



CAYMAN ECONOMIC REPORT: MARCH 2007

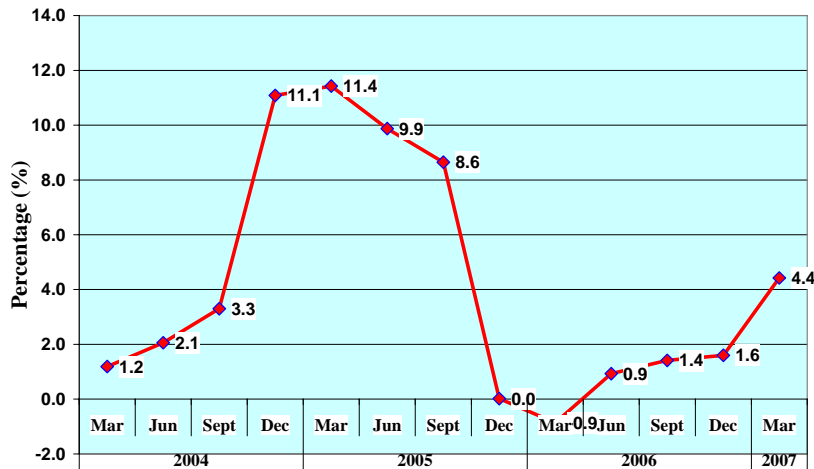
(Date: June 5, 2007)

Consumer Prices Up 4.4 Percent in March 2007

The Consumer Price Index (CPI) stood at **147.3** in March 2007, up by **4.4** percent in comparison to March 2006, due to increases in the average prices of all major groups, led by personal goods & services (7.4%), housing equipment (6.6 %) and food (4.6%).

Figure 1: Inflation Rates

(% Change in CPI of Current Quarter Over Same Quarter A Year Ago)



The first quarter CPI increased by **1.9** percent compared to the December 2006 CPI as a result of increases in the price indices of all categories except clothing and household equipment.

Annual changes

The upward movement of the CPI in the first quarter of 2007 compared to the CPI in the same quarter of 2006 were due to the following:

- **Personal goods and services:** Price increases for domestic services (58.2%), personal goods (10.9 %) and home entertainment (5.2%), fuelled the upward movement of the price index in this category by **7.4** percent compared to March last year. The increase was mitigated by decreases in the average price of personal services; culture, pastimes and hobbies; and holiday expenses.

- **Household equipment:** this price index moved up by **6.6** percent, due to increases in the average price of all categories in this group, led by household appliances (9.5%), other household equipment (7.0%) followed by furniture and floor coverings (4.9%).
- **Food:** the average price of food items increased by **4.6** percent during the first quarter of 2007 compared to the same period last year as higher average prices were posted across all food categories. The highest average increases were recorded for fish (8.3%), fruits and vegetables (7.8%) and bread and cereal (5.9%).
- **Housing:** the overall housing price index, which accounts for 1/3 of the entire CPI basket, settled at 144.3. This is **4.5** percent above the level in March 2006 on account of average cost of rent, maintenance and insurance of housing (5.0%) and utilities (1.6%).
- **Alcohol and tobacco:** this increased by 2.8 percent mainly due to an 8.5 percent jump in the average price of tobacco goods.
- **Education and Medical:** the price index rose by 2.2 percent primarily as a result of a 4.1 percent growth in the medical care price index.
- **Clothing:** the clothing price index marginally rose by **1.9** percent compared to March 2006, despite decreases of 6.1 percent and 1.5 percent in the average prices for boys' and girls' clothing and footwear, respectively. Increases were recorded in average price of men's and women's clothing (4.7%) and other clothing not elsewhere classified (4.2%).
- **Transportation and communication:** this price index moved up by **1.9** percent, as the average price for communications rose by 7.2 percent; in particular, the cost of postage soared by 87.5 percent. A 1.7 percent increase in the average cost of household vehicles was recorded which is traced to higher average cost for the purchase and maintenance of other vehicles not elsewhere classified (up by 11.0%) and the purchase of motor vehicles (up by 3.9%). On the other hand, the average cost of domestic travel decreased by 5.3 percent.

