve: high inflation-low unemployment or low inflation-high unemployment. Like the quantity equation, however, recent research has cast doubt on the stability of this relationship. Friedman (1968) and Phelps (1972) introduced the notions of anticipated and unanticipated inflation. Unemployment, therefore, is at its natural rate if inflation is completely anticipated. In contrast, any unanticipated shocks to inflation lead to a deviation of unemployment from its natural rate. If the economy is therefore in equilibrium (i.e. inflation is equal to anticipated inflation), then there will not necessarily

be a link by the unemployment rate and inflation. The Phillips curve relationship is only likely to hold in short-run due to deviations of inflation from its expected rate.

One overall criticism of all the models of prices (or inflation) presented so far is that they ignore the underlying structural characteristics of the economy. What is the role played by unions? How does firm pricing impact on the overall level of prices? To address these and other issues, Streeten (1962), Olivera (1964) and Baumol (1967) formulate a *structural approach* to explaining inflation. The model assumes that there exists two sectors: tradable and non-tradable. Productivity in the tradable sector rises faster than that in non-tradable sector. However, due to union strength, wage increases are equalised across the two sectors. With differing productivity developments, a uniform growth in wages leads to permanent cost pressure and under cost-plus price (fixed mark-ups) leads to cost-push inflation.

One of the key assumptions of the framework is that domestic inflation tends to be highly correlated with international inflation.³ This international transmission of inflation can emanate from four main channels OECD (1973): (1) price effects; (2) demand effects; (3) liquidity effects, and; (4) international inflationary expectations. The price effects channel is the hypothesis that international arbitrage will equate the price of domestic and foreign goods. With a fixed exchange rate system, this implies that domestic and foreign inflation will be equalised. The demand channel represents

³ In the mathematical presentation of the model, inflation in the tradable sector is assumed to be equal to world inflation.

and spillover excess demand from one country to another. The rise in excess demand therefore puts upward pressure on prices and therefore inflation. Liquidity effects, on the other hand, note the intimate link between the money supply and prices. If economic agents experience any excess money balances, they increase the demand for goods and services and therefore places upward pressure on prices. Since domestic inflation can be influence domestic expectations, it therefore stands to reason that if foreign inflation expectations increase, this is likely raise domestic inflation expectations and consequently inflation.

2.2 Empirics from the Caribbean

One of the earliest studies to provide an empirical evaluation of inflationary dynamics in Barbados was Downes (1985). The study focused primarily on the 1960s and 70s, an era when inflation in Barbados was particularly high. Downes argues that in a small, open economy that has a fixed exchange rate with its main trading partner, there are four main views of the causes of inflation: (1) the cost-push approach which suggest that fluctuations in prices of imported commodities are the main determinants of domestic prices; (2) demand-pull approach which links inflation to excess aggregate demand; (3) market structure and institutional factors that impact on the price-setting behaviour of firms, and; (4) the inability of monetary authorities to sterilise inflows which leads to excess money supply. The author, however, notes that inflation in Barbados is likely to be driven by cost-push and institutional factors as demand-pull and monetary shocks are more likely to impact on the balance of payments in a fixed exchange rate regime.

To provide an empirical assessment of the importance of these factors, Downes (1985) estimates an econometric model of inflation in Barbados. The regression results suggest that the main determinants of inflation during the 60s and 70s in Barbados were import prices as well as institutional factors such as wage rates, interest rates and tax rate increases. Despite using a somewhat different econometric approach, Holder and Worrell (1985), nevertheless, arrive at similar conclusions to those as Downes (1985): foreign prices are the main determinant of changes in domestic prices, with contributions also from the cost of imported raw materials and trade protection. Building on this early work, later studies also identified productivity (Downes, Holder and Leon, 1987; Downes, Scantlebury-Maynard and Worrell, 1992), the level of tourism activity (Coppin, 1993) and consumer credit (Cumberbatch, 1997) as additional factors impacting on inflation in the country.

There are, however, no studies that have attempted to quantify the impact of various other factors such as shipping costs, port charges and local distribution on the price differential between imported and retail goods. To find similar studies one must look outside of the region. Das and Pohit (2006), for example, attempt to quantify all the relevant cost resulting from informal trade barriers that impinge upon Indian overland exports to Bangladesh. They conducted a survey of Indian exporters and transporters regarding such factors as the time and cost of different phases of trade transaction. The authors report that the main hindrance to cross-border trade was activity (parking, customs clearance and crossing of the border), followed by unloading. Delays arising to these two factors resulted in additional transshipment costs amounting to 10 percent of the shipment value.

