



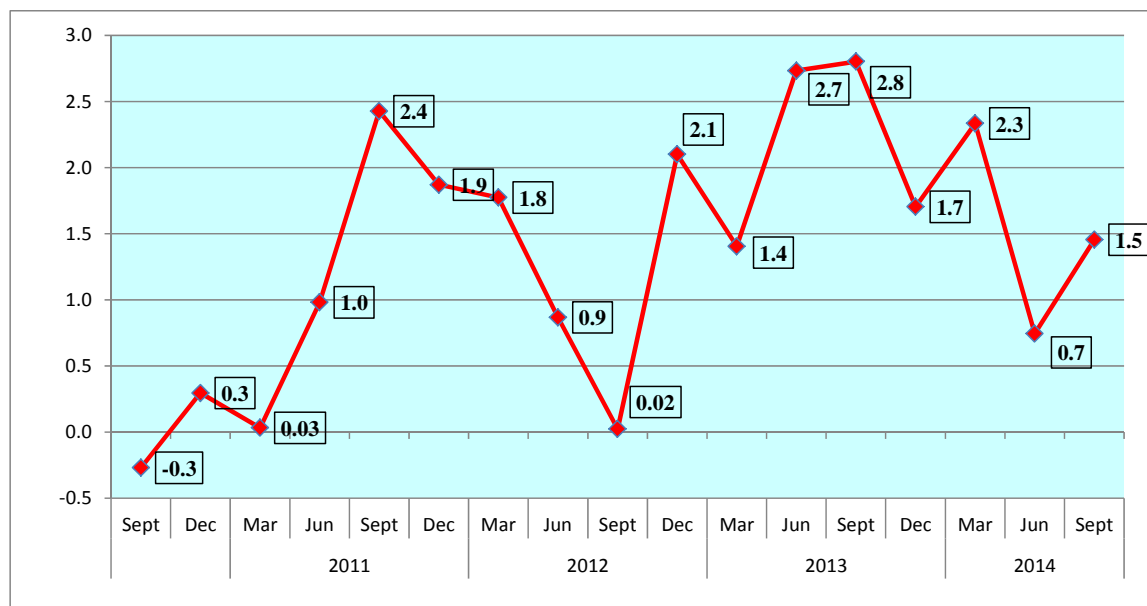
THE CAYMAN ISLANDS' CONSUMER PRICE INDEX REPORT: SEPTEMBER 2014

(Date of release: November 2014)

CPI Increased by 1.5% in the Third Quarter

The overall Consumer Price Index (CPI) in the third quarter of 2014 was **105.2**, higher by 1.5 percent when compared to the same quarter in 2013. A comparison with the previous quarter ending June 2014 indicates an increase of 0.2 percent.

Figure 1: Inflation Rates (Sept 2010 – Sept 2014)
(% Change in CPI of Current Quarter over Same Quarter a Year Ago)



Annual changes: September 2014 over September 2013

The overall 1.5 percent increase in September 2014 in comparison to September 2013 is mainly due to increases in the following divisions:

- **Household equipment and routine maintenance:** the index for this division increased by 7.8 percent. This upward movement was largely the result of higher prices for household textiles (14.2%); glassware, tableware and household utensils (5.1%) and goods and services for routine household maintenance (9.4%). Among the contributors to latter were increases in the costs of residential housework, baby-sitting, and fumigation services.

- **Transport:** there was an increase of **2.6** percent due to changes in the average cost of transport services (6.8%) which includes vehicle fuel and airfares for a variety of routes, and the purchase cost of vehicles (4.4%).
- **Food and non-alcoholic beverages:** this index rose by **2.1** percent as the average cost of items in most groups increased, led by fish and seafood (5.7%) followed by meat and meat products (5.4%); milk, cheese and egg (5.1%); bread and cereals (4.0%) and fruits (3.9). Price declines were posted for vegetables; oils and fats; and mineral water, soft drinks, fruit and vegetables juices.
- **Recreation and culture:** the division inflation rate is recorded at **1.6** percent, coming mainly from recreational and cultural services (5.6%) as well as other major durables (1.2%). Three groups recorded declines: newspapers, books and stationery (-4.7%), other recreational items and equipment, gardens, and pets (-0.7%) and audio-visual, photographic and information processing equipment (-0.4%).
- **Housing and utilities:** the price index registered an increase of **1.4** percent year on year. Actual rentals averaged higher by 3.8 percent due to an upward movement for one-bedroom units while average imputed rentals for owner-occupied housing was stable. Water supply and miscellaneous services rose by 2.8 percent while electricity, gas and other fuels moved up by 1.1 percent.
- **Communication:** there was a **1.3** percent rise in this price index as all sub-groups registered at higher levels: telephone and telefax equipment (1.5%), telephone and telefax services (1.3%) and postal services (1.1%).
- **Restaurants and hotels:** the index moved up on average by **0.7** percent following the uptick for catering services (1.1%). Accommodation services showed an average price decline of 2.6 percent.
- **Alcohol and tobacco:** the index for this division moved upward by **0.3** percent due to alcohol price increases (0.4%). Tobacco prices were stable on average.

