



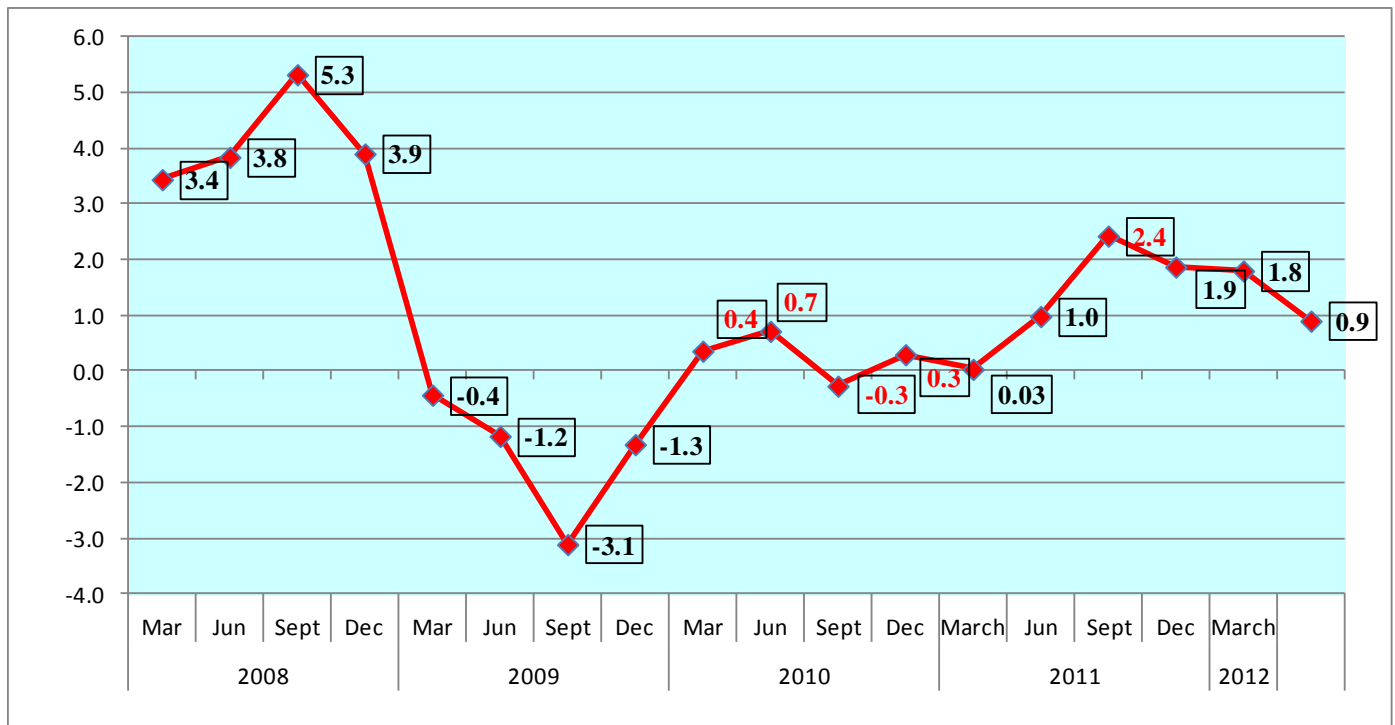
THE CAYMAN ISLANDS' CONSUMER PRICE INDEX REPORT: SECOND QUARTER 2012

(Date of release: September 2012)

Consumer Price Index (CPI) increased by 0.9 % in June 2012 Compared to June 2011

The overall Consumer Price Index (CPI) stood at **101.4** in June 2012, up by 0.9 percent in comparison to June 2011. This is mainly due to increases in the indices for clothing and footwear, food and non-alcoholic beverages, and transportation.

Figure 1: Inflation: September 2008 – June 2012
(% Change in CPI of Current Quarter Over Same Quarter A Year Ago)



Annual changes: June 2012 compared to June 2011

The overall marginal increase in CPI in the second quarter of 2012 compared to the second quarter of 2011 was due to the following:

- **Clothing and footwear:** this index rose by 5.4 percent due to higher average cost of clothing products (5.5%) and footwear (5.1%).

