



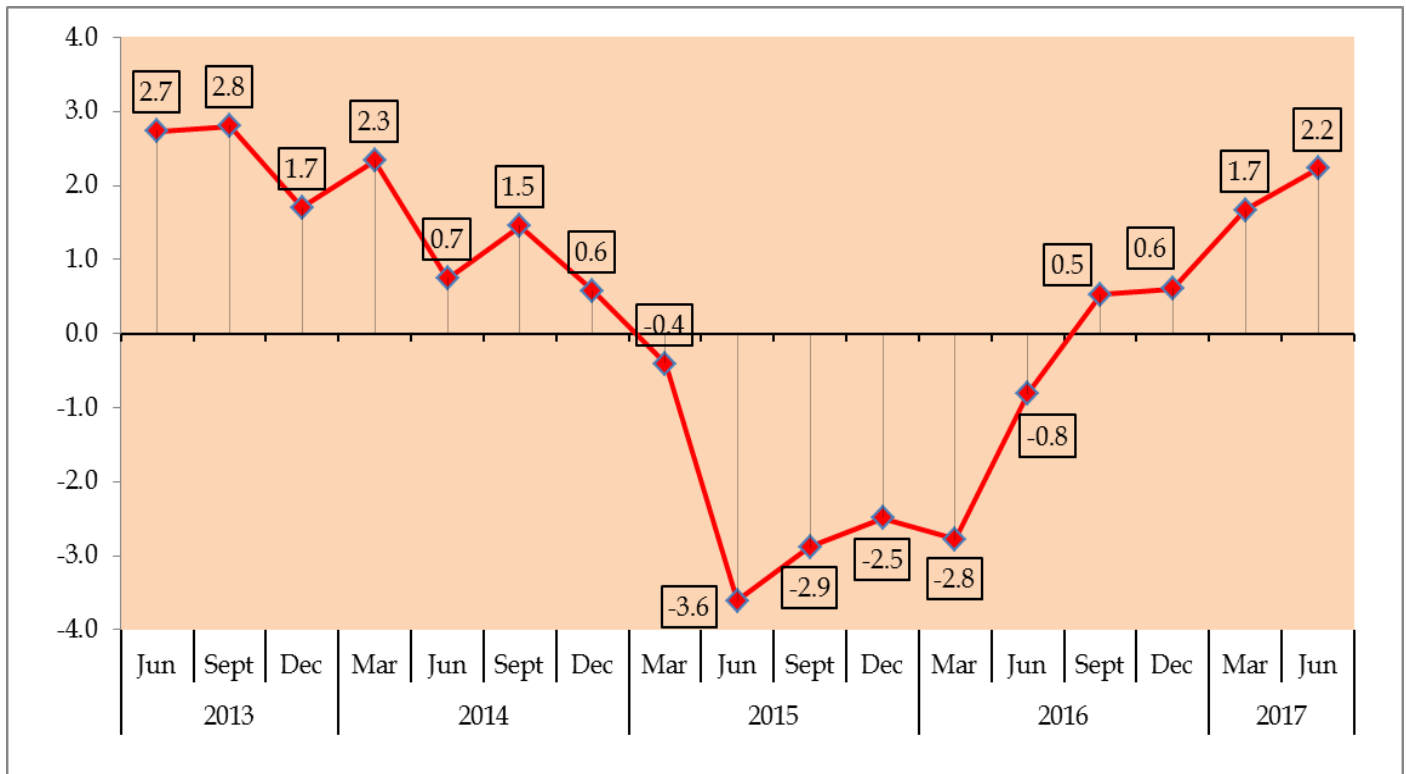
THE CAYMAN ISLANDS' CONSUMER PRICE INDEX REPORT: JUNE 2017

(Date of release: August 17, 2017)

CPI Increased by 2.2% in the Second Quarter of 2017

The overall Consumer Price Index (CPI) for the second quarter of 2017 was **102.6**, higher by **2.2** percent when compared to the same quarter in 2016. A comparison with the previous quarter ending March 2017 indicates a **0.5** percent decline.

Figure 1: Inflation Rates (Jun 2013 - Jun 2017)
(% Change in CPI of Current Quarter over Same Quarter a Year Ago)



Annual changes: June 2017 over June 2016

The **2.2** percent overall increase is mainly due to upward movements in the price indices for the following divisions:

- **Restaurants and hotels:** the price index rose by **7.9** percent. The cost of accommodation services rose on average by **14.5** percent, while that for catering services rose by **7.2** percent.

