



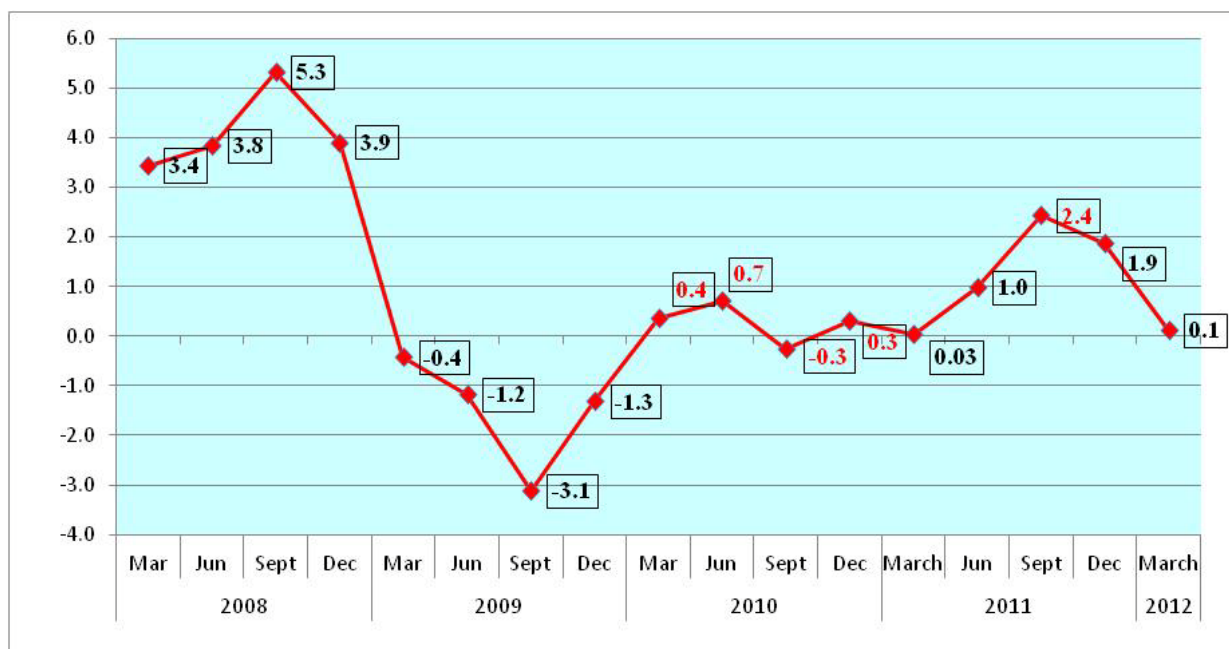
## THE CAYMAN ISLANDS' CONSUMER PRICE INDEX REPORT: March 2012

(Date of release: May 2012)

**Consumer Price Index (CPI) increased by 0.1 % in March 2012 compared to March 2011**

The overall Consumer Price Index (CPI) stood at **99.3** in March 2012, marginally up by **0.1** percent in comparison to March 2011 despite relatively sharp price movements of the following divisions: transport (6.4%), food & non-alcoholic beverage (5.3%) and clothing and footwear (3.6%).

**Figure 1: Inflation Rates, March 2008- March 2012**  
(% Change in CPI of Current Quarter Over Same Quarter A Year Ago)



### Annual changes - March 2012

The slight upward movement of the CPI in the first quarter of 2012 compared to the first quarter of 2011 is traced to the following divisions:

- **Transportation:** this price index increased by **6.4** percent due to increases in the average cost of operations of personal transport equipment (7.4%) which is related to fuel price movements. Purchase price of vehicles also rose by 7.4 percent. Another contributing factor was the cost of transport services which rose by 4.6 percent.

