



CAYMAN ISLANDS' CONSUMER PRICE REPORT: June 2008

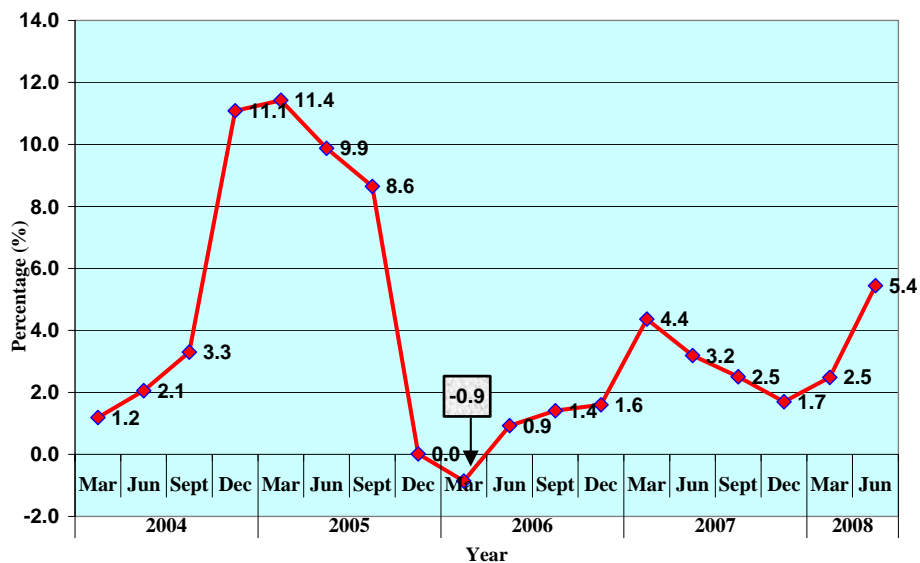
(Date: August 26, 2008)

Consumer Price Index (CPI) Increased by 5.4% in June 2008

The Consumer Price Index (CPI) stood at **155.9** in June 2008, up by **5.4** percent in comparison to June 2007, due to increases in the average prices of all major groups, led by housing (9.2%), household equipment (8.7%) and transport and communication (6.8%).

Figure 1: Inflation Rates

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



The June 2008 CPI increased by **3.3** percent compared to the March 2008 CPI as a result of increases in the price indices of all major groups.

Annual changes

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

- **Housing:** the overall housing price index, which accounts for 1/3 of the entire CPI basket, stood at **153.9**. This was **9.2** percent above the level in June 2007 due to an increase in the average cost of utilities by 10.4 percent, coupled with an 8.9 percent

increase in the average cost of rent, maintenance and insurance of housing. The increase in the average costs of utilities was mainly due to higher average costs of propane (17.3%) and electricity (11.5%). The increase in the average costs of rent, maintenance and insurance of housing was traced to costs of rent and mortgage (up by 11.5%) and home improvement (up by 3.8%).

- **Household equipment:** this price index moved up by 8.7 percent, mainly due to rises in the average price of other household equipment (11.5%), furniture and floor coverings (7.5%) and household appliances (5.2%).
- **Transportation and communication:** this price index moved up by 6.8 percent as the average cost of household vehicles and travel rose by 7.7 percent and 5.3 percent respectively.
- **Education and medical:** this price index rose by 4.5 percent as a result of the combined surge in the average cost of both medical care (4.7%) and education (4.2%).
- **Food:** the average price of food items increased by 3.6 percent resulting from all food categories, except meat (-9.6%). The highest increases were recorded for oils and fats (26.0%), fruits and vegetables (18.0%) and dairy products and eggs (7.9%).
- **Clothing:** the clothing price index rose by 2.8 percent due to the average price of men's and women's clothing (up by 4.7%) as well as boys' and girls' clothing (up by 0.2%). On the other hand, average prices declined for other clothing (-3.8%) and footwear (-0.6%).
- **Personal goods and services:** the upward movement of this price index by 0.8 percent resulted mainly from increases for gifts and subscriptions (11.8%), holiday expenses (3.3%) and domestic services (3.3%) which were partially offset by home entertainment (-16.8%), outside entertainment (-7.5%) and personal goods (-2.4%).
- **Alcohol and tobacco:** this category increased by 0.3 percent due to a 6.1 percent increase in the average price of tobacco products, which partly cancelled the decline in the average cost of alcoholic drinks (-1.0%).

