



# THE CAYMAN ISLANDS' CONSUMER PRICE REPORT

## September 2009 and December 2009

### (Inaugural Report Using the 2008 CPI Basket)

(Date of release: March 23, 2010)

## 1. Introduction

This report presents the results of the first set of Consumer Price Index (CPI) surveys conducted by the ESO using the June 2008-based CPI basket. As reported in January 2009, a new basket for the Cayman Islands was developed based on the results of the 2007 Survey of Living Conditions/Household Budget Survey (HBS) which were updated in June 2008. ESO ceased the measurement of CPI using the 1994 CPI basket as of September 2009 to give way to the use of the new basket.

This report consolidates the CPI publications for September 2009 and December 2009. In addition, it also presents the new series of CPI data with June 2008 as base period. This report comprises the following sections:

Section 2 provides a brief descriptive summary of the 2008 CPI basket<sup>1</sup>, its comprising items, and weights by division and new methodologies.

Section 3 presents the year-on-year (or annual) inflation rates for the periods September 2009 and December 2009. These are based on price data collected during the corresponding quarters and as far as June 2008, noting that the latter are required for measuring the base period index and annual inflation rates;

Section 4 presents a comparison of the CPI movements using the 2008 and 1994 baskets for the period June 2008 to June 2009. The goal of this exercise is to examine whether there are significant differences in the CPI trends shown by the two baskets ; and

Section 5 gives an introductory note to the linked or new CPI series with June 2008 as the base period.

Finally, the report also includes a set of appendices comprising CPI tables and technical notes of definitions and formulas used in the measurement of CPI.

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<sup>1</sup> The full report "The Cayman Islands' 2008 Consumer Price Index Basket" is available from [www.eso.ky](http://www.eso.ky). The updated weights of the CPI divisions or major items are found in Table 4A of this report's Appendix .

## 2. Overview of the 2008 CPI basket

The final list of consumer goods and services comprising the CPI basket was finalized after eight (8) quarters of surveys, from March 2008 to December 2009. These surveys facilitated the selection of items that are supplied by 186 local outlets in Grand Cayman on a regular or stable basis during this period.

The goods and services 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 (7<sup>th</sup>-digit COICOP level) included in the 2008-based CPI basket, classified as follows:

**Table 1 Number of Items in the 2008 CPI Basket**

**Division**

1	Food and non-alcoholic beverages	477
2	Alcoholic beverages and tobacco	56
3	Clothing and footwear	137
4	Housing, utilities and fuels	67
5	Furnishings, household equipment and routine household maint.	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	96

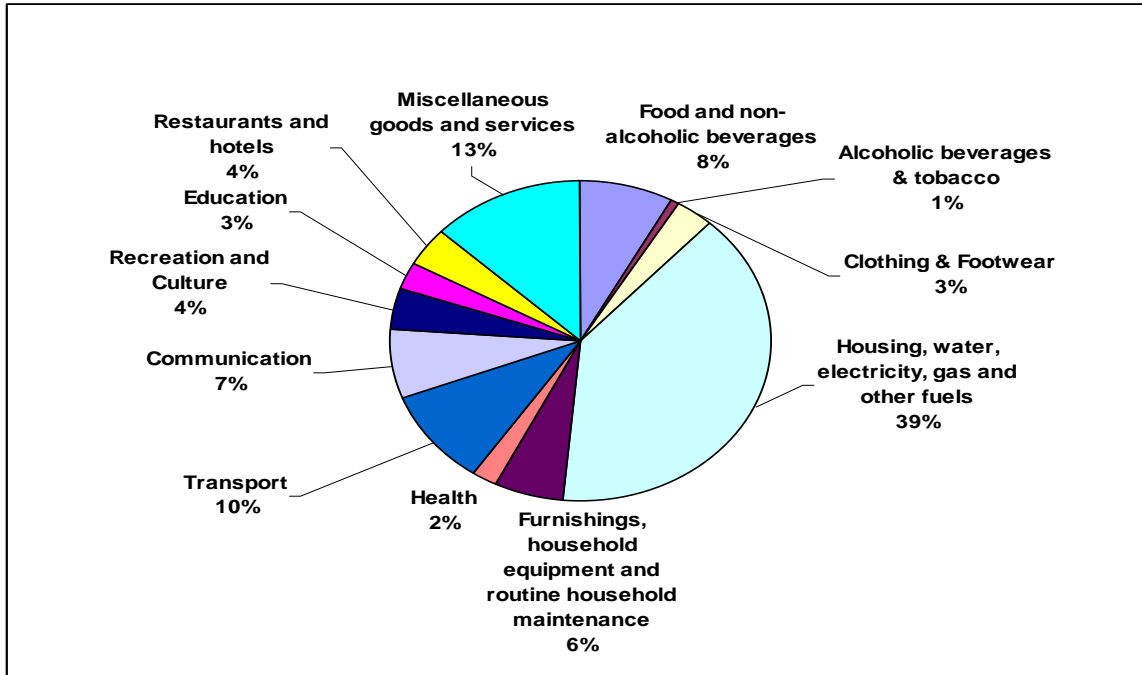
**Total**

**1,393**

With the new CPI basket, 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 now collected every second month of the quarter (whereas they were previously collected every third month). Prices of selected items that were vulnerable to monthly changes such as vegetables, 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 Technical Notes).

Each item is assigned a weight in the basket equivalent to its percentage share to total consumption expenditure valued at prices as of June 2008. These weights are presented by division in Figure 1 below and can also be found in the statistical tables in the Appendix.