- **Food and non-alcoholic beverages:** the average price of this index increased by **5.3** percent resulting from increases in a number of groups led by fish and seafood (11.0%), oils and fats (9.3%), fruits (8.8%) and mineral water, soft drinks, fruits and vegetable juices (7.1%). The vegetables group was the only group to experience a decline by 1.9 percent.
- **Clothing and footwear:** the overall price index stood at **103.8**. This was **3.6** percent above the level in March 2011 due to increases in the average cost of footwear (4.6%) and clothing (3.4%).
- **Health:** the price index increased by **2.7** percent due to changes in the prices of outpatient services (4.3%) and hospital services (4.1%) amidst a 2.7 percent decrease for medical products, appliances and equipment.
- **Communication:** this division's average price rose by **2.2** percent as prices of all groups moved up, led by telephone and telefax equipment (7.4%), followed by postal services (2.2%) and telephone and telefax services (2.2%).
- **Restaurants and hotels:** this price index moved upwards by **1.0** percent, driven by a 6.0 percent increase in the average cost of accommodation services.
- **Alcohol and tobacco:** this price index rose by **0.5** percent, as prices of alcoholic beverages rose on average by 0.7 percent compared to March 2011. The increase was partially offset by declines in tobacco prices by an average of 0.4 percent.
- **Household equipment:** this division index moved up by **0.5** percent, mainly due to increases in the average cost of glassware, table and household utensils (16.1%) and household textiles (6.3%).
- **Miscellaneous goods and services:** the upward movement of this price index by **0.1** percent resulted mainly from increases for personal effects not elsewhere classified (11.6%) and personal care (4.3%).

Meanwhile, the **education** division showed no changes in the average prices between March 2012 and March 2011.

Offsetting the price increases of the above-mentioned divisions were declines of the following:

- **Housing and utilities:** this price index, which accounts for approximately forty percent of the CPI basket, declined by **3.9** percent due to the movement in average prices for imputed rentals for owner-occupied housing<sup>1</sup> (-9.6%) and actual rentals for housing (-

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<sup>1</sup> Imputed rentals are based on actual rentals for the same type of housing of a sample of owner-occupied houses.

1.6%). These were amidst increases in the average cost of water supply and miscellaneous services (10.0%), maintenance and repair of dwelling (5.1%) and electricity, gas and other fuels (4.2%).

- **Recreation and culture:** this price index went down by 1.4 percent which can be traced to other major durables for recreation and culture (-10.4%), other recreational items associated with garden and pets (-3.8%), audio visual, photographic and information processing equipment (-1.8%) and recreational and cultural services (-1.0%).

### Quarterly changes – March 2012

The March 2012 CPI decreased by **1.1** percent compared to the December 2011 CPI as a result of decreases in the price indices of the following major categories:

- **Housing and utilities:**<sup>2</sup> this price index declined by **4.9** percent due to the movement in imputed rentals for housing (-7.8%) and electricity, gas and other fuels (-7.1%).
- **Recreation and culture:** this price index inched down by **1.2** percent due mainly to a 10.4 percent decrease in the average cost of other major durables for recreation and culture and a 4.0 percent decrease in the average cost of other recreational items associated with garden and pets.
- **Household equipment:** this division index decreased by **0.3** percent, mainly due to tools and equipment for house and garden (-1.5%) and goods and services for routine household maintenance (-0.7%).
- **Alcohol and tobacco:** this price index moved downward by **0.1** percent, as tobacco prices fell on average by 0.4 percent as compared December 2011.

Meanwhile, the following divisions increased in March 2012 compared to December 2011:

- **Restaurants and hotels:** this price index was higher by **5.3** percent, driven mainly by a 38.1 percent increases in the average cost of accommodation services.
- **Health:** the price index increased by **1.6** percent due mainly to changes in prices of hospital services (3.0%) and outpatient services (2.2%).
- **Clothing and footwear:** the overall price index stood at 103.8. This was **1.6** percent above the level in December 2011 due to increases in the average cost of footwear (4.6%) and clothing (1.0%).

