



THE CAYMAN ISLANDS' CONSUMER PRICE INDEX REPORT: December 2011

Consumer Price Index (CPI) increased by 1.3 percent in 2011

This report presents the average CPI in the year 2011 and the results of the December 2011 CPI Survey.

Average CPI in 2011

The average CPI in 2011 stood at 100.2, an increase of 1.3 percent from the average CPI in 2010. Underlying this increase were upward changes in all major categories, except housing and utilities which declined by 1.0 percent:

- Transportation, 10.6 percent;
- Food and non-alcoholic beverages, 3.5 percent;
- Communication, 1.3 percent;
- Household equipment, 1.0 percent;
- Restaurants and hotels, 1.0 percent;
- Health, 1.0 percent;
- Miscellaneous good and services, 0.9 percent;
- Recreation and culture, 0.5 percent;
- Alcoholic beverages and tobacco, 0.3 percent; and
- Clothing and footwear, 0.1 percent.

The 1.3 percent average inflation in 2011 was generated amidst an increasing trend in the first three quarters: from 0.03 percent in March 2011, the inflation rate inched up to 1.0 percent in June and strengthened to 2.4 percent in September.

Fuel prices explained a significant part of the increase in transportation in 2011. The average cost of fuel rose by 25.0 percent in 2011 compared to 2010.

The average inflation in 2011 is also higher than in 2010 (0.3%).

- **Household equipment:** this division's index inched upward by 1.6 percent, mainly due to a sharp increase in the average price of glassware, tableware and household utensils (31.0%). Household textiles also recorded an average increase of 7.4 percent.
- **Health:** the price index increased by 1.2 percent due to higher average price of outpatient services (2.1%) and hospital services (1.1%), while the average price of medical products, appliances and equipment decreased by 1.7 percent.
- **Clothing and footwear:** the overall price index stood at 102.2. This was 1.1 percent above the level in December 2010 due to increases in the average cost of clothing (1.6%).
- **Housing and utilities¹:** this division's index inched upwards by 1.0 percent, mainly due to an increase in the average cost of electricity, gas and other fuels (15.7%) and water supply and miscellaneous services (11.7%). In addition, increases were also recorded for actual rentals for housing (1.4%) and maintenance and repair of dwelling (1.2%).
- **Alcohol and tobacco:** this price index increased by 0.6 percent, as prices of alcoholic beverages rose on average by 0.7 percent as compared to December 2010, while tobacco products recorded no change.

On the other hand the following divisions showed declines:

- **Miscellaneous goods and services:** the downward change of this index by 1.0 percent is correlated mainly with price decreases for insurance (2.9%) and personal effects not elsewhere classified (1.1%). These decreases were partially offset by increase for other services not elsewhere classified (4.5%).
- **Recreation and culture:** this index decreased by 0.5 percent largely coming from audio-visual, photographic and information processing equipment (-3.4%), recreational and cultural services (-0.6%) and the average cost of newspapers, books and stationery (-0.3 %).
- **Restaurants and hotels:** this price index also dropped by 0.5 percent, driven by a 3.9 percent decrease in the average cost for accommodation services. Catering services recorded no change for this period.

Education was the only division that showed no change in the average prices between December 2011 and December 2010.

¹ The UN Classification of Individual Consumption According to Purpose (COICOP) name for this division is "housing, water, electricity gas and other fuels."

December 2011 CPI: quarterly changes from September 2011

The December 2011 CPI decreased by **0.4** percent compared to the September 2011 CPI as the price indices of the following major categories receded:

- **Restaurants and hotels:** this price index fell by **2.6** percent, driven by a decrease in the average cost of accommodation services (-17.6%).
- **Housing and utilities:** this price index, which accounts for approximately two-fifths of the CPI basket, declined by **1.2** percent. This was primarily due to the downward movement in the average prices of imputed rentals for owner-occupied housing (-1.9%) and actual rentals for housing (-1.8%). These movements offset the increase in the average cost of maintenance and repair of dwelling (1.9%).
- **Transport:** this division's index fell by **0.8** percent mainly due to decreases in the average cost of transport services (-1.5%) and operation of personal transport equipment (-0.5%).
- **Household equipment:** the overall price index stood at 103.3. This was **0.2** percent below the level in September 2011 due to decreases in the average cost of furniture and furnishings (-2.7%) and household appliances (-1.1%).

