



THE CAYMAN ISLANDS' CONSUMER PRICE INDEX REPORT: DECEMBER 2017

(Date of release: February 15, 2018)

Average CPI Rose by 1.9% in 2017

This report presents the average CPI for 2017 and the results of the December 2017 CPI Survey.

Average CPI in 2017

The average Consumer Price Index (CPI) in 2017 was **101.0**, an increase of **1.9** percent over the average CPI in 2016. There were increases in all quarters throughout 2017: 1.4 percent in the first quarter, followed by 2.8 percent, 1.4 percent, and 2.1 percent in the succeeding quarters.

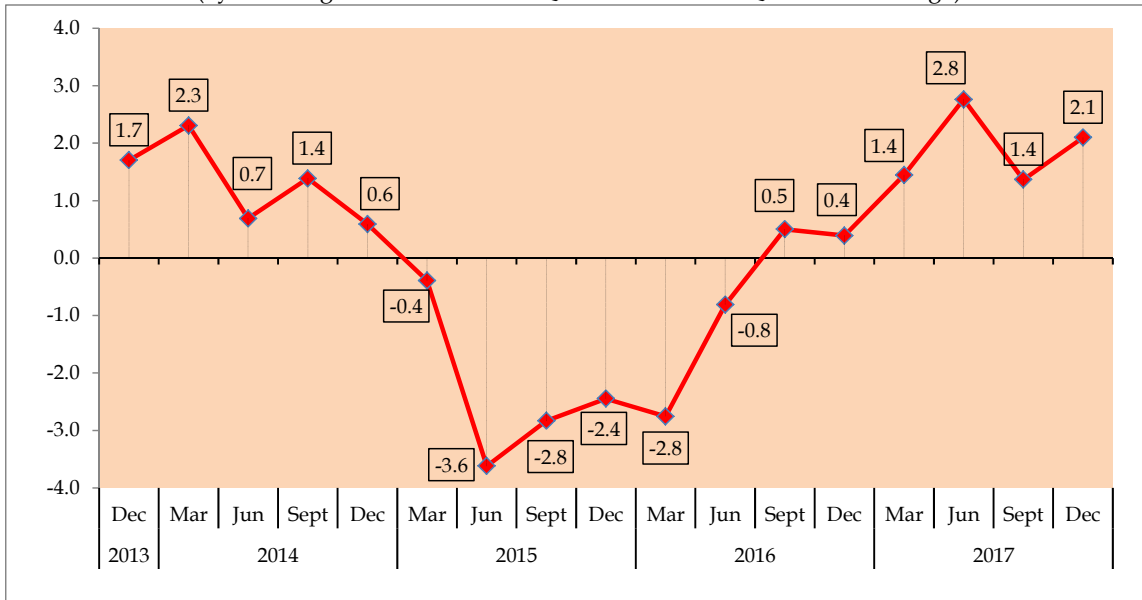
The overall inflation rate in 2017 represents a reversal of the successive declines in the CPI in 2016 and 2015. The rebound in CPI was generated from all divisions except education and miscellaneous goods and services. The highest division inflation rate was posted in transport (see Summary Table below).

Summary Table: Average % change of the CPI divisions, 2015 - 2017			
Division	Annual Average % Change		
	2015	2016	2017
All Items	(2.3)	(0.7)	1.9
Food & Non-alcoholic beverages	1.6	0.1	0.9
Alcoholic Beverages & Tobacco	0.6	0.6	2.8
Clothing & Footwear	3.0	1.3	2.3
Housing and Utilities	(6.9)	(3.0)	2.6
Household Furnishings and Equipment	0.2	(0.3)	3.4
Health	0.3	(0.1)	2.4
Transport	(4.8)	(1.9)	4.9
Communication	3.3	1.4	1.2
Recreation & Culture	1.5	1.9	0.4
Education	3.8	1.5	(0.2)
Restaurants & Hotels	(1.5)	2.9	2.2
Miscellaneous Goods & Services	(0.8)	0.8	(0.5)

% change relative to the average index of the previous year

Annual changes: December 2017 over December 2016

Figure 1: Inflation Rates, December 2013 – December 2017
(by % Change in CPI of Current Quarter over Same Quarter a Year Ago)



The CPI for the fourth quarter of 2017, rose by **2.1** percent compared to the same period a year ago. This movement was mainly due to the following divisions:

- **Transport:** the division’s price index increased significantly by **10.7** percent as the price index for *passenger transport by air* rose by 31.8 percent. Other groups also posted increases while the average price of *motor vehicles* declined by 5.7 percent.
- **Household Furnishings and Equipment:** this price index was **5.7** percent higher than it was in December 2016. The main contributors to the increase were *furniture and furnishings* up by 15.6 percent, *non-durable household goods* went up by 7.3 percent, *glassware, tableware and household utensils* up by 4.7 percent and *repair of household appliances* up by 4.6 percent.
- **Health:** there was a **5.0** percent rise in the index for this division, as prices for *pharmaceutical products* moved up by 17.4 percent on average and other *medicinal products* also rose by 8.1 percent. The index for *therapeutic appliances and equipment* declined by 3.1 percent. All other groups in this division remained stable.
- **Alcoholic Beverages and Tobacco:** there was a **2.3** percent rise in this price index as the average price of all groups increased. *Beer* rose by 3.8 percent, *tobacco* by 1.6 percent, *wine* by 1.5 percent and *spirits and alcoholic cordials* by 1.2 percent.

- **Food & Non-alcoholic Beverages:** the index for the division moved up by **1.3** percent as several groups had higher prices led by *milk, cheese and eggs* which rose by 7.2%, *fruits* by 6.5%, *oils and fats* by 5.7% and *vegetables* by 4.3%. *Mineral waters, soft drinks, fruit and vegetable juices* declined by 4.5 percent and *tea, coffee and cocoa* by 4.4 percent.
- **Communication:** the index for the division moved up by 1.3 percent due to an increase in the average cost of *telephone and telefax equipment* of 15.4 percent. However, there was a slight decline in *telephone and telefax services* of 0.1 percent.
- **Miscellaneous Goods and Services:** the inflation rate for this division was **0.7** percent as a result of the price increase for *jewellery and watches* by 13.9 percent, *other personal effects* by 9.8 percent, *housing contents insurance* by 6.0 percent and *social protection* by 2.7 percent. *Vehicle insurance premiums* on average declined by 2.9 percent.
- **Clothing and Footwear:** the price index for the division recorded an increase of **0.5** percent as the US indices for *footwear* and *clothing* rose by 2.1 percent and 1.6 percent, respectively. However, locally purchased *footwear* and *clothing* recorded declines.

There was no change in the price index for **housing and utilities** in the fourth quarter of 2017 relative to the same quarter in 2016, as the slight price increases for *housing and gas* were offset by declines in *electricity and water*.

Meanwhile, the following divisions recorded declines in December 2017 compared to December 2016:

- **Education:** this division's price index declined by **3.2** percent as the average cost of *pre-primary and primary education* fell by 7.5 percent and *tertiary education* by 0.8 percent. However, there was an increase in *secondary education* of 1.9 percent.
- **Restaurant and Hotels:** the price index for this division decreased by **0.9** percent as all groups posted price declines. *Accommodation services (local & abroad)* fell by 4.3 percent which is traced to lower hotel rates abroad. *Restaurants, cafes and the like* went up by 0.5 percent.
- **Recreation and Culture:** the index for this division registered a decline of **0.7** percent as several groups showed falling average prices led by *books* which fell by 30.7 percent.

Quarterly changes: December 2017 compared to September 2017

Six out of the twelve divisions contributed to the 0.7 percent CPI increase when compared to the third quarter of 2017, while one division (*housing and utilities*) remained stable. The main contributors to the quarterly increase were:

- **Transport:** this index recorded a **5.5** percent increase, which was mainly attributed to the 20.5 percent rise in the cost of *passenger transport by air*. In contrast, the average purchase price of *motor vehicles* fell by 7.4 percent.
- **Housing Furnishings and Equipment:** there was a **2.5** percent rise in the index for this division, traced mainly to a significant increase in prices for *furniture and furnishings* of 11.4 percent.
- **Communication:** the price index rose by **0.9** percent for the division as *telephone and telefax services* went up by 9.9 percent.
- **Miscellaneous Goods and Services:** there was a **0.6** percent rise in the index for this division, generated mainly from upward prices in *housing contents insurance* by 8.7%, *other personal effects* by 4.1% and *social protection* by 2.7%.
- **Health:** the inflation rate for this division was **0.6** percent, emanating from a 1.8 percent price increase in the index for *pharmaceutical products*. The other groups in this division recorded no movement during this quarter.
- **Food & Non-Alcoholic Beverages:** an increase of **0.2** percent was recorded in this division's price index largely traced to *milk, cheese and eggs* which rose by 7.3 percent and *fruits* by 4.0 percent.

