



THE CAYMAN ISLANDS' CONSUMER PRICE INDEX REPORT: DECEMBER 2013

(Date of Release: February 18, 2014)

Average Consumer Price Index (CPI) increased by 2.2% in 2013

This report presents the average CPI in the year 2013 and the results of the December 2012 CPI Survey.

Average CPI in 2013

The average CPI in 2013 stood at 103.6, increasing by 2.2 percent from the average CPI in 2012. This is the result of increasing inflation in all quarters in 2013, ranging from 1.4 percent in the first quarter to as high as 2.8 percent in the third quarter.

Figure 1: Inflation Rates
(% Change in CPI of Current Quarter over Same Quarter A Year Ago)



By major division of goods and services in the CPI basket, increases were recorded in ten (10) out of the twelve (12) divisions as follows:

- Alcoholic beverages and tobacco, 9.8%;
- Miscellaneous goods and services, 8.5%;
- Household equipment, 6.1%;
- Clothing and footwear, 4.8%;
- Education, 4.6%;
- Food and non-alcoholic beverages, 3.2%;
- Restaurants & hotels, 3.2%;

- Transport, 2.3%;
- Health, 0.9% and
- Communication, 0.7%.

The major divisions with a decline in average price were housing and utilities (-1.4%) and recreation and culture (-1.0%).

December 2013 Consumer Price Index

Annual changes. The CPI for the quarter ended December 2013 increased by **1.7** percent compared to the same period a year ago. The main contributors to this increase were the following major divisions:

- **Restaurants and hotels:** this index rose by **10.7** percent largely as a result of a sharp increase of 27.3 percent in the average rate for accommodation. The average cost of catering services rose by 8.1 percent.
- **Miscellaneous goods and services:** this price index moved upward by **7.1** percent, driven mainly by a 13.8 percent increase for insurance. Social protection also recorded an increase (1.6%). while, there were declines in prices for the other groups.
- **Education:** this overall price index stood at 113.0 or **6.2** percent above the level in December 2012. The average cost of all three levels of education rose. Tertiary education went up by 12.5 percent; pre-primary and primary education by 3.3 percent; and secondary education by 3.1 percent.
- **Household equipment:** the division index was higher by **5.9** percent from a year ago, mainly due to an increase in the average cost of household textiles (12.8%) such as sheets and goods and services for routine household maintenance (7.7%).
- **Transport:** the overall price index stood at 117.8 compared to 114.2 in 2012, **3.2** percent above the index a year ago. This increase was the result of higher costs for transport services (7.4%); acquisition cost of vehicles (3.2%); and operations of personal transport equipment (1.1%). For the movement in the latter, increased fuel prices were a major contributor.
- **Food and non-alcoholic beverages:** the index for the division increased by **3.0** percent as most groups rose, led by vegetables (7.9%) and meat and meat products (5.4%). Two groups recorded declines namely, fruits (-2.1%) and coffee, tea and cocoa (-0.4%).
- **Clothing and footwear:** the upward movement of this price index by **2.4** percent is traced to higher prices for both clothing (2.5%) and footwear (2.0%).
- **Communication:** there was a 0.7 percent rise in this price index as the group telephone and telefax services, with the highest weight for the division of 68.9, went up by 0.8 percent. The price index for telephone and telefax equipment fell (6.3%) and postal services recorded no movement.
- **Alcoholic beverages and tobacco:** there was no change in this price index for the period under review. The 0.1 percent rise in the price of alcohol was offset by a similar 0.1 percent

decline in the index for tobacco.

Meanwhile, the following divisions declined in December 2013 compared to December 2012:

- **Housing and utilities:** this moved down by **2.9** percent as there was a decline in the index for all the groups that make up this division: maintenance and repairs of dwellings (-3.9%); imputed rentals for owner-occupied housing (-3.2%); electricity, gas and other fuels (-2.8%); actual rentals for housing (-2.2%); and water supply and miscellaneous services (-1.2%).
- **Recreation and culture:** declined by **0.3** percent, as average prices for newspaper, books and stationery went down by 7.7% while the average price for all other groups increased.
- **Health:** the price index was lower by **0.1** percent due to reductions in average prices for hospital (-1.6%) and outpatient (-1.1%) services while, medical products, appliances and equipment rose by 4.2 percent.

