



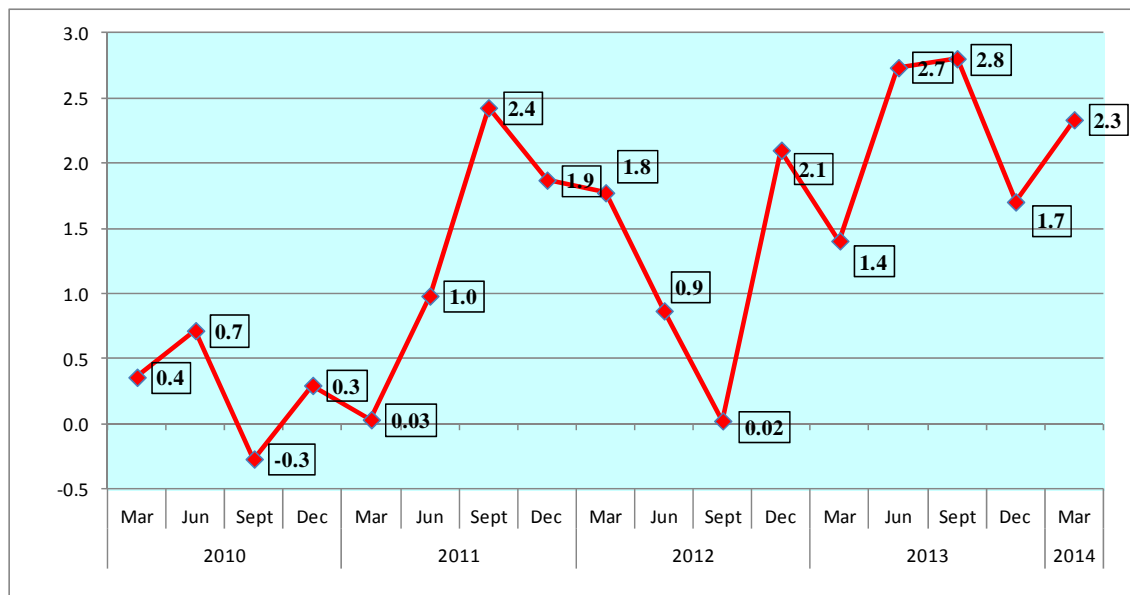
## THE CAYMAN ISLANDS' CONSUMER PRICE INDEX REPORT: MARCH 2014

(Date of release: May 2014)

### CPI Increased by 2.3% in March 2014

The overall Consumer Price Index (CPI) in the first quarter of 2014 was **104.7**, higher by 2.3 percent in comparison to March 2013. When compared to the previous quarter, this represents an increase of 0.5 percent.

**Figure 1: Inflation Rates (March 2010 – March 2014)**  
(% Change in CPI of Current Quarter over Same Quarter a Year Ago)



### Annual changes: March 2014 over March 2013

The overall 2.3 percent increase in March 2014 compared to March 2013 is mainly due to increases in the following divisions:

- **Restaurants and hotels:** this price index moved up by **11.6** percent, driven mainly by a sharp increase of 27.5 percent in the average cost of accommodation services. Catering services also showed an average price increase of 7.9 percent.
- **Miscellaneous goods and services:** this price index went up by **7.6** percent which resulted mainly from increases for insurance premiums (14.6%). The increase of this

index was partially offset by declines in personal effects not elsewhere classified (-6.6%); other services not elsewhere classified (-0.9%) and personal care (-0.4%)

- **Household equipment:** this division's index increased by **6.8** percent, mainly due to the higher average cost of household textiles (10.3%); glassware, tableware and household utensils (9.9%) and goods and services for routine household maintenance (8.3%).
- **Education:** the overall price index stood at 113.0. This was **6.2** percent above the level in March 2013 due to increases in the average school fees for tertiary education (12.5%); pre-primary and primary (3.3%) and secondary education (3.1%).
- **Transportation:** this price index experienced an overall increase of **3.8** percent due to changes in the average cost of transport services (12.2%) and the purchase cost of vehicles (5.0%).
- **Food and non-alcoholic beverages:** this index increased by **2.5** percent as most groups rose, led by meat and meat products (5.0%); sugars, jam, honey, chocolate and confectionery (4.5%); and food products not elsewhere classified (3.0%). Coffee, tea and cocoa was the only group posting a decline of 2.2 percent.
- **Recreation and culture:** the price index increased by **1.9** percent due mainly to a 7.4 percent increase in the average cost of audio-visual, photographic and information processing equipment as well as recreational and cultural service (4.9%).
- **Communication:** there was a 0.7 percent rise in this price index led by price increases for postal services (1.1%) and telephone and telefax services (0.8%).