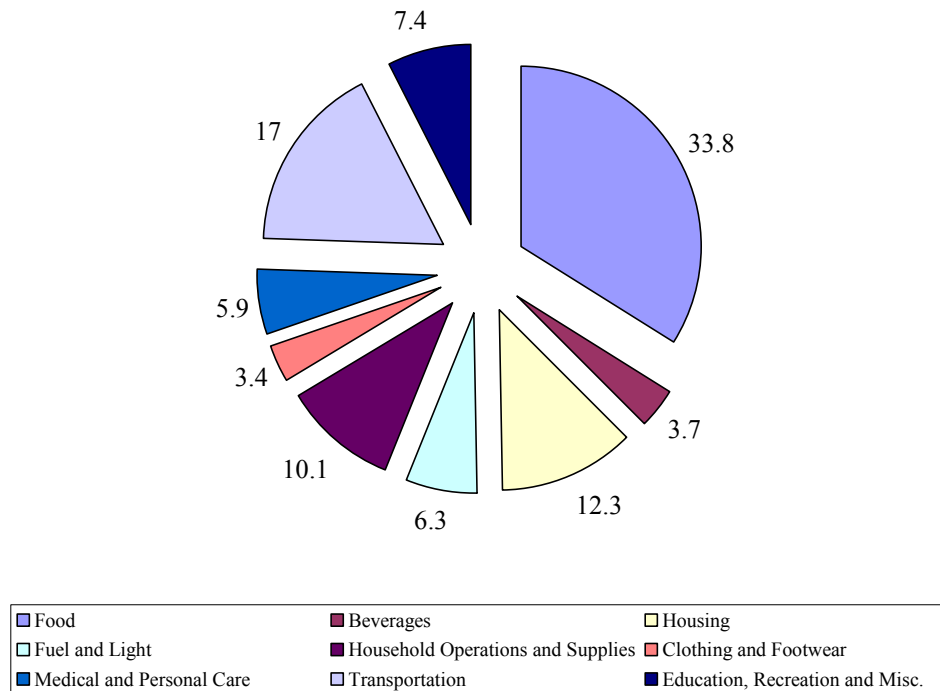
More recently, Lewis-Bynoe et al (2007) attempted to identify the key determinants of inflation starts in Latin America and the Caribbean. The authors found that commodity (oil and food) price shocks and political factors (elections and political repression). In the developing country context, these results are not surprising. Given the relatively high food content of the consumption basket in these countries, it is expected that the influence of food prices would be strongly positive. This research also provides support for the widespread view, largely unsubstantiated in the literature, that oil price changes drive inflation.

3. A Look at Recent Price Trends in Barbados

Price trends in Barbados are monitored through changes in an index of retail prices (RPI) calculated by the Barbados Statistical Services Department. The index is calculated using a fixed list of commodities and services consumed by a representative consumer. Major groups included in the index are: food; alcoholic beverages and tobacco; housing; fuel and light; household operations and supplies; clothing and footwear; transportation; medical and personal care, and; education, recreation and miscellaneous.

The weights for the index are obtained from the Household Budget Survey which captures income as well as expenditure data for about 2,400 households or 2 percent of total households in the island. Figure 1 gives the weights attached to each of the 9 major categories of the RPI. Due to the importance of food in the average consumer's basket of goods and services, the weight on food (33.8) is almost twice the value of next largest category: transportation (17). Only two other categories accounted for more than 10 percent of the average consumer's basket: housing (12.3) and household operations and supplies (10.1). These four categories alone account for over three-quarters of the representative consumer's basket and therefore have a significant effect on price trends in the island.

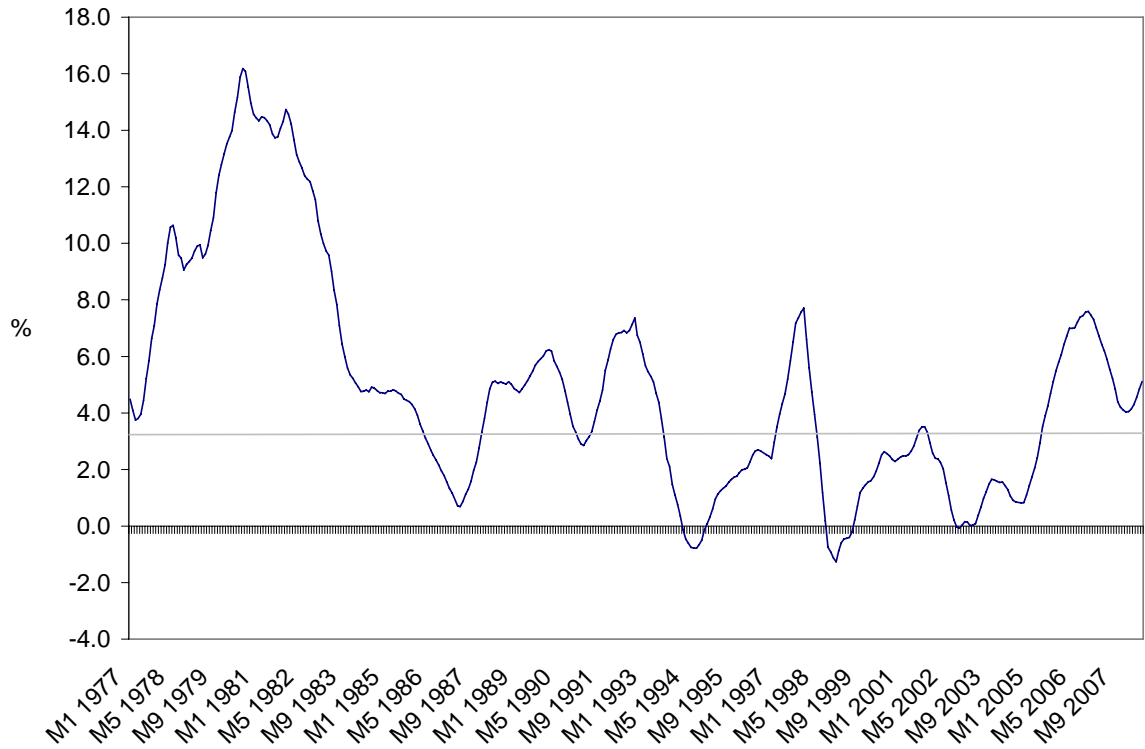
Figure 1: Major Groups of the Retail Price Index



