

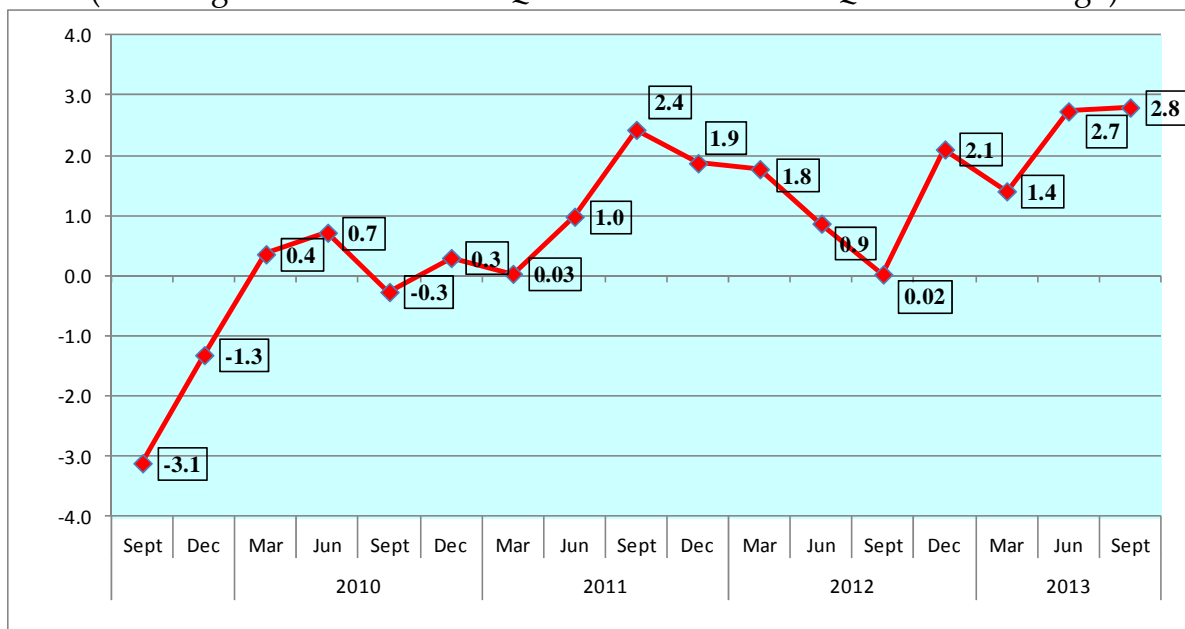


THE CAYMAN ISLANDS' CONSUMER PRICE INDEX REPORT: SEPTEMBER 2013 (Date of release: November 25, 2013)

CPI Rises by 2.8 % in September 2013 Compared to September 2012

The overall Consumer Price Index (CPI) was **103.7** in September 2013. This represents an increase of 2.8 percent in comparison to September 2012 as price adjustments were recorded for a number of consumer items, led by tobacco products, miscellaneous goods and services (particularly personal effects such as handbags and health insurance), hotel accommodation services and education services.

Figure 1: Inflation: September 2009 - September 2013
(% Change in CPI of Current Quarter over the Same Quarter a Year Ago)



Annual changes: September 2013 compared to September 2012

The 2.8 percent for the annual inflation rate resulted from the price changes in the following divisions:

- **Alcohol and tobacco:** this price index rose by 13.2 percent, as the average price of tobacco products increased by 49.2 percent resulting from the 100 percent increase in duty that took effect in September 2012. Prices of alcoholic beverages recorded a 4.7 percent rise.

