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Inflation and Cost of Living Trends in Belize: An Analysis of Recent Dynamics (2022–Early 2026), Category Drivers, and Household Budget Implications

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Abstract

Inflation in Belize eased considerably following the global shocks of 2022, declining from 6.28% in 2022 to 4.39% in 2023, 3.29% in 2024, 1.1% for the full year 2025, and further to 0.04% year-on-year by January 2026. Despite this moderation, sustained increases in key categories, including food and non-alcoholic beverages (5.6% in 2024, 1.6% in 2025), housing, water, electricity, gas, and other fuels (2.3%–2.0%), restaurants and accommodation (7.4% in 2024, 2.1% in 2025), and personal care (up to 2.5%), continued to weaken consumer purchasing power. Utilizing Laspeyres-based Consumer Price Index (CPI) data from the Statistical Institute of Belize (SIB) alongside Central Bank reports, this study quantifies trends through descriptive statistics, category-weighted contribution analysis, and simulated household budget models. A representative low-to-middle-income household, allocating approximately 35–40% of expenditure to food and 25% to housing and utilities, experienced a cumulative real income decline of 8–12% since 2022. This decline prompted a reallocation of spending from discretionary items to essentials, increased vulnerability to debt, and heightened food insecurity, particularly in high-cost regions such as San Pedro. CPI computation formulas and inflation impact equations further highlight the country's structural dependence on imports. The findings support the implementation of targeted subsidies, recalibration of the Household Budget Survey (HBS 2025/26), and wage indexation policies. Overall, the analysis highlights the disconnect between robust GDP growth (8.2% in 2024) and the persistent cost-of-living pressures experienced by households.

Keywords: inflation, cost of living, Belize CPI, household budgets, food prices, energy costs, purchasing power

Abbreviations: CPI (Consumer Price Index), SIB (Statistical Institute of Belize), HBS (Household Budget Survey), LPG (Liquefied Petroleum Gas), YoY (Year-over-Year), YTD (Year-to-Date)

INTRODUCTION

As a small open economy, Belize is particularly vulnerable to imported inflation, especially through food, fuel, and manufactured goods. In the aftermath of COVID-19, supply chain disruptions, energy price volatility, and increased freight costs drove a sharp rise in the CPI in 2022. Although headline inflation has since moderated toward its long-term average of approximately 1.7–2%, residual pressures continue to strain household budgets. Key challenges include uneven inflation across expenditure categories, most notably the dominant contribution of food, regional cost disparities, and the coexistence of strong, tourism-driven GDP growth (8.2% in 2024) with declining real wages and purchasing power.

This study analyses trends from 2022 to early 2026, with particular emphasis on food and energy price increases and their quantifiable effects on households. The objective is to inform policy discussions in the context of the ongoing HBS 2025/26, which will underpin the rebasing of the CPI.

Materials and Methods

This study employs secondary data analysis based exclusively on official sources, including monthly and annual CPI releases from the Statistical Institute of Belize (2024–January 2026), the Central Bank of Belize Annual Report 2024, as well as supplementary aggregates from Trading Economics and contextual data from the World Bank. The primary datasets comprise the All-Items CPI index (based on the



~2018 HBS consumption basket of 395 items), its 12 major categories, and selected item-level prices (e.g., meats, bakery products, and LPG proxies derived from the fuels sub-index).

The analytical framework integrates the following approaches:

1. Trend analysis using descriptive statistics and percentage changes.
2. Contribution analysis, where weighted impact is calculated as category inflation multiplied by its CPI weight.
3. Simulation modeling based on standard CPI weights: Food and Non-Alcoholic Beverages (~35–40%), Housing, Water, Electricity, Gas and Other Fuels (~25%), and Restaurants (~6–7%).

Mathematical formulations:

Laspeyres CPI index:

$$CPI_t = \left(\frac{\sum p_{i,t} q_{i,0}}{\sum p_{i,0} q_{i,0}} \right) \times 100$$

Inflation rate:

$$\pi_t = \left(\frac{CPI_t - CPI_{t-1}}{CPI_{t-1}} \right) \times 100$$

Purchasing power adjustment:

$$Real\ Expenditure_t = \frac{Nominal\ Budget_t}{CPI_t/100}$$

Budget impact model (simplified):

$$\Delta Effective\ Cost = \sum (w_k \cdot \Delta P_k)$$

where w_k = expenditure share of category k , ΔP_k = price change.

