



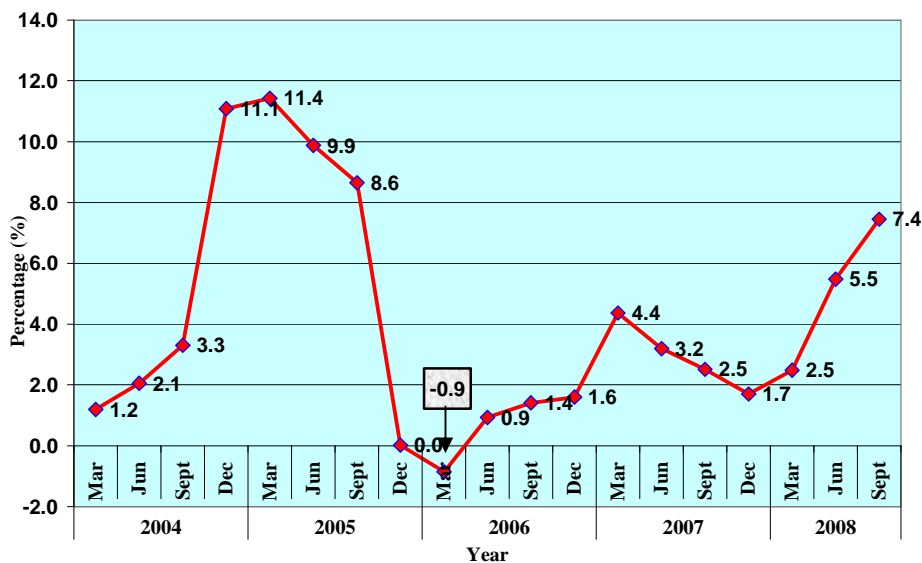
CAYMAN ISLANDS' CONSUMER PRICE REPORT: September 2008 (Date: December 15, 2008)

Consumer Price Index (CPI) Increased by 7.4% in September 2008

The Consumer Price Index (CPI) stood at **159.6** in September 2008, up by **7.4** percent in comparison to September 2007, due to increases in the average prices of all major groups except clothing (-5.4%). The price increases were led by housing (11.7%), food (7.7%) and personal goods and services (7.5%).

Figure 1: Inflation Rates

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



The September 2008 CPI increased by **2.3** percent compared to the June 2008 CPI as a result of increases in the price indices of all major groups except clothing (-6.9%) and transport and communication (-0.5%).

Annual changes

The upward movement of the CPI in the third 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 **163.0**. This was **11.7** percent above the level in September 2007 due to an increase in the average cost of utilities by 17.1 percent, coupled with a 10.7 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 (22.7%) and electricity (20.2%). The increase in the average costs of rent, maintenance and insurance of housing was traced mainly to costs of rent and mortgage (up by 13.4%) and home improvement (up by 3.8%).
- **Food:** the average price of food items increased by **7.7** percent resulting from all food categories, except meat (-1.6%). The highest increases were recorded for oils and fats (28.5%), fruits and vegetables (23.0%) and bread and cereal (10.7%).
- **Personal goods and services:** the upward movement of this price index by **7.5** percent resulted mainly from increases for holiday expenses (19.5%), gifts and subscriptions (11.8%), and costs relating to culture, pastimes and hobbies (5.3%) which were partially offset by costs associated with personal goods (-8.2%), home entertainment (-2.1%) and personal services (-1.0%).
- **Transportation and communication:** this price index moved up by **5.6** percent as the average cost of travel and household vehicles rose by 8.4 percent and 6.1 percent, respectively.
- **Education and medical:** this price index rose by **4.6** percent as a result of the combined surge in the average cost of both medical care (7.8%) and education (2.3%).
- **Household equipment:** this price index went up by **3.7** percent, mainly due to rises in the average price of furniture and floor coverings (7.7%) and household appliances (4.7%). This increase was partially offset by a decrease in the cost of other household equipment (-0.5%),
- **Alcohol and tobacco:** this category increased by **3.5** percent due to a 8.2 percent increase in the average price of tobacco products and an increase in the average cost of alcoholic drinks (2.4%).

In contrast to the above increases, the overall **clothing price index** stood at **108.1**. This is **5.4** percent below the level in September 2007 on account of declines in the average cost of all sub-categories, except footwear (up by 4.7%).

