



Cayman Islands Government



The Economics and Statistics Office
Portfolio of Finance and Economics

CAYMAN ISLANDS' CONSUMER PRICE REPORT: March 2008

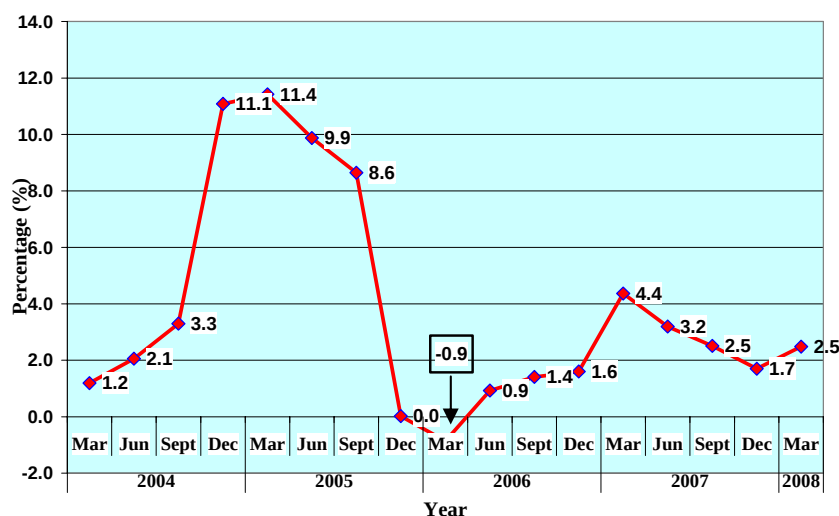
(Date: June 27, 2008)

Consumer Price Index (CPI) Increased by 2.5% in March 2008

The Consumer Price Index (CPI) stood at **150.9** in March 2008, up by **2.5** percent in comparison to March 2007, due to increases in the average prices of all major groups, led by household equipment (6.2%), clothing (5.2%) and education and medical (4.0%).

Figure 1: Inflation Rates

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



The first quarter 2008 CPI increased by **2.6** percent compared to the December 2007 CPI as a result of increases in the price indices of all categories except household equipment.

Annual changes

The upward movement of the CPI in the first quarter of 2008 compared to the CPI in the same quarter of 2007 was due to the following:

- Household equipment:** this price index moved up by **6.2** percent, mainly due to increases in the average price of furniture and floor coverings (11.9%) and other household equipment (3.7%). The former was due to the average price of furniture (up by 19.1%) while the latter was due to cleaning materials of household equipment (up by 7.2%).

- **Clothing:** the clothing price index rose by **5.2** percent compared to March 2007, due to a sharp increase in the average price of boys' and girls' clothing (15.3%) and men's and women's clothing (5.7%). On the other hand, average prices declined for other clothing (-8.3%) and footwear (-1.1%).
- **Education and medical:** this price index rose by **4.0** percent as a result of higher average cost of both medical care (5.2%) and education (3.1%). For medical care, increases in average fees were noted for visits to doctors, dentists and opticians (6.3%). Meanwhile, the higher index for education was primarily caused by tuition for school and college (up by 3.0%) and books and newspapers (up by 5.6%).
- **Transportation and communication:** this price index moved up by **3.9** percent as the average cost for travel and household vehicles rose by 9.4 percent and 4.1 percent respectively. The former was traced to higher average cost for taxis and cars for hire (up by 18.5%) while the latter was a result of increases in maintenance and running of motor vehicles (4.3%) and the purchase of motor vehicles (4.0%).
- **Food:** the average price of food items increased by **3.5** percent resulting from all food categories, except meat (-9.1%). The highest increases were recorded for non-alcoholic drinks (17.4%), fish (15.3%) and fruits and vegetables (9.1%).
- **Housing:** the overall housing price index, which accounts for 1/3 of the entire CPI basket, stood at **145.6**. This was **1.0** percent above the level in March 2007 due to an increase in the average cost of utilities by 1.9 percent coupled with a 0.8 percent increase in the average cost of rent, maintenance and insurance of housing.
- **Personal goods and services:** the upward movement of this price index by **0.9** percent compared to March last year resulted mainly from increases for personal goods (15.7%), gifts and subscriptions (11.8%) and domestic services (3.2%) which were partially offset by home entertainment (-17.6%), outside entertainment (-7.5%) and personal services (-0.9%).
- **Alcohol and tobacco:** this category increased by **0.8** percent due to a 1.0 percent increase in the average price of alcoholic drinks.