Quarterly changes. The CPI stood at **104.2** in December 2013, up by **0.5** percent in comparison to September 2013. The upward movement was due to the following:

- **Restaurants and hotels:** the price index moved upward by **4.9** percent resulting mainly from higher accommodation rates (31.8%), while, the average cost of catering services posted an increase of 1.1 percent.
- **Transport:** this went up by **2.2** percent, following the increase in the average cost of transport services (6.2%); purchase of vehicles (1.1%); and operation of personal transport equipment (0.3%).
- **Food and non-alcoholic beverage:** the overall division index recorded a **0.6** percent increase. All groups in this division were higher compared to the previous quarter except for fruits (-1.3%) and coffee, tea and cocoa (-0.8%). The increase was led by, vegetables (1.9%); meat and meat products (1.5%); and bread and cereals (1.2%).
- **Housing and utilities:** this index, which accounts for almost 2/5 of the entire CPI basket, registered at 88.8 in December 2013, **0.5** percent above the level in September 2013 on account of a 3.5 percent rise in the average price of electricity, gas and other fuels, as international oil prices rose. An increase of 2.0 percent was also shown for the average cost of water supply and miscellaneous services. The index for maintenance and repair of dwelling fell by 1.5 percent while the prices for actual rentals for housing and imputed rentals for owner-occupied housing were stable during the review period.
- **Household equipment:** the price index for this division rose by **0.4** percent led by an 8.7 percent increase in the average cost of household textiles which includes beddings, blinds, towels and linens.
- **Alcoholic beverages and tobacco:** this price index rose by **0.1** percent, as prices of alcoholic beverages rose by 0.1 percent while prices for tobacco products were stable.

On the other hand, the following divisions posted declines in December 2013 compared to September 2013:

- **Clothing and footwear:** this went down by **1.0** percent resulting from movements in prices for footwear (-2.0%) and clothing (-0.8%).
- **Recreation and culture:** this price index declined by **0.7** percent, coming mainly from a 9.4 percent fall in the average cost of newspapers, books and stationery.
- **Miscellaneous goods and services:** the index had a downward quarterly adjustment of **0.6** percent, emanating mainly from reduced prices for personal effects not elsewhere classified (-12.9%).
- **Health:** this index fell by **0.5** percent as the average prices for hospital, and outpatient services were reduced by 1.6 and 1.1 percent respectively. Meanwhile, the average price of medical products, appliances and equipment rose by 1.9 percent.
- **Communication:** the overall index of this division posted a downward adjustment of **0.1** percent arising from a 20.4 percent decline in the price for telefax and telephone equipment. The latter was offset by the stable prices for postal and telefax and telephone services.

Meanwhile, the **education** index was stable, as school fees remained unchanged from the previous quarter.

Table 1: Quarterly Consumer Price Index and Inflation Rates
JUNE 2008 = 100

Year	Quarter Ending	INDEX	Percentage change in CPI:	
			3 months ago	1 year ago
2006	March	91.9	-0.9	-0.9
	June	93.3	1.5	0.9
	September	94.4	1.2	1.4
	December	94.2	-0.2	1.6
2007	March	95.9	1.8	4.4
	June	96.3	0.4	3.2
	September	96.7	0.4	2.4
	December	95.8	-0.9	1.7
2008	March	99.2	3.5	3.4
	June	100.0	0.8	3.8
	September	101.8	1.8	5.3
	December	99.5	-2.3	3.9
2009	March	98.8	-0.8	-0.4
	June	98.8	0.1	-1.2
	September	98.7	-0.2	-3.1
	December	98.2	-0.5	-1.3
2010	March	99.1	0.9	0.4
	June	99.5	0.4	0.7
	September	98.4	-1.1	-0.3
	December	98.5	0.1	0.3
2011	March	99.2	0.7	0.03
	June	100.5	1.4	1.0
	September	100.8	0.3	2.4
	December	100.4	-0.4	1.9
2012	March	100.9	0.6	1.8
	June	101.4	0.5	0.9
	September	100.8	-0.6	0.02
	December	102.5	1.6	2.1
2013	March	102.3	-0.1	1.4
	June	104.2	1.8	2.7
	September	103.7	-0.5	2.8
	December	104.2	0.5	1.7