- **Clothing and footwear:** this index had a **5.9** percent upward move, as a result of a 6.4 percent increase in prices for clothing and a 3.5 percent increase in the prices for footwear.
- **Housing and utilities:** there was a **4.0** percent rise in this index, as electricity, gas, and other fuels went up by 8.6 percent, actual rentals for housing by 4.0 percent, imputed rentals for owner-occupied housing by 3.9 percent, and maintenance and repair of dwelling by 2.2 percent. However, water supply and miscellaneous services decreased by 1.6 percent.
- **Communication:** this division's index increased by **2.8** percent, as the average fees for postal services (including courier services) rose by 4.8 percent while the average cost of telephone and telefax services was higher by 2.8 percent. The telephone and telefax equipment index remained steady.
- **Alcohol and tobacco:** the index for this division moved upward by **2.6** percent. Tobacco prices increased by 6.4 percent while alcohol prices rose by 1.4 percent.
- **Food and non-alcoholic beverages:** this division's index increased by **2.4** percent. Average prices for milk, cheese, and egg along with fruits rose by 6.8 percent. Mineral water, soft drinks, fruit and vegetable juices went up by 5.0 percent; fish and seafood by 2.8 percent; oils and fats by 2.6 percent. However, there were decreases for bread and cereals by 1.0 percent; meat and meat products by 0.6 percent; and vegetables by 0.1 percent.
- **Education:** the index for the division moved up by **1.2** percent, due to an increase in the average cost of school fees for pre-primary and primary education by 2.0 percent and secondary education by 0.5 percent. Tertiary education recorded no movement in its index for the period under review.
- **Recreation and culture:** this division had an inflation rate of **1.0** percent. Recreational and cultural services rose by 5.4 percent; newspapers, books, and stationery by 1.6 percent; and audio-visual, photographic and information processing equipment by 1.2 percent. However, there was a decrease in other major durables for recreation and culture by 8.7 percent while other recreational items and equipment, gardens and pets recorded a 3.0 percent downward movement.
- **Miscellaneous goods and services:** there was a **0.9** percent rise in the index, mainly the result of an 8.7 percent increase in financial services (debit fees and check books). In addition, personal effects went up by 5.6 percent and social protection by 2.7 percent. Insurance fell by 0.3 percent mainly due to lower housing insurance premiums on average.

- **Household equipment:** the index moved upwards by **0.5** percent. Glassware, tableware and household utensils had a significant increase of 10.2 percent as compared to 12 months ago. The average prices for household appliances rose by 4.6 percent and goods and services for routine household maintenance fell by 0.4 percent.

Meanwhile, the following divisions recorded decreases in June 2017 compared to June 2016:

- **Transport:** the index for this division fell by **3.1** percent. Transport services showed a decline of 12.3 percent mainly due to reduced average air fares. However, operations of personal transport equipment recorded higher prices by 2.6 percent as a result of higher cost of fuel and repairs.
- **Health:** there was a **0.5** percent decline in this division's price index largely traced to prices for medical products, appliances, and equipment which declined by 2.4 percent. Outpatient services and hospital services showed no price movement.

Quarterly changes: June 2017 compared to March 2017

The following divisions were the main contributors to the **0.5** percent decrease in the CPI for the second quarter of 2017 relative to the first quarter:

- **Transport:** this index decreased by **4.9** percent as the average price of transport services (mainly air fares) moved down by 12.4 percent. Operations of personal transport equipment fell by 0.6 percent, traced mainly to price reductions for fuel and repairs. However, the average purchase of vehicle price rose by 0.6 percent.
- **Restaurants and hotels:** this price index dropped by **4.1** percent. There was a significant price decrease for accommodation services by 33.0 percent possibly in response to the seasonal downtrend in demand. In contrast, prices of catering services grew by 1.4 percent on average.
- **Housing and utilities:** this index fell by **0.2** percent. Actual rentals for housing fell by 0.9 percent along with electricity, gas and other fuels by 0.7 percent. The cost of maintenance and minor repair of dwellings moved up by 0.4 percent.
- **Health:** the index declined by **0.2** percent, due to the decrease in the average prices of medical products, appliances, and equipment by 0.9 percent. The price index for both outpatient services and hospital services were stable.

