



CAYMAN ISLANDS' CONSUMER PRICE REPORT: 2008 ANNUAL INFLATION

(Date: March 24, 2009)

Consumer Price Index (CPI) Increased by 4.1% in 2008

This report is a consolidated report of the average CPI in 2008 and the December 2008 CPI. The numbers for March 2008, June 2008 and September 2008 also reflect revisions based on the results of the annual audit of the CPI database.

Average CPI in 2008

The average CPI in 2008 stood at 153.7, increasing by **4.1**% from the average CPI in 2007. Underlying this increase were the average price increases in all major categories, except clothing which stood still, i.e. 0.0%:

- Household equipment by 7.5%;
- Food by 5.6%;
- Housing 4.3%
- Education and medical by 4.2%;
- Transportation and communication by 4.1%;
- Personal goods and services by 2.9%; and
- Alcohol and tobacco by 2.2%.

The 4.1% average inflation in 2008 was generated by incremental growth in the CPI throughout 2008: from 3.5% in March 2008, this accelerated to 3.8% in June and 5.7% in September and stood at 3.4% in December.

Figure 1: Inflation Rates

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





December 2008 Consumer Price Index

Annual changes. The CPI stood at **152.0** in December 2008, up by **3.4** percent in comparison to December 2007. The upward movement was due to the following:

- **Household equipment**: this price index went up by **11.4** percent, mainly due to rises in the average price of all sub categories led by other household equipment not elsewhere classified (14.6%).
- **Food:** the average price of food items increased by **7.4** percent resulting from all food categories, except fish (-7.1%). The highest increases were recorded for oils and fats (24.9%), fruits and vegetables (23.5%) and bread and cereal (11.5%).
- **Alcohol and tobacco**: this category increased by **4.0** percent due to a 6.4 percent rise in the average price of tobacco products and an increase in the average cost of alcoholic drinks (3.4%).
- **Education and medical:** this price index rose by **3.7** percent as a result of the combined surge in the average cost of both medical care (6.1%) and education (1.8%).
- **Housing:** the overall housing price index, which accounts for 1/3 of the entire CPI basket, stood at **139.3.** This was **2.9** percent above the level in December 2007 due to an increase in the average cost of rent, maintenance and insurance of housing by 5.4 percent, amidst a decrease in the average cost of utilities by 8.4 percent. The increase in the former was mainly due to costs of rent and mortgage (up by 6.4%) and home improvement (up by 3.9%). The decrease in utilities was due to lower average cost of electricity (-6.6%).
- **Personal goods and services:** the upward movement of this price index by **2.6** percent resulted mainly from average price increases for gifts and subscriptions (11.8%), holiday expenses (6.2%), culture, pastimes and hobbies (6.2%) which were partially offset by costs associated with personal goods (-6.5%) and personal services (-1.3%).
- Transportation and communication: this price index moved up by 0.2 percent as the average cost of travel and household vehicles rose by 0.8 percent and 0.2 percent, respectively.

In contrast to the above increases, the overall **clothing price index** stood at **111.0**. This is **2.2** percent below the level in December 2007 on account of declines in the average cost of other clothing (-7.3%) and men's and women's clothing (-5.1%).



Quarterly changes

The downward movement of the CPI by **3.2** percent in December 2008 compared to the CPI in September is traced to the following:

- **Housing:** this index went down by **10.0** percent below the level in September 2008 due to the combined decrease in the average cost of utilities (down by 19.6%) and costs associated with rent, maintenance, insurance (down by 7.8%). The downward pressure for utilities was a result of a dip in the average cost of electricity (27.0%) and propane (2.2%). Similarly, the downturn of costs associated with rent, maintenance and insurance was traced mainly to a 10.6 percent decline in the average cost of rent and mortgage.
- Transport and communication: this price index went down by **4.1** percent as there was a decrease in the average cost of household vehicles (-4.7%) which more than offset a marginal increase in the average cost associated with travel (0.1%).
- **Alcohol and tobacco**: the price index declined by **1.2** percent due to drops in the average cost of alcoholic drinks (-1.4%) and tobacco products (-0.1%).
- Education and medical: the price index dipped by **0.2** percent as the average cost of both medical care and education declined by 0.2 percent. The decrease in medical care was due to a 0.3 percent decrease in the average cost for examinations by doctors, dentists and opticians. The downward pressure for education came largely from a 3.4 percent dip in the cost of books, newspaper and magazines.

Meanwhile, the following major categories rose:

- **Household equipment:** this price index moved up by **4.9** percent, due to increases in the average cost of all sub categories led by household equipment not elsewhere classified (6.9%).
- Clothing: this index increased by **2.6** percent mainly due increases in the average costs of men's and women's clothing (3.2%), boys' and girls' clothing (2.9%), and footwear (1.1%).
- **Food:** the index increased by **1.2** percent as the average price for most food groups registered increases led by fruits and vegetables (8.4%) and meat (1.9%). Meanwhile, there were price declines posted for fish (-5.6%), dairy products and eggs (-1.2%) and oils and fats (-1.2%).
- **Personal goods and services:** this index went up by **0.1** percent mainly due to increases in the average cost of all sub-categories led by home entertainment (4.2%).