Quarterly changes

The CPI in June 2008 increased by 3.3 percent compared to the CPI in March 2008 which is attributed to the price movements of all major groups as listed below:

- **Housing:** this index moved up by 5.7 percent above the level in March 2008 due to increases in the average cost of utilities (9.6%) and rent, maintenance and insurance (4.9%). The upward pressure for utilities was a result of jumps in the average cost of electricity (14.1%), propane (6.0%) and other fuel (1.6%). Meanwhile, rises were recorded

in the average cost of rent and mortgage (6.2%) and repair, maintenance and insurance (3.2%).

- **Transport and communication:** this price index went up by **3.9** percent as increases were recorded for household vehicles (4.6%), amidst a decline in the average cost of travel (-0.4%) particularly taxis and cars for hire (-1.1%). The former was traced to higher average cost for the purchase and maintenance of other household vehicles (6.5%), maintenance of motor vehicles (6.3%) and the purchase of motor vehicles (2.3%).
- **Household equipment:** this price index moved up by **3.1** percent, due to adjustments in the average price of furniture and floor coverings (6.6%), household appliances (1.1%) and other household equipment (0.6%).
- **Food:** the index increased by **2.1** percent as the average price for all food groups registered increases except fish (-4.9%) and non-alcoholic drinks (-4.5%). The food groups that registered the highest increases were oils and fats (21.7%), fruits and vegetables (5.6%) and bread and cereal (4.5%).
- **Education and medical:** the price index rose by **2.1** percent as the average cost of education and medical care went up by 2.4 and 1.8 percent respectively. The higher index for education was primarily caused by tuition for school and college (up by 2.7%). For medical care, higher fees for visits to doctors, dentists and opticians (0.6%) were recorded.
- **Personal goods and services:** this index went up by **1.5** percent mainly due to increase in the average cost of all sub categories except personal goods (-8.2%) and personal services (-0.2%). Meanwhile, the sub-categories with rising average prices were led by culture, past times, hobbies (5.2%) and holiday expenses (3.3%).
- **Clothing:** this index rose by **1.2** percent which originated from footwear (up by 6.0%) and men's and women's clothing (up by 2.5%). On the other hand, lower average costs were registered for boys' and girls' clothing (- 9.8%).
- **Alcohol and tobacco:** the price index rose by **0.7** percent due to a 7.9 percent increase in the average cost of tobacco products and associated products amidst a 1.0 percent decrease in the average cost of alcoholic drinks.

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 June 2008 over the June 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 June 2008 over the March 2008 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	147.2	1.8	4.4
	June	147.8	0.4	3.2
	September	148.5	0.5	2.5
	December	147.1	-1.0	1.7
2008	March	150.9	2.6	2.5
	June	155.9	3.3	5.4

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	147.7	2.9

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

Major Group	Weight	Index			Percentage change	
		June-08	Mar-08	June-07	3 months ago	1 year ago
01 Food	119.6	147.9	144.8	142.7	2.1	3.6
Bread and Cereal	9.6	142.0	135.9	135.7	4.5	4.6
Meat	17.3	137.5	132.9	152.2	3.5	-9.6
Fish	3.4	141.0	148.2	139.0	-4.9	1.4
Dairy Products and Eggs	8.7	161.8	155.3	149.9	4.1	7.9
Oils & Fats	1.5	179.8	147.7	142.6	21.7	26.0
Fruits and Vegetables	11.7	166.8	157.9	141.3	5.6	18.0
Drinks (non-alcoholic)	11.7	144.5	151.3	134.0	-4.5	7.8
Sugar Products	2.4	141.1	139.2	136.7	1.4	3.2
Other Foods	53.3	146.4	144.2	142.3	1.5	2.8
02 Alcohol and Tobacco	15.7	137.9	137.0	137.5	0.7	0.3
Alcoholic Drinks	13.0	132.7	134.1	134.1	-1.0	-1.0
Tobacco	2.7	163.2	151.3	153.8	7.9	6.1
03 Housing	310.8	153.9	145.6	140.9	5.7	9.2
Rent, Maintenance, Insurance etc	257.9	154.9	147.6	142.2	4.9	8.9
Utilities	52.9	148.8	135.8	134.8	9.6	10.4
04 Clothing	46.1	116.1	114.7	112.9	1.2	2.8
Men's and Women's Clothing	29.3	119.2	116.3	113.8	2.5	4.7
Boys and Girls Clothing	5.6	124.1	137.6	123.8	-9.8	0.2
Other Clothing	1.9	83.3	83.3	86.6	0.0	-3.8
Footwear	9.3	108.1	102.0	108.7	6.0	-0.6
05 Household Equipment	58.7	149.4	144.9	137.4	3.1	8.7
Furniture and Floor Coverings	22.4	162.5	152.4	151.1	6.6	7.5
Household Appliances	12.5	116.0	114.8	110.3	1.1	5.2
Other Household Equipment	23.8	154.7	153.7	138.8	0.6	11.5
06 Transport and Communications	168.5	141.8	136.5	132.9	3.9	6.8
Household Vehicles	128.3	159.9	152.9	148.5	4.6	7.7
Travel	6.8	153.8	154.4	146.1	-0.4	5.3
Communications	33.4	70.0	70.0	70.0	0.0	0.0
07 Education and Medical	64.6	284.3	278.4	272.2	2.1	4.5
Education	24.9	414.8	405.2	397.9	2.4	4.2
Medical Care	39.7	202.3	198.7	193.2	1.8	4.7
08 Personal Goods and Services	216.0	147.3	145.2	146.2	1.5	0.8
Home Entertainment	20.9	87.0	85.0	104.6	2.3	-16.8
Outside Entertainment	0.8	159.4	159.4	172.4	0.0	-7.5
Culture, Pastimes, Hobbies	29.9	130.3	123.9	126.9	5.2	2.7
Holiday Expenses	71.6	184.0	178.1	178.0	3.3	3.3
Personal Services	38.3	125.0	125.3	126.3	-0.2	-1.0
Personal Goods	15.6	132.3	144.0	135.6	-8.2	-2.4
Domestic Services	38.6	152.9	152.8	148.0	0.1	3.3
Gifts and Subscriptions	0.3	158.3	158.3	141.7	0.0	11.8
ALL ITEMS	1000.0	155.9	150.9	147.8	3.3	5.4