The following divisions recorded downward movements in their indices when compared to the quarter ending September 2017:

- **Education:** this index declined by **3.2** percent. The two indices that recorded decreases were *pre-primary and primary education* by 7.5 percent and *tertiary education* by 0.8 percent; while *secondary education* rose by 1.9 percent.
- **Recreation and Culture:** this recorded a **2.6** percent decrease and was largely the result of an 8.2 percent decline in the index for major durables for *outdoor recreation*, as well as the 6.3 percent fall in prices for *information processing equipment*.
- **Clothing and Footwear:** the index had a downward movement of **2.4** percent for the quarter. The prices of *clothing* and *footwear* purchased locally declined by 5.5 percent and 0.9 percent, respectively. *Footwear* and *clothing* purchased abroad increased by 0.5 and 0.2 percent, respectively.

- **Restaurant and Hotels:** the index had a downward movement of **0.9** percent for the quarter. *Accommodation services* fell by 8.9 percent primarily reflecting the trend in hotel rates abroad. The index was moderated by the 0.2 percent increase in prices for *restaurants, cafes and the like* and *canteens at educational establishments or work*.
- **Alcoholic beverages and tobacco:** the index had a downward movement of **0.5** percent for the quarter. The main contributor to the decline was *beer* by 1.7 percent. *Spirits and alcoholic cordials and wine* increased moderately by 0.4 percent.

Table 1: Quarterly Consumer Price Index and Inflation Rates
September 2016 = 100

Year	Quarter Ending	INDEX	Percentage change in CPI:	
			3 months ago	1 year ago
2011	March	96.6	0.6	0.0
	June	97.9	1.3	0.9
	September	98.2	0.3	2.4
	December	97.8	-0.4	1.9
2012	March	98.3	0.5	1.8
	June	98.8	0.5	0.9
	September	98.2	-0.6	0.00
	December	99.8	1.6	2.0
2013	March	99.7	-0.1	1.4
	June	101.5	1.8	2.7
	September	101.0	-0.5	2.9
	December	101.5	0.5	1.7
2014	March	102.0	0.5	2.3
	June	102.2	0.2	0.7
	September	102.4	0.2	1.4
	December	102.1	-0.3	0.6
2015	March	101.6	-0.5	-0.4
	June	98.5	-3.1	-3.6
	September	99.5	1.0	-2.8
	December	99.6	0.1	-2.4
2016	March	98.8	-0.8	-2.8
	June	97.7	-1.1	-0.8
	September	100.0	2.4	0.5
	December	100.0	0.0	0.4
2017	March	100.2	0.2	1.4
	June	100.4	0.2	2.8
	September	101.4	1.0	1.4
	December	102.1	0.7	2.1

* The CPI series from 2011 to June 2016 were re-based to September 2016.

Table 2: Annual Averages 2007 to 2017
(September 2016 = 100)

YEAR	INDEX	Percentage change from a year ago
2011	97.6	1.3
2012	98.8	1.2
2013	100.9	2.2
2014	102.2	1.2
2015	99.8	-2.3
2016	99.1	-0.7
2017	101.0	1.9