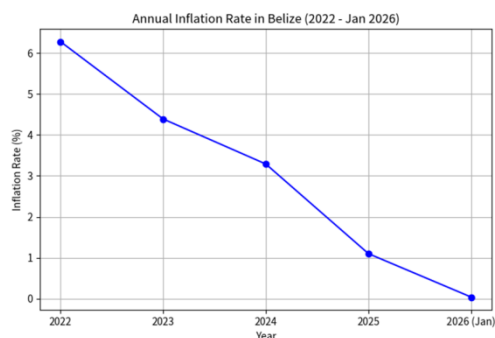
No primary data collection was undertaken; key limitations include the use of pre-2026 HBS weights and the absence of micro-level income data. These constraints are addressed through the assumption of a representative household with estimated monthly expenditures of BZ\$1,800–2,500.

Results

Overall Trends

Annual inflation exhibited a clear deceleration, declining from 6.28% in 2022 to 4.39% in 2023, 3.29% in 2024, 1.1% in 2025, and 0.04% year-over-year in January 2026. The CPI index increased from approximately 115.1 in 2023 to 118.9 in 2024 and 120.5 in December 2025, before registering at 119.86 in January 2026.

(Figure 1: Annual Inflation Rate in Belize (2022- Jan 2026))



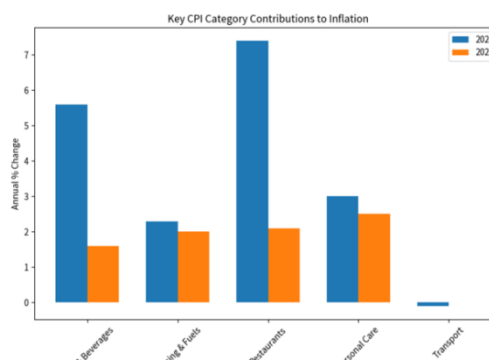
Category Analysis

Food and Non-Alcoholic Beverages remained the primary driver of inflation, accounting for 43.9% of the total change in

2024 with an increase of 5.6%, followed by 1.6% in 2025. Notable price movements between December 2024 and December 2025 include increases in beef steak (+10.7%), ground beef (+3.0%), and chicken legs (+1.9%), while bakery items showed mixed but overall positive changes. Non-alcoholic beverages rose by 2.4% in January 2026, with juices increasing by 2.3% and purified water by 1.9%.

Housing, Water, Electricity, Gas, and Other Fuels increased by 2.3–2.4% in 2024 and 2.0% in 2025, largely driven by higher rents and utility costs. Restaurants and Accommodation recorded increases of 7.4% in 2024 and 2.1% in 2025. Health-related expenses rose between 3.0% and 4.3%, while Personal Care increased by up to 2.5%. In contrast, the Transport category showed a slight decline (–0.1% in 2024), reflecting easing fuel prices.

(Figure 2: Bar chart – Key CPI Category % Changes, 2024 vs 2025)



Selected Item Price Table (December 2024 vs 2025, BZ\$)

Item	Unit	Dec-24	Dec-25	% Change
Beef Steak	1 lb	10.14	11.23	+10.7
Ground Beef	1 lb	7.49	7.72	+3.0
Whole Chicken	1 lb	3.24	3.22	-0.5
White Bread	16 oz	2.31	2.28	-1.4
Tomatoes	1 lb	3.79	2.60	-31.4

(Source: SIB selected averages; offsetting vegetable declines noted but net food +1.6%).

Household Budget Simulation

Assuming an average household with a nominal monthly expenditure of BZ\$2,000:

- Food share of 38% with a 5.6% increase in 2024 results in an additional BZ\$42.56 per month.
- Housing and utilities, comprising 25% of expenditure, with a 2.3% increase, add BZ\$11.50 per month.
- The total effective increase is approximately 3.3%, or BZ\$66 per month, corresponding to a cumulative real income erosion of 8–12% over the period 2022–2025. Based on Equation 3, real purchasing

power declined to an index value of approximately 96.7 (with 2024 = 100). Regionally, costs in San Pedro are often two to three times the national average, particularly due to tourism-driven rental prices.

Discussion

The results confirm that Belize's vulnerability to import-driven inflation amplified the impact of global shocks. Domestic factors, including limited LPG subsidies and supply chain delays, have sustained core inflationary pressures despite strong GDP performance and low unemployment (2.5% in 2024). The household budget model (Equation 4) demonstrates a regressive effect, whereby low-income households, allocating over 50% of expenditure to food and housing, experience 1.5 to 2 times the average real income erosion. This shift in expenditure patterns increases the risk of reduced consumption diversity and potential nutritional deficits.

Policy implications include accelerating the HBS 2025/26 to update CPI weights, considering targeted GST waivers on essential goods, implementing wage indexation linked to CPI movements, and strengthening monitoring through quarterly SIB reporting dashboards. While inflation is projected to moderate to below 2% by mid-2026, the elevated cost baseline underscores the need for structural measures, such as promoting local agricultural production, to enhance economic resilience.

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