Figure 1: The CPI Basket by Division

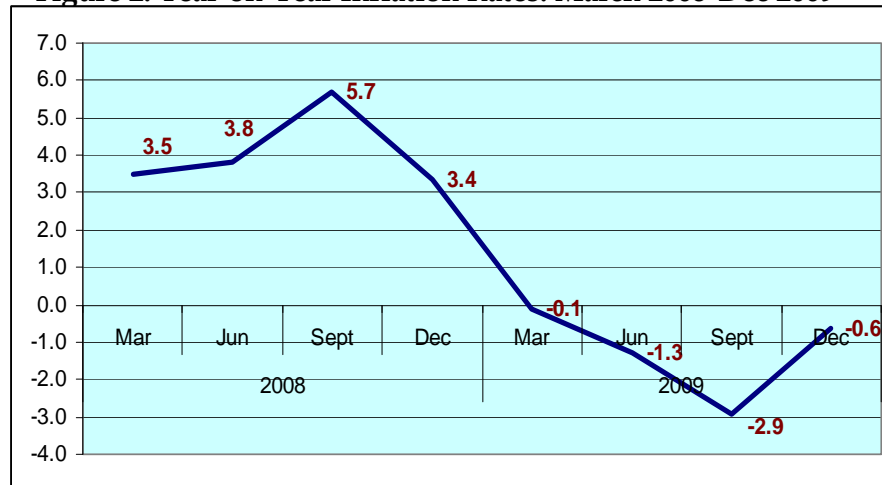


### 3. Annual inflation rates for September 2009 and December 2009

#### 3.1 Summary of CPI trends

Figure 2 below summarizes the annual inflation rates obtained for the period March 2008 to December 2009<sup>2</sup>.

Figure 2: Year-on-Year Inflation Rates: March 2008-Dec 2009



<sup>2</sup> The inflation rates for the quarters beginning September 2008 are based on the new CPI series with June 2008=100. These represent revisions of the previously published CPI data which were based on the 1994 basket (Sept 1994=100).

As shown, the Cayman Islands went into a deflationary phase in 2009, the first year on record for the country as the average inflation rate for the whole year reached -1.3%. For the last two quarters, the deflation was at its deepest at -2.9% in September 2009 followed by a slight rebound to -0.6% in December 2009.

- In the third quarter, 5 divisions were on deflation, led by housing, utilities and fuel (-6.4%). The other divisions that exhibited downward movements were transportation (-8.8%); health (-6.2%); communication (-1.9%) and clothing and footwear (-1.1%).
- In the last quarter, the price deflation in housing softened to -3.2% while health rebounded strongly to 14.9% along with communication (1.2%).

**Table 2: Year-on-Year Inflation Rates (%)**

	Sept 2009	Dec 2009*
<b>Overall</b>	<b>-2.9</b>	<b>-0.6</b>
<b>Food and non-alcoholic beverages</b>	1.3	-1.0
<b>Alcoholic beverages &amp; tobacco</b>	0.4	0.6
<b>Clothing &amp; footwear</b>	-1.1	-2.0
<b>Housing, water, electricity, gas and other fuels</b>	-6.4	-3.2
<b>Furnishings, household equipment and routine household maintenance</b>	0.5	-0.5
<b>Health</b>	-6.2	14.9
<b>Transport</b>	-8.8	0.4
<b>Communication</b>	-1.9	1.2
<b>Recreation and culture</b>	4.3	3.1
<b>Education</b>	2.5	1.7
<b>Restaurants and hotels</b>	4.1	2.5
<b>Miscellaneous goods and services</b>	1.8	0.3

\* Reference period, using data collected in November for all items and data collected in Oct to Dec for selected items

### 3.2 September 2009 annual inflation rates

Tables 3A-3C in the Appendix present the complete set of indices, quarter-on-quarter inflation rates and year-on-year inflation rates by major divisions and their respective major groups.

Focusing on the CPI for September 2009 compared to the CPI September 2008, the deflation noted earlier is traced to the following major divisions (see also Table 3C):

- **Transportation:** the price index fell by 8.8 percent due to decreases in the average cost of operations of personal transport equipment and transport services. The price indices of both groups decreased by 9.4%.

- **Housing and utilities:** the price index fell by 6.4 percent due to the movement in average prices for electricity, gas and other fuels (-33.6%); water supply and miscellaneous (-11.3%) and actual rentals for housing (-8.6%) amidst increase in the average cost of maintenance and repair of dwelling (5.9%) and stable imputed rentals for owner-occupied housing<sup>3</sup>.
- **Health:** the price index decreased by 6.2 percent due to changes in prices of outpatient services (-9.4%) which offset the group increases for medical products, appliances and equipment (4.2%) and hospital services (0.2%).
- **Communication:** this division's average price declined by 1.9 percent mainly due to changes in prices of telephone and telefax equipment (-6.9%), and telephone and telefax services (-2.2%). In contrast to these group movements, the average cost of postal services rose by 50.3%.
- **Clothing and footwear:** this fell by 1.1 percent due to a 1.7%-decline in the average cost of clothing while the average cost of footwear rose by 2.7%.

Meanwhile, the following divisions recorded increases in their average prices:

- **Recreation and culture:** this price index rose by 4.3 percent in September 2009 compared to September 2008, as increases were recorded for gardens, plants and flowers (8.1%) and pets and related products (8.4%) among others. On the other hand, there was a significant drop (33.6%) in the average price of equipment for reception, recording and reproduction of sounds and pictures. Average prices of information processing equipment including desktop and laptop computers also recorded a decline of 11.0 percent compared to September 2008.
- **Restaurants and hotels:** this price index moved up by 4.1 percent, driven mainly by a 16.1-percent rise in average prices of canteen food items including fast-food chain services. In contrast, the average price of accommodation services dropped by 13.8 percent.
- **Education:** the overall price index stood at **104.3**. This was 2.5 percent above the level in September 2008 due to increases in the average cost of secondary education (6.6%), coupled with a 3.3 percent increase in the average cost of pre-primary and primary education.
- **Miscellaneous goods and services:** the upward movement of this price index by 1.8 percent resulted mainly from increases for personal effects not elsewhere classified (12.7%) and personal care (3.4%).

<sup>3</sup> Imputed rentals are based on actual rentals for the same type of housing of a sample of owner-occupied houses.

