



CAYMAN ISLANDS' CONSUMER PRICE REPORT: 2007 ANNUAL INFLATION

(Date: February 1, 2008)

Consumer Price Index (CPI) Increased by 3.2% in 2007

This report is a consolidated report of the average CPI in 2007 and the December 2007 CPI.

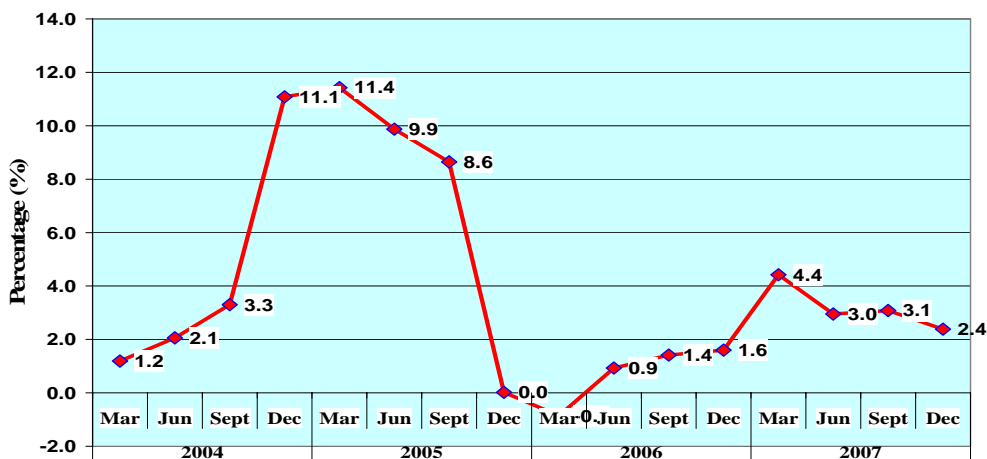
Average CPI in 2007

The average Consumer Price Index (CPI) in 2007 stood at 148.0, increasing by 3.2% from the average CPI in 2006. Underlying this increase were the average price increases in all major categories, except housing which fell slightly by 0.3%:

- Household equipment by 9.1%;
- Personal goods and services by 5.9%;
- Food by 5.4%;
- Clothing by 4.5%;
- Transportation and communication by 3.9%;
- Education and medical by 1.6%; and
- Alcohol and tobacco by 1.4%

The 3.2% average inflation in 2007 was generated amidst a gradual moderation throughout 2007: from 4.4% in March 2007, the inflation rate eased off to 3.0% in June, 3.1% in September and 2.4% in December. The inflation rates for all four periods are higher than those recorded in 2006.

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



December 2007 Consumer Price Index

Annual changes. The CPI stood at **148.0** in December 2007 up by **2.4** percent in comparison to December 2006. The upward movement was due to the following:

- **Household equipment:** this price index moved up by **10.8%**, due to increases in all sub categories, led by furniture and floor coverings which rose by 21.9%.
- **Personal goods and services:** this price index rose by **9.8%**, emanating mainly from a 40.5% increase for domestic services and a 22.4% rise for personal goods. As in previous quarters, the former arose from sharp increases in the average cost of maid services and gardeners. Increases in the average price of personal goods were led by handbags, leather goods and men's watches.
- **Clothing:** the clothing price index increased by **5.2%** caused mainly by higher average price of men's and women's clothing by 10.6%. However, there was an 8.6% decrease in the average cost of footwear.
- **Transportation and communication:** this price index rose by **5.1%** as the average price of travel increased by 7.9% while that of household vehicles increased by 5.5%.
- **Food:** the price index for food items increased by **4.6%**. All groups in this category showed increases except for meat (-1.4%) and fruits and vegetables (-0.9%). The increase was led by dairy products and eggs (10.3%) followed by fish products (8.1%).
- **Education and medical:** this index rose by **2.1%** which originated mainly from a 2.9% increase in the average price of educational services and goods.

On the other hand, the following categories showed declines in December 2007 compared to December 2006:

- **Housing:** the overall housing price index, which accounts for 1/3 of the entire CPI basket, was registered at **135.1**. This is **6.1%** below the level in December 2006 on account of an 8.7% fall in the average price of rent, maintenance and insurance. However, the average cost of utilities was 8.0% higher than in December 2006.
- **Alcohol and tobacco:** this decreased marginally by **2.0%**.

