



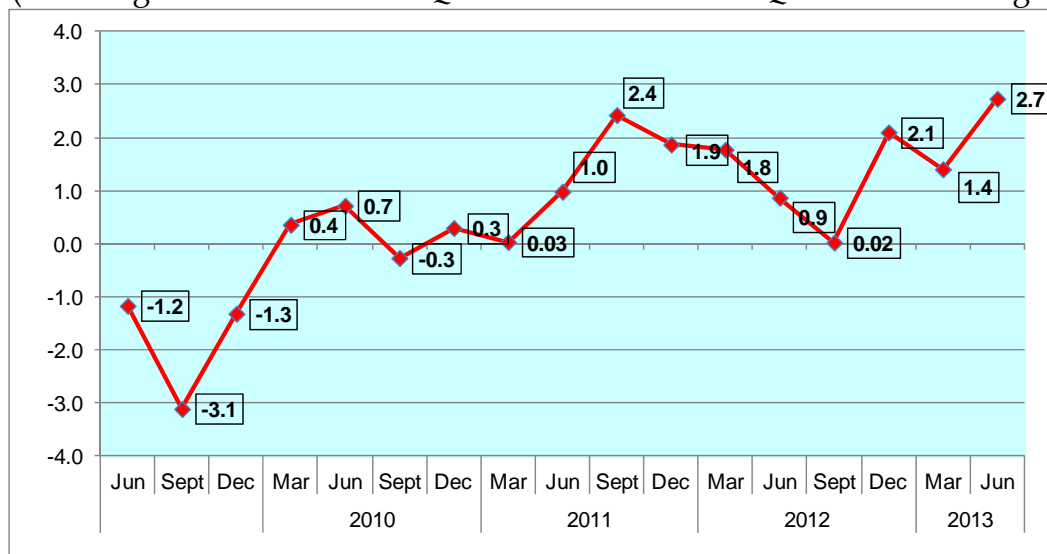
THE CAYMAN ISLANDS' CONSUMER PRICE INDEX REPORT: JUNE 2013 (Date of release: 8th August 2013)

CPI Rises by 2.7 % in June 2013 compared to June 2012

The overall Consumer Price Index (CPI) stood at **104.2** in June 2013, an increase of 2.7 percent in comparison to June 2012 as a result primarily of price adjustments for health insurance, tertiary education for non-Caymanians, and tobacco products.

Figure 1: Inflation: June 2009 - June 2013

(% Change in CPI of Current Quarter Over the Same Quarter A Year Ago)



Annual changes: June 2013 compared to June 2012

The annual inflation rate of 2.7 percent resulted from the price changes in the following divisions:

- **Miscellaneous goods and services:** this recorded an inflation rate of 13.5 percent which was largely the result of the 21.8 percent increase in insurance cost. The latter is traced mainly to health insurance premiums which rose due to higher benefits and the introduction of payment towards an indigent fund. Personal effects not elsewhere classified also moved upwards by 16.1 percent.

- **Alcohol and tobacco:** this price index rose by **13.3** percent, as the average price of tobacco products increased by 49.9 percent resulting from the higher duty that took effect in September 2012. Prices of alcoholic beverages also rose 4.7 percent.
- **Household equipment:** this marked an inflation rate of **6.5** percent, mainly due to price changes for goods and services for routine household maintenance (9.5%).
- **Education:** the index for this division moved upward by **5.0** percent as tuition fees for tertiary education of non-Caymanian students in one university rose in March 2013.
- **Clothing and footwear:** this rose by **4.5** percent from the combined increases in the average price of clothing (4.6%) and footwear (3.7%).
- **Food and non-alcoholic beverages:** this index went up by **3.7** percent as all groups recorded price increases except for fish. The increase was led by vegetables (9.7%), fruits (8.8%), meat and meat products (4.2%), milk, cheese and egg (4.1%) and coffee, tea and cocoa (3.3%).
- **Health:** the price index increased by **1.6** percent due to price changes for hospital and outpatient services of 3.0 percent and 1.9 percent respectively.
- **Communication:** there was a **1.3** percent rise in the index for this division. The cheapest models of mobile handset were costlier, pushing the price index for telephone and telefax equipment by 6.1 percent. In addition, the average cost of telephone and telefax services was higher by 1.3 percent.
- **Transport:** this division recorded an increase of **0.4** percent, resulting from higher operational cost for personal transport equipment (2.1%) and for vehicle purchases (1.7%). These were partially offset by a decline in transport services cost (-3.3%) which is traced to lower airline ticket prices.

Meanwhile, the following major categories trended downwards:

- **Recreation and culture:** the index fell by 2.0 percent arising from a 9.1 percent decline in the cost of audio-visual, photographic and information processing equipment, and a 6.3 percent decrease for recreational and cultural services.
- **Restaurants and hotels:** this division was lower by 4.2 percent, driven by price adjustments for catering services (-4.2%) and accommodation services (-4.6%).
- **Housing & utilities:** the overall price index was 0.4 percent below the level a year ago, contributed by further slides in actual rentals for housing (-2.4%) and imputed rentals for owner-occupied housing (-0.8%). However, other items in this division showed modest uptrends such as electricity, gas and other fuels (up by 2.8%).