Table 2
CAYMAN ISLANDS CONSUMER PRICE INDEX
 ANNUAL AVERAGES 1995 TO 2013
 (June 2008 = 100)

YEAR	INDEX	Percentage change from a year ago
1995	66.7	
1996	68.4	2.5
1997	70.3	2.7
1998	72.4	3.0
1999	77.3	6.9
2000	79.4	2.7
2001	80.3	1.1
2002	82.3	2.5
2003	82.8	0.5
2004	86.5	4.5
2005	92.8	7.3
2006	93.5	0.8
2007	96.2	2.9
2008	100.1	4.1
2009	98.6	-1.5
2010	98.9	0.3
2011	100.2	1.3
2012	101.4	1.2
2013	103.6	2.2

TABLE 3: CONSUMER PRICE INDICES AND INFLATION BY DIVISIONS AND GROUPS - FORTH QUARTER 2013

Major Group	Weight	Index			Percentage Change	
		Dec - 13	Sept- 13	Dec- 12	3 months Ago	1 year ago
All Divisions - All items	1000.0	104.2	103.7	102.5	0.5	1.7
01 Food & Non Alcoholic Beverage	79.6	122.7	121.9	119.0	0.6	3.0
Bread & cereals	9.9	119.3	117.8	117.0	1.2	2.0
Meat & meat products	10.4	125.4	123.6	119.0	1.5	5.4
Fish & seafood	4.2	122.0	121.2	120.4	0.7	1.3
Milk, cheese & egg	8.3	119.0	118.6	115.5	0.4	3.1
Oils & fats	2.0	110.4	109.4	110.0	0.9	0.4
Fruits	6.7	130.8	132.6	133.7	-1.3	-2.1
Vegetables	8.6	135.0	132.5	125.1	1.9	7.9
Sugars, jam, honey, chocolate & confectionery	5.5	124.0	123.6	120.8	0.3	2.7
Food products n.e.c.	5.6	119.8	119.2	115.0	0.5	4.1
Coffee, tea & cocoa	1.6	110.4	111.3	110.8	-0.8	-0.4
Mineral water, soft drinks, fruit & vegetable juices	16.9	118.4	118.1	115.3	0.3	2.7
02 Alcoholic Beverages & Tobacco	6.5	131.6	131.5	131.6	0.1	0.0
Alcohol	5.6	113.9	113.8	113.9	0.1	0.1
Tobacco	0.9	246.0	246.0	246.3	0.0	-0.1
03 Clothing and Footwear	34.3	113.3	114.5	110.6	-1.0	2.4
Clothing	29.5	112.3	113.2	109.5	-0.8	2.5
Footwear	4.8	119.9	122.4	117.6	-2.0	2.0
04 Housing and Utilities	394.4	88.8	88.4	91.5	0.5	-2.9
Actual rentals for housing	78.7	77.9	77.9	79.6	0.0	-2.2
Imputed rentals for owner-occupied housing	223.4	80.6	80.6	83.3	0.0	-3.2
Maintenance and repair of dwelling	28.5	115.7	117.4	120.4	-1.5	-3.9
Water supply and miscellaneous services	16.4	115.4	113.1	116.8	2.0	-1.2
Electricity, gas and other fuels	47.3	120.2	116.2	123.7	3.5	-2.8
05 Household Equipment	56.4	110.4	110.0	104.3	0.4	5.9
Furniture and furnishings	5.7	105.3	105.5	104.6	-0.2	0.6
Household textiles	1.1	127.7	117.5	113.3	8.7	12.8
