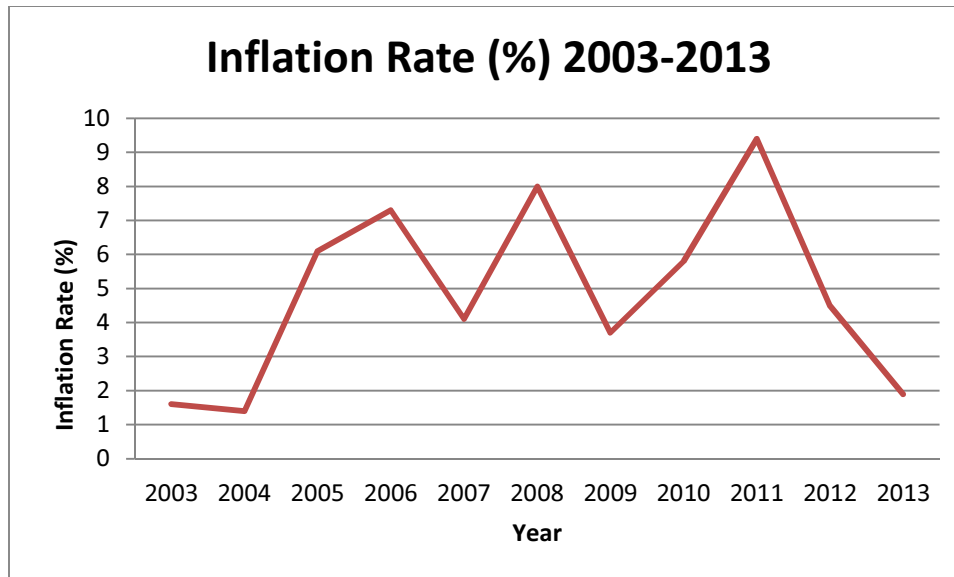


Inflation Rate (%): 2003-2013



Source: Barbados Statistical Service

INFLATION RATE (%)

YEAR	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
(%)	1.6	1.4	6.1	7.3	4.1	8	3.7	5.8	9.4	4.5	1.9

The inflation rate is a crucial economic indicator that captures changes in the general price level over a period of time. These changes are captured through a weighted “basket of goods” which is deemed to be purchased by the “average” household. A “base year” is identified and prices of goods and services within the basket in subsequent years are indexed and compared to prices in that base year. Major groups captured within the basket of goods include, inter alia:

- (i) Food;
- (ii) Transportation;
- (iii) Housing;
- (iv) Clothing and Footwear; and
- (v) Household Operations and Supplies

Significant fluctuations were recorded for the inflation rate throughout the ten year review period, reaching as high as 9.4% in 2011 and going as low as 1.4% in 2004. The most significant annual increase was observed in 2005, where the rate rose by 4.7 percentage points over the previous year, whilst the greatest decrease of 4.9 percentage points was recorded in 2012.

As at 2013, the rate was calculated at 1.9%, the second consecutive year that a decrease was recorded.