Quarterly changes

The CPI in March 2007 increased by **1.9** percent compared to the CPI in December 2006 which can be attributed to the price movements of the following major categories:

- **Personal goods and services:** a 36.2 percent surge in the average cost of domestic services, along with increases for other categories ranging from 1.5 percent (culture, pastimes and hobbies) to 5.3 percent (holiday expenses) fuelled an **8.4** percent increase in this price index compared to the preceding quarter.

- **Food:** the average price of food items increased by **1.0** percent during the first quarter of 2007 compared to the previous quarter. The average prices for all minor food groups registered increases except for fruits and vegetables, fish and sugar products.
- **Alcohol and tobacco:** the price index moved up by 1.0 percent mainly due to alcoholic drinks.
- **Housing:** the index for this category inched up by **0.3** percent from the level in December 2006. This was caused mainly by rent, maintenance and insurance payments which rose on average by 0.5 percent. This was partly off set by the price of utilities which fell by 0.7 percent compared to the previous quarter.
- **Transport and communication:** this price index went up by **0.3** percent in March 2007 compared to the previous quarter, as prices for travel and household vehicles increased by 3.4 percent and 0.2 percent, respectively. The increase in travel resulted from a 6.9 percent rise in the average cost for taxes and cars for hire. Similarly, the increase in household vehicles emanated from a 2.3 percent increase in the average price for the purchase and maintenance of other vehicle not elsewhere classified and a 0.9 percent increase in the average cost for the maintenance and running of motor vehicle.

Meanwhile, the price index for **education and medical services** in March 2007 remained constant at the December 2006 level.

Finally, average price declines were recorded in March 2007 compared to December 2006 in the following categories:

- **Clothing:** this index shrunk by **2.2** percent which originated from decreases in boys' and girls' clothing (2.4%), men's and women's clothing (2.3%), and footwear (2.3%).
- **Household equipment:** the price index went down by **0.2** percent as a result of decreases in furniture and floor coverings (0.4%) and other household equipment (1.4%), which off set the 3.5 percent increase in the average cost of household appliances.

Additional note

Following standard statistical practices, updates in the CPI database due to more recent information have led to revisions in the following indices:

Supplementary Table 1: Old and Revised CPI

Survey Period	Old Series	Revised Series
March 2005	141.9	142.3
June 2005	141.6	142.0
September 2005	142.5	142.9
December 2005	141.9	142.3
Average 2005	142.0	142.4
March 2006	140.1	141.1
June 2006	143.0	143.3
September 2006	144.7	144.9
December 2006	144.4	144.6
Average 2006	143.0	143.5

The revisions resulted in the following inflation rates. (These are estimated based on un-rounded CPI indices. Note that the CPI indices in Supplementary Table 1 above have been rounded off.)

Supplementary Table 2: Updated Inflation Rates

Survey Period	Inflation Rates (in %)			
	Quarter-on-Quarter		Year-on-Year	
	Old Series	Revised Series	Old Series	Revised Series
March 2005	-0.3	0.0	11.1	11.4
June 2005	-0.2	-0.2	9.6	9.9
September 2005	0.7	0.6	8.4	8.6
December 2005	-0.4	-0.4	-0.3	0.0
Average 2005			7.0	7.3
March 2006	-1.3	-0.9	-1.3	-0.9
June 2006	2.1	1.6	1.0	0.9
September 2006	1.1	1.1	1.5	1.4
December 2006	-0.2	-0.2	1.7	1.6
Average 2006			0.7	0.8

The revisions in the 2005 CPI were due to updates in the database for transportation and communication, education and medical items. The revisions in the 2006 CPI were due to updates in these two categories in addition to personal goods and services.

NOTES ON THE CPI COMPILATION

1. For one month in each quarter of the year namely March, June, September and December, staffs of the Economics and Statistics Office collect data on prices of 661 items on which consumers spend their money, from over 100 different shops and other outlets in Grand Cayman only. Outlets in Cayman Brac and Little Cayman are not included in the CPI. Every kind of spending is included, from weekly supermarket trips, school lunches, rental payments and insurance to the prices of cars and bicycles. In total about 1,800 prices are collected each quarter.