Source: Barbados Statistical Services Department

Inflation in Barbados tends to be relatively low. Figure 2 shows that with the exception of the 1970s, as Barbados suffered from the effects of the oil crisis, inflation in the island has generally averaged just above 3 percent on a moving average basis. The grey line in Figure 2 shows that since May 2005 retail price inflation has, however, been above its long-run average: between May 2005 and June 2008, inflation has been just under 6 percent, reaching as high as 7 percent in 2006.

Figure 2: Retail Price Inflation, 1977M1 to 2008M6

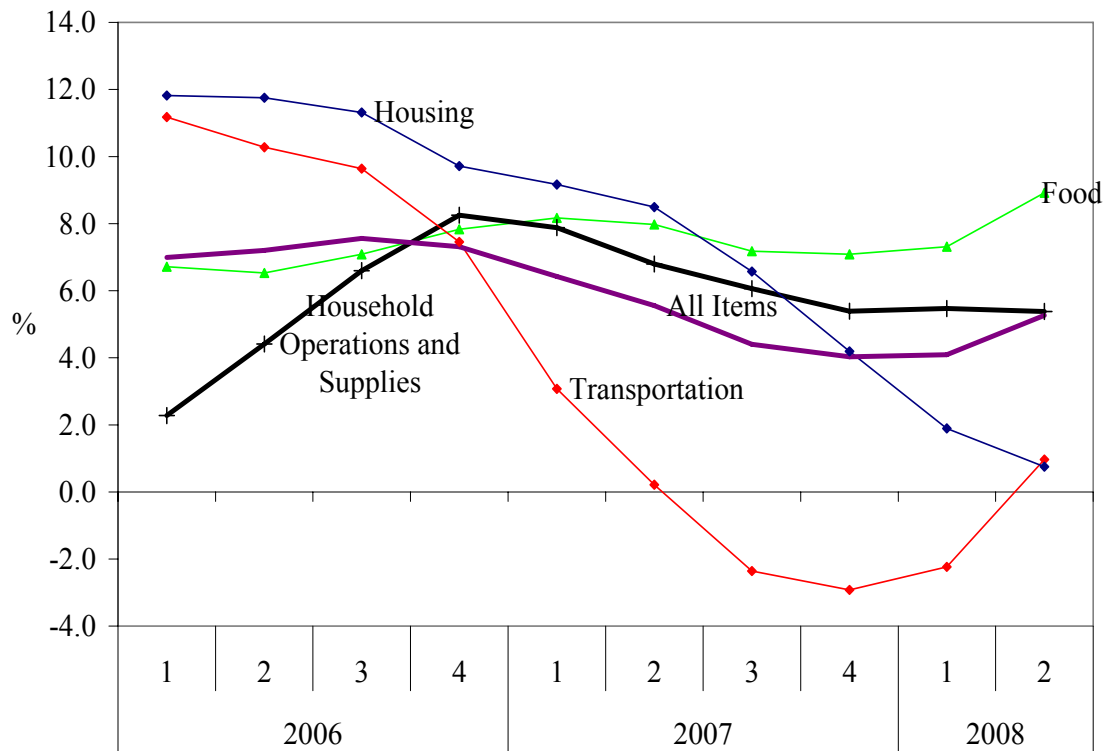


Source: Barbados Statistical Services Department

To identify the main categories of the RPI responsible for this recent acceleration in inflation, Figure 3 plots changes in the overall RPI (All Items) as well as the four major categories (food, transportation, housing and household operations and supplies) on the same chart. When a category of the retail price index is below the “All Items” index, it is likely to pull-down inflation, while if it is above, it is likely to pull-up inflation. Figure 3 therefore shows that since 2006, most of the inflationary pressures in the island have primarily been due to rising prices for food, household operations and supplies and to some extent housing. Since the beginning of 2008, food prices have risen on average by 8.1 percent while household operations and supplies are up by 5.4 percent. While the

weight for fuel is relatively small, just 6.3 percent, its pace of acceleration (up 7.2 percent for the year to date) has also stoked inflationary pressures in the island.

Figure 3: Recent Trends in Overall Inflation and Main Categories



Source: Barbados Statistical Services Department

One of the main factors pushing up food prices in the island has been the rapid acceleration in commodity prices. Table provides observations on the US\$ price for some of the key commodities either imported directly into Barbados, or indirectly through the purchase of manufactured goods or services. The table shows that the prices of all of the commodity inputs all rose during 2008. In the case of rise, for example,

prices more than doubled: rising from US\$393.48 at the end December 2007 to US\$1015.21 in April 2008.