The following divisions recorded increases in their indices when compared to the quarter ending March 2017:

- **Clothing and footwear:** this division's quarterly inflation of **1.3** percent is traced to price increases for clothing (1.8%) as footwear posted a price decline of 1.9 percent.
- **Alcohol and tobacco:** the index for this division grew by **1.0** percent as a result of an increase of 3.9 percent in tobacco and 0.1 percent rise in prices of alcoholic beverages.
- **Miscellaneous goods and services:** this index rose by **0.8** percent mainly due to the 6.1 percent increase in the average price for personal effects such as jewelry and handbags.
- **Recreation and culture:** this division's index was higher by **0.7** percent. The average prices of recreational and cultural services such as swimming lessons rose by 2.2 percent. However, there was a downward movement in other major durables for recreation and culture of 8.7 percent while newspapers, books, and stationery fell by 1.2 percent.
- **Food and non-alcoholic beverages:** the index had an increase **0.6** percent for the quarter. Higher prices were recorded for vegetables (3.3%); oils and fats (2.5%); and meat and meat products (1.7%).
- **Household equipment:** the index moved upwards by **0.4** percent. All groups exhibited price increases except for glassware, tableware and household utensils which decreased by 0.6 percent.

Meanwhile, the second quarter indices for the divisions **Communication** and **Education** remained the same as in the first 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
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	March	104.7	0.5	2.3
	June	104.9	0.2	0.7
	September	105.2	0.2	1.5
	December	104.8	-0.3	0.6
2015	March	104.3	-0.5	-0.4
	June	101.2	-3.0	-3.6
	September	102.1	1.0	-2.9
	December	102.2	0.1	-2.5
2016	March	101.4	-0.8	-2.8
	June	100.3	-1.0	-0.8
	September	102.7	2.3	0.5
	December	102.8	0.2	0.6
2017	March	103.1	0.3	1.7
	June	102.6	-0.2	2.2

Table 2
CAYMAN ISLANDS CONSUMER PRICE INDEX
ANNUAL AVERAGES 2008 TO 2016
(June 2008 = 100)

YEAR	INDEX	Percentage change from a year ago
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
2014	104.9	1.3
2015	102.4	-2.3
2016	101.8	-0.6