Meanwhile, the following divisions declined in September 2014 compared to September 2013:

- **Clothing and footwear:** this divisional index was lower by **1.9** percent as both components moved down - clothing by 2.2 percent and footwear by 0.3 percent.
- **Miscellaneous goods and services:** this price index fell by **0.3** percent as a result of reduced prices for personal effects not elsewhere classified (-13.2%), particularly some jewellery items. Average prices for other services also fell (-1.8%). Both outweighed the 0.8-percent increase for personal care.

- **Health:** there was a **0.5** percent decline in this division's price index largely which is traced to hospital (-1.1%) and outpatient services (-1.0%).

Meanwhile, the **Education** division price index was stable as average school fees were unchanged.

Quarterly changes: September 2014 compared to June 2014

The following divisions were the main contributors to the **0.2** percent CPI increase over the second quarter:

- **Housing and utilities:** this index, which accounts for almost 2/5 of the entire CPI basket, rose by **0.7** percent when compared to last quarter. Except for imputed rentals for owner-occupied housing which was stable, all other components had a quarterly upturn: maintenance and repair of dwelling (1.8%), water supply and miscellaneous services (1.6%), and electricity, gas and other fuels (1.1%). Average actual rental for housing (1.5%) was driven particularly by movements in rents for one-bedroom units.
- **Food and non-alcoholic beverage:** this recorded a **0.5** percent increase, contributed by a number of items led by milk, cheese and egg (3.8%); meat and meat products (1.4%), and vegetables (1.1%). These were moderated by several price reductions such as mineral water, soft drinks, fruit and vegetable juices (-1.1%); oils and fats (-0.9%); fish and seafood (-0.7%); and fruits (-0.6%)
- **Household equipment and routine maintenance:** the price index inched up by **0.4** percent, following the movements in household textiles (4.2%); household appliances (0.6%) and goods and services for routine household maintenance (0.7%). The main contributor to the latter was the higher average cost of fumigation services.
- **Alcohol and tobacco:** this price index rose by **0.4** percent as a result of a price increase for alcohol (0.6%).

The following divisions recorded declines in the indices compared to June 2014:

- **Restaurants and hotels:** the index moved downward by **1.7** percent as accommodation services recorded a significant average price drop (-12.4%).
- **Communication:** this experienced a slight price fall of **0.2** percent which is traced to telephone and telefax services (-0.2%).
- **Miscellaneous goods and services:** the index had a quarterly decline of **0.1** percent, resulting mainly from reduced insurance prices (-0.3%).

Meanwhile, four (4) divisions showed no price changes over the previous quarter: **Health, Transport, Recreation and Culture and Education.**

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
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	100.9	0.6	1.8
	June	101.4	0.5	0.9
	September	100.8	-0.6	0.02
	December	102.5	1.6	2.1
2013	March	102.3	-0.1	1.4
	June	104.2	1.8	2.7
	September	103.7	-0.5	2.8
	December	104.2	0.5	1.7
2014	March	104.7	0.5	2.3
	June	104.9	0.2	0.7
	September	105.2	0.2	1.5

Table 2
CAYMAN ISLANDS CONSUMER PRICE INDEX
ANNUAL AVERAGES 1995 TO 2013
(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
2012	101.4	1.2
2013	103.6	2.2