- **Food and non-alcoholic beverages:** the average price of this index increased by 1.3 percent resulting from a number of groups led by fish and seafood which rose by 9.1 percent, followed by sugar, jam, honey, chocolate and confectionery (6.2%), fruits (4.4%), etc. These were partially offset by declines for vegetables (-7.9%), oils and fats (-4.4%), milk, cheese and egg (-2.9%) and coffee, tea and cocoa (-0.2%).
- **Household furnishings, equipment and maintenance:** this division index moved by 0.5 percent, arising from goods and services for routine household maintenance (1.6%) and household appliances (0.3%). Price movements in the opposite direction were recorded for tools and equipment for house and garden (-12.3%) and glassware, table and household utensils (-4.1%).
- **Alcohol and tobacco:** this price index moved up by 0.4 percent, as tobacco prices rose on average by 1.4 percent as compared to September 2008, while alcoholic beverages also registered a slight increase (0.2%).

### 3.3 December 2009 annual inflation rates

The -0.6 percent movement of the CPI for December 2009 compared to December 2008 is explained by the following divisions which recorded average price declines:

- **Housing and utilities:** this fell by 3.2 percent due to actual rentals for housing (-10.9%), water supply and miscellaneous services (-4.3%) and imputed rentals for housing (-3.9%). However, there were increases recorded for electricity, gas and other fuels (9.5%) and maintenance and repair of dwelling (6.5%).
- **Clothing and footwear:** the price index fell by 2.0 percent due to changes in prices of clothing (-2.3%) while the average cost of footwear rose (0.5%).
- **Food and non-alcoholic beverages:** this index decreased by 1.0 percent resulting from price changes in vegetables (-8.1%), oils and fats (-6.1%), milk, cheese and egg (-4.4%) among others.
- **Household furnishings, equipment and maintenance:** this price index moved down by 0.5 percent, mainly due to decreases in the average price of tools and equipment for house and garden (-12.6%) and furniture and furnishings (-1.7%).

Meanwhile, the following groups rose:

- **Health:** this increased by 14.9 percent with the upward changes in the average prices of outpatient care (20.1%), medical products, appliances and equipment (1.8%) and hospital services (0.2%).

- **Recreation and culture:** this price index rose by 3.1 percent in December 2009 compared to December 2008 due to rises in recreation and sporting services (15.7%) and cultural services (12.0%). These pulled down the impact of recording media (-17.8%), books (-13.6%), information processing equipment (-2.2%), etc.
- **Restaurants and hotels:** the price index moved up by 2.5 percent, as restaurant services inched up 7.2 percent, offsetting the significant adjustment in accommodation services (-21.2%).
- **Education:** the overall housing price index stood at 103.5, 1.7 percent above the level in December 2008 due to increases in the average cost of secondary education (4.6%), coupled with a 2.3 percent increase in the average cost of pre-primary and primary education.
- **Communication:** the price index rose by 1.2 percent as the average price of postal services jumped (51.0%) while the average cost of telephone and telefax services also inched by 1.0 percent. These adjustments occurred along with the average price dip in telephone and telefax equipment (-15.5%).
- **Alcohol and tobacco:** this went up marginally by 0.6 percent, as alcoholic beverages continued its upward trajectory (0.8%) even as tobacco prices dipped marginally by 0.3%.
- **Transportation:** average transportation prices increased by 0.4 percent due to changes in the average cost of operations of personal transport equipment (4.9%) and purchase of vehicles (1.6%). Moving in the opposite direction was transport services (-6.9%).
- **Miscellaneous goods and services:** the upward movement of this price index by 0.3 percent resulted mainly from increases in the average cost of personal effects not elsewhere classified (12.0%) and personal care (3.2%).

### 3.4 Analytical notes

The general negative price movements in the Cayman Islands may be associated with the downward movement in US prices where the annual inflation rate in 2009 averaged -0.4%. It may be noted that approximately 80 percent of local goods are sourced from the US.

The deflation in 2009 may also be associated with the dampened demand for goods and services arising from the economic recession and projected decline in local population.

#### 4. Comparative CPI using the 1994 and 2008 baskets

This section describes the comparative CPI for the period June 2008-June 2009 for which price data were collected using the two baskets. The objective of this exercise is to examine whether there is a significant difference in the quarterly trends between the two CPI series.

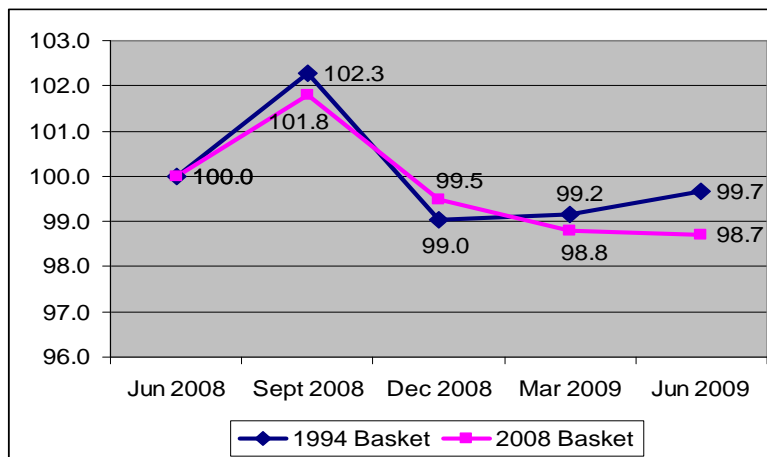
##### 4.1 Methodology

The methodology used starts with a hypothetical “re-basing” of the 1994-based CPI series to June 2008. (That is, all actual indices generated for the 1994 CPI series were divided by 1.535 where the latter is equal to the June 2008 index divided by 100). The re-based 1994 CPI series is then compared to the 2008-based series in terms of the quarterly trend and inflation rates, and the annual inflation rate in June 2009.

##### 4.2 Comparison of quarterly changes

The results of this exercise are represented in Figure 3 below. Overall, the two CPI series show the same trend from their base period June 2008 up to December 2008, where an upsurge in September 2008 was followed by a dip in December 2008. However, a slight contrast is shown for the subsequent quarters. Whereas, the 2008-based series shows a modest decline, the 1994-based series shows a slight uptrend. Nonetheless, the average quarterly inflation rates for the entire period under review are both negative (-0.075% using the 1994 basket and -0.3250% using the 2008 basket.)