**TABLE 3: CONSUMER PRICE INDICES AND INFLATION BY DIVISIONS AND GROUPS - FOURTH QUARTER 2017
(September 2016=100)**

Major Groups	Weight	Index			Percentage Change	
		Dec 16	Sept 17	Dec 17	3 months ago	1 year ago
Overall	1,000.0	100.0	101.4	102.1	0.7	2.1
01 Food and non-alcoholic beverages	66.1	99.8	100.8	101.1	0.2	1.3
Bread and Cereals	8.6	99.5	99.8	99.1	-0.7	-0.4
Meat & Meat Products	8.9	98.7	99.4	98.9	-0.6	0.2
Fish and Seafood	3.0	104.1	105.4	106.7	1.2	2.5
Milk, Cheese and Eggs	7.2	101.2	101.1	108.5	7.3	7.2
Oils and Fats	1.7	100.0	106.6	105.7	-0.9	5.7
Fruits	6.7	101.4	103.7	107.9	4.0	6.5
Vegetables	8.4	96.6	99.1	100.8	1.7	4.3
Sugar, Sugar Confectionary and Snacks	3.1	100.9	100.4	100.1	-0.3	-0.8
Other Food Products (Not Elsewhere Specified)	4.3	98.8	100.0	100.4	0.4	1.6
Tea, Coffee and Cocoa	1.4	100.0	100.0	95.5	-4.5	-4.4
Mineral Waters, Soft Drinks, Fruit and Vegetable Juices	12.9	100.1	100.6	95.5	-5.1	-4.5
02 Alcoholic beverages and tobacco	22.3	100.5	103.3	102.8	-0.5	2.3
Spirits and Alcoholic Cordials	3.2	100.6	101.5	101.9	0.4	1.2
Wine	6.7	100.5	101.6	102.0	0.4	1.5
Beer	8.5	99.9	105.5	103.7	-1.7	3.8
Tobacco	3.9	101.4	102.9	102.9	0.0	1.6
03 Clothing & Footwear	33.3	100.7	103.6	101.1	-2.4	0.5
Clothing	14.4	100.9	106.5	100.7	-5.5	-0.2
Footwear	3.9	101.8	101.1	100.2	-0.9	-1.6
Clothing purchased abroad	11.9	100.2	101.6	101.8	0.2	1.6
Footwear purchased abroad	3.0	99.6	101.1	101.6	0.5	2.1
04 Housing, water, electricity, gas and other fuels	334.5	100.2	100.1	100.2	0.0	0.0
Actual Rentals paid by Tenants	85.7	101.4	101.6	101.6	0.0	0.2
Imputed Rentals for Owner Occupiers	170.3	99.9	100.3	100.3	0.0	0.3
Materials for the Maintenance and Repair of the Dwelling	2.5	100.0	99.5	101.0	1.5	1.0
Services for the Maintenance and Repair of the Dwelling	1.1	100.0	100.0	100.0	0.0	0.0
Water Supply	18.7	97.8	96.8	96.8	0.0	-1.0
Electricity	54.7	100.0	98.6	98.6	0.0	-1.4
Gas (LPG/Propane)	1.5	100.0	100.0	100.3	0.3	0.3
05 Furnishings, household equipment and routine household maintenance	42.7	100.3	103.5	106.1	2.5	5.7
Furniture and Furnishings	8.7	101.0	104.8	116.8	11.4	15.6
Household Textiles	2.2	100.2	98.3	99.1	0.8	-1.1
Major Household Appliances	4.6	100.2	100.8	101.3	0.6	1.1
Small Electric Household Appliances	1.0	101.4	98.5	100.3	1.8	-1.1
Repair of Household Appliances	2.2	100.0	103.5	104.6	1.1	4.6
Glassware, Tableware and Household Utensils	1.8	100.9	104.8	105.7	0.9	4.7
Small Tools and Miscellaneous Accessories	1.6	100.0	100.9	100.8	-0.1	0.8
Non-Durable Household Goods	11.9	100.0	107.7	107.3	-0.4	7.3
Employed Staff (Paid Staff Privately Employed)	8.6	100.0	100.0	100.0	0.0	0.0
06 Health	20.9	100.3	104.7	105.4	0.6	5.0
Pharmaceutical Products	6.1	101.0	116.5	118.6	1.8	17.4
Other Medicinal Products	0.6	100.0	108.1	108.1	0.0	8.1
Therapeutic Appliances and Equipment	2.1	100.0	96.9	96.9	0.0	-3.1
Medical Services	5.2	100.0	100.0	100.0	0.0	0.0
Dental Services	1.7	100.0	100.0	100.0	0.0	0.0
Paramedical Services	1.0	100.0	100.0	100.0	0.0	0.0
Hospital Services	4.2	100.0	100.0	100.0	0.0	0.0

