

Understanding Inflation



What is Inflation?

Inflation is the rate at which the level of prices for goods and services is rising and consequently, the purchasing power of currency is falling.

What is the consumer price index?

The consumer price index is a weighted price index used to measure the change in prices for a fixed “basket” of goods and services over time. The percent change in the CPI is called the **inflation rate** and it tells us whether, on average, prices have gone up or down over time.

395

Goods & Services

The CPI basket contains 395 goods and services that the average Belizean household spends on. The SIB conducts household surveys periodically to determine what these items should be and how much households spend on different items.



2,680

Establishments

The Statistical Institute of Belize calculates the CPI monthly using prices collected from approximately 2,680 establishments countrywide. Prices are collected simultaneously in nine urban areas and one rural area in the six districts. These areas are Corozal Town, Orange Walk Town, Belize City, San Pedro, Belmopan, San Ignacio/Santa Elena, Benque Viejo, Dangriga, Independence, and Punta Gorda.



Prices are collected on the second Monday of every month.

8,000

Prices

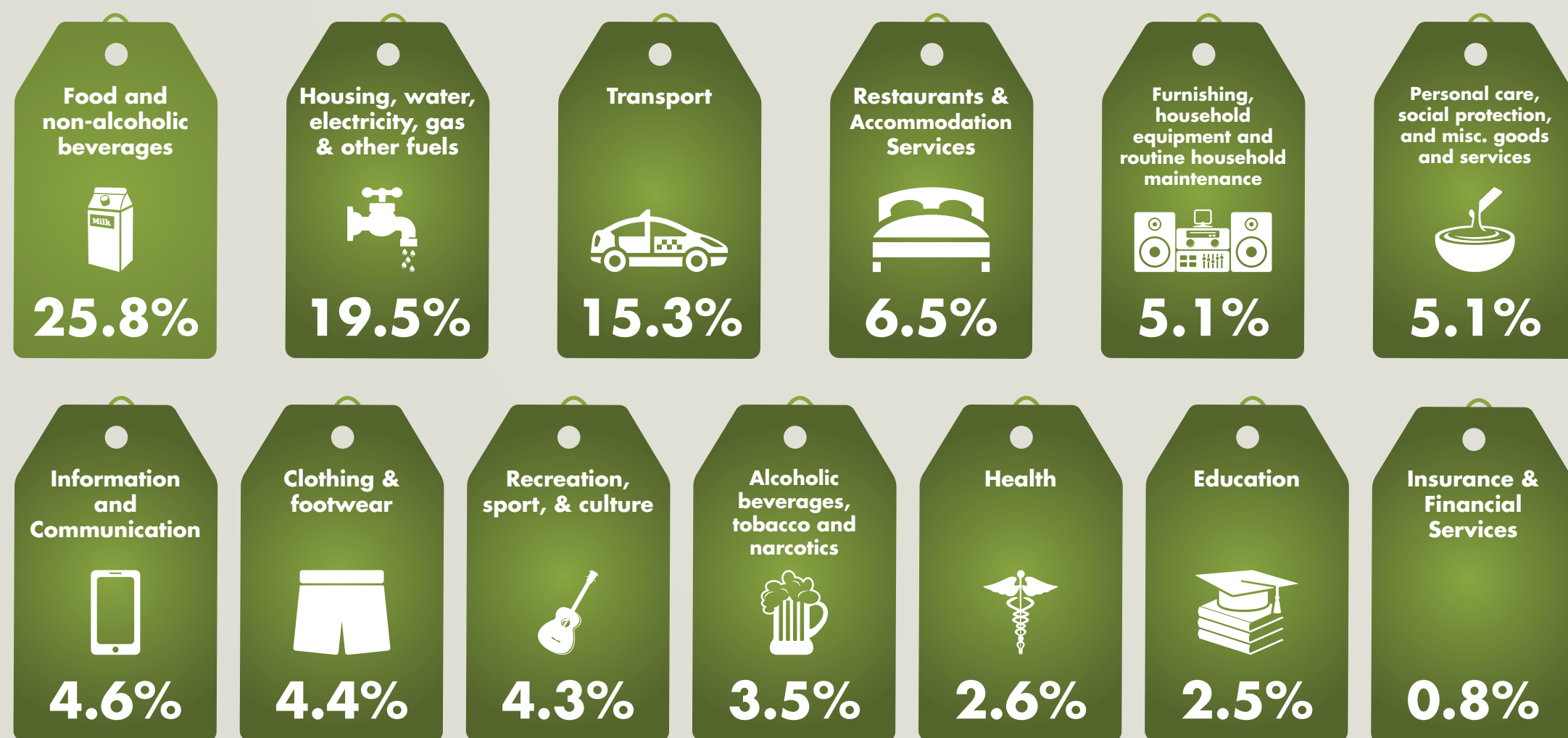
In total, almost 8,000 prices are used in the calculation. In any given month, some prices go up, some go down, and the majority do not change. When the CPI increases, it means that on average, prices have gone up, when it decreases, prices have gone down on average.