Figure 3: Comparative CPI, June 2008-June 2009



##### 4.3 Comparison of cumulative change

The quarterly price changes led to a cumulative change of -0.3 percent from June 2008 to June 2009 in the 1994-based series as compared to -1.3 percent in the 2008-based series. That is, the 2008-based series in this period is 1-percentage point lower than the 1994-based series.



Broadly, the deeper decline shown by the 2008 series may be traced to housing and utilities which fell by 5.6 percent in June 2009 and has a higher weight in the 2008 series, as compared to a decline of 4.8 percent in the 1994 series. Other differences at the division level are presented in Appendix Table 4.

## 5. The 2008 CPI linked series

In order to produce a continuous CPI series, the 1994-based CPI data was linked to the June 2008-based CPI data using the standard splicing and chain linking approach. Specifically, the indices were spliced at June 2008 (the new base period).

The linked CPI series are presented in Tables 5 and 6. In Table 5, it should be pointed out that the inflation rates up to June 2008 are essentially equivalent to the 1994-based series, except for minor differences due to rounding-off for the periods September 2007 and March 2008.

## 6. Appendices: CPI Tables and Technical Notes

**TABLE 3A: CONSUMER PRICE INDEX BY MAJOR GROUPS Jun 2008 - Dec 2009**

Major Group	Weight	Index		
		June-08	Sept-08	Dec-08
<b>All Divisions - All items</b>	<b>1000.0</b>	<b>100.0</b>	<b>101.8</b>	<b>99.5</b>
<b>01 Food &amp; Non Alcoholic Beverage</b>	<b>79.6</b>	<b>100.0</b>	<b>104.5</b>	<b>106.1</b>
Bread & cereals	9.9	100.0	104.5	107.3
Meat & meat products	10.4	100.0	105.5	107.1
Fish & seafood	4.2	100.0	103.4	103.4
Milk, cheese & egg	8.3	100.0	107.1	106.8
Oils & fats	2.0	100.0	103.6	104.8
Fruit	6.7	100.0	114.5	112.3
Vegetables	8.6	100.0	108.7	112.9
Sugars, jam, honey, chocolate & confectionery	5.5	100.0	101.6	103.7
Food products n.e.c.	5.6	100.0	100.9	102.6
Coffee, tea & cocoa	1.6	100.0	101.7	103.2
Mineral water, soft drinks, fruit & vegetable juices	16.9	100.0	99.4	101.6
<b>02 Alcohol and Tobacco</b>	<b>6.5</b>	<b>100.0</b>	<b>103.7</b>	<b>104.0</b>
Alcohol	5.6	100.0	102.0	102.2
Tobacco	0.9	100.0	114.6	116.2
<b>03 Housing and Utilities</b>	<b>394.4</b>	<b>100.0</b>	<b>101.5</b>	<b>97.1</b>
Actual rentals for housing	78.7	100.0	100.0	99.5
Imputed rentals for housing	223.4	100.0	98.9	98.9
Maintenance and repair of dwelling	28.5	100.0	99.1	99.2
Water supply and miscellaneous services	16.4	100.0	104.0	100.9
Electricity, gas and other fuels	47.3	100.0	116.4	81.3
<b>04 Clothing and Footwear</b>	<b>34.3</b>	<b>100.0</b>	<b>101.3</b>	<b>101.9</b>
Clothing	29.5	100.0	101.2	102.3
Footwear	4.8	100.0	102.1	99.5
<b>05 Household Equipment</b>	<b>56.4</b>	<b>100.0</b>	<b>100.5</b>	<b>101.1</b>
Furniture and furnishings	5.7	100.0	101.4	101.9
Household textiles	1.1	100.0	100.0	100.0
Household appliances	2.8	100.0	100.2	100.3
Glassware, tableware and household utensils	2.8	100.0	108.7	107.0
Tools and equipment for house and garden	1.5	100.0	100.9	101.3
Goods and services for routine household maintenance	42.4	100.0	99.8	100.7
<b>06 Health</b>	<b>24.2</b>	<b>100.0</b>	<b>104.2</b>	<b>96.5</b>
Medical products, appliances and equipment	5.0	100.0	99.9	101.7
Outpatient services	17.9	100.0	105.7	94.7
Hospital services	1.4	100.0	100.0	100.0
<b>07 Transport</b>	<b>96.1</b>	<b>100.0</b>	<b>102.6</b>	<b>93.6</b>
Purchase of vehicles	6.1	100.0	100.9	101.9
Operations of personal transport equipment	57.4	100.0	102.8	89.2
Transport services	32.6	100.0	102.5	100.0
<b>08 Communication</b>	<b>69.7</b>	<b>100.0</b>	<b>102.0</b>	<b>102.0</b>
Postal services	0.5	100.0	100.0	99.6
Telephone & telefax equipment	0.3	100.0	100.0	110.2
Telephone & telefax services	68.9	100.0	102.0	102.0
<b>09 Recreation and Culture</b>	<b>40.5</b>	<b>100.0</b>	<b>95.8</b>	<b>96.0</b>
Audio-visual, photographic and information processing equipment	4.2	100.0	100.5	98.4
Other major durables for recreation and culture	3.4	100.0	100.0	100.0
Other recreational items and equipment, gardens and pets	10.5	100.0	102.4	103.8
Recreational & cultural services	17.6	100.0	90.5	89.0
Newspapers, books and stationery	4.8	100.0	93.2	99.3
<b>10 Education</b>	<b>27.9</b>	<b>100.0</b>	<b>101.8</b>	<b>101.8</b>
Pre-primary and primary education	16.1	100.0	102.4	102.4
Secondary education	2.4	100.0	104.6	104.6
Tertiary education	9.4	100.0	100.0	100.0
<b>11 Restaurants and Hotels</b>	<b>40.2</b>	<b>100.0</b>	<b>105.3</b>	<b>107.0</b>
Catering Services	33.8	100.0	106.0	106.0
Accommodation Services	6.4	100.0	101.6	112.5
<b>12 Miscellaneous Goods and Services</b>	<b>130.2</b>	<b>100.0</b>	<b>101.8</b>	<b>103.4</b>
Personal care	26.5	100.0	101.0	103.1
Personal effects n.e.c.	7.7	100.0	100.0	110.6
Social protection	8.4	100.0	100.0	100.0
Insurance	74.8	100.0	102.8	103.8
Financial services n.e.c.	0.5	100.0	100.0	100.0
Other services n.e.c.	12.2	100.0	100.0	100.0