- **Food and non-alcoholic beverages:** the average price of this index increased by **3.8** percent resulting from increases in all groups, led by fish and seafood (10.7%), oils and fats (7.9%) and sugar, jam, honey, chocolate and confectionery (6.7%) and fruit (6.4%).
- **Transportation:** this price index increased by **3.4** percent due to an increase in the average cost of transport services (5.9%) and cost to purchase vehicles (5.0%). The cost of operation of personal transport equipment also recorded price increases by an average of 1.9 percent.
- **Health:** the price index increased by **1.3** percent due to changes in the prices of hospital services (4.2%) and outpatient services (2.2%) amidst a 2.2 percent decrease in the prices for medical products, appliances and equipment.
- **Household equipment:** this division's index moved up by **0.9** percent, mainly due to an increase in the average cost for glassware, table and household utensils (18.7%). In addition, increases were also recorded for household textiles (7.3%) and furniture and furnishing (0.6%). Meanwhile decreases were evident in the tools and equipment for house and garden (-4.3%), household appliances (-0.9%) and goods and services for routine household maintenance (-0.3%).
- **Alcohol and tobacco:** this price index recorded a slight increase of **0.4** percent, as the average price of tobacco products moved up by 0.5 percent, coupled with a mild increase in the average cost of alcoholic beverages (0.4%).
- **Miscellaneous goods and services:** the upward movement of this price index by **0.3** percent resulted primarily from increases for personal effects not elsewhere classified (9.4%) and personal care good and services (4.1%). Meanwhile the biggest component of this division (insurance) declined by 1.7 percent.
- **Housing and utilities:** the price index registered a minimal increase of **0.1** percent year on year. This was due to increases in maintenance and repair of dwelling (5.5%), water supply (3.0%) and electricity, gas and other fuels (1.1%). These increases were offset by actual rentals for housing (-1.6%) and imputed rentals for owner-occupied dwellings (-0.8%).

Meanwhile, the following major categories showed declines:

- **Communication:** this division's average price declined by **1.7** percent mainly due to a reduction in the prices for telephone and telefax equipment (-1.7%).
- **Recreation and culture:** this price index moved down by **0.8** percent, due to decreases in other major durables for recreation and culture (-10.0%), other recreational items and

equipment, garden and pets (-2.5%) and recreational and cultural services (-1.0%). These were partially offset by an increase in newspaper, books and stationary (10.3%).

- **Restaurants and hotels:** this price index declined by **0.2** percent, driven by a 4.4 percent decrease for accommodation services.

The education division showed no changes in average prices between June 2012 and June 2011.

Quarterly changes: June 2012 over March 2012

The June 2012 CPI increased by **0.5** percent compared to the March 2012 CPI as a result of increases in the price indices of the following major categories:

- **Clothing and footwear:** this index stood at **106.4**, an increase of **2.5** percent compared to March 2012 and due to increases in the average cost of clothing (2.9%) and footwear (0.5%).
- **Transport:** this index moved upward by **2.0** percent arising from price movements in the operation of personal transport equipment (2.6%) and transport services (1.6%) while the average purchase cost of vehicles declined by 2.0 percent over the last quarter.
- **Housing and utilities:** this index was higher by **0.6** percent due to the movements in electricity, gas and other fuels (5.1%). These were partially offset with declines for water supply and miscellaneous services (-1.9%).
- **Recreation and culture:** this index increased by **0.6** percent which is traced primarily to price changes for audio-visual, photographic and information processing equipment (3.6%), other recreational items and equipment, gardens and pets (1.1%) and other major durables for recreation and culture (0.5%). On the other hand, price decreases were recorded for recreational and cultural services (-0.1%).
- **Alcohol and tobacco:** the price index stood at **116.2**, a **0.5** percent increase when compared to last quarter. Both tobacco products and alcoholic beverages registered mild increases of 0.9% and 0.4% respectively.
- **Food and non-alcoholic beverages:** this index rose by **0.4** percent resulting from a number of groups led by breads and cereals (1.3%), sugars, jams, honey, chocolate and confectionery (1.2%), coffee, tea and cocoa (1.1%) and fish and seafood (1.0%). Vegetables and food products not elsewhere classified subgroups each posted increases of 0.2 percent.

- **Miscellaneous goods and services:** this index went up by **0.4** percent, which resulted mainly from price movements for insurance (0.6%)¹ and personal care (0.6%). All other groups in this division remained stable during this period.
- **Household equipment:** this index registered an increase of **0.2** percent, mainly due to higher average cost of glassware, tableware and household utensils (1.1%) furniture and furnishings (0.9%) and household textiles (0.3%).