Table 1: Trends in Commodity Prices

		<i>Average Crude Price (US\$)</i>	<i>Cocoa Beans (US\$)</i>	<i>Rice (US\$)</i>	<i>Coffee (US\$)</i>	<i>Beef (US\$)</i>	<i>Barley (US\$)</i>	<i>Wheat (US\$)</i>	<i>Maize (US\$)</i>	<i>Soybean Oil (US\$)</i>
2004	Dec	39.09	1,672.75	278.43	102.57	116.80	92.04	153.87	95.59	451.30
2005	Dec	56.47	1,511.32	277.27	103.03	115.50	103.01	164.44	102.66	466.00
2006	Dec	61.00	1,702.16	309.29	129.95	121.20	150.97	204.31	160.66	628.60
2007	Dec	89.43	2,119.88	378.00	136.47	119.50	198.93	368.62	180.25	1,027.00
2008	Jan	90.82	2,216.38	393.48	139.05	121.33	205.61	369.59	206.53	1,143.10
	Feb	93.75	2,522.83	481.14	158.21	127.70	216.54	425.00	219.95	1,307.70
	Mar	101.84	2,647.64	672.64	148.07	106.70	228.66	439.72	233.85	1,321.30
	Apr	109.05	2,631.23	1,015.21	137.74	103.75	237.24	362.23	246.67	1,292.10
	May	122.77	2,693.41	1,009.32	139.74	124.20	238.31	328.76	243.46	1,330.50
	Jun	131.52	3,021.76	834.60	144.08	129.50	240.98	348.55	287.11	1,414.40
	Jul	132.55	2,953.67	799.00	145.35	133.00	248.31	328.18	266.94	1,372.30
	Aug	114.57	2,796.80	737.00	145.77	135.50	212.32	329.34	235.16	1,163.80
	Sep	99.29	2,672.05	722.00	150.20	129.40	189.43	295.55	233.91	1,042.10
	Mean	95.55	2,397.07	608.26	136.94	121.85	197.10	316.78	208.67	1,073.86

Source: IMF's International Financial Statistics (Online Edition)

To get a better a better idea of the trends in commodity price inflation, Table 2 calculates the percentage changes in prices for each of the commodities. The table shows that with the exception of Beef and Barley, all the commodity categories reported double-digit increases in 2007. For 2008, the average monthly increase for rice was 96 percent: prices were basically doubling every month. For crude oil, cocoa beans, maize and soybean oil the average monthly increase for the year varied between 20 and 30 percent. These rather large increases in commodity prices, by and large, account for the significant rise in food prices reported in 2008 for Barbados.

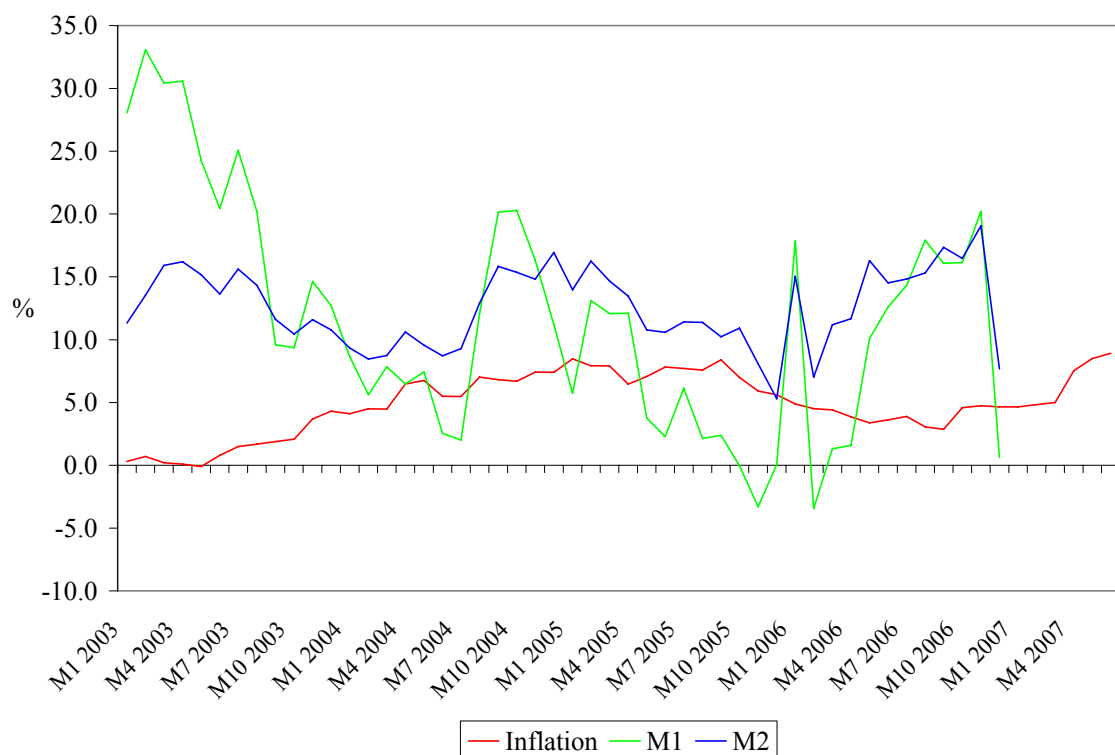
Table 2: Percentage Changes in Commodity Prices