<sup>2</sup> The United Nation's name for this division is Housing, water, electricity gas and other fuels

- **Food and non-alcoholic beverages:** the average price of this index increased **1.3** percent resulting from a number of groups led by fruits (6.3%), oils and fats (3.6%) and fish and seafood (2.6%). All other groups under this division recorded mild increases except for coffee, tea and cocoa (-1.2%) and vegetables (-0.9%).
- **Miscellaneous goods and services:** this price index went up by **1.2** percent which resulted mainly from price increases for personal effects not elsewhere classified (13.1%) and personal care (1.9%).
- **Transportation:** this price index experienced a net increase of **1.0** percent due to increases in the average cost of vehicles purchased (6.4%) and transport services (2.4%). Meanwhile, the cost of operations of personal transport equipment vehicle went down slightly by 0.2 percent.

**Communication** and **education** showed no changes in the average prices between March 2012 and December 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        |
| 2012 | March          | <b>99.3</b> | <b>-1.1</b>               | <b>0.1</b> |

**Table 2**  
**CAYMAN ISLANDS CONSUMER PRICE INDEX**  
**ANNUAL AVERAGES 1995 TO 2010**  
**(June 2008 = 100)**

| YEAR        | INDEX        | Percentage change<br>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                                  |
| <b>2011</b> | <b>100.2</b> | <b>1.3</b>                           |