Household appliances	2.8	103.2	103.3	102.8	-0.1	0.4
Glassware, tableware and household utensils	2.8	128.1	127.9	131.6	0.1	-2.7
Tools and equipment for house and garden	1.5	91.3	91.5	92.5	-0.3	-1.3
Goods and services for routine household maintenance	42.4	110.7	110.3	102.7	0.3	7.7
06 Health	24.2	101.8	102.4	101.9	-0.5	-0.1
Medical products, appliances and equipment	5.0	108.9	106.9	104.5	1.9	4.2
Outpatient services	17.9	99.0	100.1	100.2	-1.1	-1.1
Hospital services	1.4	112.5	114.3	114.3	-1.6	-1.6
07 Transport	96.1	117.8	115.3	114.2	2.2	3.2
Purchase of vehicles	6.1	116.6	115.4	112.9	1.1	3.2
Operations of personal transport equipment	57.4	121.4	121.1	120.2	0.3	1.1
Transport services	32.6	111.7	105.2	104.0	6.2	7.4
08 Communication	69.7	104.7	104.8	104.0	-0.1	0.7
Postal services	0.5	95.3	95.3	95.3	0.0	0.0
Telephone & telefax equipment	0.3	84.4	106.0	90.0	-20.4	-6.3
Telephone & telefax services	68.9	104.9	104.9	104.1	0.0	0.8
09 Recreation and Culture	40.5	96.1	96.8	96.4	-0.7	-0.3
Audio-visual, photographic and information processing equipment	4.2	74.6	72.9	74.3	2.3	0.4
Other major durables for recreation and culture	3.4	90.1	90.1	89.0	0.0	1.2
Other recreational items and equipment, gardens and pets	10.5	113.8	112.8	112.2	0.9	1.4
Recreational & cultural services	17.6	93.1	93.1	92.8	0.0	0.3
Newspapers, books and stationery	4.8	91.8	101.3	99.5	-9.4	-7.7
10 Education	27.9	113.0	113.0	106.4	0.0	6.2
Pre-primary and primary education	16.1	112.5	112.5	108.9	0.0	3.3
Secondary education	2.4	118.4	118.4	114.8	0.0	3.1
Tertiary education	9.4	112.5	112.5	100.0	0.0	12.5
11 Restaurants and Hotels	40.2	121.9	116.1	110.1	4.9	10.7
Catering Services	33.8	122.0	120.7	112.9	1.1	8.1
Accommodation Services	6.4	121.1	91.9	95.1	31.8	27.3
12 Miscellaneous Goods and Services	130.2	118.5	119.2	110.6	-0.6	7.1
Personal care	26.5	114.0	111.9	114.4	1.8	-0.4
Personal effects n.e.c.	7.7	128.2	147.1	136.8	-12.9	-6.3
Social protection	8.4	104.8	104.8	103.2	0.0	1.6
Insurance	74.8	121.9	121.6	107.1	0.3	13.8
Financial services n.e.c.	0.5	91.8	91.8	91.8	0.0	0.0
Other services n.e.c.	12.2	111.7	113.7	113.4	-1.8	-1.5