Quarterly changes: June 2013 compared to March 2013

Increases in most divisions as summarized below resulted in the CPI recording a 1.8 percent adjustment from the previous quarter:

- **Miscellaneous goods and services:** this index was 10.3 percent higher. Insurance rose sharply by 18.4 percent on the back of higher health insurance premiums. The rest of the items in this division had relatively stable prices or marginal movement.
- **Education:** this rose by 4.0 percent, resulting from a 12.5 percent tuition fee adjustment for tertiary education applied to non-Caymanian students in one university.
- **Transport:** the index rose by 1.2 percent as the average cost of transport services moved up by 3.8 percent. In contrast, average purchase price of vehicles went down by 3.2 percent.
- **Housing and utilities:** there was a 0.9 percent increase in this index despite the price reductions for maintenance and repair of dwelling (-1.5%) and water supply and miscellaneous services (-0.6%). The main contributor to the upward movement was the 7.1 percent increase for electricity, gas and other fuels.
- **Food and non-alcoholic beverage:** the overall division index recorded a 0.8 percent increase contributed by a few items led by fruits (2.9%); sugars, jam, honey, chocolate and confectionery (2.4%); vegetables (1.5%); mineral water, soft drinks, fruit and vegetable juices (0.6%); meat and meat products (0.4%); and bread and cereals (0.3%).
- **Communication:** the price index rose by 0.8 percent largely as a result of a 6.1 percent increase in telephone and telefax equipment. A modest increase (0.8%) was recorded for telephone and telefax services.
- **Recreation and culture:** this rose by 0.1 percent as the average price of audio-visual, photographic and information processing equipment went up by 6.2 percent. The impact of this increase was tempered by the reductions for other major durables for recreation and cultural services (down by 3.1%) and newspapers, books and stationery (also down by 1.2%).

The following divisions had declines in their respective index compared to March 2013:

- **Restaurants and hotels:** the index moved downward by 6.2 percent resulting mainly from a sharp change in accommodation rates (-35.9%). The average cost of catering services rose by 0.6 percent.
- **Clothing and footwear:** this went down by 1.1 percent resulting from adjustments in clothing prices (-1.3%) and footwear (-0.3%).

- **Household equipment:** the division index recorded a **0.3** percent decline which was largely attributable to tools and equipment for house and garden (-3.4%), glassware, tableware and household utensils (-2.8%).
- **Health:** this index had a downward movement of **0.1** percent as the average price of medical products, appliances and equipment fell by 0.2 percent. Meanwhile, average prices for hospital and outpatient services were unchanged.
- **Alcohol and tobacco:** as a result of a 0.2 percent fall in the price of alcohol, the division index fell by a similar 0.2 percent. Tobacco prices were unchanged.