**TABLE 3: CONSUMER PRICE INDICES AND INFLATION BY DIVISIONS AND GROUPS - FIRST QUARTER 2012**

| Major Group   | Weight        | Index        |              |              | Percentage Change |             |
|---|---------------|--------------|--------------|--------------|-------------------|-------------|
|   |               | Mar-12       | Dec-11       | Mar-11       | 3 months Ago      | 1 year ago  |
| <b>All Divisions - All items</b>                                | <b>1000.0</b> | <b>99.3</b>  | <b>100.4</b> | <b>99.2</b>  | <b>-1.1</b>       | <b>0.1</b>  |
| <b>01 Food &amp; Non Alcoholic Beverage</b>                     | <b>79.6</b>   | <b>116.3</b> | <b>114.7</b> | <b>110.4</b> | <b>1.3</b>        | <b>5.3</b>  |
| Bread & cereals   | 9.9           | 113.5        | 112.1        | 108.8        | 1.2               | 4.3         |
| Meat & meat products  | 10.4          | 117.4        | 117.3        | 112.9        | 0.1               | 4.0         |
| Fish & seafood  | 4.2           | 120.5        | 117.4        | 108.6        | 2.6               | 11.0        |
| Milk, cheese & egg  | 8.3           | 112.9        | 111.2        | 107.5        | 1.6               | 5.1         |
| Oils & fats   | 2.0           | 109.4        | 105.5        | 100.1        | 3.6               | 9.3         |
| Fruit   | 6.7           | 128.1        | 120.5        | 117.8        | 6.3               | 8.8         |
| Vegetables  | 8.6           | 118.6        | 119.7        | 120.9        | -0.9              | -1.9        |
| Sugars, jam, honey, chocolate & confectionery                   | 5.5           | 117.8        | 115.9        | 110.4        | 1.6               | 6.7         |
| Food products n.e.c.  | 5.6           | 112.7        | 111.8        | 106.9        | 0.8               | 5.4         |
| Coffee, tea & cocoa   | 1.6           | 106.2        | 107.5        | 101.6        | -1.2              | 4.5         |
| Mineral water, soft drinks, fruit & vegetable juices            | 16.9          | 114.3        | 113.4        | 106.7        | 0.8               | 7.1         |
| <b>02 Alcohol and Tobacco</b>                                   | <b>6.5</b>    | <b>115.6</b> | <b>115.7</b> | <b>115.0</b> | <b>-0.1</b>       | <b>0.5</b>  |
| Alcohol   | 5.6           | 108.3        | 108.3        | 107.5        | 0.0               | 0.7         |
| Tobacco   | 0.9           | 162.8        | 163.5        | 163.5        | -0.4              | -0.4        |
| <b>03 Clothing and Footwear</b>                                 | <b>34.3</b>   | <b>103.8</b> | <b>102.2</b> | <b>100.2</b> | <b>1.6</b>        | <b>3.6</b>  |
| Clothing  | 29.5          | 102.3        | 101.2        | 98.9         | 1.0               | 3.4         |
| Footwear  | 4.8           | 113.1        | 108.2        | 108.2        | 4.6               | 4.6         |
| <b>04 Housing and Utilities</b>                                 | <b>394.4</b>  | <b>85.7</b>  | <b>90.1</b>  | <b>89.2</b>  | <b>-4.9</b>       | <b>-3.9</b> |
| Actual rentals for housing                                      | 78.7          | 79.8         | 79.8         | 81.1         | 0.0               | -1.6        |
| Imputed rentals for housing                                     | 223.4         | 76.5         | 83.0         | 84.6         | -7.8              | -9.6        |
| Maintenance and repair of dwelling                              | 28.5          | 119.2        | 116.2        | 113.5        | 2.7               | 5.1         |
| Water supply and miscellaneous services                         | 16.4          | 114.8        | 114.0        | 104.3        | 0.6               | 10.0        |
| Electricity, gas and other fuels                                | 47.3          | 109.0        | 117.3        | 104.6        | -7.1              | 4.2         |
| <b>05 Household Equipment</b>                                   | <b>56.4</b>   | <b>102.9</b> | <b>103.3</b> | <b>102.5</b> | <b>-0.3</b>       | <b>0.5</b>  |
| Furniture and furnishings                                       | 5.7           | 102.6        | 101.1        | 105.1        | 1.5               | -2.4        |
| Household textiles  | 1.1           | 114.1        | 111.6        | 107.4        | 2.3               | 6.3         |
| Household appliances  | 2.8           | 105.5        | 105.5        | 106.8        | 0.0               | -1.2        |
| Glassware, tableware and household utensils                     | 2.8           | 138.4        | 138.4        | 119.2        | 0.0               | 16.1        |
| Tools and equipment for house and garden                        | 1.5           | 89.9         | 91.3         | 91.5         | -1.5              | -1.7        |
| Goods and services for routine household maintenance            | 42.4          | 100.7        | 101.3        | 101.0        | -0.7              | -0.3        |
| <b>06 Health</b>  | <b>24.2</b>   | <b>100.5</b> | <b>98.9</b>  | <b>97.9</b>  | <b>1.6</b>        | <b>2.7</b>  |
| Medical products, appliances and equipment                      | 5.0           | 105.7        | 106.4        | 108.6        | -0.7              | -2.7        |
| Outpatient services   | 17.9          | 98.3         | 96.2         | 94.2         | 2.2               | 4.3         |
| Hospital services   | 1.4           | 110.9        | 107.6        | 106.5        | 3.0               | 4.1         |
| <b>07 Transport</b>   | <b>96.1</b>   | <b>111.8</b> | <b>110.7</b> | <b>105.0</b> | <b>1.0</b>        | <b>6.4</b>  |
| Purchase of vehicles  | 6.1           | 109.9        | 103.3        | 102.3        | 6.4               | 7.4         |
| Operations of personal transport equipment                      | 57.4          | 114.9        | 115.1        | 107.0        | -0.2              | 7.4         |
| Transport services  | 32.6          | 106.7        | 104.2        | 102.1        | 2.4               | 4.6         |
| <b>08 Communication</b>   | <b>69.7</b>   | <b>104.4</b> | <b>104.4</b> | <b>102.1</b> | <b>0.0</b>        | <b>2.2</b>  |
| Postal services   | 0.5           | 94.8         | 94.8         | 92.7         | 0.0               | 2.2         |
| Telephone & telefax equipment                                   | 0.3           | 100.0        | 100.0        | 93.1         | 0.0               | 7.4         |
| Telephone & telefax services                                    | 68.9          | 104.5        | 104.5        | 102.2        | 0.0               | 2.2         |
| <b>09 Recreation and Culture</b>                                | <b>40.5</b>   | <b>98.1</b>  | <b>99.3</b>  | <b>99.5</b>  | <b>-1.2</b>       | <b>-1.4</b> |
| Audio-visual, photographic and information processing equipment | 4.2           | 77.8         | 77.5         | 79.2         | 0.4               | -1.8        |
| Other major durables for recreation and culture                 | 3.4           | 90.5         | 100.9        | 100.9        | -10.4             | -10.4       |
| Other recreational items and equipment, gardens and pets        | 10.5          | 106.1        | 110.5        | 110.3        | -4.0              | -3.8        |
| Recreational & cultural services                                | 17.6          | 99.2         | 99.1         | 100.2        | 0.1               | -1.0        |
| Newspapers, books and stationery                                | 4.8           | 99.5         | 93.1         | 89.9         | 6.8               | 10.6        |
| <b>10 Education</b>   | <b>27.9</b>   | <b>105.4</b> | <b>105.4</b> | <b>105.4</b> | <b>0.0</b>        | <b>0.0</b>  |
| 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         |
| <b>11 Restaurants and Hotels</b>                                | <b>40.2</b>   | <b>118.8</b> | <b>112.8</b> | <b>117.5</b> | <b>5.3</b>        | <b>1.0</b>  |
| Catering Services   | 33.8          | 118.2        | 117.3        | 118.0        | 0.7               | 0.1         |
| Accommodation Services  | 6.4           | 122.0        | 88.3         | 115.1        | 38.1              | 6.0         |
| <b>12 Miscellaneous Goods and Services</b>                      | <b>130.2</b>  | <b>107.3</b> | <b>106.0</b> | <b>107.2</b> | <b>1.2</b>        | <b>0.1</b>  |
| Personal care   | 26.5          | 111.0        | 108.9        | 106.4        | 1.9               | 4.3         |
| Personal effects n.e.c.   | 7.7           | 117.8        | 104.1        | 105.5        | 13.1              | 11.6        |
| Social protection   | 8.4           | 103.2        | 103.2        | 103.2        | 0.0               | 0.0         |
| Insurance   | 74.8          | 104.4        | 104.0        | 106.8        | 0.4               | -2.3        |
| Financial services n.e.c.                                       | 0.5           | 91.8         | 91.8         | 91.8         | 0.0               | 0.0         |
| Other services n.e.c.   | 12.2          | 114.0        | 115.5        | 115.5        | -1.3              | -1.3        |