Major Groups	Index				Percentage Change	
	Weight	Dec 16	Sept 17	Dec 17	3 months	
					ago	1 year ago
07 Transport	162.0	100.1	105.0	110.8	5.5	10.7
Purchase of Motor Vehicles	35.8	100.6	102.4	94.8	-7.4	-5.7
Spare Parts and Accessories for Personal Transport Equipment	4.8	104.5	106.5	107.8	1.2	3.2
Fuels	43.4	97.9	102.3	104.2	1.9	6.5
Maintenance and Repair of Personal Transport Equipment	12.9	105.0	108.2	112.2	3.7	6.9
Other Services In Respect of Personal Transport Equipment	11.9	95.3	97.8	97.7	-0.1	2.5
Passenger Transport by Road	3.0	100.0	100.0	100.0	0.0	0.0
Passenger Transport by Air	46.8	101.2	110.8	133.5	20.5	31.8
Other Purchased Transport Services	3.4	100.0	104.0	105.2	1.1	5.2
08 Communication	39.1	100.0	100.3	101.3	0.9	1.3
Telephone and Telefax Equipment	3.4	100.0	105.0	115.4	9.9	15.4
Telephone and Telefax Services	35.7	100.0	99.9	99.9	0.0	-0.1
09 Recreation and Culture	59.2	98.5	100.5	97.8	-2.6	-0.7
Reception and Recording Equipment	2.3	101.4	98.0	95.2	-2.8	-6.0
Information Processing Equipment	1.9	100.0	110.9	103.9	-6.3	3.9
Recording Media (Audio Visual, Media)	0.5	100.2	101.2	99.8	-1.4	-0.4
Major Durables for Outdoor Recreation	2.8	98.5	101.3	93.1	-8.2	-5.5
Games, Toys and Hobbies	1.3	100.0	95.4	95.7	0.2	-4.3
Equipment for Sport, Camping and Open-Air Recreation	1.5	102.6	102.2	106.8	4.5	4.1
Gardens, Plants and Flowers	1.3	100.0	99.6	99.6	0.0	-0.4
Pets and Related Products	3.1	100.0	100.0	100.7	0.7	0.7
Veterinary and Other Services For Pets	3.8	100.0	100.0	100.0	0.0	0.0
Recreation and Sporting Services	8.9	100.0	98.9	99.3	0.4	-0.7
Cultural Services	17.2	100.1	100.3	99.7	-0.5	-0.3
Books	1.3	100.0	98.5	69.3	-29.7	-30.7
Newspapers and Periodicals	1.3	100.0	100.0	100.0	0.0	0.0
Package Holidays (Abroad)	12.2	92.5	101.3	94.8	-6.4	2.5
10 Education	38.2	100.0	100.0	96.8	-3.2	-3.2
Pre Primary and Primary Education	18.1	100.0	100.0	92.5	-7.5	-7.5
Secondary Education	10.5	100.0	100.0	101.9	1.9	1.9
Tertiary Education	7.1	100.0	100.1	99.2	-0.8	-0.8
Education Not Definable by Level	2.5	100.0	100.0	100.0	0.0	0.0
11 Restaurants and Hotels	83.5	99.5	99.5	98.6	-0.9	-0.9
Restaurants, Cafes and the Like	64.3	100.0	99.3	99.5	0.2	-0.5
Canteens at Educational Establishments Or Work	8.8	100.7	100.5	100.7	0.2	-0.1
Accommodation Services (Local & Abroad)	10.3	95.4	100.2	91.3	-8.9	-4.3
12 Miscellaneous Goods and Services	98.2	100.0	100.1	100.7	0.6	0.7
Hairdressing Salons and Personal Grooming Establishments	12.8	100.0	101.1	101.1	0.0	1.1
Other Appliances, Articles and Products for Personal Care	15.6	99.6	99.3	100.0	0.7	0.4
Jewellery and Watches	2.3	100.0	114.8	113.9	-0.8	13.9
Other Personal Effects	1.9	100.0	105.5	109.8	4.1	9.8
Social Protection	5.6	100.0	100.0	102.7	2.7	2.7
Housing Contents Insurance	3.1	100.0	97.5	106.0	8.7	6.0
Health Insurance	33.6	100.1	100.1	100.1	0.0	0.0
Vehicle Insurance	11.7	100.0	97.1	97.1	0.0	-2.9
Other Financial Services	7.8	100.0	100.0	100.0	0.0	0.0
Other Services Not Elsewhere Classified	3.9	100.0	100.0	100.0	0.0	0.0