	<i>Average Crude Price</i>	<i>Cocoa Beans</i>	<i>Rice</i>	<i>Coffee</i>	<i>Beef</i>	<i>Barley</i>	<i>Wheat</i>	<i>Maize</i>	<i>Soybean Oil</i>
2005 Dec	44.46	-9.65	-0.42	-16.23	0.45	-1.11	11.92	6.87	7.40
2006 Dec	8.02	12.63	11.55	33.28	26.13	4.94	46.56	24.25	56.50
2007 Dec	46.61	24.54	22.22	56.70	5.02	-1.40	31.77	80.42	12.19
2008 Dec	1.55	4.55	4.10	10.77	1.89	1.53	3.36	0.26	14.58
Jan	4.83	19.01	27.29	20.50	15.93	6.86	8.85	15.29	22.02
Feb	13.88	24.90	77.95	27.92	8.50	-10.71	14.94	19.29	29.74
Mar	21.94	24.12	168.57	26.07	0.93	-13.18	19.26	-1.73	36.85
Apr	37.28	27.05	167.02	30.72	2.40	3.93	19.80	-10.81	35.07
May	47.06	42.54	120.79	35.94	5.58	8.37	21.14	-5.44	59.28
Jun	48.22	39.33	111.38	25.46	6.51	11.30	24.82	-10.97	48.09
Jul	28.11	31.93	94.97	3.48	6.81	13.39	6.73	-10.66	30.46
Aug	11.03	26.05	91.01	-3.82	10.06	8.28	-4.78	-19.82	29.77
Sep	44.46	-9.65	-0.42	-16.23	0.45	-1.11	11.92	6.87	7.40
Mean	27.5	19.8	68.92	18.04	6.97	2.39	16.64	7.22	29.95

Source: IMF's International Financial Statistics (Online Edition)

The quantity theory of money posits and alternative explanation for the recent acceleration in inflation: accelerated money supply growth. To evaluate the utility of this hypothesis, Figure 4 plots inflation and changes in money supply. Two definitions of money are employed: m1 (narrow) and m2 (broad). Only observations to the end of 2007 are available for the money supply. Nevertheless, the figure shows that there has been a significant expansion in the money supply since 2006. This acceleration in the money supply could be driving demand and resulting in some degree of demand-pull inflation. Using this simply graphical analysis it is, however, difficult to identify whether or not the acceleration in inflation is a significant source of the recent rise in inflation.

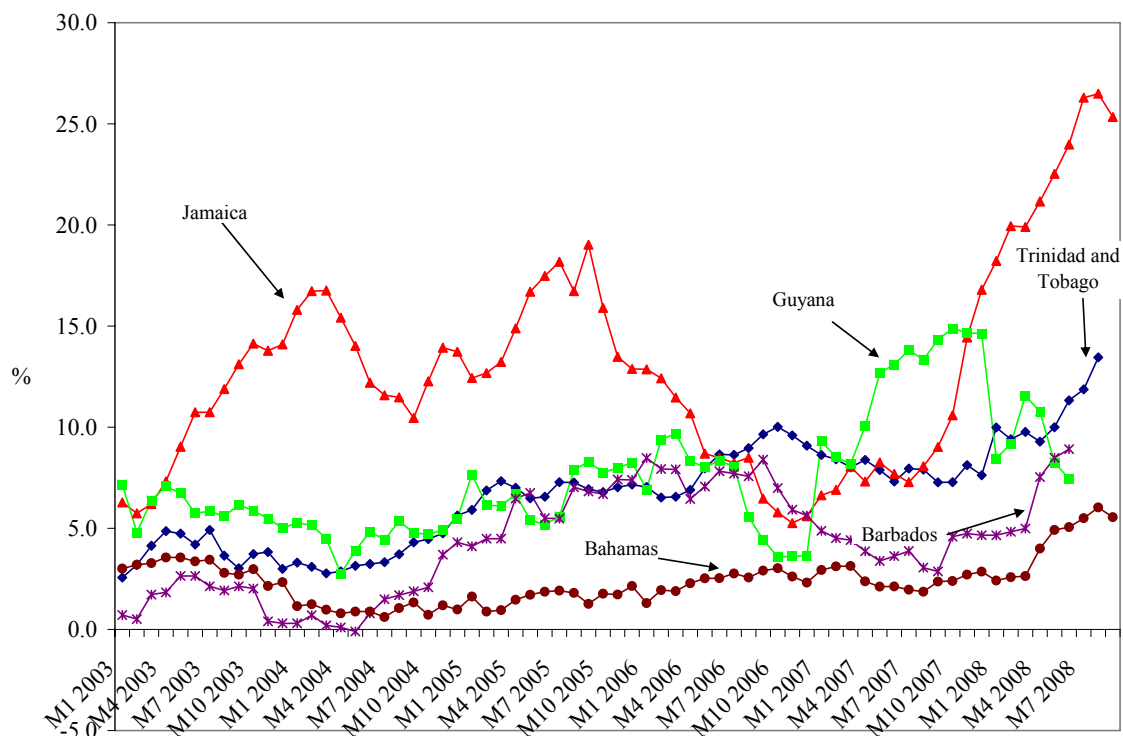
Figure 4: Inflation and Changes in Money



Source: IMF's International Financial Statistics (Online Edition)

It is also of interest to identify whether or not the recent changes in inflation are specific to Barbados, or a general trend being experienced by the Caribbean. Figure 5 plots the annualised rates of inflation for the Bahamas, Barbados, Guyana, Jamaica, St. Lucia and Trinidad and Tobago. The figure shows that inflation within the region has been accelerating in recent months. The Bahamas, the country with the lowest rate of inflation over the sample, witnessed a jump in inflation from 2.8 percent to as high as 6 percent (August) in 2008. For Jamaica the increase was even sharper: inflation rose from 16.8 percent at the end of 2007 to as high as 26.5 percent (August) in 2008. The only country to report a slowdown in price pressures was Guyana, where the rate of inflation fell from 16.8 percent at the end of 2007 to 7.5 percent by the end of June 2008.