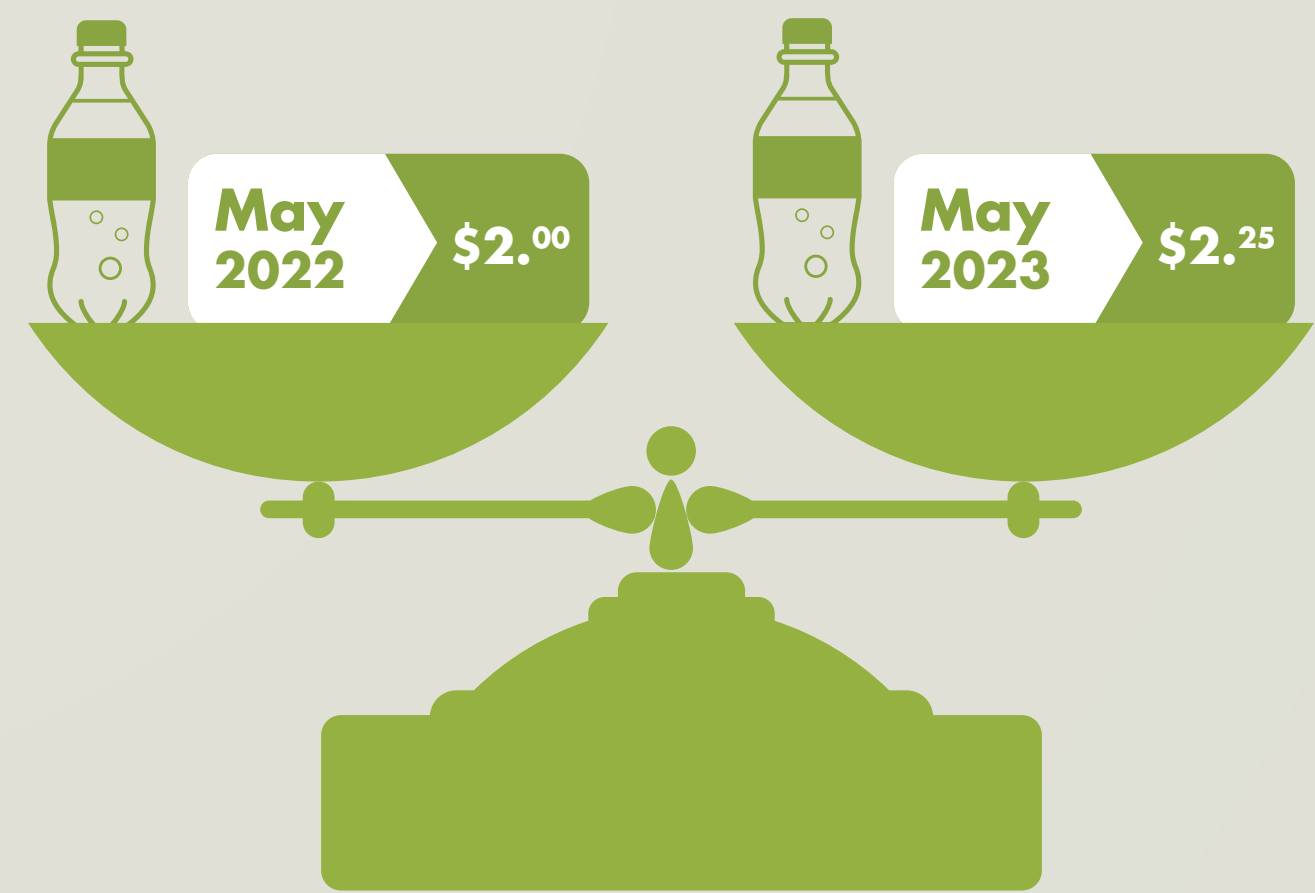
Prices for the CPI are collected in two ways: temporary price collectors acting on behalf of the SIB and items collected by the SIB via emails and phone calls.