CONSUMER PRICE REPORT DECEMBER 2017

**Table 4: CONSUMER PRICE INDEX, AVERAGES BY MAJOR GROUPS
(SEPTEMBER 2016 = 100)**

PERIOD / DIVISION	Food & Non-alcoholic beverages	Alcoholic Beverages & Tobacco	Clothing & Footwear	Housing and Utilities	Household Furnishings & Equipment	Health	Transport	Communication	Recreation & Culture	Education	Restaurants & Hotels	Miscellaneous Goods & Services	ALL ITEMS
WEIGHT	66.1	22.3	33.3	334.5	42.7	20.9	162.0	39.1	59.2	38.2	83.5	98.2	1000
2013													
MARCH	94.7	98.9	96.6	108.9	93.6	100.6	101.7	94.4	94.0	88.3	93.5	94.2	99.7
JUNE	95.4	98.8	95.5	109.8	93.3	100.5	102.9	95.2	94.1	91.8	87.7	103.9	101.5
SEPTEMBER	96.1	98.7	98.3	107.6	93.4	100.8	103.8	95.1	94.2	93.8	92.8	101.2	101.0
DECEMBER	96.8	98.8	97.3	108.2	93.8	100.3	106.0	95.0	93.6	93.8	97.4	100.7	101.5
ANNUAL AVERAGE 2013	95.8	98.8	96.9	108.6	93.5	100.5	103.6	94.9	94.0	91.9	92.8	100.0	100.9
2014													
MARCH	97.1	98.8	95.6	107.0	99.9	100.4	105.6	95.0	95.8	93.8	104.3	101.4	102.0
JUNE	97.7	98.6	96.2	108.3	100.3	100.3	106.5	96.5	95.8	93.8	95.0	101.1	102.2
SEPTEMBER	98.1	99.0	96.5	109.1	100.7	100.3	106.4	96.4	95.8	93.8	93.4	101.0	102.4
DECEMBER	99.1	99.0	96.8	108.3	100.7	100.2	105.8	95.3	96.7	96.3	95.2	99.4	102.1
ANNUAL AVERAGE 2014	98.0	98.8	96.2	108.2	100.4	100.3	106.1	95.8	96.0	94.4	97.0	100.7	102.2
2015													
MARCH	99.9	99.1	97.3	105.9	100.7	100.8	105.5	97.3	97.6	96.3	95.8	99.0	101.6
JUNE	98.8	99.4	98.8	98.1	100.5	100.5	98.3	99.4	97.6	98.0	93.7	99.5	98.5
SEPTEMBER	99.7	99.5	100.2	99.5	100.5	100.6	100.8	99.5	97.5	98.8	93.8	100.2	99.5
DECEMBER	99.9	99.6	100.2	99.1	100.5	100.5	98.9	99.5	97.1	98.8	99.0	100.9	99.6
ANNUAL AVERAGE 2015	99.6	99.4	99.1	100.7	100.6	100.6	100.9	98.9	97.4	98.0	95.6	99.9	99.8
2016													
MARCH	100.2	99.7	99.2	96.5	100.3	100.7	98.4	99.5	97.0	98.8	95.8	102.8	98.8
JUNE	98.7	99.7	99.3	95.2	100.5	100.7	98.4	99.5	99.5	98.8	92.7	99.8	97.7
SEPTEMBER	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
DECEMBER	99.8	100.5	100.7	98.9	100.3	100.3	100.1	100.0	98.5	100.0	99.5	100.0	100.0
ANNUAL AVERAGE 2016	99.7	100.0	99.8	97.7	100.3	100.4	99.2	99.8	98.7	99.4	97.0	100.6	99.1
2017													
MARCH	99.7	101.7	101.5	100.2	102.6	99.8	101.3	100.0	97.9	100.0	99.1	99.7	100.2
JUNE	100.6	103.3	102.2	100.4	102.7	101.5	99.3	102.2	100.3	100.0	99.3	100.0	100.4
SEPTEMBER	100.8	103.3	103.6	100.1	103.5	104.7	105.0	100.3	100.5	100.0	99.5	100.1	101.4
DECEMBER	101.1	102.8	101.1	100.2	106.1	105.4	110.8	101.3	97.8	96.8	98.6	100.7	102.1
ANNUAL AVERAGE 2017	100.6	102.8	102.1	100.2	103.7	102.8	104.1	100.9	99.1	99.2	99.1	100.1	101.0
% CHANGE OVER PREV YEAR	1.3	2.3	0.5	1.2	5.8	5.0	10.7	1.3	-0.7	-3.2	-0.9	0.7	2.1
% CHANGE OVER PREV QTR	0.2	-0.5	-2.4	0.0	2.5	0.6	5.5	0.9	-2.6	-3.2	-0.9	0.6	0.7