On the other hand, the following major divisions were higher in December 2011 compared to September 2011:

- **Clothing and footwear:** this rose by **1.2** percent due to an increase in the average cost of clothing (1.5%) amidst a decrease by 0.6 percent in the price index for footwear.
- **Food and non-alcoholic beverages:** the average price of this index increased by **1.0** percent resulting from a number of groups led by oils and fats (4.0%); sugars, jam, honey, chocolate and confectionery (3.9%); and fish and seafood (3.7%). These were partially offset by price changes for fruits (-3.7%), and milk, cheese and egg (-0.4%).
- **Miscellaneous goods and services:** the upward movement of this price index by **0.4** percent resulted from a moderate increase for the price of insurance (1.2%).
- **Communication:** this division's index marginally moved up by **0.2** percent as all groups in this division rose, led by telephone and telefax equipment (7.4%) followed by postal services (2.1%) and telephone and telefax services (0.2%).

- **Alcohol and tobacco:** this price index inched up by **0.2** percent, as prices of alcohol beverages rose on average by 0.2 percent as compared to September 2010, while tobacco products remained stable.
- **Recreation and culture:** this price index moved up by **0.1** percent the quarter ending December 2011 compared to September 2011. Mild increases were recorded in the average cost of newspapers, books and stationery (0.8%) and other recreational items associated with gardens and pets (0.2%).

Meanwhile, the **education** index was stable as school fees remained unchanged from the previous quarter. Similarly, the CPI for **health** was unchanged from September 2011.

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
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	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

Table 2
CAYMAN ISLANDS CONSUMER PRICE INDEX
ANNUAL AVERAGES 1995 TO 2010
(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