Table 4: Consumer Price Index, Averages by Major Groups
 (JUNE 2008 = 100)

PERIOD / DIVISION	Food & Non-alcoholic beverages	Alcoholic Beverages & Tobacco	Clothing & Footwear	Housing and Utilities	Household Equipment	Health	Transport	Communication	Recreation & Culture	Education	Restaurants & Hotels	Miscellaneous Goods & Services	ALL ITEMS
WEIGHT	79.6	6.5	34.3	394.4	56.4	24.2	96.1	69.7	40.5	27.9	40.2	130.2	1000
2009													
MARCH	105.9	104.4	102.4	96.2	101.8	95.6	89.3	98.4	98.3	101.8	108.8	104.1	98.8
JUNE	106.9	104.6	102.4	95.2	101.6	96.3	90.8	101.6	98.5	102.0	107.1	104.3	98.8
SEPTEMBER	105.6	104.1	100.3	94.9	100.9	97.2	92.7	99.5	97.6	103.5	109.7	104.5	98.7
DECEMBER	105.1	104.7	99.9	93.8	100.5	97.1	93.2	102.7	96.7	103.5	109.2	103.1	98.2
ANNUAL AVERAGE 2009	105.9	104.5	101.2	95.0	101.2	96.6	91.5	100.5	97.7	102.7	108.7	104.0	98.6
2010													
MARCH	107.5	114.5	99.8	93.5	100.8	97.4	96.1	102.8	98.1	103.5	116.4	104.1	99.1
JUNE	110.6	115.3	102.1	93.1	102.9	97.7	97.4	102.7	97.5	103.5	113.6	105.0	99.5
SEPTEMBER	109.3	115.6	101.1	89.1	101.8	97.8	100.5	102.9	100.1	105.4	113.4	106.4	98.4
DECEMBER	108.6	115.1	101.1	89.2	101.7	97.8	101.8	102.1	99.7	105.4	113.3	107.1	98.5
ANNUAL AVERAGE 2010	109.0	115.1	101.0	91.2	101.8	97.7	98.9	102.6	98.9	104.5	114.2	105.6	98.9
2011													
MARCH	110.4	115.0	100.2	89.2	102.5	97.9	105.0	102.1	99.5	105.4	117.5	107.2	99.2
JUNE	112.4	115.7	100.9	90.4	102.2	99.1	110.3	105.4	99.4	105.4	115.5	107.4	100.5
SEPTEMBER	113.6	115.5	101.0	91.2	103.5	98.9	111.5	104.1	99.2	105.4	115.7	105.6	100.8
DECEMBER	114.7	115.7	102.2	90.1	103.3	98.9	110.7	104.4	99.3	105.4	112.8	106.0	100.4
ANNUAL AVERAGE 2011	112.8	115.5	101.1	90.3	102.8	98.7	109.4	104.0	99.3	105.4	115.4	106.5	100.2
2012													
MARCH	116.3	115.6	103.8	90.0	102.9	100.5	111.8	104.4	98.1	105.4	117.8	107.3	100.9
JUNE	116.7	116.2	106.4	90.5	103.1	100.4	114.0	103.6	98.6	105.4	114.5	107.7	101.4
SEPTEMBER	118.3	116.2	110.0	89.7	104.6	101.8	110.4	103.6	96.9	106.4	108.0	108.3	100.8
DECEMBER	119.0	131.6	110.6	91.5	104.3	101.9	114.2	104.0	96.4	106.4	110.1	110.6	102.5
ANNUAL AVERAGE 2012	117.6	119.9	107.7	90.4	103.7	101.2	112.6	103.9	97.5	105.9	112.6	108.5	101.4
2013													
MARCH	120.1	131.8	112.5	89.4	110.2	102.1	113.1	104.0	96.6	106.4	116.9	110.8	102.3
JUNE	121.0	131.6	111.2	90.2	109.8	102.1	114.4	104.9	96.6	110.6	109.7	122.3	104.2
SEPTEMBER	121.9	131.5	114.5	88.4	110.0	102.4	115.3	104.8	96.8	113.0	116.1	119.2	103.7
DECEMBER	122.7	131.6	113.3	88.8	110.4	101.8	117.8	104.7	96.1	113.0	121.9	118.5	104.2
ANNUAL AVERAGE 2013	121.4	131.6	112.9	89.2	110.1	102.1	115.2	104.6	96.5	110.8	116.2	117.7	103.6
% CHANGE PREV YEAR	3.0	0.0	2.4	-2.9	5.9	-0.1	3.2	0.7	-0.3	6.2	10.7	7.1	1.7
% CHANGE PREV QTR	0.6	0.1	-1.0	0.5	0.4	-0.5	2.2	-0.1	-0.7	0.0	4.9	-0.6	0.5
% CHANGE ANNUAL AVERAGE	3.2	9.8	4.8	-1.4	6.1	0.9	2.3	0.7	-1.0	4.6	3.2	8.5	2.2