**TABLE 3A: CONSUMER PRICE INDEX BY MAJOR GROUPS Jun 2008 - Dec 2009 (Cont'd)**

Major Group	Weight	Index			
		Mar-09	June-09	Sept-09	Dec-09
<b>All Divisions - All items</b>	<b>1000.0</b>	<b>98.8</b>	<b>98.7</b>	<b>98.9</b>	<b>98.9</b>
<b>01 Food &amp; Non Alcoholic Beverage</b>	<b>79.6</b>	<b>106.3</b>	<b>107.0</b>	<b>105.9</b>	<b>105.0</b>
Bread & cereals	9.9	107.9	109.0	108.9	108.4
Meat & meat products	10.4	108.0	106.3	106.7	105.3
Fish & seafood	4.2	105.5	112.4	112.8	112.3
Milk, cheese & egg	8.3	104.6	102.0	104.0	102.1
Oils & fats	2.0	105.2	103.7	99.0	98.5
Fruit	6.7	112.8	117.0	119.6	111.7
Vegetables	8.6	110.3	110.1	100.1	103.8
Sugars, jam, honey, chocolate & confectionery	5.5	108.3	107.9	107.9	108.7
Food products n.e.c.	5.6	103.7	103.5	103.8	103.3
Coffee, tea & cocoa	1.6	103.2	102.5	101.5	102.5
Mineral water, soft drinks, fruit & vegetable juices	16.9	101.1	103.3	101.7	100.9
<b>02 Alcohol and Tobacco</b>	<b>6.5</b>	<b>104.4</b>	<b>104.6</b>	<b>104.1</b>	<b>104.7</b>
Alcohol	5.6	102.5	102.8	102.2	103.0
Tobacco	0.9	116.2	116.2	116.2	115.8
<b>03 Housing and Utilities</b>	<b>394.4</b>	<b>96.1</b>	<b>94.4</b>	<b>95.0</b>	<b>93.9</b>
Actual rentals for housing	78.7	98.2	97.4	91.4	88.7
Imputed rentals for housing	223.4	98.9	97.6	98.9	95.1
Maintenance and repair of dwelling	28.5	100.4	100.7	105.0	105.6
Water supply and miscellaneous services	16.4	96.5	93.4	92.2	96.6
Electricity, gas and other fuels	47.3	76.6	71.2	77.3	89.1
<b>04 Clothing and Footwear</b>	<b>34.3</b>	<b>102.5</b>	<b>102.4</b>	<b>100.2</b>	<b>99.8</b>
Clothing	29.5	102.2	101.9	99.5	100.0
Footwear	4.8	104.0	104.9	104.9	99.0
<b>05 Household Equipment</b>	<b>56.4</b>	<b>101.8</b>	<b>101.6</b>	<b>101.0</b>	<b>100.6</b>
Furniture and furnishings	5.7	101.7	101.1	100.5	100.2
Household textiles	1.1	100.0	100.0	98.7	98.7
Household appliances	2.8	100.6	100.1	100.5	100.9
Glassware, tableware and household utensils	2.8	108.1	107.0	104.2	101.3
Tools and equipment for house and garden	1.5	100.4	100.7	88.5	88.5
Goods and services for routine household maintenance	42.4	101.5	101.5	101.4	101.1
<b>06 Health</b>	<b>24.2</b>	<b>96.5</b>	<b>97.1</b>	<b>97.7</b>	<b>110.9</b>
Medical products, appliances and equipment	5.0	101.8	104.3	104.1	103.5
Outpatient services	17.9	94.8	94.9	95.8	113.8
Hospital services	1.4	100.0	100.0	100.2	100.2
<b>07 Transport</b>	<b>96.1</b>	<b>89.4</b>	<b>90.9</b>	<b>93.6</b>	<b>94.0</b>
Purchase of vehicles	6.1	101.5	101.6	101.4	103.5
Operations of personal transport equipment	57.4	84.0	87.5	93.2	93.6
Transport services	32.6	96.8	94.8	92.8	93.1
<b>08 Communication</b>	<b>69.7</b>	<b>98.6</b>	<b>101.7</b>	<b>100.0</b>	<b>103.3</b>
Postal services	0.5	95.5	94.1	150.3	150.4
Telephone & telefax equipment	0.3	110.2	110.2	93.1	93.1
Telephone & telefax services	68.9	98.5	101.7	99.7	103.0
<b>09 Recreation and Culture</b>	<b>40.5</b>	<b>98.3</b>	<b>98.5</b>	<b>99.8</b>	<b>99.0</b>
Audio-visual, photographic and information processing equipment	4.2	97.1	96.6	82.9	81.2
Other major durables for recreation and culture	3.4	100.0	100.0	99.0	99.0
Other recreational items and equipment, gardens and pets	10.5	104.8	104.6	106.0	105.7
Recreational & cultural services	17.6	93.8	93.8	100.7	100.4
Newspapers, books and stationery	4.8	100.3	102.8	98.9	94.6
<b>10 Education</b>	<b>27.9</b>	<b>101.8</b>	<b>102.0</b>	<b>104.3</b>	<b>103.5</b>
Pre-primary and primary education	16.1	102.4	102.4	105.8	104.7
Secondary education	2.4	104.6	106.9	111.5	109.3
Tertiary education	9.4	100.0	100.0	100.0	100.0
<b>11 Restaurants and Hotels</b>	<b>40.2</b>	<b>108.8</b>	<b>107.1</b>	<b>109.6</b>	<b>109.7</b>
Catering Services	33.8	108.6	109.2	113.8	113.6
Accommodation Services	6.4	109.7	95.9	87.5	88.7
<b>12 Miscellaneous Goods and Services</b>	<b>130.2</b>	<b>104.1</b>	<b>105.4</b>	<b>103.6</b>	<b>103.7</b>
Personal care	26.5	105.2	105.2	104.5	106.5
Personal effects n.e.c.	7.7	112.9	113.1	112.7	122.3
Social protection	8.4	100.0	100.0	100.0	100.0
Insurance	74.8	103.9	106.2	103.7	102.3
Financial services n.e.c.	0.5	100.0	100.0	100.0	100.0
Other services n.e.c.	12.2	100.0	99.8	97.8	97.8