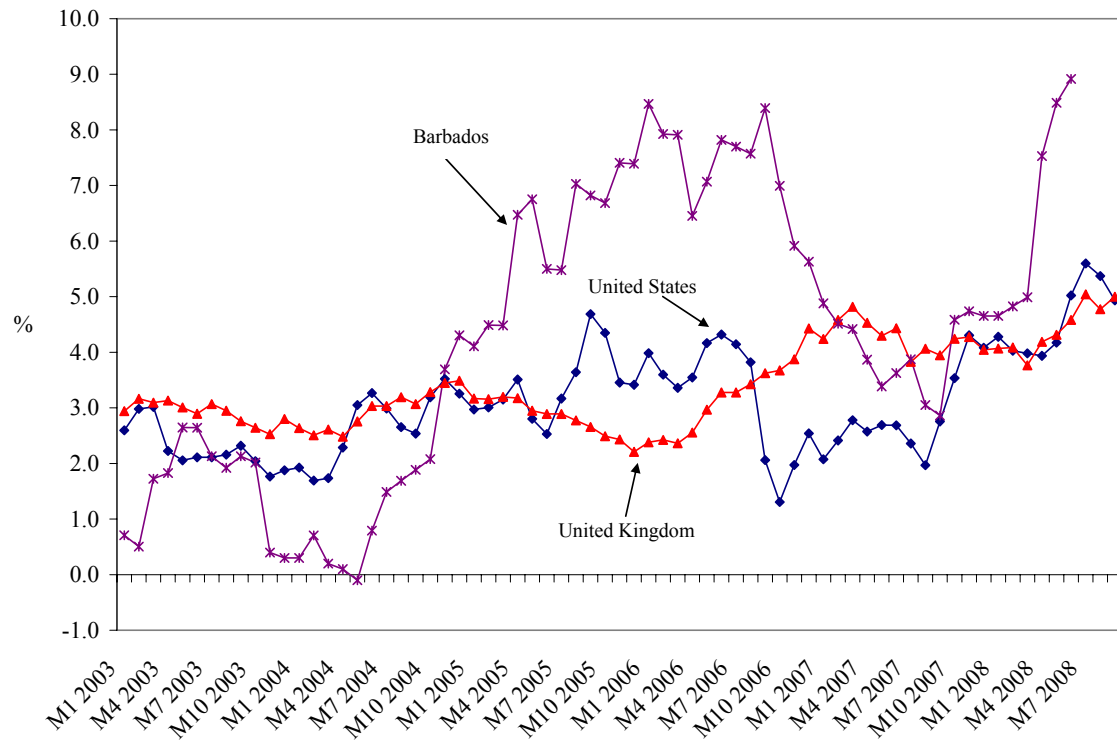
Figure 5: Inflation in Barbados and Selected Caribbean Countries



Source: IMF's International Financial Statistics (Online Edition)

Inflation in Barbados, due to the high import content in domestic production, should also be highly correlated with our main trading partners in the developed world: the United States (US) and the United Kingdom (UK). Figure 6 therefore plots the annualised percentage changes in prices for Barbados as well as the two countries mentioned above. Similar to Figure 5, inflation in the group of countries considered has generally increased: inflation in both the US and the UK jumped from about 4 percent at the end of 2007 to 5 percent at the end of September 2008.

Figure 6: Inflation in Barbados, the United Kingdom and the United States



Source: IMF's International Financial Statistics (Online Edition)

4. Conceptual Framework

As Section 2 above explains there are numerous theories and models of inflation. However, recent work on both developed and developing countries have employed the mark-up model as an adequate representation of the inflation processes (see de Brouwer and Ericsson, 1998; Dewar, Hussian and Morley, 1998; Sekine, 2001; Bowder and Jansen, 20004; Visek and Broz, 2007). These studies have argued that the mark-up model has a well-established and continuing position in macroeconomic theory (see Duesenberry, 1950; Franz and Gordon, 1993). Also, they suggest that it is general enough to embed several other well known models, particularly those suitable for modelling the inflation processes in developing countries.

In a mark-up model, firms price their products by adding a margin to the cost of their inputs. The mark-up is assumed to be constant in the long run, but may vary over the business cycle. The costs of production included in the model typically include wages, and import prices which are often found in open-economy models like the Scandanavian approach adopted by Caribbean researchers (see, for instance, Greenidge and Dacosta, 2008). Features of developing countries that make the mark-up model an appropriate modeling framework are a production system that is generally labour intensive, a

substantial proportion of intermediate inputs that are usually imported and limited domestic competition (see Dewan, Hussein Morling, 1999).