TABLE 3: CONSUMER PRICE INDICES AND INFLATION BY DIVISIONS AND GROUPS - FOURTH QUARTER 2011

Major Group	Weight	Index			Percentage Change	
		Dec-11	Sept-11	Dec-10	3 months Ago	1 year ago
All Divisions - All items	1000.0	100.4	100.8	98.5	-0.4	1.9
01 Food & Non Alcoholic Beverage	79.6	114.7	113.6	108.6	1.0	5.6
Bread & cereals	9.9	112.1	110.4	108.2	1.5	3.6
Meat & meat products	10.4	117.3	116.0	110.7	1.1	6.0
Fish & seafood	4.2	117.4	113.2	101.8	3.7	15.4
Milk, cheese & egg	8.3	111.2	111.6	106.8	-0.4	4.1
Oils & fats	2.0	105.5	101.4	99.1	4.0	6.4
Fruit	6.7	120.5	125.1	114.9	-3.7	4.9
Vegetables	8.6	119.7	118.4	116.3	1.1	2.9
Sugars, jam, honey, chocolate & confectionery	5.5	115.9	111.6	110.0	3.9	5.4
Food products n.e.c.	5.6	111.8	109.3	104.9	2.2	6.5
Coffee, tea & cocoa	1.6	107.5	104.8	99.9	2.6	7.6
Mineral water, soft drinks, fruit & vegetable juices	16.9	113.4	112.4	106.5	0.8	6.4
02 Alcohol and Tobacco	6.5	115.7	115.5	115.1	0.2	0.6
Alcohol	5.6	108.3	108.1	107.6	0.2	0.7
Tobacco	0.9	163.5	163.5	163.5	0.0	0.0
03 Clothing and Footwear	34.3	102.2	101.0	101.1	1.2	1.1
Clothing	29.5	101.2	99.8	99.7	1.5	1.6
Footwear	4.8	108.2	108.8	109.8	-0.6	-1.5
04 Housing and Utilities	394.4	90.1	91.2	89.2	-1.2	1.0
Actual rentals for housing	78.7	79.8	81.3	78.7	-1.8	1.4
Imputed rentals for housing	223.4	83.0	84.6	86.2	-1.9	-3.7
Maintenance and repair of dwelling	28.5	116.2	114.0	114.7	1.9	1.2
Water supply and miscellaneous services	16.4	114.0	114.3	102.1	-0.2	11.7
Electricity, gas and other fuels	47.3	117.3	117.4	101.4	-0.1	15.7
05 Household Equipment	56.4	103.3	103.5	101.7	-0.2	1.6
Furniture and furnishings	5.7	101.1	103.9	102.6	-2.7	-1.5
Household textiles	1.1	111.6	111.9	103.9	-0.3	7.4
Household appliances	2.8	105.5	106.7	105.7	-1.1	-0.1
Glassware, tableware and household utensils	2.8	138.4	138.1	105.7	0.2	31.0
Tools and equipment for house and garden	1.5	91.3	91.6	91.2	-0.3	0.0
Goods and services for routine household maintenance	42.4	101.3	101.1	101.4	0.2	0.0
06 Health	24.2	98.9	98.9	97.8	0.0	1.2
Medical products, appliances and equipment	5.0	106.4	106.3	108.3	0.1	-1.7
Outpatient services	17.9	96.2	96.2	94.2	0.0	2.1
Hospital services	1.4	107.6	107.6	106.5	0.0	1.1
07 Transport	96.1	110.7	111.5	101.8	-0.8	8.7
Purchase of vehicles	6.1	103.3	102.6	102.3	0.7	1.0
Operations of personal transport equipment	57.4	115.1	115.7	103.4	-0.5	11.3
Transport services	32.6	104.2	105.8	98.8	-1.5	5.5
08 Communication	69.7	104.4	104.1	102.1	0.2	2.2
Postal services	0.5	94.8	92.8	92.9	2.1	2.0
Telephone & telefax equipment	0.3	100.0	93.1	93.1	7.4	7.4
Telephone & telefax services	68.9	104.5	104.3	102.2	0.2	2.2
09 Recreation and Culture	40.5	99.3	99.2	99.7	0.1	-0.5
Audio-visual, photographic and information processing equipment	4.2	77.5	77.8	80.2	-0.3	-3.4
Other major durables for recreation and culture	3.4	100.9	100.9	99.5	0.0	1.4
Other recreational items and equipment, gardens and pets	10.5	110.5	110.3	110.5	0.2	0.0
Recreational & cultural services	17.6	99.1	99.1	99.8	0.0	-0.6
Newspapers, books and stationery	4.8	93.1	92.4	93.4	0.8	-0.3
10 Education	27.9	105.4	105.4	105.4	0.0	0.0
Pre-primary and primary education	16.1	107.7	107.7	107.7	0.0	0.0
Secondary education	2.4	111.2	111.2	111.2	0.0	0.0
Tertiary education	9.4	100.0	100.0	100.0	0.0	0.0
11 Restaurants and Hotels	40.2	112.8	115.7	113.3	-2.6	-0.5
Catering Services	33.8	117.3	117.3	117.3	0.0	0.0
Accommodation Services	6.4	88.3	107.2	91.8	-17.6	-3.9
12 Miscellaneous Goods and Services	130.2	106.0	105.6	107.1	0.4	-1.1
Personal care	26.5	108.9	109.2	107.0	-0.2	1.8
Personal effects n.e.c.	7.7	104.1	108.2	106.3	-3.8	-2.0
Social protection	8.4	103.2	103.2	103.2	0.0	0.0
Insurance	74.8	104.0	102.8	107.1	1.2	-2.9
Financial services n.e.c.	0.5	91.8	91.8	91.8	0.0	0.0
Other services n.e.c.	12.2	115.5	115.5	110.5	0.0	4.5