**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
JUNE	147.9	137.9	153.9	116.1	149.4	141.8	284.3	147.3	155.9
%CHANGE PREV YEAR	3.6	0.3	9.2	2.8	8.7	6.8	4.5	0.8	5.4
% CHANGE PREV QTR	2.1	0.7	5.7	1.2	3.1	3.9	2.1	1.5	3.3

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

	ITEM	QUANTITY	AVERAGE PRICES (CI\$)		
			June 2008	Mar 2008	June 2007
101-04	Whole-wheat bread (imported)	1 lb. 4 oz	2.22	2.22	2.16
107-01	Long grain rice	5 lb.	6.86	6.82	6.58
108-12	Cornflakes	24 oz	4.68	4.59	4.64
111-01	Stew beef	1 lb.	3.92	3.72	3.66
114-01	Bacon	1 lb.	6.38	6.24	6.64
125-02	Snapper fillets (frozen)	1 lb.	9.32	8.66	6.85
127-05	Canned Tuna in water	6.5 oz	1.21	1.46	1.37
130-02	Eggs (Grade A Large)	1 doz.	2.36	2.46	1.98
131-02	Anchor Butter	1 lb	3.36	3.36	2.96
133-05	Fresh milk (McArthur)	1 gal.	5.99	5.76	5.49
135-09	Evaporated milk	14.5 oz	1.11	1.11	1.10
139-19	Shortening	3 lb.	6.21	5.82	5.14
141-01	Plantains	1 lb.	0.86	0.86	0.86
142-07	Idaho potatoes	1 lb.	0.92	0.76	0.69
147-11	Lettuce	Head	1.82	1.42	1.63
146-15	Sweet potatoes	1 lb.	1.56	1.26	1.12
151-01	Tomatoes	1 lb.	2.89	2.19	1.96
152-03	Ripe bananas	1 lb.	0.71	0.64	0.62
153-01	Apples (Golden Delicious)	1 lb.	1.79	1.89	1.99
155-11	Oranges	each	0.72	0.71	0.62
161-01	Tea bags (Lipton)	48	3.79	3.15	3.15
163-02	Instant coffee (Maxwell House)	8 oz.	5.29	5.29	5.29
166-02	Soda	12 oz. can	0.75	0.75	0.68
171-01	White sugar	2 kg.	3.19	3.19	3.23
172-02	Strawberry Preserves	12 ozs	2.86	2.81	2.81
181-02	Canned vegetable soup	10.5 oz	1.78	1.46	1.61
182-04	Corned beef hash	15 oz	2.49	2.56	2.49
186-16	Salt	8 oz	0.82	0.79	0.74
521-01	Petrol (Full Service)	1 gallon	4.89	4.32	4.30
280-90	Electricity	First 200 kWh	63.06	55.25	56.52