TABLE 3: CONSUMER PRICE INDICES AND INFLATION BY DIVISIONS AND GROUPS - SECOND QUARTER 2017

Major Groups	Weight	Index			Percentage Change	
		Jun-17	Mar-17	Jun-16	3 months Ago	1 year ago
All Divisions - All items	1,000.0	102.6	103.1	100.3	-0.5	2.2
01 Food & Non Alcoholic Beverage	79.6	128.2	127.5	125.2	0.6	2.4
Bread & cereals	9.9	125.1	125.2	126.3	-0.1	-1.0
Meat & meat products	10.4	134.8	132.5	135.6	1.7	-0.6
Fish & seafood	4.2	138.7	140.9	134.9	-1.6	2.8
Milk, cheese & egg	8.3	124.0	124.3	116.1	-0.3	6.8
Oils & fats	2.0	112.4	109.6	109.5	2.5	2.6
Fruits	6.7	142.2	141.7	133.1	0.4	6.8
Vegetables	8.6	134.4	130.1	134.6	3.3	-0.1
Sugars, jam, honey, chocolate & confectionery	5.5	127.5	127.5	126.7	0.0	0.7
Food products n.e.c.	5.6	123.7	122.9	121.4	0.7	2.0
Coffee, tea & cocoa	1.6	119.0	119.0	118.5	0.0	0.5
Mineral water, soft drinks, fruit & vegetable juices	16.9	121.2	121.4	115.4	-0.2	5.0
02 Alcohol and Tobacco	6.5	136.4	134.9	132.8	1.0	2.6
Alcohol	5.6	116.8	116.7	115.2	0.1	1.4
Tobacco	0.9	263.0	253.2	247.2	3.9	6.4
03 Clothing and Footwear	34.3	122.5	121.0	115.6	1.3	5.9
Clothing	29.5	120.8	118.7	113.6	1.8	6.4
Footwear	4.8	132.7	135.3	128.2	-1.9	3.5
04 Housing and Utilities	394.4	81.3	81.5	78.2	-0.2	4.0
Actual rentals for housing	78.7	77.6	78.3	74.6	-0.9	4.0
Imputed rentals for owner-occupied housing	223.4	75.5	75.5	72.7	0.0	3.9
Maintenance and repair of dwelling	28.5	130.8	130.3	128.0	0.4	2.2
Water supply and miscellaneous services	16.4	90.4	90.4	91.8	0.0	-1.6
Electricity, gas and other fuels	47.3	81.8	82.4	75.3	-0.7	8.6
05 Household Equipment	56.4	118.9	118.4	118.3	0.4	0.5
Furniture and furnishings	5.7	109.9	109.2	108.7	0.6	1.1
Household textiles	1.1	114.7	114.0	115.6	0.6	-0.8
Household appliances	2.8	106.1	105.9	101.4	0.2	4.6
Glassware, tableware and household utensils	2.8	140.8	141.6	127.8	-0.6	10.2
Tools and equipment for house and garden	1.5	92.8	92.2	95.6	0.6	-2.9
Goods and services for routine household maintenance	42.4	120.6	120.0	121.0	0.5	-0.4
06 Health	24.2	101.8	101.9	102.3	-0.2	-0.5
Medical products, appliances and equipment	5.0	107.4	108.3	110.0	-0.9	-2.4
Outpatient services	17.9	99.1	99.1	99.1	0.0	0.0
Hospital services	1.4	115.0	115.0	115.0	0.0	0.0
07 Transport	96.1	105.9	111.4	109.4	-4.9	-3.1
Purchase of vehicles	6.1	119.6	118.9	118.7	0.6	0.8
Operations of personal transport equipment	57.4	104.2	104.8	101.5	-0.6	2.6
Transport services	32.6	106.5	121.6	121.4	-12.4	-12.3
08 Communication	69.7	112.8	112.8	109.7	0.0	2.8
Postal services	0.5	101.4	101.5	96.8	0.0	4.8
Telephone & telefax equipment	0.3	107.6	107.6	107.6	0.0	0.0
Telephone & telefax services	68.9	112.9	112.9	109.8	0.0	2.8
09 Recreation and Culture	40.5	103.2	102.5	102.2	0.7	1.0
Audio-visual, photographic and information processing equipment	4.2	67.5	66.5	66.6	1.4	1.2
Other major durables for recreation and culture	3.4	85.0	93.0	93.0	-8.7	-8.7
Other recreational items and equipment, gardens and pets	10.5	118.5	116.8	122.2	1.4	-3.0
Recreational & cultural services	17.6	108.2	105.8	102.7	2.2	5.4
Newspapers, books and stationery	4.8	95.9	97.1	94.4	-1.2	1.6
10 Education	27.9	120.5	120.5	119.1	0.0	1.2
Pre-primary and primary education	16.1	124.2	124.2	121.8	0.0	2.0
Secondary education	2.41	127.3	127.3	126.7	0.0	0.5
Tertiary education	9.4	112.5	112.5	112.5	0.0	0.0
11 Restaurants and Hotels	40.2	125.2	130.6	116.0	-4.1	7.9
Catering services	33.8	132.4	130.7	123.6	1.4	7.2
Accommodation services	6.4	87.0	129.7	75.9	-33.0	14.5
12 Miscellaneous Goods and Services	130.2	118.5	117.6	117.5	0.8	0.9
Personal care	26.5	121.2	120.1	119.3	0.9	1.6
Personal effects n.e.c.	7.7	156.4	147.5	148.1	6.1	5.6
Social protection	8.4	112.5	112.5	109.5	0.0	2.7
Insurance	74.8	114.2	114.2	114.6	0.0	-0.3
Financial services n.e.c.	0.5	99.8	99.8	91.8	0.0	8.7
Other services n.e.c.	12.2	119.8	118.3	118.3	1.2	1.2



CONSUMER PRICE REPORT JUNE 2017

**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
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
2014													
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
JUNE	123.8	131.4	112.0	88.9	118.0	101.8	118.4	106.4	98.5	113.0	118.9	119.0	104.9
SEPTEMBER	124.4	131.9	112.3	89.6	118.6	101.9	118.3	106.2	98.4	113.0	116.9	118.8	105.2
DECEMBER	125.6	131.9	112.6	88.9	118.5	101.8	117.6	105.1	99.4	116.0	119.2	116.9	104.8
ANNUAL AVERAGE 2014	124.2	131.7	112.0	88.8	118.2	101.9	117.9	105.6	98.7	113.8	121.4	118.5	104.9
2015													
MARCH	126.6	132.0	113.2	86.9	118.6	102.3	117.3	107.3	100.2	116.0	119.8	116.5	104.3
JUNE	125.3	132.4	115.0	80.6	118.3	102.0	109.3	109.6	100.3	118.1	117.3	117.1	101.2
SEPTEMBER	126.3	132.6	116.6	81.7	118.3	102.1	112.1	109.7	100.1	119.1	117.4	117.9	102.1
DECEMBER	126.7	132.8	116.6	81.4	118.3	102.0	110.0	109.7	99.8	119.1	123.8	118.7	102.2
ANNUAL AVERAGE 2015	126.2	132.5	115.4	82.6	118.4	102.1	112.2	109.1	100.1	118.1	119.6	117.6	102.4
2016													
MARCH	127.0	132.9	115.5	79.3	118.0	102.3	109.4	109.7	99.6	119.1	119.8	121.0	101.4
JUNE	125.2	132.8	115.6	78.2	118.3	102.3	109.4	109.7	102.2	119.1	116.0	117.5	100.3
SEPTEMBER	126.8	133.3	116.4	82.1	117.7	101.5	111.2	110.2	102.7	120.5	125.1	117.7	102.7
DECEMBER	126.4	134.3	120.1	81.2	117.9	101.8	110.5	112.8	103.3	120.5	131.0	117.7	102.8
ANNUAL AVERAGE 2016	126.3	133.3	116.9	80.2	118.0	102.0	110.1	110.6	102.0	119.8	123.0	118.5	101.8
2017													
MARCH	127.5	134.9	121.0	81.5	118.4	101.9	111.4	112.8	102.5	120.5	130.6	117.6	103.1
JUNE	128.2	136.4	122.5	81.3	118.9	101.8	105.9	112.8	103.2	120.5	125.2	118.5	102.6
% CHANGE OVER PREV YEAR	2.4	2.6	5.9	4.0	0.5	-0.5	-3.1	2.8	1.0	1.2	7.9	0.9	2.2
% CHANGE OVER PREV QTR	0.6	1.0	1.3	-0.2	0.4	-0.2	-4.9	0.0	0.7	0.0	-4.1	0.8	-0.5