**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 |
|----------------------------|--------------------------------|-------------------------------|---------------------|-----------------------|---------------------|--------|-----------|---------------|----------------------|-----------|----------------------|--------------------------------|-----------|
| <b>WEIGHT</b>              | 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      |
| <b>2009</b>                |                                |                               |                     |                       |                     |        |           |               |                      |           |                      |                                |           |
| 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      |
| <b>ANNUAL AVERAGE 2009</b> | 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      |
| <b>2010</b>                |                                |                               |                     |                       |                     |        |           |               |                      |           |                      |                                |           |
| 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                | 107.1                          | 98.5      |
| <b>ANNUAL AVERAGE 2010</b> | 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      |
| <b>2011</b>                |                                |                               |                     |                       |                     |        |           |               |                      |           |                      |                                |           |
| 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     |
| <b>ANNUAL AVERAGE 2011</b> | 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     |
| <b>2012</b>                |                                |                               |                     |                       |                     |        |           |               |                      |           |                      |                                |           |
| MARCH                      | 116.3                          | 115.6                         | 103.8               | 85.7                  | 102.9               | 100.5  | 111.8     | 104.4         | 98.1                 | 105.4     | 118.8                | 107.3                          | 99.3      |
| <b>% CHANGE PREV YEAR</b>  | 5.3                            | 0.5                           | 3.6                 | -3.9                  | 0.5                 | 2.7    | 6.4       | 2.2           | -1.4                 | 0.0       | 1.0                  | 0.1                            | 0.1       |
| <b>% CHANGE PREV QTR</b>   | 1.3                            | -0.1                          | 1.6                 | -4.9                  | -0.3                | 1.6    | 1.0       | 0.0           | -1.2                 | 0.0       | 5.3                  | 1.2                            | -1.1      |