Quarterly changes

The CPI in March 2008 increased by **2.6** percent compared to the CPI in December 2007 which is attributed to the price movements of all major categories except household equipment:

- **Housing:** this index moved up by **7.5** percent above the level in December 2007 due to increases in the average cost of rent, maintenance and insurance by 11.2 percent, although the cost of utilities decreased on average by 8.2 percent. The latter is attributed to a 12.5 percent decrease in the price of electricity due to the removal of the Hurricane Ivan recovery surcharge, a decrease in the rate of energy cost per kilowatt - hour and the inclusion of fuel duty rebate.
- **Alcohol and tobacco:** the price index rose by **1.9** percent due to a 2.8 percent increase in the average cost of alcoholic products which offset the decrease in the average cost of tobacco products and associated products.
- **Education and medical:** the price index rose by **1.4** percent as the average cost of medical care went up by 3.3 percent.
- **Transport and communication:** this price index went up by **1.1** percent as increases were recorded for travel (4.8%) and household vehicles (1.0%). The former was traced to higher average cost for taxis and cars for hire (8.8%) and air fares (0.6%). The higher index for household vehicles emanated from increases for motor vehicles (0.8%), purchase and maintenance and running of motor vehicles (1.0%).
- **Clothing:** this index rose by **1.1** percent which originated from boys' and girls' clothing (up by 8.8%) and footwear (up by 2.2%). On the other hand, lower average costs were registered for men's and women's clothing (-0.4%) and other clothing (-7.5%).
- **Personal goods and services:** this index went up by **0.5** percent mainly due to the sharp increase in the average cost of gifts and subscriptions (11.8%) along with the average price for holiday expenses (4.3%). Meanwhile, declines were posted for personal goods and services such as home entertainment (-10.7%), outside entertainment (-7.5%) and personal goods (-2.0%).
- **Food:** the index increased by **0.4** percent as the average price for all food groups registered increases except meat (-7.8%), dairy products and eggs (-0.7%). The food groups that registered the highest increases were non-alcoholic drinks (10.3%), fish (6.6%) and fruits and vegetables (3.3%).

In contrast with the abovementioned increases, the price index for **household equipment** fell by **2.2** percent. This was a result of decreases in the average cost of furniture and floor coverings (-8.4%), which more than offset the increase in the average cost of household appliances (3.2%) and other household equipment (2.2%).

Additional note on the 2007 CPI

Following standard practices, the ESO annually conducts a review of the CPI database for the previous year (in this case, 2007) to ensure that the worksheet for the new year (in this case, 2008) provides the latest available price data, including those received after the publication of the 2007 CPI reports. Consequently, the March report of the current year consists of revisions to the quarterly indices of 2007 as summarized below:

Supplementary Table 1: Old and Revised CPI

Survey Period	Old Series	Revised Series
Mar-07	147.3	147.2
Jun-07	147.5	147.8
Sep-07	149.3	148.5
Dec-07	148.0	147.1
Average 2007	148.0	147.7

The above revisions resulted in new estimates of the inflation rates for 2007 as summarised below. These were estimated based on un-rounded CPIs. Note that the CPIs in Supplementary Table 1 above have been rounded.

Supplementary Table 2: Revised Inflation Rates

Survey Period	Inflation Rates over 2006 (in %)			
	Quarter-on-Quarter		Year-on-Year	
	Old Series	Revised Series	Old Series	Revised Series
Mar-07	1.9	1.8	4.4	4.4
Jun-07	0.1	0.4	3.0	3.2
Sep-07	1.2	0.5	3.1	2.5
Dec-07	-0.9	-1.0	2.4	1.7
Average 2007			3.2	2.9

These revisions were mainly due to late availability of some prices and data revisions arising from improvements in data entry and verification quality controls that were implemented in March – June 2008.

The 0.2 percentage point upward revision to the June 2007 year-on-year inflation rate was attributed to the following major categories: food, alcohol and tobacco, clothing, education and medical and personal goods and services.

The 0.6 percentage point downward revision to the September 2007 year-on-year inflation rate was attributed to decreases in the following major categories: food, clothing, household equipment and transport and communication.

The 0.7 percentage point downward revision to the December 2007 index was attributed to decreases in the following major categories: food, clothing, household equipment, transport and communication and personal goods and services.

NOTES ON THE INDEX COMPILATION

1. For one month in each quarter of the year namely March, June, September and December, staffs of the Economics and Statistics Office collect data on prices of 661 items on which consumers spend their money, from over 100 different shops and other outlets in Grand Cayman only. Outlets in Cayman Brac and Little Cayman are not included in the CPI. Every kind of spending is included, from weekly supermarket trips, school lunches, rental payments and insurance to the prices of cars and bicycles. In total about 1,800 prices are collected each quarter.
2. The items have been assigned weights depending on their importance in the total pattern of consumer spending based on the 1990/91 Household Income and Expenditure Survey. The item weights combined with the prices are then compiled to arrive at the published index.

