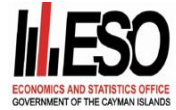




THE CAYMAN ISLANDS' CONSUMER PRICE INDEX REPORT: JULY TO SEPTEMBER 2018



The consumer price index (CPI) represents the overall level of prices of consumer goods and services generally purchased by households in the Cayman Islands. It increases or decreases in one quarter compared to the same quarter in the previous year. There are 2,227 goods and services from 203 providers surveyed by the ESO every quarter that are represented in the CPI. The first two pages of this Report present the highlights. The rest of the Report comprise of summaries and tables including the change in CPI indices from the current quarter compared to the previous quarter, and the technical notes on the compilation of the CPI.

Third Quarter 2018 Consumer Price Index Rose by 3.5%

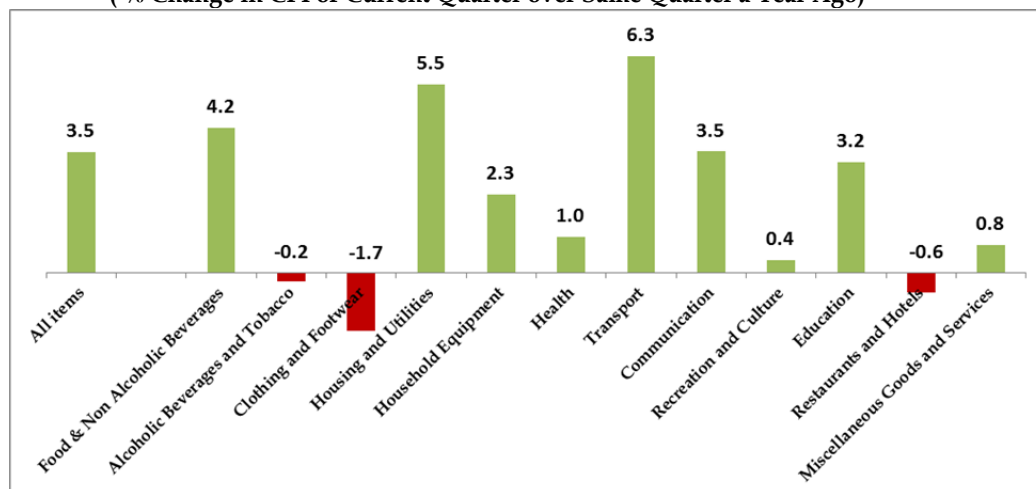
The Consumer Price Index (CPI) for the third quarter of 2018 was **105.0**, **3.5** percent higher compared to the third quarter of 2017.

Figure 1: Inflation Rates, Sept 2014 – Sept 2018
(% Change in CPI of Current Quarter over Same Quarter a Year Ago)



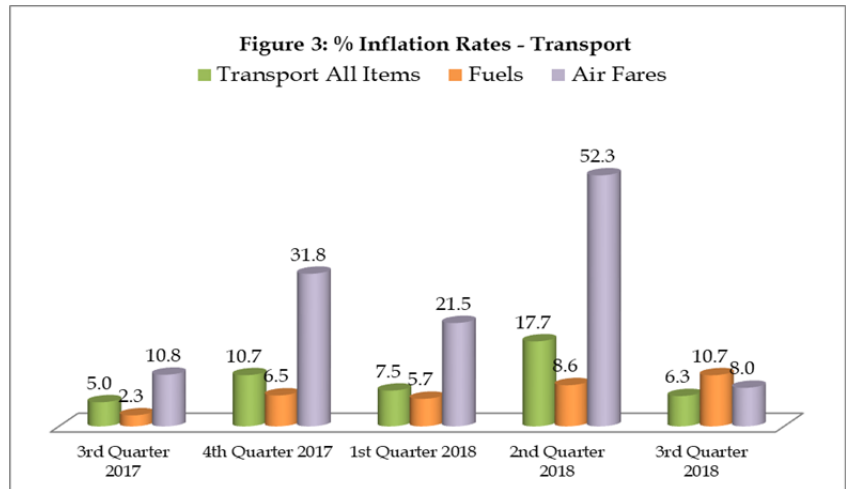
Among the 12 types of goods and services comprising the CPI, the highest overall increase was observed in **transport** (6.3%), followed by housing and utilities, food and non-alcoholic beverages, communication, and education.