Quarterly changes

The CPI in September 2008 increased by **2.3** percent compared to the CPI in June 2008 which is attributed to the price movements of all major groups as listed below:

- **Housing:** this index moved up by **5.8** percent above the level in June 2008 due to increases in the average cost of utilities (12.5%) and rent, maintenance and insurance (4.5%). The upward pressure for utilities was a result of jumps in the average cost of electricity (16.8%), aided by increase cost for propane (4.5%) water and sewage (1.8%), and other fuels (1.0%). Similarly, rises were recorded in the average cost of rent and mortgage (5.6%) and repair, maintenance and insurance (2.0%).
- **Household equipment:** this price index moved up by **5.2** percent, due to adjustments in the average price of furniture and floor coverings (8.0%), other household equipment (4.3%) and household appliances (0.7%).
- **Food:** the index increased by **3.6** percent as the average price for all food groups registered increases except fish (-2.9%) and non-alcoholic drinks (-0.6%). The food groups that registered the highest increases were bread and cereal (4.8%), food not elsewhere classified / other foods (4.7%) and fruits and vegetables (4.5%).
- **Alcohol and tobacco:** the price index rose by **2.6** percent due to a 3.1 percent increase in the average cost of alcoholic drinks and a 0.3 percent increase in the average cost of tobacco products and associated products.
- **Personal goods and services:** this index went up by **0.4** percent mainly due to increases in the average cost of all sub-categories except holiday expenses (-1.0%) and domestic services (-0.1%).
- **Education and medical:** the price index rose by **0.3** percent as the average cost of medical care went up by 1.1 percent due to a 1.8 percent increase in the average cost for examinations by doctors, dentists and opticians. The lower index of -0.3 percent for education was primarily caused by tuition for school and college (down by 0.6%).

On the other hand the CPI in September 2008 show decreases in the following categories compared to the CPI in June 2008:

- **Clothing:** this index decreased by **6.9** percent which originated from men's and women's clothing (-9.9%), footwear (-2.2%) and for boys' and girls' clothing (-0.1%). On the other hand, higher average costs were registered for other clothing (up by 0.1%).
- **Transport and communication:** this price index went down by **0.5** percent as decreases were recorded for travel (-3.5%) and household vehicles (-0.4%). The former was traced to a lower average cost for bus and air fares (-0.7%) and the average cost of taxis and car for hire (-5.8%).

NOTES ON THE INDEX COMPILATION

1. For one month in each quarter of the year namely March, June, September and December, staff of the Economics and Statistics Office collects 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 and rental payments 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 September 2008 over the September 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 September 2008 over the June 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	147.9	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	156.0 ^R	3.4 ^R	5.5 ^R
	September	159.6	2.3	7.4

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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 September 2008

Major Group	Weight	Index			Percentage change	
		Sept-08	June-08	Sept-07	3 months ago	1 year ago
01 Food	119.6	153.1	147.9	142.2	3.6	7.7
Bread and Cereal	9.6	148.8	142.0	134.4	4.8	10.7
Meat	17.3	142.6	137.4	144.9	3.8	-1.6
Fish	3.4	137.8	141.9	135.1	-2.9	1.9
Dairy Products and Eggs	8.7	166.1	161.8	157.2	2.7	5.7
Oils & Fats	1.5	183.9	179.8	143.1	2.3	28.5
Fruits and Vegetables	11.7	174.2	166.8	141.7	4.5	23.0
Drinks (non-alcoholic)	11.7	143.7	144.5	136.3	-0.6	5.4
Sugar Products	2.4	141.5	141.1	134.2	0.3	5.4
Other Foods	53.3	153.3	146.4	142.6	4.7	7.5
02 Alcohol and Tobacco	15.7	141.5	137.9	136.7	2.6	3.5
Alcoholic Drinks	13.0	136.9	132.7	133.7	3.1	2.4
Tobacco	2.7	163.7	163.2	151.3	0.3	8.2
03 Housing	310.8	163.0	154.1	145.9	5.8	11.7
Rent, Maintenance, Insurance etc	257.9	161.9	154.9	146.3	4.5	10.7
Utilities	52.9	168.6	149.8	143.9	12.5	17.1
04 Clothing	46.1	108.1	116.1	114.3	-6.9	-5.4
Men's and Women's Clothing	29.3	107.4	119.2	118.1	-9.9	-9.1
Boys' and Girls' Clothing	5.6	124.0	124.1	124.6	-0.1	-0.4
Other Clothing	1.9	83.4	83.3	90.0	0.1	-7.4
Footwear	9.3	105.7	108.1	100.9	-2.2	4.7
05 Household Equipment	58.7	157.2	149.4	151.6	5.2	3.7
Furniture and Floor Coverings	22.4	175.6	162.5	163.0	8.0	7.7
Household Appliances	12.5	116.8	116.0	111.6	0.7	4.7
Other Household Equipment	23.8	161.3	154.7	162.0	4.3	-0.5
06 Transport and Communication	168.5	141.2	141.8	133.7	-0.5	5.6
Household Vehicles	128.3	159.3	159.9	150.1	-0.4	6.1
Travel	6.8	148.5	153.8	136.9	-3.5	8.4
Communications	33.4	70.0	70.0	70.0	0.0	0.0
07 Education and Medical	64.6	285.1	284.3	272.6	0.3	4.6
Education	24.9	413.5	414.8	404.3	-0.3	2.3
Medical Care	39.7	204.6	202.3	189.8	1.1	7.8
08 Personal Goods and Services	216.0	147.9	147.3	137.6	0.4	7.5
Home Entertainment	20.9	92.3	87.0	94.3	6.0	-2.1
Outside Entertainment	0.8	172.4	159.4	172.4	8.2	0.0
Culture, Pastimes, Hobbies	29.9	133.2	130.3	126.5	2.2	5.3
Holiday Expenses	71.6	182.2	184.0	152.5	-1.0	19.5
Personal Services	38.3	125.2	125.0	126.5	0.1	-1.0
Personal Goods	15.6	135.2	132.3	147.2	2.2	-8.2
Domestic Services	38.6	152.8	152.9	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	159.6	156.0	148.5	2.3	7.4