DEFINITION OF COMMON TERMS

Consumer Price Index: an index representing the average price of a basket of goods and services purchased in the Cayman Islands as described above. There are eight (8) major categories of items included in the CPI basket which are listed below with their respective weights:

Major Categories	Weights*
1. Food	120
2. Alcohol & Tobacco	16
3. Housing	311
4. Clothing	46
5. Household Equipment	59
6. Transport & Communication	169
7. Education & Medical	65
8. Personal Goods & Services	216

* Note that the weights displayed are rounded, note also that **aggregated weights = 1,000** when un-rounded figures are used.

Inflation: 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. In this report, the annual inflation rate refers to the increase of the CPI in March 2008 over the March 2007 CPI. 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. In this report, the quarterly inflation rate refers to the increase of the CPI in March 2008 over the December 2007 CPI. This is also known as **quarter-on-quarter inflation rate**.

Table 1: Consumer Price Index, Quarterly Averages
SEPTEMBER 1994 = 100

Year	Quarter Ending	INDEX	Percentage change from:	
			3 months ago	1 year ago
2001	March	123.3	0.6	1.8
	June	123.6	0.2	1.7
	September	122.7	-0.7	0.3
	December	123.5	0.7	0.7
2002	March	125.9	1.9	2.1
	June	125.9	0.0	1.9
	September	126.3	0.3	2.9
	December	127.2	0.7	3.0
2003	March	126.2	-0.8	0.2
	June	126.6	0.3	0.6
	September	127.3	0.6	0.8
	December	128.1	0.6	0.7
2004	March	127.7	-0.3	1.2
	June	129.2	1.2	2.1
	September	131.5	1.8	3.3
	December	142.3	8.2	11.1
2005	March	142.3	0.0	11.4
	June	142.0	-0.2	9.9
	September	142.9	0.6	8.6
	December	142.3	-0.4	0.0
2006	March	141.1	-0.9	-0.9
	June	143.3	1.6	0.9
	September	144.9	1.1	1.4
	December	144.6	-0.2	1.6
2007	March ^R	147.2	1.8	4.4
	June ^R	147.8	0.4	3.2
	September ^R	148.5	0.5	2.5
	December ^R	147.1	-1.0	1.7
2008	March	150.9	2.6	2.5

R = Revised June 2008

Table 2
CAYMAN ISLANDS CONSUMER PRICE INDEX
ANNUAL AVERAGES 1994 TO 2007
 (SEPTEMBER 1994 = 100)

YEAR	INDEX	Percentage change from a year ago
1994	99.9	
1995	102.4	2.5
1996	105.0	2.6
1997	107.9	2.7
1998	111.1	3.0
1999	118.7	6.8
2000	121.9	2.7
2001	123.3	1.1
2002	126.3	2.5
2003	127.1	0.6
2004	132.7	4.4
2005	142.4	7.3
2006	143.5	0.8
2007 ^R	147.7	2.9