Index Weighting

The average Belizean household spends more money on some things than others. Consequently, the elements of the index must be ‘weighted’ to reflect the importance of the various commodities consumed by the average Belizean household.

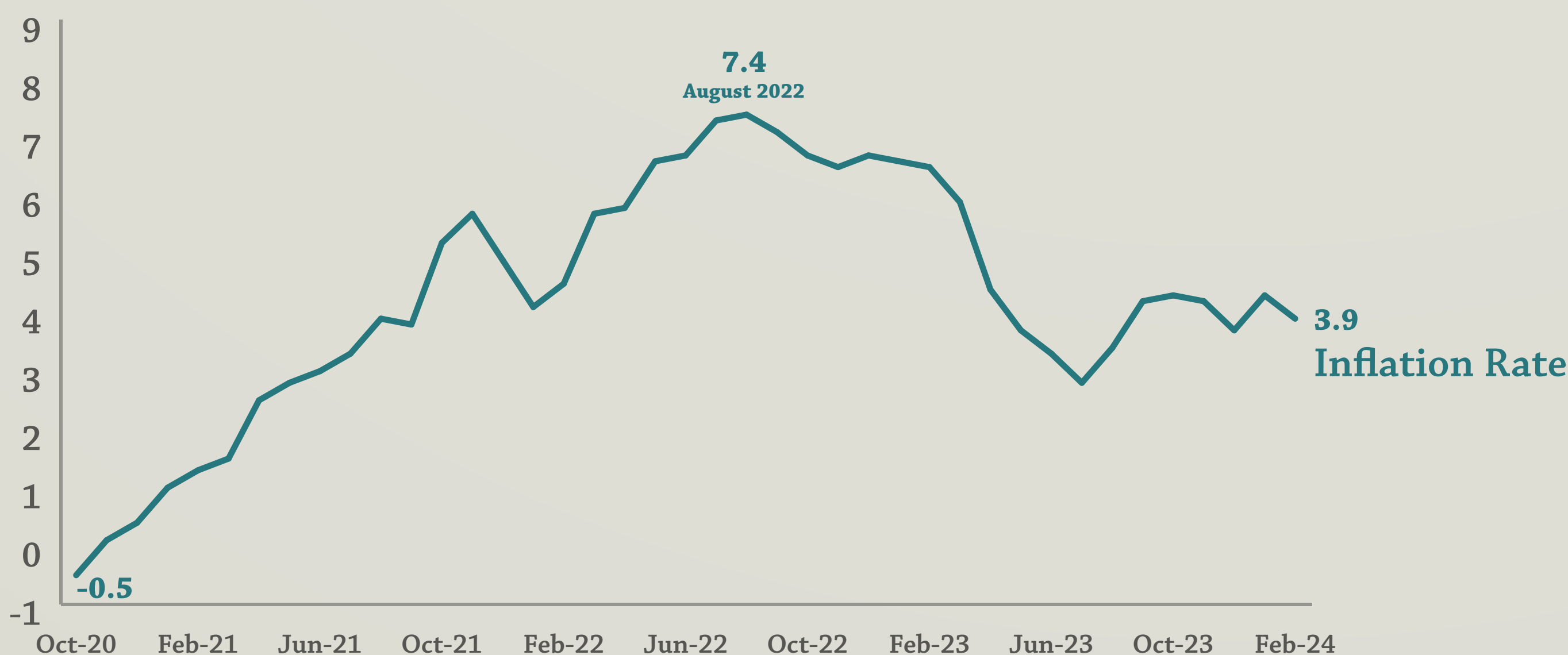


Calculating the Index



- 1 Monthly individual price changes are compared with the previous year’s price level.
- 2 Price changes for individual items are weighted according to their importance to the average household budget.
- 3 The overall index level is produced.

Monthly inflation rates October 2020 - February 2024



Lowest monthly inflation rate
October 2020

-0.5

Highest monthly inflation rate
August 2022

7.4