2. The items have been assigned weights depending upon their importance in the total pattern of consumer spending based on the 1990/91 Household Income and Expenditure survey. The item weights combined with the prices are then compiled to arrive at the published index.

DEFINITION OF COMMON TERMS

Consumer Price Index: an index representing the average price of a basket of goods and services purchased in the Cayman Islands as described above. There are eight (8) major categories of items included in the CPI baskets which are listed below with their respective weights:

Major Categories	Weights*
1. Food	120
2. Alcohol & Tobacco	16
3. Housing	311
4. Clothing	46
5. Household Equipment	59
6. Transport & Communication	169
7. Education & Medical	65
8. Personal Goods & Services	216

* Note that the weights displayed are rounded, note also that **aggregated weights = 1,000** when un-rounded figures are used.

Inflation: 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. In this report, the annual inflation rate refers to the increase of the CPI in March 2007 over the March 2006 CPI. 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. In this report, the quarterly inflation rate refers to the increase of the CPI in March 2007 over the December 2006 CPI. This is also known as quarter-on-quarter inflation rate.

Table 1: Consumer Price Index, Quarterly Averages

SEPTEMBER 1994 = 100

Year	Quarter Ending	INDEX	Percentage change from:	
			3 months ago	1 year ago
2001	March	123.3	0.6	1.8
	June	123.6	0.2	1.7
	September	122.7	-0.7	0.3
	December	123.5	0.7	0.7
2002	March	125.9	1.9	2.1
	June	125.9	0.0	1.9
	September	126.3	0.3	2.9
	December	127.2	0.7	3.0
2003	March	126.2	-0.8	0.2
	June	126.6	0.3	0.6
	September	127.3	0.6	0.8
	December	128.1	0.6	0.7
2004	March	127.7	-0.3	1.2
	June	129.2	1.2	2.1
	September	131.5	1.8	3.3
	December	142.3	8.2	11.1
2005	March	142.3	0.0	11.4
	June	142.0	-0.2	9.9
	September	142.9	0.6	8.6
	December	142.3	-0.4	0.0
2006	March	141.1	-0.9	-0.9
	June	143.3	1.6	0.9
	September	144.9	1.1	1.4
	December	144.6	-0.2	1.6
2007	March	147.3	1.9	4.4

Table 2
CAYMAN ISLANDS CONSUMER PRICE INDEX
ANNUAL AVERAGES 1994 TO 2006
(SEPTEMBER 1994 = 100)

YEAR	INDEX	Percentage change from a year ago
1994	99.9	
1995	102.4	2.5
1996	105.0	2.6
1997	107.9	2.7
1998	111.1	3.0
1999	118.7	6.8
2000	121.9	2.7
2001	123.3	1.1
2002	126.3	2.5
2003	127.1	0.6
2004	132.7	4.4
2005	142.4	7.3
2006	143.5	0.8