Figure 2: Inflation Rates, Sept 2014 – Sept 2018 by Major Types of Goods and Services
(% Change in CPI of Current Quarter over Same Quarter a Year Ago)

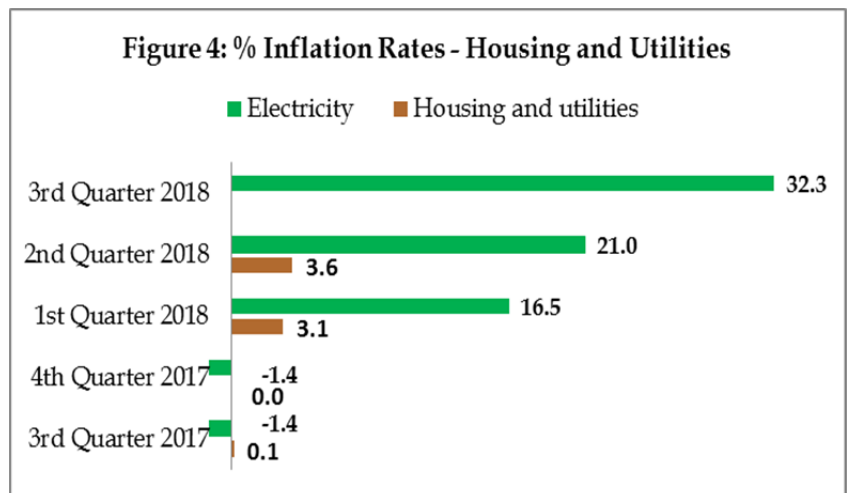


- **Transport**-related items increased by 6.3%, mainly from:

- Fuel prices which rose by 10.7%.
- Air fares continued to show an increase of 8.0%, however, this is significantly lower compared to the increases in prior quarters.

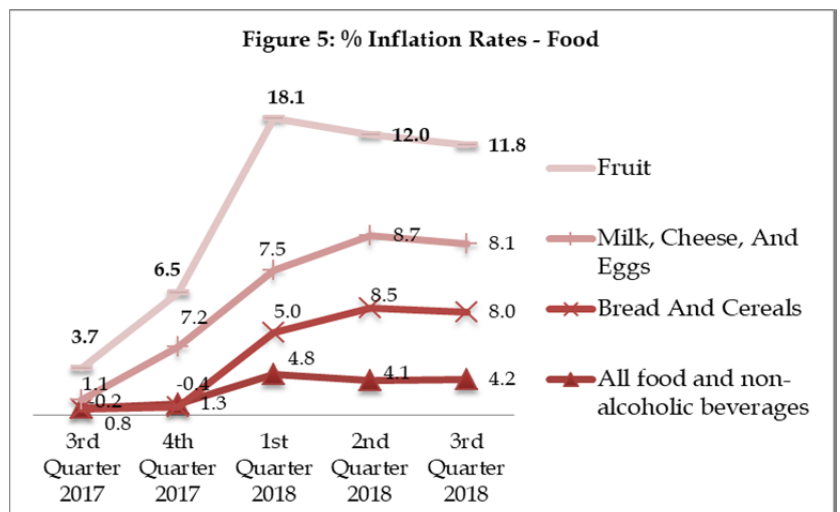


- The **housing and utilities** price index moved up by 5.5%, traced mainly to the significant rise in electricity rates of 32.3%.



- **Food** prices went up by 4.2%, due mainly to rises in prices of:

- Fruits by 11.8%
- Milk, cheese and eggs by 8.1%
- Bread and cereals by 8.0%



Annual changes: September 2018 over September 2017

The CPI for the third quarter of 2018 rose by **3.5** percent compared to the same period a year ago. This movement is traced to the following divisions:

- **Transport:** the division's price index increased notably by **6.3** percent as the price index for *maintenance and repair of personal transport equipment* moved up by 14.6 percent, *fuels* by 10.7 percent and *passenger transport by air* by 8.0 percent.
- **Housing and Utilities:** the index for the division had an incline of **5.5** percent due to a significant rise in the average cost of *electricity* (32.3%). *Actual rentals* were generally stable while *imputed rentals of owner occupied housing* went up by 0.5 percent.
- **Food & Non-alcoholic Beverages:** this division's index moved up by **4.2** percent as a result of the notable increase in *fruits* of 11.8 percent. *Milk, cheese and eggs* went up by 8.1 percent, *bread and cereals* by 8.0 percent and *fish and seafood* by 6.8 percent. A downward movement was observed in *tea, coffee and cocoa* of 4.5 percent.
- **Communication:** the index moved up by **3.5** percent due to an increase in the average cost of *telephone and telefax equipment* of 10.0 percent, and the rise in *telephone and telefax services* of 2.9 percent.
- **Education:** the index increased by **3.2** percent as the average cost of *pre-primary and primary education* rose by 5.6 percent and *secondary education* moved up by 1.9 percent. There was also a slight increase in *tertiary education* of 0.3 percent.
- **Household Furnishings and Equipment:** this price index was **2.3** percent higher than a year ago. *Furniture and furnishings* rose by 7.8 percent, *small electric household appliances* by 5.3 percent, *glassware, tableware and household utensils* by 3.9 percent, *small tools and miscellaneous accessories* by 2.1 percent.
- **Health:** there was a **1.0** percent rise in the index for this division, largely traced to prices for *pharmaceutical products* rising by 2.6 percent and *other medicinal products* by 2.3 percent.
- **Miscellaneous Goods and Services:** the inflation rate for this division was **0.8** percent as a result of the price increases for *housing contents insurance* (7.5%), *other personal effects* (6.0%), *social protection* (2.7%), and *hairdressing salons and personal grooming establishments* (1.6%). The price index for *jewellery and watches* declined by 0.8 percent.
- **Recreation and Culture:** the index for this division registered an increase of **0.4** percent. *Equipment for sport* went up by 5.5 percent, *information processing equipment* by 3.6 percent, *recording media* by 2.3 percent and *package holidays (abroad)* by 1.7 percent.

The following divisions recorded downward movements in their indices when compared to the same period a year ago:

- **Clothing and Footwear:** the price index for the division recorded a reduction of **1.7** percent as both *clothing and footwear locally purchased* recorded a decrease of 3.5 percent while US indices for both *clothing* and *footwear* rose by 0.7 percent.
- **Restaurants and Hotels:** the price index for this division decreased by **0.6** percent as *accommodation services (local & abroad)* was reduced by 6.3 percent. However, *canteens at educational establishments or work* and *restaurants, cafes and the like* moved up by 0.2 percent.
- **Alcoholic Beverages and Tobacco:** this price index declined by **0.2** percent, as prices of *beer* dropped on average by 1.3 percent. *Tobacco* price index moved up by 0.9 percent and *spirits and alcoholic cordials* by 0.8 percent.

Quarterly changes: September 2018 compared to June 2018

There was a 0.2 percent decline in the third quarter compared to the second quarter of 2018 as the index for the **transport** division recorded a **4.5** percent decrease. This was mainly attributed to the 15.0 percent decrease in the cost of *passenger transport by air*. The average purchase price of *motor vehicles* dropped by 0.6 percent, and *spare parts and accessories for personal transport equipment* by 0.1 percent. *Other services in respect of personal transport equipment* moved up by 6.1 percent and *fuels* by 1.9 percent.

On the other hand, the following divisions partially offset the decrease in the transport price index:

- **Housing and Utilities:** there was a **1.6** percent rise in the index for this division, traced mainly to an upward movement for *electricity* of 8.2 percent and for *materials for the maintenance and repair of the dwelling* of 1.0 percent.
- **Recreation and Culture:** this index posted a **0.7** percent increase and was largely the result of a 10.7 percent incline in the index for *information processing equipment* and *reception and recording equipment* by 7.5 percent.
- **Food & Non-Alcoholic Beverages:** an increase of **0.3** percent was recorded for this division's price index led by *fish and seafood* which was higher by 4.3 percent. *Meat and meat products* moved up by 3.5 percent, and both *oils and fats* and *sugar, sugar confectionary and snacks* rose by 1.8 percent.
- **Clothing and Footwear:** the index had a rise of **0.2** percent for the quarter. The prices of *clothing purchased locally* increased by 0.5 percent while *footwear and clothing purchased abroad* moved up by 0.2 percent and 0.1 percent respectively.

- **Alcoholic Beverages and Tobacco:** the index had an upward movement of **0.1** percent for the quarter. The sole contributor to this incline was *tobacco* that went up by 0.7 percent while all other products had stable price indices.
- **Housing Furnishings and Equipment:** there was a **0.1** percent rise in the index for this division. Average prices of *non-durable household goods* moved up by 0.7 percent, *small electric household appliances* by 0.4 percent, *major household appliances* by 0.3 percent and *small tools and miscellaneous accessories* by 0.1 percent.
- **Miscellaneous Goods and Services:** the index rose by **0.1** percent for the quarter. Prices of *hairdressing salons and personal grooming establishments* rose by 1.2 percent while *other personal effects* and *other appliances* declined by 1.9 percent and 0.2 percent respectively.