TABLE 3: CONSUMER PRICE INDICES AND INFLATION BY DIVISIONS AND GROUPS - THIRD QUARTER 2014

Major Group	Weight	Index			Percentage Change	
		Sept-14	June- 14	Sept-13	3 months Ago	1 year ago
All Divisions - All items	1,000.0	105.2	104.9	103.7	0.2	1.5
01 Food & Non Alcoholic Beverage	79.6	124.4	123.8	121.9	0.5	2.1
Bread & cereals	9.9	122.6	121.6	117.8	0.8	4.0
Meat & meat products	10.4	130.2	128.4	123.6	1.4	5.4
Fish & seafood	4.2	128.1	129.0	121.2	-0.7	5.7
Milk, cheese & egg	8.3	124.7	120.1	118.6	3.8	5.1
Oils & fats	2.0	108.4	109.5	109.4	-0.9	-0.9
Fruits	6.7	137.8	138.6	132.6	-0.6	3.9
Vegetables	8.6	129.9	128.5	132.5	1.1	-1.9
Sugars, jam, honey, chocolate & confectionery	5.5	124.9	125.4	123.6	-0.4	1.1
Food products n.e.c.	5.6	119.4	119.1	119.2	0.3	0.2
Coffee, tea & cocoa	1.6	113.1	112.6	111.3	0.4	1.6
Mineral water, soft drinks, fruit & vegetable juices	16.9	117.2	118.5	118.1	-1.1	-0.8
02 Alcohol and Tobacco	6.5	131.9	131.4	131.5	0.4	0.3
Alcohol	5.6	114.3	113.7	113.8	0.6	0.4
Tobacco	0.9	246.0	246.0	246.0	0.0	0.0
03 Clothing and Footwear	34.3	112.3	112.0	114.5	0.3	-1.9
Clothing	29.5	110.7	110.3	113.2	0.3	-2.2
Footwear	4.8	122.0	122.1	122.4	-0.1	-0.3
04 Housing and Utilities	394.4	89.6	88.9	88.4	0.7	1.4
Actual rentals for housing	78.7	80.9	79.7	77.9	1.5	3.8
Imputed rentals for owner-occupied housing	223.4	80.6	80.6	80.6	0.0	0.0
Maintenance and repair of dwelling	28.5	121.8	119.6	117.4	1.8	3.8
Water supply and miscellaneous services	16.4	116.3	114.5	113.1	1.6	2.8
Electricity, gas and other fuels	47.3	117.5	116.2	116.2	1.1	1.1
05 Household Equipment and Routine Maintenance	56.4	118.6	118.0	110.0	0.4	7.8
Furniture and furnishings	5.7	106.7	106.8	105.5	-0.1	1.1
Household textiles	1.1	134.2	128.9	117.5	4.2	14.2
Household appliances	2.8	103.2	102.6	103.3	0.6	-0.2
Glassware, tableware and household utensils	2.8	134.4	139.4	127.9	-3.6	5.1
Tools and equipment for house and garden	1.5	93.1	93.0	91.5	0.1	1.7
Goods and services for routine household maintenance	42.4	120.7	119.8	110.3	0.7	9.4
06 Health	24.2	101.9	101.8	102.4	0.0	-0.5
Medical products, appliances and equipment	5.0	108.3	108.2	106.9	0.1	1.3
Outpatient services	17.9	99.2	99.2	100.1	0.0	-1.0
Hospital services	1.4	113.1	113.1	114.3	0.0	-1.1
07 Transport	96.1	118.3	118.4	115.3	0.0	2.6
Purchase of vehicles	6.1	120.4	117.3	115.4	2.7	4.4
Operations of personal transport equipment	57.4	121.5	121.6	121.1	0.0	0.3
Transport services	32.6	112.3	113.0	105.2	-0.5	6.8
08 Communication	69.7	106.2	106.4	104.8	-0.2	1.3
Postal services	0.5	96.4	96.4	95.3	0.0	1.1
Telephone & telefax equipment	0.3	107.6	107.6	106.0	0.0	1.5
Telephone & telefax services	68.9	106.3	106.5	104.9	-0.2	1.3
09 Recreation and Culture	40.5	98.4	98.5	96.8	0.0	1.6
Audio-visual, photographic and information processing equipment	4.2	72.6	72.5	72.9	0.1	-0.4
Other major durables for recreation and culture	3.4	91.3	91.3	90.1	0.0	1.2
Other recreational items and equipment, gardens and pets	10.5	112.0	114.7	112.8	-2.3	-0.7
Recreational & cultural services	17.6	98.3	97.4	93.1	1.0	5.6
Newspapers, books and stationery	4.8	96.6	94.6	101.3	2.1	-4.7
10 Education	27.9	113.0	113.0	113.0	0.0	0.0
Pre-primary and primary education	16.1	112.5	112.5	112.5	0.0	0.0
Secondary education	2.4	118.4	118.4	118.4	0.0	0.0
Tertiary education	9.4	112.5	112.5	112.5	0.0	0.0
11 Restaurants and Hotels	40.2	116.9	118.9	116.1	-1.7	0.7
Catering Services	33.8	122.0	122.0	120.7	0.0	1.1
Accommodation Services	6.4	89.4	102.1	91.9	-12.4	-2.6
12 Miscellaneous Goods and Services	130.2	118.8	119.0	119.2	-0.1	-0.3
Personal care	26.5	112.9	112.6	111.9	0.2	0.8
Personal effects n.e.c.	7.7	127.7	127.7	147.1	0.0	-13.2
Social protection	8.4	104.8	104.8	104.8	0.0	0.0
Insurance	74.8	123.0	123.3	121.6	-0.3	1.1
Financial services n.e.c.	0.5	91.8	91.8	91.8	0.0	0.0
Other services n.e.c.	12.2	111.7	111.7	113.7	0.0	-1.8



