



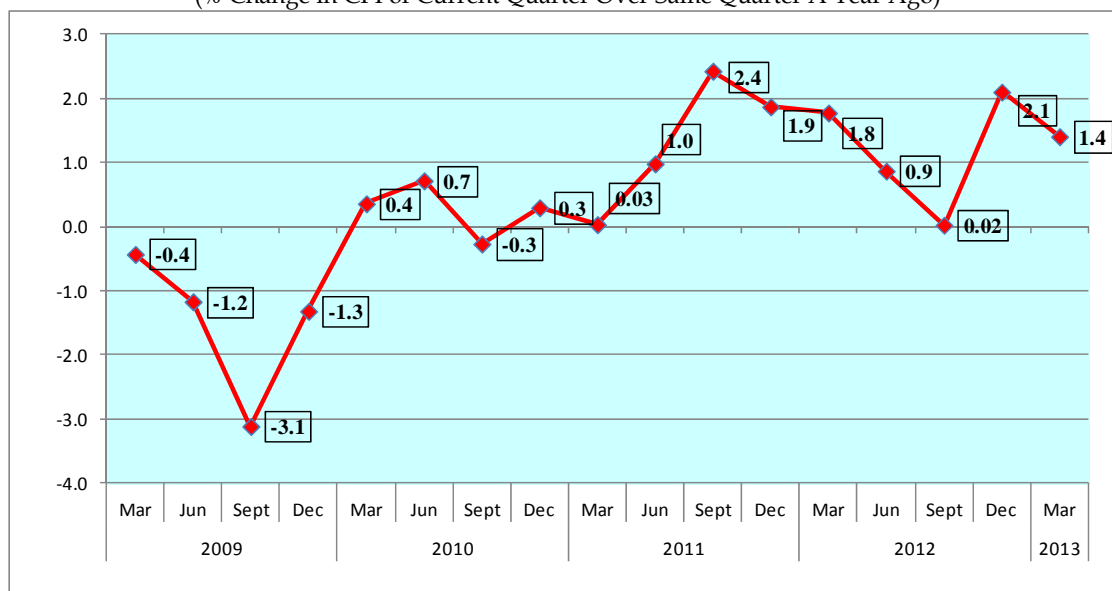
THE CAYMAN ISLANDS' CONSUMER PRICE INDEX REPORT: MARCH 2013

(Date of release: May 2013)

Consumer Price Index (CPI) increased by 1.4 % in March 2013 compared to March 2012

The overall CPI stood at **102.3** in March 2013 which represents an increase of 1.4 percent in comparison to March 2012. The benign inflation rate is traced primarily to another round of decline of the housing and utilities index which offset the rising cost of alcohol and tobacco products and six other divisions of goods and services.

Figure 1: Inflation: March 2009 - March 2013
(% Change in CPI of Current Quarter Over Same Quarter A Year Ago)



Annual changes: March 2013 compared to March 2012

The annual inflation rate of 1.4 percent resulted from the price changes in the following divisions:

- **Alcohol and tobacco:** this price index rose by **14.0** percent, as the average price of tobacco products increased by 51.3 percent resulting from a higher duty effective in September 2012. Prices of alcoholic beverages also rose (5.4%).
- **Clothing and footwear:** this rose by **8.3** percent driven by a 9.0 percent increase in the average cost of clothing. Footwear also edged higher by 4.6 percent.

- **Household equipment:** this division index moved up by **7.0** percent, mainly due to prices of goods and services for routine household maintenance (9.6%). In addition, increases were recorded for house and garden tools and equipment (3.7%), furniture and furnishings (2.8%) and household textiles (0.7%).
- **Food and non-alcoholic beverages:** this index increased by **3.3** percent resulting from a number of groups, led by vegetables (8.3%), coffee, tea and cocoa (7.4%) and fruits (5.4%). Fish and seafood was the only group posting a decline of 0.7 percent in this division.
- **Miscellaneous goods and services:** this had an inflation rate of **3.3** percent which came from personal effects not elsewhere classified (16.1%) and insurance (this division's biggest component) which went up by 3.4 percent.
- **Health:** the price index increased by **1.6** percent due to price changes for hospital and outpatient services of 3.1 percent and 1.9 percent respectively.
- **Transport:** this division showed a net increase of **1.1** percent, resulting from higher operational cost for personal transport equipment (4.3%) mainly oil, and for vehicle purchases (3.0%). These were partially offset by lower transport service cost (-5.3%).