Quarterly changes. The CPI in December 2007 fell by **0.9%** from September 2007 due to the following:

- **Housing:** the index of this category dipped to 135.1 compared to 145.9 for the previous quarter, representing a decrease of **7.4%**. This was caused mainly by a 9.0% decrease in the index for repairs, maintenance and insurance. However, the average cost of utilities rose by 0.6%.
- **Household equipment:** the price index went down by **2.2%** as a result of a 7.4% drop in other household equipment. However, there were increases in the average price of furniture and floor coverings (2.2%) and household appliances (1.5%).
- **Alcohol and tobacco:** the index decreased by **2.7%**.

The following major categories increased in December 2007 compared to September 2007:

- **Personal goods and services:** This indexed grew by **6.2%** mainly due to increases in holiday-related expenses (14.9%) and domestic services (3.5%).
- **Clothing:** this index moved up by **2.2%** which emanated from increases in men's and women's clothing (4.8%). However, the average cost of footwear decreased by 4.4%. Similarly the average cost of boys' and girls' clothing fell by 1.2%.
- **Food:** the average price of food items increased by **1.2%** due to increases for all food groups except for meat which fell by 2.9% and dairy products and eggs which also fell by 1.5%.
- **Transport and communication:** this price index rose by **0.5%** in December 2007 compared to September 2007, as the average price of travel and household vehicles increased by 7.7% and 0.3% respectively.
- **Education and medical services:** the average price for this basket marginally increased by **0.2%**.

NOTES ON THE INDEX 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 on 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 off, and that aggregated weights = 1,000.

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 December 2007 over the December 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 decrease of the CPI in December 2007 over the September 2007 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
	June	147.5	0.1	3.0
	September	149.3	1.2	3.1
	December	148.0	-0.9	2.4

Table 2
CAYMAN ISLANDS CONSUMER PRICE INDEX
ANNUAL AVERAGES 1994 TO 2007
 (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
2007	148.0	3.2

TABLE 3 : CONSUMER PRICE INDEX BY MAJOR GROUPS as of December 2007

Major Group	Weight	Index			Percentage change	
		Dec-07	Sept-07	Dec-06	3 months ago	1 year ago
01 Food	119.6	144.8	143.1	138.4	1.2	4.6
Bread and Cereal	9.6	136.0	135.5	133.2	0.4	2.1
Meat	17.3	142.5	146.8	144.5	-2.9	-1.4
Fish	3.4	142.6	134.3	132.0	6.2	8.1
Dairy Products and Eggs	8.7	155.8	158.1	141.3	-1.5	10.3
Oils & Fats	1.5	146.5	143.1	136.4	2.4	7.4
Fruits and Vegetables	11.7	154.3	146.7	155.7	5.2	-0.9
Drinks (non-alcoholic)	11.7	136.6	136.1	128.7	0.4	6.2
Sugar Products	2.4	136.1	133.2	134.6	2.2	1.2
Other Foods	53.3	145.4	142.5	135.9	2.1	7.0
02 Alcohol and Tobacco	15.7	131.9	135.5	134.6	-2.7	-2.0
Alcoholic Drinks	13.0	127.4	132.2	131.2	-3.7	-2.9
Tobacco	2.7	153.7	151.3	150.9	1.6	1.8
03 Housing	310.8	135.1	145.9	143.8	-7.4	-6.1
Rent, Maintenance, Insurance etc	257.9	133.1	146.3	145.8	-9.0	-8.7
Utilities	52.9	144.8	143.9	134.2	0.6	8.0
04 Clothing	46.1	117.2	114.7	111.4	2.2	5.2
Men and Womens Clothing	29.3	124.5	118.9	112.6	4.8	10.6
Boys and Girls Clothing	5.6	122.4	123.9	122.2	-1.2	0.2
Other Clothing	1.9	90.0	90.0	89.4	0.0	0.7
Footwear	9.3	96.5	100.9	105.6	-4.4	-8.6
05 Household Equipment	58.7	151.5	154.9	136.8	-2.2	10.8
Furniture and Floor Coverings	22.4	166.7	163.0	136.7	2.2	21.9
Household Appliances	12.5	113.2	111.6	110.4	1.5	2.5
Other Household Equipment	23.8	157.5	170.0	150.8	-7.4	4.5
06 Transport and Communications	168.5	137.8	137.0	131.1	0.5	5.1
Household Vehicles	128.3	154.9	154.5	146.8	0.3	5.5
Travel	6.8	147.4	136.9	136.6	7.7	7.9
Communications	33.4	70.0	70.0	70.0	0.0	0.0
07 Education and Medical	64.6	273.1	272.6	267.5	0.2	2.1
Education	24.9	405.3	404.3	393.9	0.2	2.9
Medical Care	39.7	190.2	189.8	188.2	0.2	1.0
08 Personal Goods and Services	216.0	145.9	137.4	132.8	6.2	9.8
Home Entertainment	20.9	93.7	94.3	104.3	-0.6	-10.1
Outside Entertainment	0.8	172.4	172.4	172.4	0.0	0.0
Culture, Pastimes, Hobbies	29.9	125.7	126.3	121.0	-0.4	3.9
Holiday Expenses	71.6	175.2	152.5	166.9	14.9	5.0
Personal Services	38.3	126.6	126.4	122.0	0.2	3.8
Personal Goods	15.6	148.0	146.9	120.9	0.8	22.4
Domestic Services	38.6	152.7	147.5	108.7	3.5	40.5
Gifts and Subscriptions	0.3	141.7	141.7	141.7	0.0	0.0
ALL ITEMS	1000.0	148.0	149.3	144.6	-0.9	2.4