- **Miscellaneous goods and services:** this division recorded an inflation rate of **10.1** percent, largely the result of the 22.0 percent increase in personal effects not elsewhere classified and the 15.2 percent increase in insurance. Among the personal effects, handbags led with a steep increase in prices (41.3%). Health insurance showed a sharp increase (59.6%) from a year ago, as premiums were adjusted in view of higher benefits and the contribution towards an indigent fund.
- **Restaurants and hotels:** there was an increase of **7.6** percent in the index for this division as accommodation services rose by 15.2 percent. The latter may be associated with a rise in demand from air arrivals; the latest available data on this indicator from the Department of Tourism shows a 4.0 percent increase in July 2013. Catering services also rose by 6.6 percent.
- **Education:** the index for this division rose by **6.2** percent as tuition fees for tertiary education moved upward by 12.5 percent. Pre-primary and primary education and secondary education also recorded increases of 3.3 and 3.1 percent respectively.
- **Household equipment:** the price index increased by **5.2** percent due to price changes for goods and services for routine household maintenance (7.3%), furniture and furnishings (0.7 %) and household appliances (0.5%).
- **Transport:** this division's index recorded an increase of **4.5** percent, resulting from higher costs for the purchase of vehicles (2.4%), operational cost for personal transport equipment (5.5%) and for transport services (2.9%). Among the items that recorded increases were tires, petrol, washing of motor vehicles, and some airfares.
- **Clothing and footwear:** this division rose by **4.0** percent from the combined increases in the average price of clothing (3.9%) and footwear (4.8%).
- **Food and non-alcoholic beverages:** this recorded an upward movement of **3.0** percent as all groups rose except for fish and seafood which recorded a 2.4 percent fall. The increase was led by vegetables (5.1%), food products n.e.c. (5.0%), meat and meat products (4.2%), milk, cheese and egg (3.8%) and sugars, jam, honey, chocolate and confectionery (3.5%).
- **Communication:** there was an increase of **1.2** percent in the index for this division following a 6.1 percent rise in the prices for telephone and telefax equipment as well as a 1.2 percent upward movement in telephone and telefax services.
- **Health:** this price index was higher by **0.5** percent and was driven by the 2.7 percent rise for medical products, appliances and equipment.

Meanwhile, the following major categories trended downwards:

- **Housing & utilities:** the price index for this division fell **1.4** percent below the level a year ago, contributed by further slides in actual rentals for housing (-2.2%), imputed rentals for owner-occupied housing (-3.2%) and maintenance and repair of dwelling (-1.0%). However, other items in this division recorded increases. These included electricity, gas and other fuels (4.7%) and water supply and miscellaneous services (0.1%).
- **Recreation and culture:** the index recorded a **0.1** percent decline as a result of a 3.6 percent reduction in the cost of audio-visual, photographic and information processing equipment, and a 3.8 percent decrease for other major durables for recreation and culture. However, there were price increases which tempered the movement such as the 0.9 percent for other recreational items and equipment, gardens and pets; 0.1 percent for recreational and cultural services; and newspapers, books and stationery up by 1.8 percent.

Quarterly changes: September 2013 compared to June 2013

Declines in the index for the following divisions resulted in the CPI recording a downward movement of 0.5 percent from the previous quarter:

- **Miscellaneous goods and services:** this index fell by **2.5** percent. Insurance and the cost of personal care items fell by 4.9 and 1.5 percent respectively during the quarter under review. However, there was an increase of 7.5 percent in the index for personal effects not elsewhere classified.
- **Housing and utilities:** there was a **2.0** percent decline in this index. There were price reductions for imputed rentals for owner occupied housing (-3.2%), maintenance and repair of dwelling (-1.3%), electricity, gas and other fuels (-1.2%) and water supply and miscellaneous services (-0.9%). There was, however, no movement in the index for actual rentals for housing.
- **Communication:** the price index for this division fell by **0.1** percent largely the result of a 0.1 percent decrease in the price of telephone and telefax services. No movement was recorded in the index for telephone and telefax equipment and postal services.
- **Alcohol and tobacco:** as a result of a **0.1** percent fall in the price of tobacco, the index for the division fell by a similar 0.1 percent. Alcohol prices remained stable.

Increases were recorded in most divisions as summarized below:

- **Restaurants and hotels:** the index moved upward by **5.9** percent resulting mainly from the 6.1 percent rise in catering services. The average cost of accommodation services rose by 4.2 percent.
- **Clothing and footwear:** this division's index rose by **3.0** percent resulting from adjustments in clothing prices (2.8%) and footwear (3.8%).

- **Education:** this went up by **2.1** percent, following a 3.3 percent tuition fee adjustment for pre-primary and primary education and a 3.1 percent increase for secondary education. The cost of tertiary education was unchanged during this quarter.
- **Transport:** the index rose by **0.8** percent as the average purchase price of vehicles moved up by 5.4 percent; operations of personal transport equipment by 0.6 percent; and transport services by 0.3 percent.
- **Food and non-alcoholic beverage:** the overall division index recorded a **0.7** percent increase. The main contributors to this movement were bread and cereals (1.4%); meat and meat products (1.7%), fish and seafood (0.6%); milk, cheese and egg (1.2%), vegetables (1.7%); sugars, jam, honey, chocolate and confectionery (0.3%); food products n.e.c. (3.2%); coffee, tea and cocoa (0.4%) and mineral water, soft drinks, fruit and vegetable juices (1.1%). However, oils and fats and fruits recorded declines of 1.0 and 4.6 percent respectively.
- **Health:** this index registered an upward movement of **0.3** percent as the average price of medical products, appliances and equipment rose by 1.4 percent. Meanwhile, average prices for hospital and outpatient services were unchanged.
- **Recreation and culture:** this division recorded a **0.2** percent inflation rate following a 0.3 percent increase in the average price of other recreational items & equipment, gardens and pets and recreational & cultural services. Newspapers, books and stationery went up by 0.2%. The increases were tempered by the 0.5 percent reduction in the index for audio-visual, photographic and information processing equipment.
- **Household equipment:** the price index recorded a 0.1 percent increase, which is traced primarily to the 1.6 percent increase in the indices for household textiles, and tools and equipment for house and garden.