**TABLE 5: Average Prices of Selected Items
Quarter Ending December 2017**

Item	Quantity	Average Prices		
		Dec 16	Sept 17	Dec 17
Sliced Brown Bread	20 oz	2.69	2.69	2.69
Enriched Parboiled Long Grain Rice	5 lb	7.52	7.52	6.62
Cornflakes (original)	24 oz	5.06	5.39	5.46
Stew Beef	per lb	4.91	5.40	4.97
Corned Beef - regular	340 g	4.19	4.19	4.19
Salmon Steaks - Fresh	per lb	11.02	12.02	12.37
Canned Tuna in water	5 oz	1.63	1.67	1.71
Eggs (Grade A Extra Large)	1 doz	2.29	2.12	3.30
Butter - Salted	227 g	3.76	4.26	4.26
Condensed Milk	395 g	1.99	1.99	1.99
Vegetable Oil	48 oz	6.26	6.79	6.46
Plantain	per lb	1.12	1.11	1.12
Potatoes - Irish	5lb bag	3.83	3.75	3.29
Lettuce - Iceberg	each	2.32	2.31	2.09
Sweet Potatoes	per lb	2.81	2.76	3.09
Tomatoes - Slicing	per lb	2.70	3.16	2.82
Bananas - Ripe	per lb	0.95	1.04	0.96
Apple - Red Delicious	per lb	2.00	1.73	1.84
Grapes - Red Seedless	per lb	3.66	4.28	4.07
Tea - 100% Natural	100 bags	5.68	5.68	5.68
Coffee - Instant -Classic Roast - Bottle	7 oz	8.12	8.12	8.12
Soda	20 oz	1.09	1.24	1.24
Cane Sugar	4 lb	2.66	2.66	2.66
Iodized Salt	26 oz	1.06	1.06	1.06
Petrol - Regular Full Service	per gal	4.08	4.27	4.35
Petrol - Premium Full Service	per gal	4.30	4.50	4.58
Diesel - Full Service	per gal	4.03	4.17	4.18

NOTES ON THE INDEX COMPILATION

1. Data collection

This report uses the 2016 CPI basket based on the results of the 2015 Household Budget Survey (HBS) as updated between August 2016 and August 2017. 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 **2,227** items (7th-digit COICOP level) included in the basket collected from **203** providers/outlets in Grand Cayman, compared to 2008 when there were **1,647** items collected from **147** providers/outlets. The items are classified as follows:

Summary Table: Number of Items and Weights for the CPI Baskets of 2008 and 2016

	2008		2016	
	Number of Items	Weights	Number of Items	Weights
Total	1,647	1,000	2,227	1,000
01. Food & Non Alcoholic Beverage	540	79.6	551	66.1
02. Alcohol and Tobacco	66	6.5	153	22.3
03. Clothing and Footwear	153	34.3	273	33.3
04. Housing and Utilities	59	394.4	153	334.5
05. Household Equipment	212	56.4	316	42.7
06. Health	111	24.2	124	20.9
07. Transport	107	96.1	198	162.0
08. Communication	62	69.7	40	39.1
09. Recreation and Culture	75	40.5	94	59.2
10. Education	18	27.9	46	38.2
11. Restaurants and Hotels	57	40.2	103	83.5
12. Miscellaneous Goods and Services	187	130.2	176	98.2

All price indices for goods and services purchased abroad were taken from price indices published by the US Bureau of Labour Statistics.

ESD collection periods and price averaging methodologies follow updated international standards, in particular the *Consumer Price Index Manual: Theory and Practice* (August 2004) published by the International Labour Organization (ILO). Prices of selected items are collected every second month of the quarter. Vulnerable items which change monthly, such as vegetables and fruits, fish and meat, and gas are 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”.¹ The Lowe index, P_{Lo}, is defined as follows²:

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

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**.

¹ ILO by 2004, p. 2). Consumer price index manual

² Ibid, p.3