Table 4: Consumer Price Index, 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	216.0	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
JUNE	142.6	137.2	140.9	111.5	137.5	133.8	272.1	144.2	147.5
SEPTEMBER	143.1	135.5	145.9	114.7	154.9	137.0	272.6	137.4	149.3
DECEMBER	144.8	131.9	135.1	117.2	151.5	137.8	273.1	145.9	148.0
%CHANGE PREV YEAR	4.6	-2.0	-6.1	5.2	10.8	5.1	2.1	9.8	2.4
% CHANGE PREV QTR	1.2	-2.7	-7.4	2.2	-2.2	0.5	0.2	6.2	-0.9
ANNUAL AVERAGE 2007	142.6	135.1	141.6	113.1	145.1	135.0	271.4	142.9	148.0
% CHANGE PREV YEAR ANNUAL AVERAGE	5.4	1.4	-0.3	4.5	9.1	3.9	1.6	5.9	3.2

**TABLE 5: AVERAGE PRICES OF SELECTED FOOD ITEMS
DECEMBER 2007**

	ITEM	QUANTITY	AVERAGE PRICES (CI\$)		
			Dec 2007	Sept 2007	Dec 2006
101-04	Whole-wheat bread (imported)	1 lb. 4 oz	2.19	2.16	2.04
107-01	Long grain rice	5 lb.	6.58	6.58	6.58
108-12	Cornflakes	24 oz	4.64	4.60	4.64
111-01	Stew beef	1 lb.	4.19	3.76	3.82
114-01	Bacon	1 lb.	6.24	6.24	6.34
125-02	Snapper fillets (frozen)	1 lb.	7.32	7.36	6.38
127-05	Canned Tuna in water	6.5 oz	1.19	1.43	1.12
130-02	Eggs (Grade A Large)	1 doz.	2.24	2.08	1.49
131-02	Anchor Butter	1 lb	3.36	3.19	3.88
133-05	Fresh milk (McArthur)	1 gal.	5.99	5.99	5.26
135-09	Evaporated milk	14.5 oz	1.16	1.16	1.06
139-19	Shortening	3 lb.	5.63	5.50	5.07
141-01	Plantains	1 lb.	0.86	0.79	0.89
142-07	Idaho potatoes	1 lb.	0.89	0.86	0.79
147-11	Lettuce	Head	1.92	1.92	1.46
146-15	Sweet potatoes	1 lb.	1.02	0.86	1.72
151-01	Tomatoes	1 lb.	2.04	1.82	2.26
152-03	Ripe bananas	1 lb.	0.62	0.68	0.74
153-01	Apples (Golden Delicious)	1 lb.	1.84	2.02	1.82
155-11	Oranges	each	0.94	0.84	0.86
161-01	Tea bags (Lipton)	48	3.15	3.15	2.46
163-02	Instant coffee (Maxwell House)	8 oz.	5.10	5.29	5.91
166-02	Soda	12 oz. can	0.68	0.68	0.72
171-01	White sugar	2 kg.	3.23	3.23	3.23
172-02	Strawberry Preserves	12 ozs	2.81	2.81	3.25
181-02	Canned vegetable soup	10.5 oz	1.47	1.47	1.39
182-04	Corned beef hash	15 oz	2.56	2.49	2.49
186-16	Salt	8 oz	0.76	0.76	0.73