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 and Routine Maintenance	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	117.8	107.3	100.9
JUNE	116.7	116.2	106.4	90.5	103.1	100.4	114.0	103.6	98.6	105.4	114.5	107.7	101.4
SEPTEMBER	118.3	116.2	110.0	89.7	104.6	101.8	110.4	103.6	96.9	106.4	108.0	108.3	100.8
DECEMBER	119.0	131.6	110.6	91.5	104.3	101.9	114.2	104.0	96.4	106.4	110.1	110.6	102.5
ANNUAL AVERAGE 2012	117.6	119.9	107.7	90.4	103.7	101.2	112.6	103.9	97.5	105.9	112.6	108.5	101.4
2013													
MARCH	120.1	131.8	112.5	89.4	110.2	102.1	113.1	104.0	96.6	106.4	116.9	110.8	102.3
JUNE	121.0	131.6	111.2	90.2	109.8	102.1	114.4	104.9	96.6	110.6	109.7	122.3	104.2
SEPTEMBER	121.9	131.5	114.5	88.4	110.0	102.4	115.3	104.8	96.8	113.0	116.1	119.2	103.7
DECEMBER	122.7	131.6	113.3	88.8	110.4	101.8	117.8	104.7	96.1	113.0	121.9	118.5	104.2
ANNUAL AVERAGE 2013	121.4	131.6	112.9	89.2	110.1	102.1	115.2	104.6	96.5	110.8	116.2	117.7	103.6
2014													
MARCH	123.1	131.7	111.3	87.9	117.6	102.0	117.3	104.7	98.4	113.0	130.5	119.3	104.7
JUNE	123.8	131.4	112.0	88.9	118.0	101.8	118.4	106.4	98.5	113.0	118.9	119.0	104.9
SEPTEMBER	124.4	131.9	112.3	89.6	118.6	101.9	118.3	106.2	98.4	113.0	116.9	118.8	105.2
% CHANGE PREV YEAR	2.1	0.3	-1.9	1.4	7.8	-0.5	2.6	1.3	1.6	0.0	0.7	-0.3	1.5
% CHANGE PREV QTR	0.5	0.4	0.3	0.7	0.4	0.0	0.0	-0.2	0.0	0.0	-1.7	-0.1	0.2

TABLE 5: AVERAGE PRICES OF SELECTED ITEMS
Quarter Ending Sept 2014

Item	Quantity	Average Prices (CIS)		
		Sept-13	June-14	Sept-14
Loaf - Harddough	2 lb	3.64	3.94	3.94
Long Grain Rice	5 lb	2.51	2.62	2.46
Cornflakes (original)	24 oz	5.39	5.16	5.16
Stew Beef	per lb	4.04	4.78	4.84
Bacon	12 oz	4.32	6.32	6.66
Snapper Fillets (frozen)	per lb	9.99	9.63	9.47
Canned Tuna in water	6 oz	1.76	1.72	1.80
Eggs (Grade A Large)	1 doz	2.64	2.99	3.12
Margarine -Shedds Spread	45 oz	5.94	5.79	5.79
Fresh Milk (McArthur - Regular Vitamin D)	1 gal	6.41	6.49	6.72
Evaporated milk (Nestle Carnation)	14 oz	1.59	1.69	1.69
Vegetable Oil	24 oz	4.26	4.66	4.66
Plantain	per lb	0.98	1.04	1.01
Potatoes - Irish	per lb	1.16	0.96	1.09
Lettuce - Iceburg	each	2.35	2.11	2.30
Sweet Potatoes	per lb	2.48	2.66	2.67
Tomatoes - Slicing	per lb	2.91	2.81	2.68
Bananas - Ripe	per lb	0.92	0.93	0.93
Apple - Golden Delicious	per lb	2.48	2.46	2.47
Grapes - Red Seedless	per lb	3.08	4.06	4.02
Tea (Lipton Decaffeinated)	48 bags	3.81	4.02	4.02
Coffee - Instant -Classic Roast - Bottle	8 oz	6.72	6.76	6.86
Soda	12 oz	0.78	0.78	0.78
Sugar - Light Brown (Bag)	2 lb	2.09	2.09	2.09
Corned Beef - regular	340 g	3.99	3.94	3.97
Iodized Salt	26 oz	0.91	1.02	0.92
Petrol - Regular Full Service	per gal	5.73	5.56	5.64
Petrol - Premium Full Service	per gal	5.84	5.67	5.77
Diesel - Full Service	per gal	5.76	5.72	5.71

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	47
2	Alcoholic beverages and tobacco	5
3	Clothing and footwear	13
4	Housing, utilities and fuels	6
5	Furnishings, household equipment and routine household maintenance.	19
6	Health	4
7	Transport	7
8	Communication	4
9	Recreation and Culture	6
1	Education	1
1	Restaurants and hotels	13
1	Miscellaneous goods and services	9
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).

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:

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

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

² Ibid, p.3