Meanwhile, the following major categories showed declines:

- **Recreation and culture:** the index fell by 1.5 percent arising from an 11.4 percent decline in the cost of audio-visual, photographic and information processing equipment, and a 6.4 percent decrease for recreational and cultural services.
- **Restaurants and hotels:** this division had a negative price adjustment of 0.8 percent driven by a 4.3 percent decrease for catering services, amidst an 18.4 percent increase in the average cost of accommodation services.
- **Housing & utilities:** the overall price index was 0.6 percent below the level a year ago, contributed by further slides in actual rentals (-2.4%) and imputed rentals for owner-occupied housing (-0.8%). However, other items in this division showed modest uptrends.
- **Communication:** this division's index declined by 0.3 percent mainly due to a reduction in the prices for telephone and telefax services (-0.3%).

Quarterly changes: March 2013 compared to December 2012

Despite increases in most divisions, the CPI recorded a decline of 0.1 percent compared to a quarter ago. The downward pressure was from the following sources:

- **Housing and utilities:** this index, which accounts for almost 2/5 of the entire CPI basket, was **2.3** percent lower. Electricity, gas and other fuels dropped sharply by 11.2

percent while rentals dipped by 2.2 percent. Water supply and miscellaneous services also fell by 1.7 percent.

- **Transport:** this was lower by **1.0** percent, resulting from price movements for transport services (-2.8%) and operation of personal transport equipment (-0.2%).

The following divisions had rising indices compared to December 2012:

- **Restaurants and hotels:** the index moved upward by **6.2** percent resulting mainly from sharply higher rates for accommodation (44.7%) The average cost of catering services rose marginally by 0.2 percent.
- **Household equipment:** the division index posted a **5.7** percent rise, largely a result of goods and services for routine household maintenance (7.5%).
- **Clothing and footwear:** this went up by **1.6** percent resulting from movements in clothing prices (1.8%) and footwear (0.6%).
- **Food and non-alcoholic beverage:** the overall division index recorded a **0.9** percent increase contributed by a few items led by coffee, tea and cocoa (2.9%); vegetables (2.6%); meat and meat products (1.7%); milk, cheese and egg (1.6%); oils and fats (1.0%) and fruits (1.0%).
- **Alcohol and tobacco:** this price index rose by **0.2** percent, sourced from a 0.3 percent adjustment for alcoholic beverages. Prices of tobacco products were stable.
- **Miscellaneous goods and services:** the index had a quarterly adjustment of **0.2** percent, emanating mainly from insurance prices (0.7%).
- **Health:** this increased by **0.2** percent as the average price of medical products, appliances and equipment rose by 1.1 percent. Meanwhile, average prices for hospital and outpatient services were stable.
- **Recreation and culture:** this price index increased by 0.2 percent. Price increases were recorded for other major durables for recreation and culture (4.5%); and newspapers, books and stationery (2.8%). The largest components of this division (recreational and cultural services) was flat while the next largest (recreational items and equipment, gardens and pets) inched up marginally (0.2%). There was a decline of 7.2 per cent for audio-visual, photographic and information processing equipment.

Meanwhile, the price index for **Education** was stable as school fees do not usually change during the school year. **Communication** was also stable despite the 11.1 percent rise in telephone and telefax equipment.

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
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	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

Table 2
CAYMAN ISLANDS CONSUMER PRICE INDEX
 ANNUAL AVERAGES 1995 TO 2012
 (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