The price indices for **Health, Communication, Education and Restaurants and Hotels** were stable during the third quarter relative to the second quarter of 2018.

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	102.4	1.0	2.4
2018	March	103.5	1.0	3.2
	June	105.2	1.7	4.8
	September	105.0	-0.2	3.5

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

Table 2: Annual Averages 2011 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 ^R	101.1	2.0

R : Revised

**TABLE 3: CONSUMER PRICE INDICES AND INFLATION BY DIVISIONS AND GROUPS - THIRD QUARTER 2018
(September 2016=100)**

Major Groups	Index			Percentage Change		
	Weight	Sept 17	June 18	Sept 18	3 months ago	1 year ago
Overall	1,000.0	101.4	105.2	105.0	-0.2	3.5
01 Food and non-alcoholic beverages	66.1	100.8	104.8	105.1	0.3	4.2
Bread and Cereals	8.6	99.8	108.4	107.9	-0.5	8.0
Meat & Meat Products	8.9	99.4	98.4	101.9	3.5	2.4
Fish and Seafood	3.0	105.4	108.0	112.6	4.3	6.8
Milk, Cheese and Eggs	7.2	101.1	109.8	109.3	-0.5	8.1
Oils and Fats	1.7	106.6	104.9	106.8	1.8	0.2
Fruits	6.7	103.7	117.0	116.0	-0.8	11.8
Vegetables	8.4	99.1	102.3	100.2	-2.1	1.1
Sugar, Sugar Confectionary and Snacks	3.1	100.4	99.0	100.7	1.8	0.4
Other Food Products (Not Elsewhere Specified)	4.3	100.0	101.6	101.8	0.2	1.8
Tea, Coffee and Cocoa	1.4	100.0	97.2	95.5	-1.7	-4.5
Mineral Waters, Soft Drinks, Fruit and Vegetable Juices	12.9	100.6	101.7	102.0	0.2	1.3
02 Alcoholic beverages and tobacco	22.3	103.3	102.9	103.1	0.1	-0.2
Spirits and Alcoholic Cordials	3.2	101.7	102.5	102.5	0.0	0.8
Wine	6.7	101.6	101.5	101.6	0.0	0.0
Beer	8.5	105.5	104.1	104.1	0.0	-1.3
Tobacco	3.9	102.9	103.1	103.8	0.7	0.9
03 Clothing & Footwear	33.3	103.6	101.6	101.9	0.2	-1.7
Clothing	14.4	106.5	102.2	102.7	0.5	-3.5
Footwear	3.9	101.1	98.0	97.5	-0.5	-3.5
Clothing purchased abroad	11.9	101.6	102.1	102.2	0.1	0.7
Footwear purchased abroad	3.0	101.1	101.5	101.8	0.2	0.7
04 Housing, water, electricity, gas and other fuels	334.5	100.1	104.0	105.6	1.6	5.5
Actual Rentals paid by Tenants	85.7	101.6	101.6	101.6	0.0	0.0
Imputed Rentals for Owner Occupiers	170.3	100.3	100.8	100.8	0.0	0.5
Materials for the Maintenance and Repair of the Dwelling	2.5	99.5	101.0	102.1	1.0	2.5
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	96.8	96.9	96.9	0.0	0.1
Electricity	54.7	98.6	120.6	130.5	8.2	32.3
Gas (LPG/Propane)	1.5	100.0	100.3	100.3	0.0	0.3
05 Furnishings, household equipment and routine household maintenance	42.7	103.5	105.8	105.9	0.1	2.3
Furniture and Furnishings	8.7	104.8	113.3	113.0	-0.2	7.8
Household Textiles	2.2	98.3	99.2	97.3	-1.9	-1.1
Major Household Appliances	4.6	100.8	101.1	101.4	0.3	0.7
Small Electric Household Appliances	1.0	98.5	103.3	103.8	0.4	5.3
Repair of Household Appliances	2.2	103.5	104.6	104.6	0.0	1.1
Glassware, Tableware and Household Utensils	1.8	104.8	109.2	108.9	-0.3	3.9
Small Tools and Miscellaneous Accessories	1.6	100.9	102.9	103.0	0.1	2.1
Non-Durable Household Goods	11.9	107.7	107.9	108.6	0.7	0.8
Employed Staff (Paid Staff Privately Employed)	8.6	100.0	100.0	100.0	0.0	0.0
06 Health	20.9	104.7	105.8	105.8	0.0	1.0
Pharmaceutical Products	6.1	116.5	119.5	119.5	0.0	2.6
Other Medicinal Products	0.6	108.1	110.0	110.5	0.5	2.3
Therapeutic Appliances and Equipment	2.1	96.9	96.9	96.9	0.0	0.0
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	100.7	100.7	0.0	0.7

