



# **The Jamaican Patty Index**

## **Tangible, edible benefits of low, stable and predictable inflation**

**JUNE 6, 2019**

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# Roadmap

- I. Inflation & YOU
- II. Why too low an inflation rate is an issue?
- III. Towards “Patty-purchasing power parity” (P-PPP)?

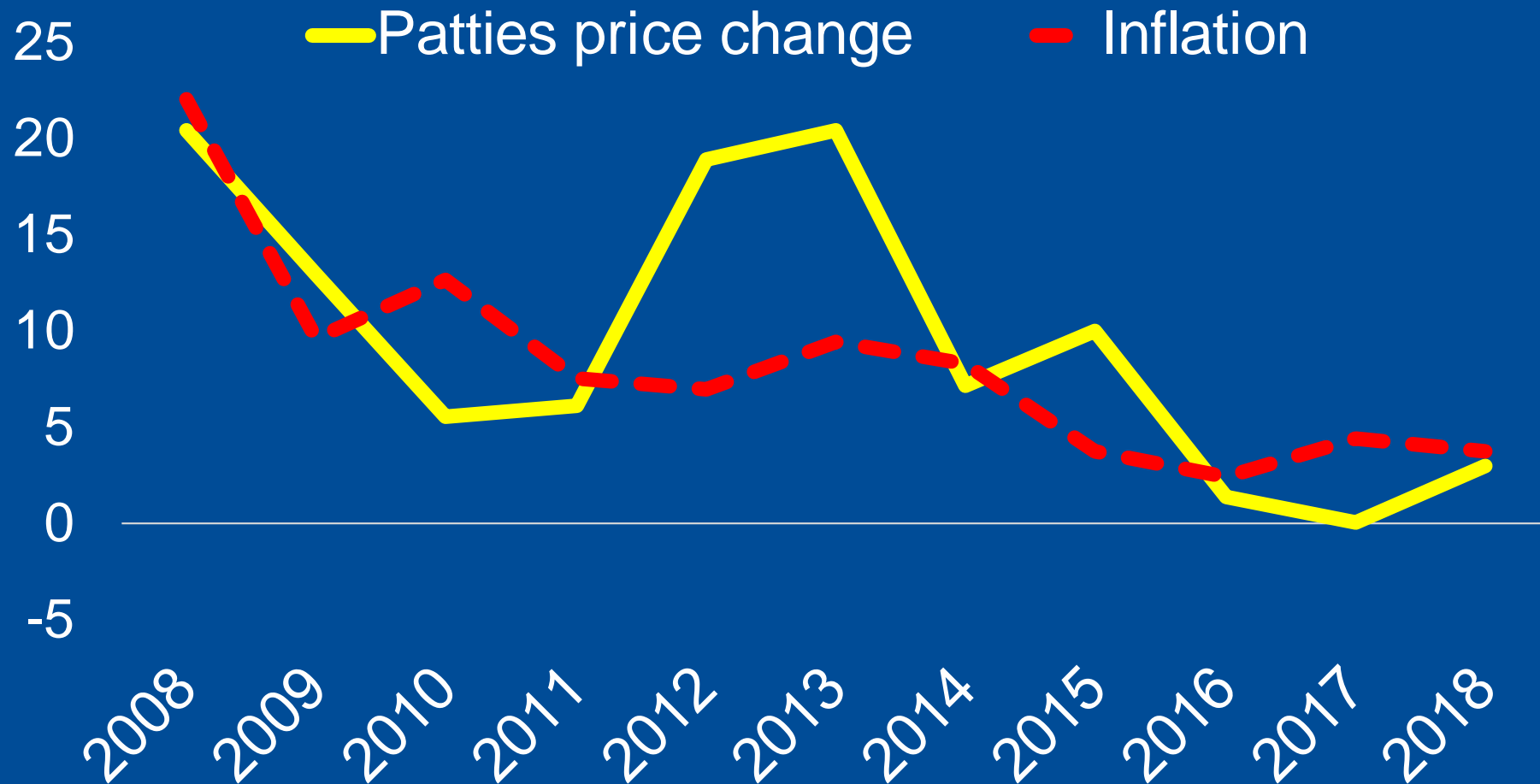
# I. Inflation & YOU



**As close to YOU as it gets:  
Patty—a widely-consumed item across Jamaica**



# The change in the average price of patties across Jamaica has followed inflation trend



Source: STATIN

# **¼ satisfaction: A popular composite meal (rice & peas, chicken, “festival” and vegetables)**

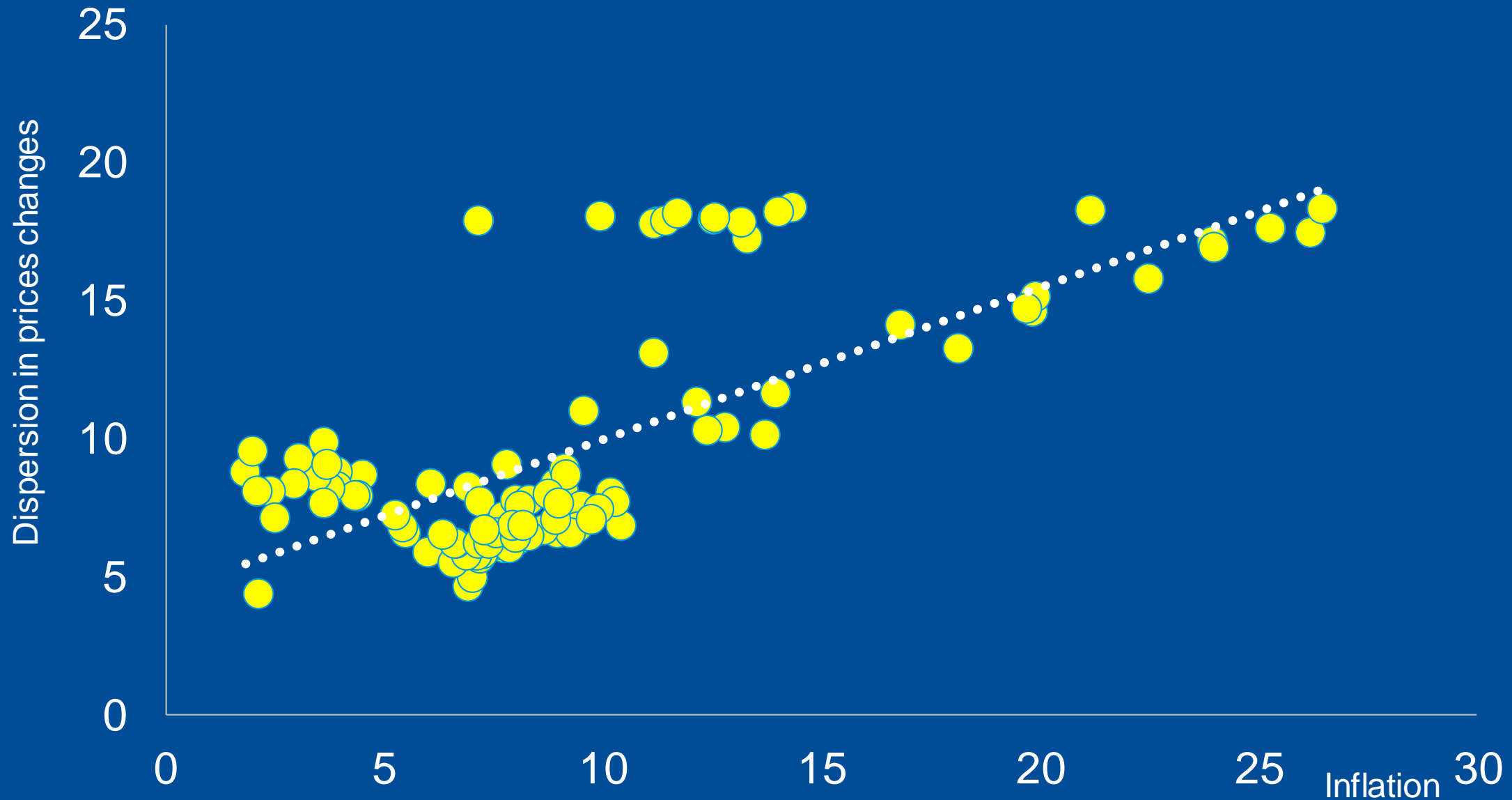