TABLE 3: CONSUMER PRICE INDEX BY MAJOR GROUPS - March 2007

Major Group	Weight	Index			Percentage change	
		Mar-07	Dec-06	Mar-06	3 months ago	1 year ago
01 Food	119.6	139.9	138.4	133.6	1.0	4.6
Bread and Cereal	9.6	135.7	133.2	128.1	1.9	5.9
Meat	17.3	145.9	144.5	142.4	0.9	2.5
Fish	3.4	128.5	132.0	118.6	-2.6	8.3
Dairy Products and Eggs	8.7	147.5	141.3	139.7	4.4	5.6
Oils & Fats	1.5	141.7	136.4	136.2	3.9	4.0
Fruit and Vegetables	11.7	144.1	155.7	133.7	-7.4	7.8
Drinks (non-alcoholic)	11.7	128.9	128.7	122.5	0.2	5.3
Sugar Products	2.4	133.1	134.6	128.3	-1.1	3.8
Other Foods	53.3	139.8	135.9	134.4	2.9	4.0
02 Alcohol and Tobacco	15.7	135.9	134.6	132.2	1.0	2.8
Alcoholic Drinks	13.0	132.8	131.2	130.7	1.2	1.6
Tobacco	2.7	151.3	150.9	139.5	0.2	8.5
03 Housing	310.8	144.3	143.8	138.1	0.3	4.5
Rent, Maintenance, Insurance etc	257.9	146.6	145.8	139.5	0.5	5.0
Utilities	52.9	133.3	134.2	131.2	-0.7	1.6
04 Clothing	46.1	109.0	111.4	106.9	-2.2	1.9
Men and Womens Clothing	29.3	110.0	112.6	105.1	-2.3	4.7
Boys and Girls Clothing	5.6	119.2	122.2	127.0	-2.4	-6.1
Other Clothing	1.9	90.8	89.4	87.1	1.6	4.2
Footwear	9.3	103.2	105.6	104.7	-2.3	-1.5
05 Household Equipment	58.7	136.6	136.8	128.0	-0.2	6.6
Furniture and Floor Coverings	22.4	136.2	136.7	129.8	-0.4	4.9
Household Appliances	12.5	114.3	110.4	104.3	3.5	9.5
Other Household Equipment	23.8	148.6	150.8	138.9	-1.4	7.0
06 Transport and Communications	168.5	131.5	131.1	129.1	0.3	1.9
Household Vehicles	128.3	147.0	146.8	144.6	0.2	1.7
Travel	6.8	141.1	136.6	149.1	3.4	-5.3
Communications	33.4	70.0	70.0	65.3	0.0	7.2
07 Education and Medical	64.6	267.6	267.5	261.8	0.0	2.2
Education	24.9	393.1	393.9	389.8	-0.2	0.8
Medical Care	39.7	188.9	188.2	181.4	0.4	4.1
08 Personal Goods and Services	216.0	144.0	132.8	134.1	8.4	7.4
Home Entertainment	20.9	103.3	104.3	98.2	-0.9	5.2
Outside Entertainment	0.8	172.4	172.4	172.4	0.0	0.0
Culture, Pastimes, Hobbies	29.9	122.9	121.0	124.5	1.5	-1.3
Holiday Expenses	71.6	175.7	166.9	177.5	5.3	-1.0
Personal Services	38.3	126.4	122.0	128.8	3.6	-1.9
Personal Goods	15.6	124.5	120.9	112.3	3.0	10.9
Domestic Services	38.6	148.1	108.7	93.6	36.2	58.2
Gifts and Subscriptions	0.3	141.7	141.7	141.7	0.0	0.0
ALL ITEMS	1000.0	147.3	144.6	141.1	1.9	4.4

**Table 4: Consumer Price Index, Annual Averages by Major Groups
(SEPTEMBER 1994=100)**

PERIOD/MAJOR GROUP	FOOD	ALCOHOL & TOBACCO	HOUSING	CLOTHING	HOUSEHOLD EQUIPMENT	TRANSPORT & COMMUNICATION	EDUCATION & MEDICAL	PERSONAL GOODS & SERVICES.	ALL ITEMS
WEIGHT	119.6	15.7	310.8	46.1	58.7	168.5	64.6	216.1	1000.0
2003									
MARCH	122.1	123.1	116.4	109.2	130	116.7	240.0	118.8	126.2
JUNE	122.2	121.5	115.8	109.4	133.1	115.6	241.1	120.9	126.6
SEPTEMBER	122.2	122.5	116.0	109.8	129.1	114.9	248.8	123.3	127.3
DECEMBER	125.0	123.4	117.0	112.8	129.4	114.8	248.7	123.1	128.1
ANNUAL AVERAGE	122.9	122.6	116.3	110.3	130.4	115.5	244.7	121.5	127.1
% CHANGE PREV YEAR	3.2	0.5	-3.1	-1.1	5.3	1.4	5.9	-0.4	0.6
2004									
MARCH	125.9	123.8	116.6	111.9	133.3	113.1	250.2	121.7	127.7
JUNE	127.1	126.7	112.4	108.6	134.6	118.9	253.0	128.7	129.2
SEPTEMBER	129.5	121.5	117.5	105.2	142.6	117.9	257.5	129.0	131.5
DECEMBER	130.3	125.3	153	96.4	133.9	122.2	260.1	127.3	142.3
ANNUAL AVERAGE	128.2	124.3	124.9	105.5	136.1	118.0	255.2	126.7	132.7
% CHANGE PREV YEAR	4.3	1.4	7.4	-4.3	4.4	2.2	4.3	4.2	4.4
2005									
MARCH	130.1	127.3	150.3	106.1	134.3	126.1	258.4	126.4	142.3
JUNE	132.6	128.9	148.4	102.2	135.5	123.4	262.1	127.6	142.0
SEPTEMBER	131.7	133.0	149.6	101.5	133.1	123.6	265.7	129.8	142.9
DECEMBER	132.5	134.0	144.1	102.8	129.5	123.2	265.0	136.0	142.3
ANNUAL AVERAGE	131.7	130.8	148.1	103.1	133.1	124.1	262.8	129.9	142.4
% CHANGE PREV YEAR	2.7	5.2	18.6	-2.3	-2.2	5.1	3.0	2.6	7.3
2006									
MARCH	133.6	132.2	138.1	106.9	128.0	129.1	261.8	134.1	141.1
JUNE	133.1	132.7	141.0	109.2	132.2	128.1	269.9	137.2	143.3
SEPTEMBER	135.9	133.6	144.7	105.6	135.1	131.5	268.7	135.3	144.9
DECEMBER	138.4	134.6	143.8	111.4	136.8	131.1	267.5	132.8	144.6
ANNUAL AVERAGE	135.3	133.2	141.9	108.3	133.0	129.9	267.0	134.9	143.5
% CHANGE PREV YEAR	2.7	1.9	-4.2	5.0	-0.1	4.7	1.6	3.8	0.8
2007									
MARCH	139.9	135.9	144.3	109.0	136.6	131.5	267.6	144.0	147.3
% CHANGE PREV YEAR	4.6	2.8	4.5	1.9	6.6	1.9	2.2	7.4	4.4
% CHANGE PREV QTR	1.0	1.0	0.3	-2.2	-0.2	0.3	0.0	8.4	1.9