Major Groups	Index				Percentage Change	
	Weight	Sept 17	June 18	Sept 18	3 months	
					ago	1 year ago
07 Transport	162.0	105.0	116.9	111.7	-4.5	6.3
Purchase of Motor Vehicles	35.8	102.4	101.4	100.8	-0.6	-1.6
Spare Parts and Accessories for Personal Transport Equipment	4.8	106.5	106.6	106.6	-0.1	0.0
Fuels	43.4	102.3	111.1	113.2	1.9	10.7
Maintenance and Repair of Personal Transport Equipment	12.9	108.2	124.0	124.0	0.0	14.6
Other Services In Respect of Personal Transport Equipment	11.9	97.8	95.0	100.7	6.1	3.0
Passenger Transport by Road	3.0	100.0	100.0	100.0	0.0	0.0
Passenger Transport by Air	46.8	110.8	140.8	119.7	-15.0	8.0
Other Purchased Transport Services	3.4	104.0	105.2	105.2	0.0	1.1
08 Communication	39.1	100.3	103.9	103.9	0.0	3.5
Telephone and Telefax Equipment	3.4	105.0	115.1	115.5	0.3	10.0
Telephone and Telefax Services	35.7	99.9	102.8	102.8	0.0	2.9
09 Recreation and Culture	59.2	100.5	100.2	100.9	0.7	0.4
Reception and Recording Equipment	2.3	98.0	84.3	90.6	7.5	-7.5
Information Processing Equipment	1.9	110.9	103.9	115.0	10.7	3.6
Recording Media (Audio Visual, Media)	0.5	101.2	101.7	103.5	1.7	2.3
Major Durables for Outdoor Recreation	2.8	101.3	100.4	101.8	1.4	0.4
Games, Toys and Hobbies	1.3	95.4	94.7	94.7	0.0	-0.8
Equipment for Sport, Camping and Open-Air Recreation	1.5	102.2	107.8	107.8	0.0	5.5
Gardens, Plants and Flowers	1.3	99.6	99.6	99.6	0.0	0.0
Pets and Related Products	3.1	100.0	100.7	100.8	0.0	0.8
Veterinary and Other Services For Pets	3.8	100.0	100.0	100.0	0.0	0.0
Recreation and Sporting Services	8.9	98.9	99.3	99.3	0.0	0.4
Cultural Services	17.2	100.3	99.9	100.0	0.1	-0.2
Books	1.3	101.2	99.6	100.5	0.8	-0.7
Newspapers and Periodicals	1.3	100.0	100.0	100.0	0.0	0.0
Package Holidays (Abroad)	12.2	101.3	103.1	103.0	-0.1	1.7
10 Education	38.2	100.9	104.1	104.1	0.0	3.2
Pre Primary and Primary Education	18.1	100.0	105.6	105.6	0.0	5.6
Secondary Education	10.5	103.2	105.1	105.1	0.0	1.9
Tertiary Education	7.1	100.1	100.4	100.4	0.0	0.3
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	98.9	98.9	0.0	-0.6
Restaurants, Cafes and the Like	64.3	99.3	99.5	99.5	0.0	0.2
Canteens at Educational Establishments Or Work	8.8	100.5	100.7	100.7	0.0	0.2
Accommodation Services (Local & Abroad)	10.3	100.2	94.1	93.9	-0.2	-6.3
12 Miscellaneous Goods and Services	98.2	100.1	100.8	100.9	0.1	0.8
Hairdressing Salons and Personal Grooming Establishments	12.8	101.1	101.6	102.8	1.2	1.6
Other Appliances, Articles and Products for Personal Care	15.6	99.3	100.3	100.0	-0.2	0.7
Jewellery and Watches	2.3	114.8	113.9	113.9	0.0	-0.8
Other Personal Effects	1.9	105.5	114.0	111.8	-1.9	6.0
Social Protection	5.6	100.0	102.7	102.7	0.0	2.7
Housing Contents Insurance	3.1	97.5	104.8	104.8	0.0	7.5
Health Insurance	33.6	100.1	100.1	100.1	0.0	0.0
Vehicle Insurance	11.7	97.1	97.1	97.1	0.0	0.0
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