# The change in the price of the “satisfaction” meal has moved in tandem with inflation



Sources: Island Grill and STATIN

# Price changes tend to be less disperse in Jamaica when inflation is low → “your” experience might get closer to the average’





# **II. Why too Low an Inflation Rate is an Issue?**

***Need some inflation to grease the wheels***

# Stable and predictable inflation as a “public good”

The dispersion in price changes is likely to be lower as inflation expectations get better-anchored and IT gets entrenched.

Even if “your” experience with price changes is different, aggregate inflation still affects you indirectly:

- ◆ Stable and predictable inflation → stable macro environment → more private investment → higher growth and job creation

# What happens when inflation falls below target?

- ◆ May impact the credibility of the IT framework
- ◆ Might signal weaknesses in the economy
- ◆ Impedes business and household planning
- ◆ Distorts wage and borrowing/lending contracts

# III. Towards “Patty-purchasing power parity” (P-PPP)?



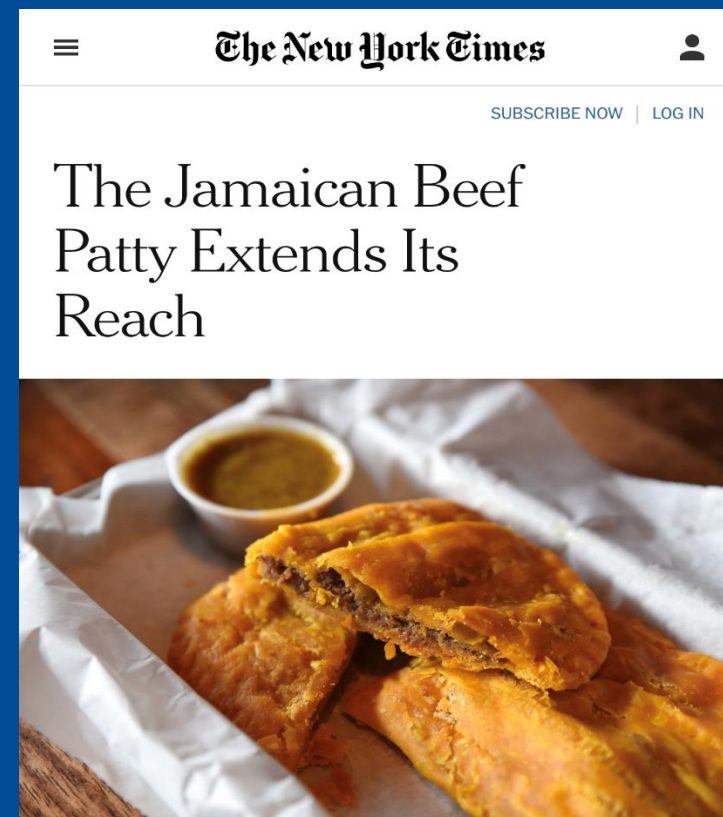
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# Inflation affects countries' competitiveness

→ The cost of producing similar goods is higher in some countries than others.

→ Quick “metrics” to assess competitiveness across countries include:

- ◆ Big Mac Index (currency valuation)
- ◆ A Week@ the Beach Index
- ◆ Jamaican patty index next?



**THANK YOU!**