**TABLE 3B: QUARTER-ON-QUARTER Sep 2008 - Dec 2009**

Major Group	Weight	Quarterly Inflation Rates					
		Sept-08	Dec-08	Mar-09	June-09	Sept-09	Dec-09
<b>All Divisions - All items</b>	<b>1000.0</b>	<b>1.8</b>	<b>-2.3</b>	<b>-0.7</b>	<b>-0.1</b>	<b>0.2</b>	<b>0.0</b>
<b>01 Food &amp; Non Alcoholic Beverage</b>	<b>79.6</b>	<b>4.5</b>	<b>1.5</b>	<b>0.1</b>	<b>0.7</b>	<b>-1.0</b>	<b>-0.8</b>
Bread & cereals	9.9	4.5	2.7	0.6	1.0	-0.1	-0.5
Meat & meat products	10.4	5.5	1.6	0.8	-1.6	0.3	-1.3
Fish & seafood	4.2	3.4	0.0	2.0	6.6	0.3	-0.5
Milk, cheese & egg	8.3	7.1	-0.3	-2.1	-2.4	2.0	-1.8
Oils & fats	2.0	3.6	1.2	0.4	-1.5	-4.5	-0.6
Fruit	6.7	14.5	-1.9	0.4	3.7	2.2	-6.6
Vegetables	8.6	8.7	3.9	-2.3	-0.2	-9.0	3.6
Sugars, jam, honey, chocolate & confectionery	5.5	1.6	2.1	4.4	-0.4	0.0	0.8
Food products n.e.c.	5.6	0.9	1.6	1.1	-0.2	0.3	-0.4
Coffee, tea & cocoa	1.6	1.7	1.4	0.0	-0.7	-0.9	1.0
Mineral water, soft drinks, fruit & vegetable juices	16.9	-0.6	2.2	-0.5	2.2	-1.6	-0.8
<b>02 Alcohol and Tobacco</b>	<b>6.5</b>	<b>3.7</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>-0.5</b>	<b>0.6</b>
Alcohol	5.6	2.0	0.1	0.4	0.3	-0.6	0.8
Tobacco	0.9	14.6	1.4	0.0	0.0	0.0	-0.3
<b>03 Housing and Utilities</b>	<b>394.4</b>	<b>1.5</b>	<b>-4.4</b>	<b>-1.0</b>	<b>-1.8</b>	<b>0.6</b>	<b>-1.1</b>
Actual rentals for housing	78.7	0.0	-0.5	-1.3	-0.8	-6.2	-3.0
Imputed rentals for housing	223.4	-1.1	0.0	0.0	-1.4	1.4	-3.9
Maintenance and repair of dwelling	28.5	-0.9	0.1	1.2	0.3	4.2	0.6
Water supply and miscellaneous services	16.4	4.0	-3.0	-4.3	-3.3	-1.3	4.8
Electricity, gas and other fuels	47.3	16.4	-30.2	-5.8	-7.0	8.5	15.3
<b>04 Clothing and Footwear</b>	<b>34.3</b>	<b>1.3</b>	<b>0.6</b>	<b>0.6</b>	<b>-0.1</b>	<b>-2.1</b>	<b>-0.4</b>
Clothing	29.5	1.2	1.1	-0.1	-0.3	-2.4	0.5
Footwear	4.8	2.1	-2.5	4.5	0.9	-0.1	-5.6
<b>05 Household Equipment</b>	<b>56.4</b>	<b>0.5</b>	<b>0.6</b>	<b>0.7</b>	<b>-0.2</b>	<b>-0.6</b>	<b>-0.4</b>
Furniture and furnishings	5.7	1.4	0.5	-0.2	-0.6	-0.6	-0.3
Household textiles	1.1	0.0	0.0	0.0	0.0	-1.3	0.0
Household appliances	2.8	0.2	0.1	0.3	-0.5	0.5	0.3
Glassware, tableware and household utensils	2.8	8.7	-1.6	1.0	-1.0	-2.6	-2.8
Tools and equipment for house and garden	1.5	0.9	0.4	-0.9	0.3	-12.1	0.0
Goods and services for routine household maintenance	42.4	-0.2	0.9	0.9	-0.1	-0.1	-0.3
<b>06 Health</b>	<b>24.2</b>	<b>4.2</b>	<b>-7.4</b>	<b>0.0</b>	<b>0.6</b>	<b>0.6</b>	<b>13.5</b>
Medical products, appliances and equipment	5.0	-0.1	1.8	0.1	2.5	-0.2	-0.6
Outpatient services	17.9	5.7	-10.4	0.0	0.1	0.9	18.8
Hospital services	1.4	0.0	0.0	0.0	0.0	0.2	0.0
<b>07 Transport</b>	<b>96.1</b>	<b>2.6</b>	<b>-8.7</b>	<b>-4.5</b>	<b>1.6</b>	<b>3.0</b>	<b>0.5</b>
Purchase of vehicles	6.1	0.9	1.0	-0.4	0.2	-0.2	2.1
Operations of personal transport equipment	57.4	2.8	-13.3	-5.8	4.2	6.5	0.4
Transport services	32.6	2.5	-2.4	-3.2	-2.1	-2.1	0.3
<b>08 Communication</b>	<b>69.7</b>	<b>2.0</b>	<b>0.0</b>	<b>-3.4</b>	<b>3.2</b>	<b>-1.7</b>	<b>3.3</b>
Postal services	0.5	0.0	-0.4	-4.1	-1.5	59.8	0.1
Telephone & telefax equipment	0.3	0.0	10.2	0.0	0.0	-15.5	0.0
Telephone & telefax services	68.9	2.0	0.0	-3.4	3.2	-2.0	3.3
<b>09 Recreation and Culture</b>	<b>40.5</b>	<b>-4.2</b>	<b>0.2</b>	<b>2.4</b>	<b>0.2</b>	<b>1.4</b>	<b>-0.9</b>
Audio-visual, photographic and information processing equipment	4.2	0.5	-2.0	-1.4	-0.5	-14.2	-2.0
Other major durables for recreation and culture	3.4	0.0	0.0	0.0	0.0	-1.0	0.0
Other recreational items and equipment, gardens and pets	10.5	2.4	1.4	0.9	-0.2	1.3	-0.2
Recreational & cultural services	17.6	-9.5	-1.7	5.4	0.0	7.3	-0.3
Newspapers, books and stationery	4.8	-6.8	6.5	1.0	2.4	-3.8	-4.4
<b>10 Education</b>	<b>27.9</b>	<b>1.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>2.3</b>	<b>-0.8</b>
Pre-primary and primary education	16.1	2.4	0.0	0.0	0.0	3.3	-1.0
Secondary education	2.4	4.6	0.0	0.0	2.3	4.2	-1.9
Tertiary education	9.4	0.0	0.0	0.0	0.0	0.0	0.0
<b>11 Restaurants and Hotels</b>	<b>40.2</b>	<b>5.3</b>	<b>1.6</b>	<b>1.6</b>	<b>-1.5</b>	<b>2.3</b>	<b>0.0</b>
Catering Services	33.8	6.0	-0.1	2.5	0.6	4.1	-0.2
Accommodation Services	6.4	1.6	10.8	-2.5	-12.6	-8.7	1.4
<b>12 Miscellaneous Goods and Services</b>	<b>130.2</b>	<b>1.8</b>	<b>1.6</b>	<b>0.6</b>	<b>1.3</b>	<b>-1.7</b>	<b>0.1</b>
Personal care	26.5	1.0	2.1	2.0	0.0	-0.7	1.9
Personal effects n.e.c.	7.7	0.0	10.6	2.0	0.2	-0.3	8.5
Social protection	8.4	0.0	0.0	0.0	0.0	0.0	0.0
Insurance	74.8	2.8	1.0	0.2	2.2	-2.3	-1.4
Financial services n.e.c.	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Other services n.e.c.	12.2	0.0	0.0	0.0	-0.2	-2.0	0.0