**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
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	100.2	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	98.0	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	101.9	100.4	102.7	101.5	99.3	102.2	100.4	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	100.9	99.5	100.1	101.4
DECEMBER	101.1	102.8	101.2	100.2	106.1	105.4	110.8	101.3	98.5	103.5	98.9	100.7	102.4
ANNUAL AVERAGE 2017	100.6	102.8	102.0	100.2	103.7	102.8	104.1	100.9	99.3	101.1	99.2	100.1	101.1
2018													
MARCH	104.5	102.7	102.2	103.3	106.4	105.3	108.9	101.2	98.3	104.1	99.3	100.7	103.5
JUNE	104.8	102.9	101.6	104.0	105.8	105.8	116.9	103.9	100.2	104.1	98.9	100.8	105.2
SEPTEMBER	105.1	103.1	101.9	105.6	105.9	105.8	111.7	103.9	100.9	104.1	98.9	100.9	105.0
% CHANGE OVER PREV YEAR	4.2	-0.2	-1.7	5.5	2.3	1.0	6.3	3.5	0.4	3.2	-0.6	0.8	3.5
% CHANGE OVER PREV QTR	0.3	0.1	0.2	1.6	0.1	0.0	-4.5	0.0	0.7	0.0	0.0	0.1	-0.2
ANNUAL AVERAGE % CHANGE 2015	1.6	0.6	3.0	-6.9	0.2	0.3	-4.8	3.3	1.5	3.8	-1.5	-0.8	-2.3
ANNUAL AVERAGE % CHANGE 2016	0.1	0.6	0.7	-2.7	-0.3	-0.1	-1.7	0.8	1.3	1.5	1.5	0.7	-0.7
ANNUAL AVERAGE % CHANGE 2017	0.9	2.8	2.2	2.3	3.4	2.4	4.9	1.2	0.6	1.7	2.2	-0.5	2.0

**TABLE 5: Average Prices of Selected Items
Quarter Ending September 2018**

Item	Quantity	Average Prices		
		Sept 17	Jun 18	Sept 18
Sliced Brown Bread	20 oz	2.69	2.89	2.87
Enriched Parboiled Long Grain Rice	5 lb	7.52	9.62	9.62
Cornflakes (original)	24 oz	5.39	5.46	5.46
Stew Beef	per lb	5.40	5.36	4.83
Corned Beef - regular	340 g	4.19	4.49	4.49
Salmon Steaks - Fresh	per lb	12.02	12.82	14.09
Canned Tuna in water	5 oz	1.67	1.66	1.69
Eggs (Grade A Extra Large)	1 doz	2.12	3.44	3.23
Butter - Salted	227 g	4.26	4.29	4.42
Condensed Milk	395 g	1.99	2.02	2.02
Vegetable Oil	48 oz	6.79	5.96	5.96
Plantain	per lb	1.11	1.03	0.99
Potatoes - Irish	5lb bag	3.75	3.87	3.78
Lettuce - Iceberg	each	2.31	2.42	2.42
Sweet Potatoes	per lb	2.76	3.18	3.19
Tomatoes - Slicing	per lb	3.16	3.05	3.25
Bananas - Ripe	per lb	1.04	1.05	0.99
Apple - Red Delicious	per lb	1.73	2.13	2.16
Grapes - Red Seedless	per lb	4.28	3.97	4.29
Tea - 100% Natural	100 bags	5.68	5.68	5.68
Coffee - Instant -Classic Roast - Bottle	7 oz	8.12	8.66	8.12
Soda	20 oz	1.24	1.24	1.24
Cane Sugar	4 lb	2.66	2.08	2.59
Iodized Salt	26 oz	1.06	1.16	1.16
Petrol - Regular Full Service	per gal	4.27	4.65	4.76
Petrol - Premium Full Service	per gal	4.50	4.87	4.94
Diesel - Full Service	per gal	4.17	4.42	4.51

**Table 6: Core Consumer Price Index
and Inflation Rates***

September 2016 = 100

Period	INDEX	Percentage change 1 year ago
Dec-16	100.1	0.1
Dec-17	102.7	2.5

*CPI Inflation excluding food, gas piped and electricity,
fuel oil and other household fuels, and motor fuels.

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.

ESO 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