TABLE 5: AVERAGE PRICES OF SELECTED ITEMS
Quarter Ending December 2013

Item	Quantity	Average Prices (C\$)		
		Dec-12	Sept-13	Dec-13
Loaf - Harddough	2 lb	3.61	3.64	3.64
Long Grain Rice	5 lb	2.51	2.51	2.49
Cornflakes (original)	24 oz	4.99	5.39	5.39
Stew Beef	per lb	3.91	4.04	4.07
Bacon	12 oz	4.29	4.32	5.22
Snapper Fillets (frozen)	per lb	9.91	9.99	9.71
Canned Tuna in water	6 oz	1.64	1.76	1.76
Eggs (Grade A Large)	1 doz	2.72	2.64	2.58
Margarine -Shedds Spread	45 oz	5.94	5.94	5.94
Fresh Milk (McArthur - Regular Vitamin D)	1 gal	6.39	6.41	6.42
Evaporated milk (Nestle Carnation)	14 oz	1.42	1.59	1.59
Vegetable Oil	24 oz	4.26	4.26	4.46
Plantain	per lb	1.07	0.98	0.99
Potatoes - Irish	per lb	0.93	1.16	1.01
Lettuce - Iceburg	each	2.37	2.35	2.36
Sweet Potatoes	per lb	2.45	2.48	2.63
Tomatoes - Slicing	per lb	2.72	2.91	3.12
Bananas - Ripe	per lb	1.00	0.92	0.87
Apple - Golden Delicious	per lb	2.51	2.48	2.56
Grapes - Red Seedless	per lb	4.25	3.08	3.38
Tea (Lipton Decaffeinated)	48 bags	3.81	3.81	3.81
Coffee - Instant -Classic Roast - Bottle	8 oz	7.12	6.72	6.72
Soda	12 oz	0.73	0.78	0.78
Sugar - Light Brown (Bag)	2 lb	2.38	2.09	2.09
Corned Beef - regular	340 g	3.92	3.99	3.99
Iodized Salt	26 oz	0.92	0.91	0.91
Petrol - Regular Full Service	per gal	5.76	5.73	5.64
Petrol - Premium Full Service	per gal	5.87	5.84	5.75
Diesel - Full Service	per gal	5.82	5.76	5.76

NOTES ON THE INDEX COMPILATION

1. Data collection

This report uses the 2008 CPI basket based on the results of the 2007 Survey of Living Conditions/Household Budget Survey (HBS) as updated in June 2008. The goods and services in the basket are classified into twelve (12) divisions using the United Nations' Classification of Individual Consumption According to Purpose (COICOP). In all, there are 1,393 items (7th-digit COICOP level) included in the basket collected from 147 providers/outlets in Grand Cayman, classified as follows:

Divisions	Items
1 Food and non-alcoholic beverages	477
2 Alcoholic beverages & tobacco	56
3 Clothing & Footwear	137
4 Housing and Utilities	67
5 Household Equipment	191
6 Health	47
7 Transport	71
8 Communication	41
9 Recreation and Culture	65
10 Education	15
11 Restaurants and hotels	130
12 Miscellaneous goods and services	99
Grand Total	1396

ESO also adopted new collection periods and price averaging methodologies in accordance with updated international standards and as advised by the Caribbean Technical Assistance Centre (CARTAC). Beginning in the fourth quarter of 2009, price data for all items are collected every second month of the quarter (whereas they were previously collected every third month). Prices of selected items that are vulnerable to monthly changes such as vegetables and fruits, fish and meat, and gas are now also collected on a monthly basis. Prices across outlets are averaged using the geometric mean formula to reduce the impact of extreme or outlier prices (please see below).

2. CPI formula

The CPI is computed using Lowe's formula. The Lowe indices is one of the widest and popular class of price indices which is obtained by defining the index as the percentage change, between the periods compared, in the total cost of purchasing a given set of quantities, generally described as a "basket".¹ The Lowe index, P_{Lo}, is defined as follows²:

$$P_{Lo} = \frac{\sum_{i=1}^n p_i^t q_i}{\sum_{i=1}^n p_i^0 q_i}$$

Where n = number of products in the basket with prices p_i and quantities q_i

0 = base period when index =100

t = later period being compared

p = [p₁, p₂, . . . , p_n] for each item from different outlets is the average of prices of the outlets

using geometric mean or the formula:

$$p = \left(\prod_{i=1}^n p_i \right)^{1/n} = \sqrt[n]{p_1 * p_2 * \dots * p_n}$$

q= implicit quantity purchased by households in the HBS period.

Inflation: this refers to the percentage change in the Consumer Price Index from one period to another. Typically, this period would be a year or a quarter.

Annual Inflation Rate: the percentage change of the CPI in the quarter under review over the CPI of the same quarter a year ago. This is also known as **year-on-year inflation rate**.

Quarterly Inflation Rate: the percentage change of the CPI in the quarter under review over the immediate previous quarter. This is also known as **quarter-on-quarter inflation rate**.

¹ ILO (2004, p. 2). Consumer price index manual

² Ibid , p.3