As with previous researchers, see, for example, deBrouwer and Ericsson (1998), the mark-up model used here is specified within an error-correction framework, which provides information on long-run relationships as well as short-term dynamics. The long-run relationship, specified in logarithm, is as follows:

$$p_t = \Psi + \kappa * ulc_t + \beta * pm_t + \gamma * pcom_t + \lambda * tax_t + \phi * trend \quad (1)$$

where p represents the price level, ulc is the level of unit labour costs (defined as wages and salaries paid for each unit of production), pm is the level of import prices, $pcom$ is the domestic currency price of oil and other raw materials, tax is the percentage tax wedge and $trend$ is a time trend. Equation (1) states that the price level is obtained as a constant mark-up, Ψ , on a geometric weighting of the three input cost indices and the tax wedge. As deBrouwer and Ericsson (1998) points out this representation of the price level can be derived from a profit maximising model in which the production technology is Cobb-Douglas. The inclusion of the time trend follows Hendry (2001), who argues that it controls for measurement errors that may affect the basic mark-up relationship – for instance, the exclusion of some component of wages and salaries from the unit labour cost index, for example, the compensation of the self-employed.

Equation (1) is modified by allowing the mark-up Ψ to vary over the business cycle such that Ψ is a function of output gap, $(y-y^*)$ where y is the logarithm of real output and y^* is the logarithm of trend or potential output. The intuition behind the mark-up variable

is straightforward. When demand is strong firms may be able to pass on cost increases more easily to consumers; when demand is weak, firms may be forced to absorb cost increases by temporarily accepting lower margins. Amending Equation (1) with the output gap gives the following model:

$$p_t = \Psi + \kappa * ulc_t + \beta * pm_t + \gamma * pcom_t + \lambda * tax_t + \phi * trend + \alpha * (y - y^*)_t \quad (2)$$

This equation forms the basis of the tests in the empirical section.

5. Price Data

The table below provides a list of products, sorted by their SITC codes, which will be used to study price trends.

Table 3: List of Products Examined in the Study

SITC Codes	Product
	Meat & Preparations
0112*	<u>Beef (frozen)</u>
0112190*	Other cuts of Bovine
0112210*	Boneless Tenderloin
0112220*	Boneless Sirloin
0112230*	Minced Beef
0112290*	Boneless Meat of Bovine
0121*	<u>Sheep (frozen fresh chilled)</u>
0121130*	Sheep Meat w bone (fresh or chilled)
0121140*	Boneless Sheep Meat (fresh or chilled)
0121230*	Sheep Meat with bone (frozen)
0121240*	Boneless Sheep Meat (frozen)
0122*	<u>Pork (frozen)</u>
0122220*	Hams, shoulders, cuts w bone (frozen)
0122290*	Other meat of swine w bone (frozen)
0123551*	Turkey Wings
0161210*	Bacon
0161910*	Pork Salted
	<u>Sausages (canned)</u>
	<u>Sausages (not canned)</u>
0172100*	Chilled Chicken Sausages (canned)
0172200*	Other Chilled Chicken Sausages
0172400	Other Sausages (canned)
0172900	Other Sausages

SITC Codes	Product
0175300	Luncheon Meat
0176100*	Corn Beef (canned)
	<u>Butter & Other Cooking Fats & Oils</u>
0230100	Fresh Butter (Table butter)
0230200	Salted Butter (Cooking Butter)
0589220	Peanut Butter
0910100*	Margarine
4216900*	Corn Oil
4312200*	Vegetable Oils and Fats
02*	Dairy Products
	<u>Milk</u>
0222100*	Powdered Milk & Cream
0222290*	Other Milk & Cream in solid form
0222410*	Condensed Milk
0222490*	Concentrated Milk and Cream
0223310	Ice cream
	<u>Cheese</u>
0241000	Cheese (Powdered or Grated)
0242000	Cheese Processed (Not powdered)
0249900	Cheese(other)
0251200*	Hatching Eggs
	Juices & Other Non-Alcoholic Beverages
	<u>Orange Juice</u>
0591190*	Other Orange Juice (frozen)
0591220*	Orange Juice (packaged)
0591290*	Other Orange Juice (not frozen)
0591310*	Orange Juice (packaged) (infants)
0591320*	Other Orange Juice (packaged)
0591390*	Other Orange Juice (nes)
	<u>Pineapple Juice</u>
0599120	Pineapple Juice
0599190	Other Pineapple Juice
0741100*	Tea (Green tea)
0989940*	Flavored Syrups
0989950*	Flavoring Preps
1110210*	Aerated Beverages
1110240*	Malt Beverages
	Sugar
0581*	<u>Jams and Marmalades</u>
0581200*	Citrus Fruit Puree