TABLE 5: AVERAGE PRICES OF SELECTED ITEMS
Quarter Ending June 2017

Item	Quantity	Average Prices (C/\$)		
		June-16	Mar-17	June-17
Loaf - Harddough	2 lb	4.13	4.05	4.08
Long Grain Rice	5 lb	2.49	2.49	2.49
Cornflakes (original)	24 oz	5.39	5.39	5.39
Stew Beef	per lb	5.43	4.58	5.40
Bacon	12 oz	5.32	5.66	5.66
Snapper Fillets (frozen)	per lb	11.28	12.26	10.95
Canned Tuna in water	6 oz	1.66	1.66	1.72
Eggs (Grade A Large)	1 doz	2.66	3.06	3.06
Margarine -Shedds Spread	45 oz	5.79	5.22	5.79
Fresh Milk (McArthur - Regular Vitamin D)	1 gal	6.51	6.42	6.42
Evaporated milk (Nestle Carnation)	14 oz	1.62	1.59	1.59
Vegetable Oil	24 oz	4.46	4.46	4.52
Plantain	per lb	1.07	1.13	1.16
Potatoes - Irish	per lb	0.97	0.96	0.95
Lettuce - Iceberg	each	2.12	1.82	2.31
Sweet Potatoes	per lb	3.78	3.01	3.19
Tomatoes - Slicing	per lb	2.72	2.84	3.02
Bananas - Ripe	per lb	0.92	1.07	1.05
Apple - Golden Delicious	per lb	2.63	2.35	2.38
Grapes - Red Seedless	per lb	4.01	3.83	4.28
Tea (Lipton Decaffeinated)	48 bags	4.64	4.66	4.66
Coffee - Instant -Classic Roast - Bottle	8 oz	6.82	7.09	7.09
Soda - Pepsi	12 oz	0.79	0.79	0.79
Sugar - Light Brown (Bag)	2 lb	2.94	3.03	3.03
Corned Beef - regular	340 g	4.01	4.09	4.01
Iodized Salt	26 oz	0.99	1.06	1.06
Petrol - Regular Full Service	per gal	3.89	4.17	4.19
Petrol - Premium Full Service	per gal	4.17	4.42	4.46
Diesel - Full Service	per gal	3.83	4.15	4.13

Table 6: Core Inflation*

Period	INDEX	Percentage change 1 year
Dec-08	100.7	
Dec-09	98.9	(1.8)
Dec-10	97.6	(1.4)
Dec-11	97.6	0.1
Dec-12	99.3	1.6
Dec-13	101.2	2.0
Dec-14	102.2	0.9
Dec-15	100.9	(1.2)
Dec-16	102.8	1.9

*CPI Inflation excluding food, gas (piped) and electricity, fuel oil and other household fuels, and motor fuels.

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
Total		1,393

ESD 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, PLo , is defined as follows:²

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

² Ibid , p.3

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

Where n = number of products in the basket with prices p_i and quantities q_i
 0 = base period
 t = later period being compared

Geometric mean

The price $p = [p_1, p_2, \dots, p_n]$ for each item from different outlets is the average of prices of the outlets using geometric mean or the formula:

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

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**.