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
2009													
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
ANNUAL AVERAGE 2009	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
2010													
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	107.0	98.5
ANNUAL AVERAGE 2010	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
2011													
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
% CHANGE PREV YEAR	5.6	0.6	1.1	1.0	1.6	1.2	8.7	2.2	-0.5	0.0	-0.5	-1.0	1.9
% CHANGE PREV QTR	1.0	0.2	1.2	-1.2	-0.2	0.0	-0.8	0.2	0.1	0.0	-2.6	0.4	-0.4
ANNUAL AVERAGE 2011	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
% CHANGE PREV YEAR	3.5	0.3	0.1	-1.1	1.0	1.0	10.6	1.3	0.5	0.9	1.0	0.9	1.3

**TABLE 5: AVERAGE PRICES OF SELECTED ITEMS
DECEMBER 2011**

Item	Quantity	Average Prices (CI\$)		
		Dec-10	Sept-11	Dec-11
Loaf - Harddough	2 lb	3.63	3.57	3.57
Long Grain Rice	5 lb	2.32	2.47	2.51
Cornflakes (original)	24 oz	4.98	5.06	5.06
Stew Beef	per lb	3.98	4.04	4.02
Bacon	12 oz	4.24	4.34	4.60
Snapper Fillets (frozen)	per lb	7.27	9.16	8.99
Canned Tuna in water	6 oz	1.44	1.46	1.52
Eggs (Grade A Large)	1 doz	2.54	2.44	2.51
Margarine -Shedds Spread	45 oz	4.91	5.12	5.12
Fresh Milk (McArthur - Regular Vitamin D)	1 gal	5.86	6.19	6.19
Evaporated milk (Nestle Carnation)	14 oz	1.06	1.24	1.66
Vegetable Oil	24 oz	3.96	3.84	4.22
Plantain	per lb	0.96	0.89	0.96
Potatoes - Irish	per lb	1.03	1.21	1.04
Lettuce - Iceburg	each	1.79	2.01	2.20
Potatoes - Sweet	per lb	2.81	2.47	2.59
Tomatoes - Slicing	per lb	2.66	2.52	2.70
Ripe Bananas	per lb	0.86	0.89	0.81
Apple - Golden Delicious	per lb	2.27	2.31	2.35
Grapes - Red-Seedless	per lb	3.23	3.75	3.62
Tea (Lipton - Decaffienated)	48 bags	3.74	3.79	4.02
Coffee - Instant -Classic Roast - Bottle	8 oz	6.46	6.94	7.02
Soda	12 oz	0.68	0.70	0.70
Sugar - Light Brown (Bag)	2 lb	2.00	2.07	2.09
Corned Beef - regular	340 g	3.10	3.42	3.62
Iodized Salt	26 oz	0.79	0.97	0.91
Petrol - Regular Full Service	per gal	4.79	5.70	5.58
Petrol - Premium Full Service	per gal	4.85	5.80	5.67
Diesel - Full Service	per gal	4.65	5.76	5.66

NOTES ON THE INDEX COMPILATION

1. CPI Revision

The annual inflation presented in this report includes revisions in the CPI estimates as follows:

Revised Indices June 2009 - Sept 2010

Year	Quarter Ending	INDEX	
		Previous	Revised
2011	June	All items	100.513 100.516
		Communication	105.313 105.358
2011	September	All items	100.966 100.802
		Communication	104.005 104.373
		Health	106.071 98.9358

2. 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	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 maintenance.	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
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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).

3. 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".² The Lowe index, P_{Lo}, is defined as follows³:

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

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 = [p₁, p₂, . . . , 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**.

Average CPI for the year: the arithmetic mean of the four quarterly CPIs during the year.

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

³ Ibid, p.3