R: Revised June 2008

TABLE 3 : CONSUMER PRICE INDEX BY MAJOR GROUPS as of March 2008

Major Group	Weight	Index			Percentage change	
		March-08	Dec-07	March-07	3 months	1 year
					ago	ago
01 Food	119.6	144.8	144.2	139.9	0.4	3.5
Bread and Cereal	9.6	135.9	134.2	135.0	1.2	0.7
Meat	17.3	132.9	144.1	146.3	-7.8	-9.1
Fish	3.4	148.2	139.0	128.5	6.6	15.3
Dairy Products and Eggs	8.7	155.3	156.4	147.5	-0.7	5.3
Oils & Fats	1.5	147.7	145.5	141.6	1.5	4.3
Fruits and Vegetables	11.7	157.9	152.9	144.7	3.3	9.1
Drinks (non-alcoholic)	11.7	151.3	137.2	128.9	10.3	17.4
Sugar Products	2.4	139.2	136.9	133.2	1.7	4.5
Other Foods	53.3	144.2	144.3	139.8	0.0	3.2
02 Alcohol and Tobacco	15.7	137.0	134.4	135.9	1.9	0.8
Alcoholic Drinks	13.0	134.1	130.5	132.8	2.8	1.0
Tobacco	2.7	151.3	153.7	151.3	-1.6	0.0
03 Housing	310.8	145.6	135.4	144.2	7.5	1.0
Rent, Maintenance, Insurance etc	257.9	147.6	132.8	146.5	11.2	0.8
Utilities	52.9	135.8	148.0	133.3	-8.2	1.9
04 Clothing	46.1	114.7	113.5	109.0	1.1	5.2
Men's and Women's Clothing	29.3	116.3	116.8	110.0	-0.4	5.7
Boys and Girls Clothing	5.6	137.6	126.4	119.2	8.8	15.3
Other Clothing	1.9	83.3	90.0	90.8	-7.5	-8.3
Footwear	9.3	102.0	99.8	103.2	2.2	-1.1
05 Household Equipment	58.7	144.9	148.1	136.4	-2.2	6.2
Furniture and Floor Coverings	22.4	152.4	166.3	136.2	-8.4	11.9
Household Appliances	12.5	114.8	111.2	114.3	3.2	0.5
Other Household Equipment	23.8	153.7	150.4	148.3	2.2	3.7
06 Transport and Communications	168.5	136.5	135.1	131.4	1.1	3.9
Household Vehicles	128.3	152.9	151.4	146.9	1.0	4.1
Travel	6.8	154.4	147.4	141.1	4.8	9.4
Communications	33.4	70.0	70.0	70.0	0.0	0.0
07 Education and Medical	64.6	278.4	274.5	267.6	1.4	4.0
Education	24.9	405.2	405.3	393.1	0.0	3.1
Medical Care	39.7	198.7	192.4	188.9	3.3	5.2
08 Personal Goods and Services	216.0	145.2	144.4	143.8	0.5	0.9
Home Entertainment	20.9	85.0	95.3	103.3	-10.7	-17.6
Outside Entertainment	0.8	159.4	172.4	172.4	-7.5	-7.5
Culture, Pastimes, Hobbies	29.9	123.9	125.7	121.6	-1.4	1.9
Holiday Expenses	71.6	178.1	170.7	175.7	4.3	1.3
Personal Services	38.3	125.3	126.6	126.4	-1.1	-0.9
Personal Goods	15.6	144.0	147.0	124.5	-2.0	15.7
Domestic Services	38.6	152.8	152.7	148.1	0.0	3.2
Gifts and Subscriptions	0.3	158.3	141.7	141.7	11.8	11.8
ALL ITEMS	1000.0	150.9	147.1	147.2	2.6	2.5

Table 4: Consumer Price Index, Averages by Major Groups
(SEPTEMBER 1994=100)

PERIOD/MAJOR GROUP	FOOD	ALCOHOL & TOBACCO	HOUSING	CLOTHING	HOUSEHOLD EQUIPMENT	TRANSPORT & COMMUNICATION	EDUCATION & MEDICAL	PERSONAL GOODS & SERVICES.	ALL ITEMS
WEIGHT	119.6	15.7	310.8	46.1	58.7	168.5	64.6	216.0	1000.0
2003									
MARCH	122.1	123.1	116.4	109.2	130	116.7	240.0	118.8	126.2
JUNE	122.2	121.5	115.8	109.4	133.1	115.6	241.1	120.9	126.6
SEPTEMBER	122.2	122.5	116.0	109.8	129.1	114.9	248.8	123.3	127.3
DECEMBER	125.0	123.4	117.0	112.8	129.4	114.8	248.7	123.1	128.1
ANNUAL AVERAGE	122.9	122.6	116.3	110.3	130.4	115.5	244.7	121.5	127.1
% CHANGE PREV YEAR	3.2	0.5	-3.1	-1.1	5.3	1.4	5.9	-0.4	0.6
2004									
MARCH	125.9	123.8	116.6	111.9	133.3	113.1	250.2	121.7	127.7
JUNE	127.1	126.7	112.4	108.6	134.6	118.9	253.0	128.7	129.2
SEPTEMBER	129.5	121.5	117.5	105.2	142.6	117.9	257.5	129.0	131.5
DECEMBER	130.3	125.3	153	96.4	133.9	122.2	260.1	127.3	142.3
ANNUAL AVERAGE	128.2	124.3	124.9	105.5	136.1	118.0	255.2	126.7	132.7
% CHANGE PREV YEAR	4.3	1.4	7.4	-4.3	4.4	2.2	4.3	4.2	4.4
2005									
MARCH	130.1	127.3	150.3	106.1	134.3	126.1	258.4	126.4	142.3
JUNE	132.6	128.9	148.4	102.2	135.5	123.4	262.1	127.6	142.0
SEPTEMBER	131.7	133.0	149.6	101.5	133.1	123.6	265.7	129.8	142.9
DECEMBER	132.5	134.0	144.1	102.8	129.5	123.2	265.0	136.0	142.3
ANNUAL AVERAGE	131.7	130.8	148.1	103.1	133.1	124.1	262.8	129.9	142.4
% CHANGE PREV YEAR	2.7	5.2	18.6	-2.3	-2.2	5.1	3.0	2.6	7.3
2006									
MARCH	133.6	132.2	138.1	106.9	128.0	129.1	261.8	134.1	141.1
JUNE	133.1	132.7	141.0	109.2	132.2	128.1	269.9	137.2	143.3
SEPTEMBER	135.9	133.6	144.7	105.6	135.1	131.5	268.7	135.3	144.9
DECEMBER	138.4	134.6	143.8	111.4	136.8	131.1	267.5	132.8	144.6
ANNUAL AVERAGE	135.3	133.2	141.9	108.3	133.0	129.9	267.0	134.9	143.5
% CHANGE PREV YEAR	2.7	1.9	-4.2	5.0	-0.1	4.7	1.6	3.8	0.8
2007									
MARCH	139.9	135.9	144.2	109.0	136.4	131.4	267.6	143.8	147.2
JUNE	142.7	137.5	140.9	112.9	137.4	132.9	272.2	146.2	147.8
SEPTEMBER	142.2	136.7	145.9	114.3	151.6	133.7	272.6	137.6	148.5
DECEMBER	144.2	134.4	135.4	113.5	148.1	135.1	274.5	144.4	147.1
ANNUAL AVERAGE 2007	142.3	136.1	141.6	112.4	143.4	133.3	271.7	143.0	147.7
% CHANGE PREV YEAR	5.2	2.2	-0.2	3.8	7.8	2.6	1.8	6.0	2.9
2008									
MARCH	144.8	137.0	145.6	114.7	144.9	136.5	278.4	145.2	150.9
% CHANGE PREV YEAR	3.5	0.8	1.0	5.2	6.2	3.9	4.0	0.9	2.5
% CHANGE PREV QTR	0.4	1.9	7.5	1.1	-2.2	1.1	1.4	0.5	2.6