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

Table 2
CAYMAN ISLANDS CONSUMER PRICE INDEX
ANNUAL AVERAGES 1995 TO 2011
 (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 - THIRD QUARTER 2013

Major Group	Weight	Index			Percentage Change	
		Sept - 13	Jun - 13	Sept - 12	3 months Ago	1 year ago
All Divisions - All items	1000.0	103.7	104.2	100.8	-0.5	2.8
01 Food & Non Alcoholic Beverage	79.6	121.9	121.0	118.3	0.7	3.0
Bread & cereals	9.9	117.8	116.2	116.5	1.4	1.1
Meat & meat products	10.4	123.6	121.5	118.6	1.7	4.2
Fish & seafood	4.2	121.2	120.5	124.2	0.6	-2.4
Milk, cheese & egg	8.3	118.6	117.2	114.2	1.2	3.8
Oils & fats	2.0	109.4	110.6	109.2	-1.0	0.2
Fruits	6.7	132.6	138.9	128.9	-4.6	2.8
Vegetables	8.6	132.5	130.3	126.1	1.7	5.1
Sugars, jam, honey, chocolate & confectionery	5.5	123.6	123.2	119.4	0.3	3.5
Food products n.e.c.	5.6	119.2	115.5	113.5	3.2	5.0
Coffee, tea & cocoa	1.6	111.3	110.9	110.7	0.4	0.6
Mineral water, soft drinks, fruit & vegetable juices	16.9	118.1	116.8	114.7	1.1	2.9
02 Alcohol and Tobacco	6.5	131.5	131.6	116.2	-0.1	13.2
Alcohol	5.6	113.8	113.9	108.7	0.0	4.7
Tobacco	0.9	246.0	246.3	164.8	-0.1	49.2
03 Clothing and Footwear	34.3	114.5	111.2	110.0	3.0	4.0
Clothing	29.5	113.2	110.1	109.0	2.8	3.9
Footwear	4.8	122.4	117.9	116.7	3.8	4.8
04 Housing and Utilities	394.4	88.4	90.2	89.7	-2.0	-1.4
Actual rentals for housing	78.7	77.9	77.9	79.6	0.0	-2.2
Imputed rentals for owner-occupied housing	223.4	80.6	83.3	83.3	-3.2	-3.2
Maintenance and repair of dwelling	28.5	117.4	118.9	118.6	-1.3	-1.0
Water supply and miscellaneous services	16.4	113.1	114.2	113.0	-0.9	0.1
Electricity, gas and other fuels	47.3	116.2	117.7	111.0	-1.2	4.7
05 Household Equipment	56.4	110.0	109.8	104.6	0.1	5.2
Furniture and furnishings	5.7	105.5	105.4	104.8	0.1	0.7
Household textiles	1.1	117.5	115.7	118.3	1.6	-0.6
Household appliances	2.8	103.3	102.9	102.8	0.4	0.5
Glassware, tableware and household utensils	2.8	127.9	127.9	134.7	0.0	-5.0
Tools and equipment for house and garden	1.5	91.5	90.1	92.6	1.6	-1.2
Goods and services for routine household maintenance	42.4	110.3	110.2	102.7	0.1	7.3
06 Health	24.2	102.4	102.1	101.8	0.3	0.5
Medical products, appliances and equipment	5.0	106.9	105.5	104.1	1.4	2.7
Outpatient services	17.9	100.1	100.1	100.2	0.0	0.0
Hospital services	1.4	114.3	114.3	114.3	0.0	0.0
07 Transport	96.1	115.3	114.4	110.4	0.8	4.5
Purchase of vehicles	6.1	115.4	109.5	112.7	5.4	2.4
Operations of personal transport equipment	57.4	121.1	120.4	114.8	0.6	5.5
Transport services	32.6	105.2	104.9	102.2	0.3	2.9
08 Communication	69.7	104.8	104.9	103.6	-0.1	1.2
Postal services	0.5	95.3	95.3	95.3	0.0	0.0
Telephone & telefax equipment	0.3	106.0	106.0	100.0	0.0	6.1
Telephone & telefax services	68.9	104.9	105.0	103.7	-0.1	1.2
09 Recreation and Culture	40.5	96.8	96.6	96.9	0.2	-0.1
Audio-visual, photographic and information processing equipment	4.2	72.9	73.2	75.7	-0.5	-3.6
Other major durables for recreation and culture	3.4	90.1	90.1	93.7	0.0	-3.8
Other recreational items and equipment, gardens and pets	10.5	112.8	112.5	111.8	0.3	0.9
Recreational & cultural services	17.6	93.1	92.8	93.0	0.3	0.1
Newspapers, books and stationery	4.8	101.3	101.0	99.5	0.2	1.8
10 Education	27.9	113.0	110.6	106.4	2.1	6.2
Pre-primary and primary education	16.1	112.5	108.9	108.9	3.3	3.3
Secondary education	2.4	118.4	114.8	114.8	3.1	3.1
Tertiary education	9.4	112.5	112.5	100.0	0.0	12.5
11 Restaurants and Hotels	40.2	116.1	109.7	108.0	5.9	7.6
Catering Services	33.8	120.7	113.7	113.3	6.1	6.6
Accommodation Services	6.4	91.9	88.2	79.7	4.2	15.2
12 Miscellaneous Goods and Services	130.2	119.2	122.3	108.3	-2.5	10.1
Personal care	26.5	111.9	113.6	112.2	-1.5	-0.2
Personal effects n.e.c.	7.7	147.1	136.8	120.5	7.5	22.0
Social protection	8.4	104.8	103.2	103.2	1.6	1.6
Insurance	74.8	121.6	127.8	105.5	-4.9	15.2
Financial services n.e.c.	0.5	91.8	91.8	91.8	0.0	0.0
Other services n.e.c.	12.2	113.7	112.6	113.4	0.9	0.2