**TABLE 5: CAYMAN ISLANDS: AVERAGE PRICES OF SELECTED FOOD ITEMS
MARCH 2007**

	ITEM	QUANTITY	AVERAGE PRICES (CI\$)		
			Mar 2007	Dec 2006	Mar 2006
101-04	Wholewheat bread (imported)	1 lb. 4 oz	2.14	2.04	2.06
107-01	Long grain rice	5 lb.	6.58	6.58	6.58
108-12	Cornflakes	24 oz	4.64	4.64	4.64
111-01	Stew beef	1 lb.	3.69	3.82	4.12
114-01	Bacon	1 lb.	6.44	6.34	5.98
125-02	Snapper fillets (frozen)	1 lb.	7.02	6.38	5.09
127-05	Canned Tuna in water	6.5 oz	1.12	1.12	1.44
130-02	Eggs (Grade A Large)	1 doz.	2.06	1.49	1.60
131-02	Anchor Butter	1 lb	2.96	3.88	3.39
133-05	Fresh milk (McArthur)	1 gal.	5.22	5.26	5.22
135-09	Evaporated milk	14.5 oz	1.08	1.06	1.09
139-19	Shortening	3 lb.	5.09	5.07	5.01
141-01	Plantains	1 lb.	0.79	0.89	0.62
142-07	Idaho potatoes	1 lb.	0.62	0.79	0.76
147-11	Lettuce	Head	1.79	1.46	1.79
146-15	Sweet potatoes	1 lb.	1.72	1.72	1.29
151-01	Tomatoes	1 lb.	2.12	2.26	2.76
152-03	Ripe bananas	1 lb.	0.68	0.74	0.72
153-01	Apples (Golden Delicious)	1 lb.	1.89	1.82	1.52
155-11	Oranges	each	0.56	0.86	0.50
161-01	Tea bags (Lipton)	48	2.46	2.46	2.49
163-02	Instant coffee (Maxwell House)	8 oz.	5.19	0.00	5.18
166-02	Soda	12 oz. can	0.72	0.72	0.70
171-01	White sugar	2 kg.	3.23	3.23	2.09
172-02	Strawberry Preserves	12 ozs	2.78	3.25	3.26
181-02	Canned vegetable soup	10.5 oz	1.39	1.39	1.29
182-04	Corned beef hash	15 oz	2.52	2.49	2.49
186-16	Salt	8 oz	0.74	0.73	0.66