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
	June	104.2	1.8	2.7

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 - SECOND QUARTER 2013

Major Group	Weight	Index			Percentage Change	
		Jun - 13	Mar - 13	Jun - 12	3 months Ago	1 year ago
All Divisions - All items	1000.0	104.2	102.3	101.4	1.8	2.7
01 Food & Non Alcoholic Beverage	79.6	121.0	120.1	116.7	0.8	3.7
Bread & cereals	9.9	116.2	115.8	115.0	0.3	1.0
Meat & meat products	10.4	121.5	121.1	116.6	0.4	4.2
Fish & seafood	4.2	120.5	119.7	121.7	0.7	-1.0
Milk, cheese & egg	8.3	117.2	117.3	112.6	-0.1	4.1
Oils & fats	2.0	110.6	111.0	109.2	-0.4	1.3
Fruits	6.7	138.9	135.1	127.7	2.9	8.8
Vegetables	8.6	130.3	128.4	118.8	1.5	9.7
Sugars, jam, honey, chocolate & confectionery	5.5	123.2	120.4	119.2	2.4	3.4
Food products n.e.c.	5.6	115.5	115.7	112.9	-0.2	2.3
Coffee, tea & cocoa	1.6	110.9	114.0	107.3	-2.8	3.3
Mineral water, soft drinks, fruit & vegetable juices	16.9	116.8	116.2	115.4	0.6	1.3
02 Alcohol and Tobacco	6.5	131.6	131.8	116.2	-0.2	13.3
Alcohol	5.6	113.9	114.1	108.7	-0.2	4.7
Tobacco	0.9	246.3	246.3	164.3	0.0	49.9
03 Clothing and Footwear	34.3	111.2	112.5	106.4	-1.1	4.5
Clothing	29.5	110.1	111.5	105.3	-1.3	4.6
Footwear	4.8	117.9	118.3	113.7	-0.3	3.7
04 Housing and Utilities	394.4	90.2	89.4	90.5	0.9	-0.4
Actual rentals for housing	78.7	77.9	77.9	79.8	0.0	-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	118.9	120.7	119.2	-1.5	-0.3
Water supply and miscellaneous services	16.4	114.2	114.8	112.6	-0.6	1.4
Electricity, gas and other fuels	47.3	117.7	109.8	114.5	7.1	2.8
05 Household Equipment	56.4	109.8	110.2	103.1	-0.3	6.5
Furniture and furnishings	5.7	105.4	105.4	103.4	-0.1	1.9
Household textiles	1.1	115.7	114.9	114.4	0.7	1.1
Household appliances	2.8	102.9	103.0	105.5	-0.1	-2.5
Glassware, tableware and household utensils	2.8	127.9	131.7	139.9	-2.8	-8.6
Tools and equipment for house and garden	1.5	90.1	93.2	89.9	-3.4	0.2
Goods and services for routine household maintenance	42.4	110.2	110.4	100.6	-0.1	9.5
06 Health	24.2	102.1	102.1	100.4	-0.1	1.6
Medical products, appliances and equipment	5.0	105.5	105.7	105.2	-0.2	0.3
Outpatient services	17.9	100.1	100.2	98.3	0.0	1.9
Hospital services	1.4	114.3	114.3	110.9	0.0	3.0
07 Transport	96.1	114.4	113.1	114.0	1.2	0.4
Purchase of vehicles	6.1	109.5	113.1	107.7	-3.2	1.7
Operations of personal transport equipment	57.4	120.4	119.9	117.8	0.4	2.1
Transport services	32.6	104.9	101.1	108.4	3.8	-3.3
08 Communication	69.7	104.9	104.0	103.6	0.8	1.3
Postal services	0.5	95.3	95.3	94.8	0.0	0.6
Telephone & telefax equipment	0.3	106.0	100.0	100.0	6.1	6.1
Telephone & telefax services	68.9	105.0	104.1	103.7	0.8	1.3
09 Recreation and Culture	40.5	96.6	96.6	98.6	0.1	-2.0
Audio-visual, photographic and information processing equipment	4.2	73.2	68.9	80.6	6.2	-9.1
Other major durables for recreation and culture	3.4	90.1	93.0	90.9	-3.1	-0.8
Other recreational items and equipment, gardens and pets	10.5	112.5	112.5	107.2	0.0	4.9
Recreational & cultural services	17.6	92.8	92.8	99.1	0.0	-6.3
Newspapers, books and stationery	4.8	101.0	102.3	99.5	-1.2	1.6
10 Education	27.9	110.6	106.4	105.4	4.0	5.0
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	112.5	100.0	100.0	12.5	12.5
11 Restaurants and Hotels	40.2	109.7	116.9	114.5	-6.2	-4.2
Catering Services	33.8	113.7	113.1	118.7	0.6	-4.2
Accommodation Services	6.4	88.2	137.6	92.4	-35.9	-4.6
12 Miscellaneous Goods and Services	130.2	122.3	110.8	107.7	10.3	13.5
Personal care	26.5	113.6	113.5	111.6	0.1	1.9
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	127.8	107.9	105.0	18.4	21.8
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	112.6	114.0	0.0	-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
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
% 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 June 2013

Item	Quantity	Average Prices (C\$)		
		June-12	Mar-13	June-13
Loaf - Harddough	2 lb	3.61	3.61	3.54
Long Grain Rice	5 lb	2.51	2.51	2.51
Cornflakes (original)	24 oz	4.92	5.02	5.02
Stew Beef	per lb	4.07	4.12	4.14
Bacon	12 oz	4.24	4.29	4.32
Snapper Fillets (frozen)	per lb	10.26	9.32	9.88
Canned Tuna in water	6 oz	1.61	1.72	1.72
Eggs (Grade A Large)	1 doz	2.41	2.64	2.58
Margarine -Shedds Spread	45 oz	5.94	5.94	5.94
Fresh Milk (McArthur - Regular Vitamin D)	1 gal	6.16	6.36	6.36
Evaporated milk (Nestle Carnation)	14 oz	1.32	1.42	1.46
Vegetable Oil	24 oz	4.36	4.26	4.26
Plantain	per lb	1.01	1.06	1.01
Potatoes - Irish	per lb	0.98	0.94	0.94
Lettuce - Iceburg	each	2.42	2.50	2.34
Sweet Potatoes	per lb	2.41	2.36	2.61
Tomatoes - Slicing	per lb	2.33	2.63	2.85
Bananas - Ripe	per lb	0.98	0.99	0.98
Apple - Golden Delicious	per lb	2.41	2.49	2.52
Grapes - Red Seedless	per lb	4.28	4.55	4.13
Tea (Lipton Decaffeinated)	48 bags	3.81	3.81	3.81
Coffee - Instant -Classic Roast - Bottle	8 oz	7.09	7.49	6.72
Soda	12 oz	0.70	0.73	0.78
Sugar - Light Brown (Bag)	2 lb	2.38	2.26	2.09
Corned Beef - regular	340 g	3.73	3.96	3.96
Iodized Salt	26 oz	0.92	0.98	0.91
Petrol - Regular Full Service	per gal	5.82	5.63	5.63
Petrol - Premium Full Service	per gal	5.92	5.76	5.76
Diesel - Full Service	per gal	5.88	5.77	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, PLo, 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, . . . , pn] 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