CAYMAN ISLANDS' CONSUMER PRICE REPORT: SEPTEMBER 2008 INFLATION

**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	2.8	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	147.9
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	154.1	116.1	149.4	141.8	284.3	147.3	156.0
SEPTEMBER	153.1	141.5	163.0	108.1	157.2	141.2	285.1	147.9	159.6
%CHANGE PREV YEAR	7.7	3.5	11.7	-5.4	3.7	5.6	4.6	7.5	7.4
% CHANGE PREV QTR	3.6	2.6	5.8	-6.9	5.2	-0.5	0.3	0.4	2.3

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

ITEM	QUANTITY	AVERAGE PRICES (C\$)			
		Sept 2008	June 2008	Sept 2007	
101-04	Whole-wheat bread (imported)	1 lb. 4 oz	2.26	2.22	2.16
107-01	Long grain rice	5 lb.	7.52	6.86	6.58
108-12	Cornflakes	24 oz	4.68	4.68	4.60
111-01	Stew beef	1 lb.	4.22	3.92	3.76
114-01	Bacon	1 lb.	6.48	6.38	6.24
125-02	Snapper fillets (frozen)	1 lb.	8.66	9.32	7.36
127-05	Canned Tuna in water	6.5 oz	1.24	1.21	1.43
130-02	Eggs (Grade A Large)	1 doz.	2.28	2.36	2.08
131-02	Anchor Butter	1 lb	3.36	3.36	3.19
133-05	Fresh milk (McArthur)	1 gal.	6.36	5.99	5.99
135-09	Evaporated milk	14.5 oz	1.28	1.11	1.16
139-19	Shortening	3 lb.	7.11	6.21	5.50
141-01	Plantains	1 lb.	0.82	0.86	0.79
142-07	Idaho potatoes	1 lb.	1.22	0.92	0.86
147-11	Lettuce	Head	1.59	1.82	1.92
146-15	Sweet potatoes	1 lb.	1.76	1.56	0.86
151-01	Tomatoes	1 lb.	2.76	2.89	1.82
152-03	Ripe bananas	1 lb.	0.80	0.71	0.68
153-01	Apples (Golden Delicious)	1 lb.	2.36	1.79	2.02
155-11	Oranges	each	0.89	0.72	0.69
161-01	Tea bags (Lipton)	48	3.56	3.79	3.15
163-02	Instant coffee (Maxwell House)	8 oz.	5.41	5.29	5.29
166-02	Soda	12 oz. can	0.68	0.75	0.68
171-01	White sugar	2 kg.	3.12	3.19	3.23
172-02	Strawberry Preserves	12 ozs	2.84	2.86	2.81
181-02	Canned vegetable soup	10.5 oz	1.60	1.78	1.47
182-04	Corned beef hash	15 oz	2.49	2.49	2.49
186-16	Salt	8 oz	0.78	0.82	0.76
521-01	Petrol (Full Service)	1 gallon	4.95	4.89	4.37
280-90	Electricity	First 200 kWh	73.66	63.06	61.30