SITC Codes	Product
0581300*	Other Fruit Puree
0581500*	Guava Jams and Jellies
0581900*	Other Fruit Jams
0611100*	Brown Sugar (raw sugar)
0612990*	White Sugar
0616000*	Natural Honey
03*	<u>Fish</u>
0341871*	Dolphin
0341891*	King Fish
	<u>Flying Fish</u>
0344100	Flying Fish Fillets (frozen)
0345110	Flying Fish Fillets (frozen or chilled)
	Salted Fish
0371100*	Salmon
0371220*	Sardines
0371310*	Tuna
0371400*	Mackerels
04*	Cereal & Cereal Preparations
	<u>Rice</u>
0422100*	White Rice (packaged)
0422200*	White Rice(bulk)
0422300*	Parboiled Rice (packaged)
0422400*	Parboiled Rice(bulk)
	<u>Wheat</u>
0461100*	Flour (durum wheat)
0461901*	Other Wheat
0481200*	Corn Flakes
0481320*	Oats (Quaker)
0483100*	Uncooked Pasta
0484252*	<u>Biscuits - sweetened</u>
	<u>Biscuits - Unsweetened</u>
0484911*	Biscuits - unsweetened
0484912*	Other Biscuits - Unsweetened
054*	Vegetables
0541900*	English Potatoes
0544000*	Tomatoes
0545110*	Onions
0545210*	Garlic
0545320*	Broccoli
0545340*	Cabbage
0545410*	Lettuce
0545510*	Carrots

SITC Codes	Product
0545530*	Beets
0545610*	Cucumbers
0545992*	Pumpkins
0546190*	Canned Corn
0548311*	Sweet Potatoes
0548361*	Yams
	Peas
057*	Fruit
0571101*	Oranges
0572201*	Grapefruits
0573100*	Bananas
0573200*	Plantains
0574000*	English Apples
0575100*	Grapes
09*	Other Food Products
0751200*	Black Pepper
0752920*	Curry Powder
0752990*	Spices
0984210*	Tomato Ketchup
0984220*	Tomato Sauce
0984910*	Pepper Sauce
0984920*	Mayonnaise
0984990*	Sauce Condiments
0989999*	Food Preps
2783100*	Table Salt
	Animal Feed
	<u>Pet Food</u>
0819500*	Dog or Cat Food
0819920*	Other Pet Food
0819930	Poultry Feed
0819940	Cattle Feed
0819950	Pig Feed
1*	<u>Beverages & Tobacco</u>
11*	Alcoholic Beverages
1121500	Sparkling Wines
	Beer
1123101	Beer (metal containers)
1123104	Beer (other containers)
1123105	Beer (other containers)
	Stout
1123204	Stout 4% - 5% Alcohol
1123205	Stout 5% - 10% Alcohol
1124110	Whiskey

SITC Codes	Product
1124410	Rum ≤ 46%
1124490	Rum (Other)
12*	Tobacco
1221000	Cigars
1222000	Cigarettes
	Household Appliances
6973110*	Gas Stoves
7247110*	Washing Machines(domestic)
7752110*	Deep-freezers
7752150*	Refrigerators
7757110*	Vacuum Cleaners
	<u>Room Fans</u>
7434120	Floor Fans
7434130	Ceiling Fans
7757320	Blenders
7758400	Electric Irons
7758610	Micro-wave
7758620	Electric Stoves
7758720	Toasters
	Radio TV Equip Hi-fi Equip
7611100	Colour TV
7611200	Colour Video Monitors
	<u>Portable radios</u>
7622110	Portable radio/player
7643210	Portable radio -phones
7638110	Video Recorders
	<u>Batteries</u>
7781160	Batteries (Manganese dioxide)
7781191	Batteries (Lithium)
7781199	Other Primary cells & Batteries
7781211	Car Batteries
	<u>Video Tapes</u>
8986120	Video Tapes
8986520	Video Tapes
8986720	Video Tapes
	<u>Compact Discs</u>
8987960	Audio CD's (recorded)
8987970	Other Audio CD's (recorded)
	Washing Soaps and Detergents
5542220	Liquid Detergent
5542230	Soap Powder (detergent)
5542240	Liquid Bleach

SITC Codes	Product
5542310	Liquid Detergents
	Other Cleaning Materials
5543400*	Scouring Powder
5914110*	Disinfectants and Antiseptic
6974420*	Scouring Pads
8997210*	Brooms
	Other Household Supplies
5911200*	Mosquito Coils
5911301*	Insecticides
5913100*	Herbicides
6842410*	Aluminum Foil
	Personal Care
3351100	Petroleum Jelly
5531900	Perfume and Toilet Waters
5533100	Shampoo
5533300	Hair Relaxers
5534100	Tooth Paste
5535200	Antiperspirant (deodorants)
5535900	Cosmetics
5541110	Medicated Soap
5541120	Toilet Soap
6424300	Toilet Paper
6429520	Baby Napkins
6963100	Razors
8997220	Tooth Brushes
	Household Remedies and Pres Drugs
541*	<u>Vitamins</u>
5411310	B 1 Vitamins
5411320	B 2 Vitamins
5411350	B 12 Vitamins
5411400	C Vitamins
5411500	E Vitamins
5411600	Other Vitamins
5411700	Provitamins & Vitamins
	Housing
	<u>Coniferous Wood</u>
2473100	Con Wood (treated)
2482900	Other Con Wood (sawn, chipped)
2483900	Other Con Wood (continuously shaped)
	<u>Wood - Green Heart</u>
2484600	Greenheart (sawn,chilledipped,)

SITC Codes	Product
2485200	Greenheart (continuously shaped)
	<u>Cement</u>
6612210	White Portland Cement
6612220	Building Cement - (Grey)
6612290	Other Portland Cement
6612300	Aluminous Cement
6612900	Other Hydraulic Cement
6353100	Windows
6353200	Doors
8122110	Ceramic Sinks

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