TABLE 3: CONSUMER PRICE INDICES AND INFLATION BY DIVISIONS AND GROUPS - FIRST QUARTER 2013

Major Group	Weight	Index			Percentage Change	
		Mar - 13	Dec - 12	Mar - 12	3 months Ago	1 year ago
All Divisions - All items	1000.0	102.3	102.5	100.9	-0.1	1.4
01 Food & Non Alcoholic Beverage	79.6	120.1	119.0	116.3	0.9	3.3
Bread & cereals	9.9	115.8	117.0	113.5	-1.0	2.0
Meat & meat products	10.4	121.1	119.0	117.4	1.7	3.1
Fish & seafood	4.2	119.7	120.4	120.5	-0.7	-0.7
Milk, cheese & egg	8.3	117.3	115.5	112.9	1.6	3.9
Oils & fats	2.0	111.0	110.0	109.4	1.0	1.5
Fruits	6.7	135.1	133.7	128.1	1.0	5.4
Vegetables	8.6	128.4	125.1	118.6	2.6	8.3
Sugars, jam, honey, chocolate & confectionery	5.5	120.4	120.8	117.8	-0.3	2.2
Food products n.e.c.	5.6	115.7	115.0	112.7	0.5	2.7
Coffee, tea & cocoa	1.6	114.0	110.8	106.2	2.9	7.4
Mineral water, soft drinks, fruit & vegetable juices	16.9	116.2	115.3	114.3	0.7	1.6
02 Alcohol and Tobacco	6.5	131.8	131.6	115.6	0.2	14.0
Alcohol	5.6	114.1	113.9	108.3	0.3	5.4
Tobacco	0.9	246.3	246.3	162.8	0.0	51.3
03 Clothing and Footwear	34.3	112.5	110.6	103.8	1.6	8.3
Clothing	29.5	111.5	109.5	102.3	1.8	9.0
Footwear	4.8	118.3	117.6	113.1	0.6	4.6
04 Housing and Utilities	394.4	89.4	91.5	90.0	-2.3	-0.6
Actual rentals for housing	78.7	77.9	79.6	79.8	-2.2	-2.4
Imputed rentals for owner-occupied housing	223.4	83.3	83.3	84.0	0.0	-0.8
Maintenance and repair of dwelling	28.5	120.7	120.4	119.2	0.2	1.2
Water supply and miscellaneous services	16.4	114.8	116.8	114.8	-1.7	0.1
Electricity, gas and other fuels	47.3	109.8	123.7	109.0	-11.2	0.8
05 Household Equipment	56.4	110.2	104.3	102.9	5.7	7.0
Furniture and furnishings	5.7	105.4	104.6	102.6	0.8	2.8
Household textiles	1.1	114.9	113.3	114.1	1.5	0.7
Household appliances	2.8	103.0	102.8	105.5	0.2	-2.4
Glassware, tableware and household utensils	2.8	131.7	131.6	138.4	0.0	-4.9
Tools and equipment for house and garden	1.5	93.2	92.5	89.9	0.8	3.7
Goods and services for routine household maintenance	42.4	110.4	102.7	100.7	7.5	9.6
06 Health	24.2	102.1	101.9	100.5	0.2	1.6
Medical products, appliances and equipment	5.0	105.7	104.5	105.7	1.1	0.0
Outpatient services	17.9	100.2	100.2	98.3	0.0	1.9
Hospital services	1.4	114.3	114.3	110.9	0.0	3.1
07 Transport	96.1	113.1	114.2	111.8	-1.0	1.1
Purchase of vehicles	6.1	113.1	112.9	109.9	0.2	3.0
Operations of personal transport equipment	57.4	119.9	120.2	114.9	-0.2	4.3
Transport services	32.6	101.1	104.0	106.7	-2.8	-5.3
08 Communication	69.7	104.0	104.0	104.4	0.0	-0.3
Postal services	0.5	95.3	95.3	94.8	0.0	0.6
Telephone & telefax equipment	0.3	100.0	90.0	100.0	11.1	0.0
Telephone & telefax services	68.9	104.1	104.1	104.5	0.0	-0.3
09 Recreation and Culture	40.5	96.6	96.4	98.1	0.2	-1.5
Audio-visual, photographic and information processing equipment	4.2	68.9	74.3	77.8	-7.2	-11.4
Other major durables for recreation and culture	3.4	93.0	89.0	90.5	4.5	2.8
Other recreational items and equipment, gardens and pets	10.5	112.5	112.2	106.1	0.2	6.0
Recreational & cultural services	17.6	92.8	92.8	99.2	0.0	-6.4
Newspapers, books and stationery	4.8	102.3	99.5	99.5	2.8	2.8
10 Education	27.9	106.4	106.4	105.4	0.0	1.0
Pre-primary and primary education	16.1	108.9	108.9	107.7	0.0	1.1
Secondary education	2.4	114.8	114.8	111.2	0.0	3.3
Tertiary education	9.4	100.0	100.0	100.0	0.0	0.0
11 Restaurants and Hotels	40.2	116.9	110.1	117.8	6.2	-0.8
Catering Services	33.8	113.1	112.9	118.2	0.2	-4.3
Accommodation Services	6.4	137.6	95.1	116.2	44.7	18.4
12 Miscellaneous Goods and Services	130.2	110.8	110.6	107.3	0.2	3.3
Personal care	26.5	113.5	114.4	111.0	-0.8	2.3
Personal effects n.e.c.	7.7	136.8	136.8	117.8	0.0	16.1
Social protection	8.4	103.2	103.2	103.2	0.0	0.0
Insurance	74.8	107.9	107.1	104.4	0.7	3.4
Financial services n.e.c.	0.5	91.8	91.8	91.8	0.0	0.0
Other services n.e.c.	12.2	112.6	113.4	114.0	-0.7	-1.2