**TABLE 5: AVERAGE PRICES OF SELECTED ITEMS
MARCH 2008**

ITEM		QUANTITY	AVERAGE PRICES (CIS)		
			March 2008	Dec 2007	March 2007
101-04	Whole-wheat bread (imported)	1 lb. 4 oz	2.22	2.19	2.14
107-01	Long grain rice	5 lb.	6.82	6.58	6.58
108-12	Cornflakes	24 oz	4.59	4.64	4.64
111-01	Stew beef	1 lb.	3.72	4.19	3.69
114-01	Bacon	1 lb.	6.24	6.24	6.44
125-02	Snapper fillets (frozen)	1 lb.	8.66	7.32	7.02
127-05	Canned Tuna in water	6.5 oz	1.46	1.19	1.12
130-02	Eggs (Grade A Large)	1 doz.	2.46	2.24	2.06
131-02	Anchor Butter	1 lb	3.36	3.36	2.96
133-05	Fresh milk (McArthur)	1 gal.	5.76	5.99	5.22
135-09	Evaporated milk	14.5 oz	1.11	1.16	1.08
139-19	Shortening	3 lb.	5.82	5.63	5.09
141-01	Plantains	1 lb.	0.86	0.86	0.79
142-07	Idaho potatoes	1 lb.	0.76	0.89	0.62
147-11	Lettuce	Head	1.42	1.92	1.79
146-15	Sweet potatoes	1 lb.	1.26	1.02	1.72
151-01	Tomatoes	1 lb.	2.19	2.02	2.12
152-03	Ripe bananas	1 lb.	0.64	0.62	0.68
153-01	Apples (Golden Delicious)	1 lb.	1.89	1.92	1.89
155-11	Oranges	each	0.71	0.88	0.56
161-01	Tea bags (Lipton)	48	3.15	3.15	2.46
163-02	Instant coffee (Maxwell House)	8 oz.	5.29	5.61	5.19
166-02	Soda	12 oz. can	0.75	0.68	0.72
171-01	White sugar	2 kg.	3.19	3.23	3.23
172-02	Strawberry Preserves	12 ozs	2.81	2.81	2.78
181-02	Canned vegetable soup	10.5 oz	1.46	1.47	1.39
182-04	Corned beef hash	15 oz	2.56	2.56	2.52
186-16	Salt	8 oz	0.79	0.76	0.74
521-01	Petrol (Full Service)	1 gallon	4.32	4.17	3.71
280-90	Electricity	First 200 kWh	55.25	63.20	55.61