**TABLE 5: AVERAGE PRICES OF SELECTED ITEMS  
MARCH 2012**

| Item                                      | Quantity | Average Prices (CIS) |        |        |
|---|----------|----------------------|--------|--------|
|   |          | Mar-11               | Dec-11 | Mar-12 |
| Loaf - Harddough                          | 2 lb     | 3.65                 | 3.57   | 3.57   |
| Long Grain Rice                           | 5 lb     | 2.32                 | 2.51   | 2.51   |
| Cornflakes (original)                     | 24 oz    | 4.98                 | 5.06   | 4.96   |
| Stew Beef                                 | per lb   | 4.02                 | 4.02   | 4.09   |
| Bacon                                     | 12 oz    | 4.24                 | 4.60   | 4.38   |
| Snapper Fillets (frozen)                  | per lb   | 8.24                 | 8.99   | 10.06  |
| Canned Tuna in water                      | 6 oz     | 1.44                 | 1.52   | 1.54   |
| Eggs (Grade A Large)                      | 1 doz    | 2.58                 | 2.51   | 2.80   |
| Margarine -Shedds Spread                  | 45 oz    | 4.92                 | 5.12   | 5.71   |
| Fresh Milk (McArthur - Regular Vitamin D) | 1 gal    | 5.96                 | 6.19   | 6.16   |
| Evaporated milk (Nestle Carnation)        | 14 oz    | 1.12                 | 1.66   | 1.46   |
| Vegetable Oil                             | 24 oz    | 4.12                 | 4.22   | 4.29   |
| Plantain                                  | per lb   | 0.93                 | 0.96   | 1.00   |
| Potatoes - Irish                          | per lb   | 1.14                 | 1.04   | 0.99   |
| Lettuce - Iceburg                         | each     | 2.32                 | 2.20   | 2.02   |
| Potatoes - Sweet                          | per lb   | 2.20                 | 2.59   | 2.52   |
| Tomatoes - Slicing                        | per lb   | 2.98                 | 2.70   | 2.67   |
| Ripe Bananas                              | per lb   | 0.88                 | 0.81   | 0.97   |
| Apple - Golden Delicious                  | per lb   | 2.33                 | 2.35   | 2.27   |
| Grapes - Red-Seedless                     | per lb   | 3.75                 | 3.62   | 3.73   |
| Tea (Lipton - Decaffienated)              | 48 bags  | 3.76                 | 4.02   | 3.81   |
| Coffee - Instant -Classic Roast - Bottle  | 8 oz     | 6.82                 | 7.02   | 7.07   |
| Soda                                      | 12 oz    | 0.70                 | 0.70   | 0.68   |
| Sugar - Light Brown (Bag)                 | 2 lb     | 2.07                 | 2.09   | 2.01   |
| Corned Beef - regular                     | 340 g    | 3.33                 | 3.62   | 3.74   |
| Iodized Salt                              | 26 oz    | 0.80                 | 0.91   | 0.92   |
| Petrol - Regular Full Service             | per gal  | 4.97                 | 5.58   | 5.48   |
| Petrol - Premium Full Service             | per gal  | 5.07                 | 5.67   | 5.58   |
| Diesel - Full Service                     | per gal  | 4.97                 | 5.66   | 5.57   |

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                                    | 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           |
| <b>Total</b> |   | <b>1,393</b> |

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”.<sup>3</sup> The Lowe index, PLo, is defined as follows<sup>4</sup>:

<sup>3</sup> ILO (2004, p. 2). Consumer price index manual

<sup>4</sup> 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

### 3. 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:

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

### 4. Key Terms

**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.