**TABLE 3C: INFLATION RATES Jun 2009 - Dec 2009**

Major Group	Weight	Annual Inflation Rates		
		June-09	Sept-09	Dec-09
<b>All Divisions - All items</b>	<b>1000.0</b>	<b>-1.3</b>	<b>-2.9</b>	<b>-0.6</b>
<b>01 Food &amp; Non Alcoholic Beverage</b>	<b>79.6</b>	<b>7.0</b>	<b>1.3</b>	<b>-1.0</b>
Bread & cereals	9.9	9.0	4.2	1.0
Meat & meat products	10.4	6.3	1.1	-1.7
Fish & seafood	4.2	12.4	9.1	8.6
Milk, cheese & egg	8.3	2.0	-2.9	-4.4
Oils & fats	2.0	3.7	-4.4	-6.1
Fruit	6.7	17.0	4.4	-0.6
Vegetables	8.6	10.1	-7.9	-8.1
Sugars, jam, honey, chocolate & confectionery	5.5	7.9	6.2	4.9
Food products n.e.c.	5.6	3.5	2.8	0.7
Coffee, tea & cocoa	1.6	2.5	-0.2	-0.6
Mineral water, soft drinks, fruit & vegetable juices	16.9	3.3	2.3	-0.7
<b>02 Alcohol and Tobacco</b>	<b>6.5</b>	<b>4.6</b>	<b>0.4</b>	<b>0.6</b>
Alcohol	5.6	2.8	0.2	0.8
Tobacco	0.9	16.2	1.4	-0.3
<b>03 Housing and Utilities</b>	<b>394.4</b>	<b>-5.6</b>	<b>-6.4</b>	<b>-3.2</b>
Actual rentals for housing	78.7	-2.6	-8.6	-10.9
Imputed rentals for housing	223.4	-2.4	0.0	-3.9
Maintenance and repair of dwelling	28.5	0.7	5.9	6.5
Water supply and miscellaneous services	16.4	-6.6	-11.3	-4.3
Electricity, gas and other fuels	47.3	-28.8	-33.6	9.5
<b>04 Clothing and Footwear</b>	<b>34.3</b>	<b>2.4</b>	<b>-1.1</b>	<b>-2.0</b>
Clothing	29.5	1.9	-1.7	-2.3
Footwear	4.8	4.9	2.7	-0.5
<b>05 Household Equipment</b>	<b>56.4</b>	<b>1.6</b>	<b>0.5</b>	<b>-0.5</b>
Furniture and furnishings	5.7	1.1	-0.9	-1.7
Household textiles	1.1	0.0	-1.3	-1.3
Household appliances	2.8	0.1	0.3	0.5
Glassware, tableware and household utensils	2.8	7.0	-4.1	-5.3
Tools and equipment for house and garden	1.5	0.7	-12.3	-12.6
Goods and services for routine household maintenance	42.4	1.5	1.6	0.4
<b>06 Health</b>	<b>24.2</b>	<b>-2.9</b>	<b>-6.2</b>	<b>14.9</b>
Medical products, appliances and equipment	5.0	4.3	4.2	1.8
Outpatient services	17.9	-5.1	-9.4	20.1
Hospital services	1.4	0.0	0.2	0.2
<b>07 Transport</b>	<b>96.1</b>	<b>-9.1</b>	<b>-8.8</b>	<b>0.4</b>
Purchase of vehicles	6.1	1.6	0.5	1.6
Operations of personal transport equipment	57.4	-12.5	-9.4	4.9
Transport services	32.6	-5.2	-9.4	-6.9
<b>08 Communication</b>	<b>69.7</b>	<b>1.7</b>	<b>-1.9</b>	<b>1.2</b>
Postal services	0.5	-5.9	50.3	51.0
Telephone & telefax equipment	0.3	10.2	-6.9	-15.5
Telephone & telefax services	68.9	1.7	-2.2	1.0
<b>09 Recreation and Culture</b>	<b>40.5</b>	<b>-1.5</b>	<b>4.3</b>	<b>3.1</b>
Audio-visual, photographic and information processing equipment	4.2	-3.4	-17.5	-17.5
Other major durables for recreation and culture	3.4	0.0	-1.0	-1.0
Other recreational items and equipment, gardens and pets	10.5	4.6	3.5	1.8
Recreational & cultural services	17.6	-6.2	11.2	12.8
Newspapers, books and stationery	4.8	2.8	6.0	-4.8
<b>10 Education</b>	<b>27.9</b>	<b>2.0</b>	<b>2.5</b>	<b>1.7</b>
Pre-primary and primary education	16.1	2.4	3.3	2.3
Secondary education	2.4	6.9	6.6	4.6
Tertiary education	9.4	0.0	0.0	0.0
<b>11 Restaurants and Hotels</b>	<b>40.2</b>	<b>7.1</b>	<b>4.1</b>	<b>2.5</b>
Catering Services	33.8	9.2	7.3	7.2
Accommodation Services	6.4	-4.1	-13.8	-21.2
<b>12 Miscellaneous Goods and Services</b>	<b>130.2</b>	<b>5.4</b>	<b>1.8</b>	<b>0.3</b>
Personal care	26.5	5.2	3.4	3.2
Personal effects n.e.c.	7.7	13.1	12.7	10.5
Social protection	8.4	0.0	0.0	0.0
Insurance	74.8	6.2	1.0	-1.4
Financial services n.e.c.	0.5	0.0	0.0	0.0
Other services n.e.c.	12.2	-0.2	-2.2	-2.2