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
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
% CHANGE PREV YEAR	3.7	13.3	4.5	-0.4	6.5	1.6	0.4	1.3	-2.0	5.0	-4.2	13.5	2.7
% CHANGE PREV QTR	0.8	-0.2	-1.1	0.9	-0.3	-0.1	1.2	0.8	0.1	4.0	-6.2	10.3	1.8

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

Item	Quantity	Average Prices (C/\$)		
		Sept-12	June-13	Sept-13
Loaf - Harddough	2 lb	3.61	3.54	3.64
Long Grain Rice	5 lb	2.51	2.51	2.51
Cornflakes (original)	24 oz	4.92	5.02	5.39
Stew Beef	per lb	3.93	4.14	4.04
Bacon	12 oz	4.24	4.32	4.32
Snapper Fillets (frozen)	per lb	10.52	9.88	9.99
Canned Tuna in water	6 oz	1.64	1.72	1.76
Eggs (Grade A Large)	1 doz	2.52	2.58	2.64
Margarine -Shedds Spread	45 oz	5.94	5.94	5.94
Fresh Milk (McArthur - Regular Vitamin D)	1 gal	6.19	6.36	6.41
Evaporated milk (Nestle Carnation)	14 oz	1.36	1.46	1.59
Vegetable Oil	24 oz	4.26	4.26	4.26
Plantain	per lb	1.05	1.01	0.98
Potatoes - Irish	per lb	0.94	0.94	1.16
Lettuce - Iceburg	each	2.50	2.34	2.35
Sweet Potatoes	per lb	2.49	2.61	2.48
Tomatoes - Slicing	per lb	2.68	2.85	2.91
Bananas - Ripe	per lb	0.99	0.98	0.92
Apple - Golden Delicious	per lb	2.49	2.52	2.48
Grapes - Red Seedless	per lb	3.92	4.13	3.08
Tea (Lipton Decaffeinated)	48 bags	3.81	3.81	3.81
Coffee - Instant -Classic Roast - Bottle	8 oz	7.09	6.72	6.72
Soda	12 oz	0.73	0.78	0.78
Sugar - Light Brown (Bag)	2 lb	2.38	2.09	2.09
Corned Beef - regular	340 g	3.74	3.96	3.99
Iodized Salt	26 oz	0.92	0.91	0.91
Petrol - Regular Full Service	per gal	5.52	5.63	5.73
Petrol - Premium Full Service	per gal	5.67	5.76	5.84
Diesel - Full Service	per gal	5.67	5.77	5.76

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, PLo, is defined as follows²:

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

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

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

$p = [p_1, p_2, \dots, p_n]$ 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**.

² Ibid , p.3