Meanwhile, the following divisions declined in March 2014 compared to March 2013:

- **Housing and utilities:** this price index registered a decrease of **1.7** percent year on year. This was due to the price movements for owner-occupied housing (-3.2%), maintenance and repair of dwelling (-2.8%), water supply and miscellaneous services (-1.5%) and actual rentals for housing (-1.1%). The decrease in the index was partially offset by rising average cost of electricity, gas and other fuels (3.7%).
- **Clothing and footwear:** This index stood at 111.3, representing a decrease of **1.1** percent driven by clothing prices (-2.0%).
- **Health:** the price index fell by **0.2** percent due to price changes of hospital services (-2.1%) and outpatient services (-1.0%), amidst a 3.4 percent price increase for medical products, appliances and equipment.

- **Alcohol and tobacco:** this price index fell marginally by **0.1** percent, as both prices of tobacco products and alcoholic beverages fell on average by 0.1 percent.

### Quarterly changes: March 2014 over December 2013

The following divisions were the main contributors to the 0.5 percent CPI increase compared to a quarter ago:

- **Restaurants and hotels:** the index moved upward by **7.1** percent resulting mainly from the price upsurge for accommodation services (44.9%).
- **Household equipment:** the index for the division posted a **6.5** percent rise which is traced to the price movements for glassware, tableware and household utensils (12.9%) and goods and services for routine household maintenance (8.0%).
- **Recreation and culture:** this price index increased by 2.3 percent. Price increases were recorded for recreational and cultural services (4.6%); and newspapers, books and stationery (3.3%).
- **Miscellaneous goods and services:** the index had a quarterly adjustment of **0.7** percent, emanating mainly from insurance prices (1.5%).
- **Food and non-alcoholic beverage:** the overall division index recorded a **0.4** percent increase contributed by a few items led by fruits (5.0%), meat and meat products (1.4%); sugars, jam, honey, chocolate and confectionery (1.4%); oils and fats (1.3%) and coffee, tea and cocoa (1.0%).

The following divisions recorded declines in the indices compared to December 2013:

- **Clothing and footwear:** this went down by **1.8** percent resulting from movements in clothing prices (-2.6%).
- **Housing and utilities:** this index, which accounts for almost 2/5 of the entire CPI basket, was 1.0 percent lower. Electricity, gas and other fuels dropped sharply by 5.3 percent while rentals dipped by 1.1 percent. Water supply and miscellaneous services also fell by 2.0 percent.
- **Transport:** was lower by **0.4** percent, resulting from price movements for operations of personal transport equipment (-1.7%).

Meanwhile, the price index for **Education** was stable as school fees do not usually change during the school year. **Communication** was also stable despite the 1.1 percent rise in postal services.