Meanwhile, the indices for the following divisions decreased in June 2012 compared to March 2012:

- **Restaurants and hotels:** this price index declined by **2.9** percent, as the average cost of accommodation services fell by 20.5 percent. However, there was an increase in the average cost of catering services of 0.5 percent.
- **Communication:** this price index fell by **0.8** percent mainly due to a fall in prices for telephone and telefax services (-0.8%). Meanwhile, the average cost of postal services and telephone and telefax services remained stable.
- **Health:** the division's price index fell by **0.1** percent due to changes in the prices for medical products, appliances and equipment which declined by 0.5 percent.

The education division showed no changes in average prices between March 2012 and June 2012.

¹ The insurance index comprises of life, housing, health and vehicle.

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	101.0	0.6	1.8
		101.4	0.5	0.9

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 - FIRST QUARTER 2012

Major Group	Weight	Index			Percentage Change	
		Jun-12	Mar-12	Jun-11	3 months Ago	1 year ago
All Divisions - All items	1000.0	101.4	101.0	100.5	0.5	0.9
01 Food & Non Alcoholic Beverage	79.6	116.7	116.3	112.4	0.4	3.8
Bread & cereals	9.9	115.0	113.5	111.7	1.3	3.0
Meat & meat products	10.4	116.6	117.4	116.5	-0.7	0.1
Fish & seafood	4.2	121.7	120.5	109.9	1.0	10.7
Milk, cheese & egg	8.3	112.6	112.9	109.4	-0.3	3.0
Oils & fats	2.0	109.2	109.4	101.2	-0.2	7.9
Fruit	6.7	127.7	128.1	120.0	-0.3	6.4
Vegetables	8.6	118.8	118.6	114.7	0.2	3.5
Sugars, jam, honey, chocolate & confectionery	5.5	119.2	117.8	111.7	1.2	6.7
Food products n.e.c.	5.6	112.9	112.7	108.1	0.2	4.4
Coffee, tea & cocoa	1.6	107.3	106.2	103.3	1.1	3.9
Mineral water, soft drinks, fruit & vegetable juices	16.9	115.4	114.3	112.0	0.9	3.0
02 Alcohol and Tobacco	6.5	116.2	115.6	115.7	0.5	0.4
Alcohol	5.6	108.7	108.3	108.3	0.4	0.4
Tobacco	0.9	164.3	162.8	163.5	0.9	0.5
03 Clothing and Footwear	34.3	106.4	103.8	100.9	2.5	5.4
Clothing	29.5	105.3	102.3	99.8	2.9	5.5
Footwear	4.8	113.7	113.1	108.1	0.5	5.1
04 Housing and Utilities	394.4	90.5	90.0	90.4	0.6	0.1
Actual rentals for housing	78.7	79.8	79.8	81.1	0.0	-1.6
Imputed rentals for housing	223.4	84.0	84.0	84.6	0.0	-0.8
Maintenance and repair of dwelling	28.5	119.2	119.2	113.0	0.0	5.5
Water supply and miscellaneous services	16.4	112.6	114.8	109.3	-1.9	3.0
Electricity, gas and other fuels	47.3	114.5	109.0	113.3	5.1	1.1
05 Household Equipment	56.4	103.1	102.9	102.2	0.2	0.9
Furniture and furnishings	5.7	103.4	102.6	102.8	0.9	0.6
Household textiles	1.1	114.4	114.1	106.7	0.3	7.3
Household appliances	2.8	105.5	105.5	106.5	0.0	-0.9
Glassware, tableware and household utensils	2.8	139.9	138.4	117.9	1.1	18.7
Tools and equipment for house and garden	1.5	89.9	89.9	94.0	0.0	-4.3
Goods and services for routine household maintenance	42.4	100.6	100.7	100.9	0.0	-0.3
06 Health	24.2	100.4	100.5	99.1	-0.1	1.3
Medical products, appliances and equipment	5.0	105.2	105.7	107.5	-0.5	-2.2
Outpatient services	17.9	98.3	98.3	96.2	0.0	2.2
Hospital services	1.4	110.9	110.9	106.5	0.0	4.2
07 Transport	96.1	114.0	111.8	110.3	2.0	3.4
Purchase of vehicles	6.1	107.7	109.9	102.6	-2.0	5.0
Operations of personal transport equipment	57.4	117.8	114.9	115.6	2.6	1.9
Transport services	32.6	108.4	106.7	102.4	1.6	5.9
08 Communication	69.7	103.6	104.4	105.4	-0.8	-1.7
Postal services	0.5	94.8	94.8	92.8	0.0	2.1
Telephone & telefax equipment	0.3	100.0	100.0	93.1	0.0	7.4
Telephone & telefax services	68.9	103.7	104.5	105.5	-0.8	-1.7
09 Recreation and Culture	40.5	98.6	98.1	99.4	0.6	-0.8
Audio-visual, photographic and information processing equipment	4.2	80.6	77.8	79.4	3.6	1.6
Other major durables for recreation and culture	3.4	90.9	90.5	100.9	0.5	-10.0
Other recreational items and equipment, gardens and pets	10.5	107.2	106.1	109.9	1.1	-2.5
Recreational & cultural services	17.6	99.1	99.2	100.1	-0.1	-1.0
Newspapers, books and stationery	4.8	99.5	99.5	90.2	0.0	10.3
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	115.3	118.8	115.5	-2.9	-0.2
Catering Services	33.8	118.7	118.2	118.1	0.5	0.5
Accommodation Services	6.4	97.0	122.0	101.5	-20.5	-4.4
12 Miscellaneous Goods and Services	130.2	107.7	107.3	107.4	0.4	0.3
Personal care	26.5	111.6	111.0	107.1	0.6	4.1
Personal effects n.e.c.	7.7	117.8	117.8	107.7	0.0	9.4
Social protection	8.4	103.2	103.2	103.2	0.0	0.0
Insurance	74.8	105.0	104.4	106.7	0.6	-1.7
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	114.0	115.5	0.0	-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
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	107.1	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
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
2012													
MARCH	116.3	115.6	103.8	90.0	102.9	100.5	111.8	104.4	98.1	105.4	118.8	107.3	101.0
JUNE	116.7	116.2	106.4	90.5	103.1	100.4	114.0	103.6	98.6	105.4	115.3	107.7	101.4
% CHANGE PREV YEAR	3.8	0.4	5.4	0.1	0.9	1.3	3.4	-1.7	-0.8	0.0	-0.2	0.3	0.9
% CHANGE PREV QTR	0.4	0.5	2.5	0.6	0.2	-0.1	2.0	-0.8	0.6	0.0	-2.9	0.4	0.5