**Table 4: Comparative Annual Inflation of 1994-based and 2008-based CPI Baskets**

Categories in 1994 basket	Weight in 1994 basket	Average annual inflation, June 08-June 09	Nearest corresponding division in 2008 basket	Weight in 2008 basket	Average annual inflation, June 08-June 09
1. Food (including food from restaurants)	119.6	5.0	1. Food	79.6	7.0
			2. Restaurants and hotels**	40.2	7.1
				<b>119.8</b>	
2. Alcohol & tobacco	15.7	2.7	3. Alcohol and tobacco	6.50	4.6
3. Clothing and Footwear	46.1	-4.0	4. Clothing and Footwear	34.30	2.4
4. Housing (including utilities)	310.8	-4.8	5. Housing (including utilities)	394.41	-5.6
5. Household equipment	58.7	11.2	6. Household equipment	56.39	1.6
6. Transport & communication	128.3 6.8 33.4 <b>168.5</b>	-4.2	7. Transport	96.08	-9.1
			8. Communication	69.71	1.7
				<b>165.8</b>	
7. Education & medical	24.9 39.7 <b>64.6</b>	1.7	9. Education	27.91	2.0
			10. Health	24.24	-2.9
				<b>52.2</b>	
8. Personal goods & services	123.2 <b>216.0</b>	2.0	11. Recreation and culture	40.50	-1.5
			12. Miscellaneous goods	130.16	5.4
				<b>170.7</b>	
<b>All categories</b>	<b>1000</b>	<b>-0.3</b>	<b>All categories</b>	<b>1000</b>	<b>-1.3</b>

\* Derived from the weights

\*\* Hotel expenses would be nearest to personal goods and services in the current basket

**Table 5: Quarterly Consumer Price Index and Inflation Rates**
**JUNE 2008 = 100**

Year	Quarter Ending	INDEX	Percentage change in CPI:	
			3 months ago	1 year ago
2001	March	80.3	0.5	1.8
	June	80.5	0.2	1.8
	September	79.9	-0.7	0.3
	December	80.5	0.8	0.8
2002	March	82.0	1.9	2.1
	June	82.0	0.0	1.9
	September	82.3	0.4	3.0
	December	82.9	0.7	3.0
2003	March	82.2	-0.8	0.2
	June	82.5	0.4	0.6
	September	82.9	0.5	0.7
	December	83.4	0.6	0.6
2004	March	83.2	-0.2	1.2
	June	84.2	1.2	2.1
	September	85.7	1.8	3.4
	December	92.7	8.2	11.2
2005	March	92.7	0.0	11.4
	June	92.5	-0.2	9.9
	September	93.1	0.6	8.6
	December	92.7	-0.4	0.0
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	<b>101.8</b>	<b>1.8</b>	<b>5.3</b>
	December	<b>99.5</b>	<b>-2.3</b>	<b>3.9</b>
2009	March	<b>98.8</b>	<b>-0.7</b>	<b>-0.4</b>
	June	<b>98.7</b>	<b>-0.1</b>	<b>-1.3</b>
	September	<b>98.9</b>	<b>0.2</b>	<b>-2.9</b>
	December	<b>98.9</b>	<b>0.0</b>	<b>-0.6</b>



**Table 6**  
**CAYMAN ISLANDS CONSUMER PRICE INDEX**  
**ANNUAL AVERAGES 1995 TO 2008**  
**(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	98.8	-1.3

NOTES ON THE INDEX COMPILATION

**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>4</sup> The Lowe index,  $P_{Lo}$ , is defined as follows<sup>5</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  $p_i$  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.

<sup>4</sup> ILO (2004, p. 2). Consumer price index manual

<sup>5</sup> Ibid , p.3