**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
2014	<b>March</b>	<b>104.7</b>	<b>0.5</b>	<b>2.3</b>

**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
<b>2013</b>	<b>103.6</b>	<b>2.2</b>

**TABLE 3: CONSUMER PRICE INDICES AND INFLATION BY DIVISIONS AND GROUPS - FIRST QUARTER 2014**

Major Group	Weight	Index			Percentage Change	
		Mar-14	Dec-13	Mar-13	3 months	1 year
					Ago	ago
<b>All Divisions - All items</b>	<b>1000.0</b>	<b>104.7</b>	<b>104.2</b>	<b>102.3</b>	<b>0.5</b>	<b>2.3</b>
<b>01 Food &amp; Non Alcoholic Beverage</b>	<b>79.6</b>	<b>123.1</b>	<b>122.7</b>	<b>120.1</b>	<b>0.4</b>	<b>2.5</b>
Bread & cereals	9.9	119.2	119.3	115.8	-0.1	2.9
Meat & meat products	10.4	127.1	125.4	121.1	1.4	5.0
Fish & seafood	4.2	122.2	122.0	119.7	0.2	2.1
Milk, cheese & egg	8.3	119.5	119.0	117.3	0.4	1.9
Oils & fats	2.0	111.7	110.4	111.0	1.3	0.6
Fruits	6.7	137.4	130.8	135.1	5.0	1.7
Vegetables	8.6	130.8	135.0	128.4	-3.1	1.9
Sugars, jam, honey, chocolate & confectionery	5.5	125.8	124.0	120.4	1.4	4.5
Food products n.e.c.	5.6	119.1	119.8	115.7	-0.6	3.0
Coffee, tea & cocoa	1.6	111.5	110.4	114.0	1.0	-2.2
Mineral water, soft drinks, fruit & vegetable juices	16.9	118.2	118.4	116.2	-0.2	1.8
<b>02 Alcohol and Tobacco</b>	<b>6.5</b>	<b>131.7</b>	<b>131.6</b>	<b>131.8</b>	<b>0.1</b>	<b>-0.1</b>
Alcohol	5.6	114.0	113.9	114.1	0.1	-0.1
Tobacco	0.9	246.0	246.0	246.3	0.0	-0.1
<b>03 Clothing and Footwear</b>	<b>34.3</b>	<b>111.3</b>	<b>113.3</b>	<b>112.5</b>	<b>-1.8</b>	<b>-1.1</b>
Clothing	29.5	109.3	112.3	111.5	-2.6	-2.0
Footwear	4.8	123.3	119.9	118.3	2.8	4.2
<b>04 Housing and Utilities</b>	<b>394.4</b>	<b>87.9</b>	<b>88.8</b>	<b>89.4</b>	<b>-1.0</b>	<b>-1.7</b>
Actual rentals for housing	78.7	77.0	77.9	77.9	-1.1	-1.1
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	117.3	115.7	120.7	1.4	-2.8
Water supply and miscellaneous services	16.4	113.1	115.4	114.8	-2.0	-1.5
Electricity, gas and other fuels	47.3	113.9	120.2	109.8	-5.3	3.7
<b>05 Household Equipment</b>	<b>56.4</b>	<b>117.6</b>	<b>110.4</b>	<b>110.2</b>	<b>6.5</b>	<b>6.8</b>
Furniture and furnishings	5.7	102.5	105.3	105.4	-2.6	-2.8
Household textiles	1.1	126.8	127.7	114.9	-0.7	10.3
Household appliances	2.8	102.8	103.2	103.0	-0.4	-0.2
Glassware, tableware and household utensils	2.8	144.7	128.1	131.7	12.9	9.9
Tools and equipment for house and garden	1.5	93.6	91.3	93.2	2.5	0.4
Goods and services for routine household maintenance	42.4	119.5	110.7	110.4	8.0	8.3
<b>06 Health</b>	<b>24.2</b>	<b>102.0</b>	<b>101.8</b>	<b>102.1</b>	<b>0.1</b>	<b>-0.2</b>
Medical products, appliances and equipment	5.0	109.2	108.9	105.7	0.3	3.4
Outpatient services	17.9	99.2	99.0	100.2	0.1	-1.0
Hospital services	1.4	111.8	112.5	114.3	-0.6	-2.1
<b>07 Transport</b>	<b>96.1</b>	<b>117.3</b>	<b>117.8</b>	<b>113.1</b>	<b>-0.4</b>	<b>3.8</b>
Purchase of vehicles	6.1	118.8	116.6	113.1	1.8	5.0
Operations of personal transport equipment	57.4	119.4	121.4	119.9	-1.7	-0.4
Transport services	32.6	113.4	111.7	101.1	1.5	12.2
<b>08 Communication</b>	<b>69.7</b>	<b>104.7</b>	<b>104.7</b>	<b>104.0</b>	<b>0.0</b>	<b>0.7</b>
Postal services	0.5	96.4	95.3	95.3	1.1	1.1
Telephone & telefax equipment	0.3	84.4	84.4	100.0	0.0	-15.6
Telephone & telefax services	68.9	104.9	104.9	104.1	0.0	0.8
<b>09 Recreation and Culture</b>	<b>40.5</b>	<b>98.4</b>	<b>96.1</b>	<b>96.6</b>	<b>2.3</b>	<b>1.9</b>
Audio-visual, photographic and information processing equipment	4.2	74.0	74.6	68.9	-0.7	7.4
Other major durables for recreation and culture	3.4	90.1	90.1	93.0	0.0	-3.1
Other recreational items and equipment, gardens and pets	10.5	114.1	113.8	112.5	0.2	1.4
Recreational & cultural services	17.6	97.4	93.1	92.8	4.6	4.9
Newspapers, books and stationery	4.8	94.9	91.8	102.3	3.3	-7.3
<b>10 Education</b>	<b>27.9</b>	<b>113.0</b>	<b>113.0</b>	<b>106.4</b>	<b>0.0</b>	<b>6.2</b>
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
<b>11 Restaurants and Hotels</b>	<b>40.2</b>	<b>130.5</b>	<b>121.9</b>	<b>116.9</b>	<b>7.1</b>	<b>11.6</b>
Catering Services	33.8	122.0	122.0	113.1	0.0	7.9
Accommodation Services	6.4	175.5	121.1	137.6	44.9	27.5
<b>12 Miscellaneous Goods and Services</b>	<b>130.2</b>	<b>119.3</b>	<b>118.5</b>	<b>110.8</b>	<b>0.7</b>	<b>7.6</b>
Personal care	26.5	113.1	114.0	113.5	-0.8	-0.4
Personal effects n.e.c.	7.7	127.7	128.2	136.8	-0.4	-6.6
Social protection	8.4	104.8	104.8	103.2	0.0	1.6
Insurance	74.8	123.7	121.9	107.9	1.5	14.6
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	111.7	112.6	0.0	-0.9