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	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
% CHANGE PREV YEAR	3.3	14.0	8.3	-0.6	7.0	1.6	1.1	-0.3	-1.5	1.0	-0.8	3.3	1.4
% CHANGE PREV QTR	0.9	0.2	1.6	-2.3	5.7	0.2	-1.0	0.0	0.2	0.0	6.2	0.2	-0.1

TABLE 5: AVERAGE PRICES OF SELECTED ITEMS
Quarter Ending March 2013

Item	Quantity	Average Prices (C/\$)		
		Mar-12	Dec-12	Mar-13
Loaf - Harddough	2 lb	3.57	3.61	3.61
Long Grain Rice	5 lb	2.51	2.51	2.51
Cornflakes (original)	24 oz	4.96	4.99	5.02
Stew Beef	per lb	4.09	3.91	4.12
Bacon	12 oz	4.38	4.29	4.29
Snapper Fillets (frozen)	per lb	10.06	9.91	9.32
Canned Tuna in water	6 oz	1.54	1.64	1.72
Eggs (Grade A Large)	1 doz	2.80	2.72	2.64
Margarine -Shedds Spread	45 oz	5.71	5.94	5.94
Fresh Milk (McArthur - Regular Vitamin D)	1 gal	6.16	6.39	6.36
Evaporated milk (Nestle Carnation)	14 oz	1.46	1.42	1.42
Vegetable Oil	24 oz	4.29	4.26	4.26
Plantain	per lb	1.00	1.07	1.06
Potatoes - Irish	per lb	0.99	0.93	0.94
Lettuce - Iceburg	each	2.02	2.37	2.50
Potatoes - Sweet	per lb	2.21	2.45	2.36
Tomatoes - Slicing	per lb	2.67	2.72	2.63
Ripe Bananas	per lb	0.97	1.00	0.99
Apple - Golden Delicious	per lb	2.27	2.51	2.49
Grapes - Red-Seedless	per lb	3.73	4.25	4.55
Tea (Lipton - Decaffienated)	48 bags	3.81	3.81	3.81
Coffee - Instant -Classic Roast - Bottle	8 oz	7.07	7.12	7.49
Soda	12 oz	0.68	0.73	0.73
Sugar - Light Brown (Bag)	2 lb	2.01	2.38	2.26
Corned Beef - regular	340 g	3.74	3.92	3.96
Iodized Salt	26 oz	0.92	0.92	0.98
Petrol - Regular Full Service	per gal	5.48	5.76	5.63
Petrol - Premium Full Service	per gal	5.58	5.87	5.76
Diesel - Full Service	per gal	5.57	5.82	5.77

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:

Divisions	Items
1 Food and non-alcoholic beverages	477
2 Alcoholic beverages & tobacco	56
3 Clothing & Footwear	137
4 Housing and Utilities	67
5 Household Equipment	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	99
Grand Total	1396

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:

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

Where n = number of products in the basket with prices p_i and quantities q_i

0 = base period when index =100

t = later period being compared

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:

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

q= implicit quantity purchased by households in the HBS period.

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