TABLE 5: AVERAGE PRICES OF SELECTED ITEMS
June 2012

Item	Quantity	Average Prices (C/\$)		
		June-11	Mar-12	June-12
Loaf - Harddough	2 lb	3.65	3.57	3.61
Long Grain Rice	5 lb	2.38	2.51	2.51
Cornflakes (original)	24 oz	4.98	4.96	4.92
Stew Beef	per lb	4.06	4.09	4.07
Bacon	12 oz	4.30	4.38	4.24
Snapper Fillets (frozen)	per lb	8.99	10.06	10.26
Canned Tuna in water	6 oz	1.44	1.54	1.61
Eggs (Grade A Large)	1 doz	2.34	2.80	2.41
Margarine -Shedds Spread	45 oz	4.92	5.71	5.94
Fresh Milk (McArthur - Regular Vitamin D)	1 gal	6.12	6.16	6.16
Evaporated milk (Nestle Carnation)	14 oz	1.19	1.46	1.32
Vegetable Oil	24 oz	4.12	4.29	4.36
Plantain	per lb	0.96	1.00	1.01
Potatoes - Irish	per lb	1.09	0.99	0.98
Lettuce - Iceburg	each	2.16	2.02	2.42
Potatoes - Sweet	per lb	2.49	2.21	2.41
Tomatoes - Slicing	per lb	2.52	2.67	2.33
Ripe Bananas	per lb	0.89	0.97	0.98
Apple - Golden Delicious	per lb	2.26	2.27	2.41
Grapes - Red-Seedless	per lb	3.16	3.73	4.28
Tea (Lipton - Decaffienated)	48 bags	3.79	3.81	3.81
Coffee - Instant -Classic Roast - Bottle	8 oz	6.88	7.07	7.09
Soda	12 oz	0.70	0.68	0.70
Sugar - Light Brown (Bag)	2 lb	2.07	2.01	2.38
Corned Beef - regular	340 g	3.39	3.74	3.73
Iodized Salt	26 oz	0.94	0.92	0.92
Petrol - Regular Full Service	per gal	5.86	5.48	5.82
Petrol - Premium Full Service	per gal	5.95	5.58	5.92
Diesel - Full Service	per gal	5.93	5.57	5.88

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 - March 2012

Year	Quarter Ending	INDEX	
		Previous	Revised
2012	March		
		All items	99.3 101.0
		Housing and Utilities	85.7 90.0

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

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**.

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

³ Ibid, p.3