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
<b>WEIGHT</b>	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
<b>2009</b>													
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
<b>ANNUAL AVERAGE 2009</b>	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
<b>2010</b>													
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
<b>ANNUAL AVERAGE 2010</b>	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
<b>2011</b>													
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
<b>ANNUAL AVERAGE 2011</b>	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
<b>2012</b>													
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
<b>ANNUAL AVERAGE 2012</b>	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
<b>2013</b>													
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
<b>ANNUAL AVERAGE 2013</b>	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
<b>2014</b>													
MARCH	123.1	131.7	111.3	87.9	117.6	102.0	117.3	104.7	98.4	113.0	130.5	119.3	104.7
<b>% CHANGE PREV YEAR</b>	2.5	-0.1	-1.1	-1.7	6.8	-0.2	3.8	0.7	1.9	6.2	11.6	7.6	2.3
<b>% CHANGE PREV QTR</b>	0.4	0.1	-1.8	-1.0	6.5	0.1	-0.4	0.0	2.3	0.0	7.1	0.7	0.5

**TABLE 5: AVERAGE PRICES OF SELECTED ITEMS**  
**Quarter Ending March 2014**

Item	Quantity	Average Prices (C\$)		
		Mar-13	Dec-13	Mar-14
Loaf - Harddough	2 lb	3.61	3.64	3.66
Long Grain Rice	5 lb	2.51	2.49	2.49
Cornflakes (original)	24 oz	5.02	5.39	5.39
Stew Beef	per lb	4.12	4.07	4.43
Bacon	12 oz	4.29	5.22	5.39
Snapper Fillets (frozen)	per lb	9.32	9.71	9.53
Canned Tuna in water	6 oz	1.72	1.76	1.76
Eggs (Grade A Large)	1 doz	2.64	2.58	2.82
Margarine -Shedds Spread	45 oz	5.94	5.94	5.94
Fresh Milk (McArthur - Regular Vitamin D)	1 gal	6.36	6.42	6.46
Evaporated milk (Nestle Carnation)	14 oz	1.42	1.59	1.59
Vegetable Oil	24 oz	4.26	4.46	4.66
Plantain	per lb	1.06	0.99	1.16
Potatoes - Irish	per lb	0.94	1.01	1.06
Lettuce - Iceburg	each	2.50	2.36	2.18
Sweet Potatoes	per lb	2.36	2.63	2.40
Tomatoes - Slicing	per lb	2.63	3.12	2.77
Bananas - Ripe	per lb	0.99	0.87	0.92
Apple - Golden Delicious	per lb	2.49	2.56	2.50
Grapes - Red Seedless	per lb	4.55	3.38	4.00
Tea (Lipton Decaffeinated)	48 bags	3.81	3.81	3.89
Coffee - Instant -Classic Roast - Bottle	8 oz	7.49	6.72	6.72
Soda	12 oz	0.73	0.78	0.78
Sugar - Light Brown (Bag)	2 lb	2.26	2.09	2.09
Corned Beef - regular	340 g	3.96	3.99	3.99
Iodized Salt	26 oz	0.98	0.91	0.91
Petrol - Regular Full Service	per gal	5.63	5.64	5.47
Petrol - Premium Full Service	per gal	5.76	5.75	5.60
Diesel - Full Service	per gal	5.77	5.76	5.68



## 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:

#### Number of Items in the 2008 CPI Basket

Division		
1	Food and non-alcoholic beverages	47
2	Alcoholic beverages and tobacco	5
3	Clothing and footwear	13
4	Housing, utilities and fuels	6
5	Furnishings, household equipment and routine household maintenance.	19
6	Health	4
7	Transport	7
8	Communication	4
9	Recreation and Culture	6
1	Education	1
1	Restaurants and hotels	13
1	Miscellaneous goods and services	9
<b>Total</b>		<b>1,393</b>

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”.<sup>1</sup> The Lowe index, PLo, is defined as follows<sup>2</sup>:

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

Where n = number of products in the basket with prices p<sub>i</sub> and quantities q<sub>i</sub>

0 = base period

t = later period being compared

### Geometric mean

The price p = [p<sub>1</sub>, p<sub>2</sub>, . . . , p<sub>n</sub>] for each item from different outlets is the average of prices of the outlets using geometric mean or the formula:

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

**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**.

<sup>1</sup> ILO (2004, p. 2). Consumer price index manual

<sup>2</sup> Ibid, p.3