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 December 2008 over the December 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 December 2008 over the September 2008 CPI. This is also known as **quarter-on-quarter inflation rate**.



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

Year	Quarter	INDEX	Percentage change from:		
	Ending		3 months ago	1 year ago	
2004	March	400.0	0.6	4.0	
2001		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	152.3	3.6	3.5	
	June	153.5	0.8	3.8	
	September	157.0	2.3	5.7	
	December	152.0	-3.2	3.4	

R = Revised



Table 2 CAYMAN ISLANDS CONSUMER PRICE INDEX ANNUAL AVERAGES 1994 TO 2008 (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
2008	153.7	4.1



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

						Percentage	
						3 months	1 year
	Major Group	Weight	Dec-08	Index Sept-08	Dec-07	ago	ago
				-			
)1	Food	119.6	155.0	153.1	144.2	1.2	7.4
	Bread and Cereal	9.6	149.6	148.8	134.2		11.5
	Meat	17.3	145.3	142.6	144.0	1.9	0.9
	Fish	3.4	130.1	137.8	140.0		-7.1
	Dairy Products and Eggs	8.7	164.1	166.1	156.4		4.9
	Oils & Fats	1.5	181.7	183.9	145.5		24.9
	Fruits and Vegetables	11.7	188.8	174.2	152.9	8.4	23.5
	Drinks (non-alcoholic)	11.7	144.8	143.7	137.2	0.8	5.6
	Sugar Products	2.4	141.7	141.5	136.9	0.1	3.5
	Other Foods	53.3	153.7	153.3	144.3	0.3	6.5
)2	Alcohol and Tobacco	15.7	139.8	141.5	134.4	-1.2	4.0
	Alcoholic Drinks	13.0	135.0	136.9	130.5	-1.4	3.4
	Tobacco	2.7	163.6	163.7	153.7	-0.1	6.4
)3	Housing	310.8	139.3	154.7	135.4	-10.0	2.9
	Rent, Maintenance, Insurance etc	257.9	140.1	151.9	132.8	-7.8	5.4
	Utilities	52.9	135.5	168.6	148.0	-19.6	-8.4
)4	Clothing	46.1	111.0	108.1	113.5	2.6	-2.2
	Men's and Women's Clothing	29.3	110.8	107.4	116.8	3.2	-5.1
	Boys' and Girls' Clothing	5.6	127.6	124.0	126.4	2.9	0.9
	Other Clothing	1.9	83.4	83.4	90.0	0.0	-7.3
	Footwear	9.3	106.9	105.7	99.8	1.1	7.1
)5	Household Equipment	58.7	165.0	157.2	148.1	4.9	11.4
	Furniture and Floor Coverings	22.4	182.9	175.6	166.3	4.2	10.0
	Household Appliances	12.5	118.9	116.8	111.2	1.8	7.0
	Other Household Equipment	23.8	172.4	161.3	150.4	6.9	14.6
)6	Transport and Communication	168.5	135.4	141.2	135.1	-4.1	0.2
	Household Vehicles	128.3	151.7	159.3	151.4	-4.7	0.2
	Travel	6.8	148.5	148.5	147.4	0.1	0.8
	Communications	33.4	70.0	70.0	70.0	0.0	0.0
)7	Education and Medical	64.6	284.6	285.1	274.5	-0.2	3.7
	Education	24.9	412.7		405.3		1.8
	Medical Care	39.7	204.2	204.6	192.4	-0.2	6.1
8	Personal Goods and Services	216.0	148.1	147.9	144.4	0.1	2.6
	Home Entertainment	20.9	96.1	92.3	95.3	4.2	0.9
	Outside Entertainment	0.8	172.4	172.4	172.4	0.0	0.0
	Culture, Pastimes, Hobbies	29.9	133.4	133.2	125.7	0.1	6.2
	Holiday Expenses	71.6	181.3	182.2	170.7		6.2
	Personal Services	38.3	125.0	125.2	126.6		-1.3
	Personal Goods	15.6	137.5	135.2	147.0		-6.5
	Domestic Services	38.6	152.7	152.8	152.7		0.0
	Gifts and Subscriptions	0.3	158.3	158.3	141.7		11.8
	ITEMS	1000.0	152.0	157.0	147.1	-3.2	3.4



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

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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								121.7	
	127.1	126.7	112.4	108.6	134.6	118.9	253.0		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
% CHANGE PREVIEAR	2.1	1.9	-4.2	5.0	-0.1	4.7	1.0	3.0	0.0
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
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2008	444.0	407.0	450.0	44.7	4440	400.5	070 4	445.0	450.0
MARCH	144.8	137.0	150.3	114.7	144.9	136.5	278.4	145.2	152.3
JUNE	147.9	137.9	146.2	116.1	149.4	141.8	284.3	147.3	153.5
SEPTEMBER	153.1 155.0	141.5 139.8	154.7	108.1 111.0	157.2 165.0	141.2 135.4	285.1 284.6	147.9 148.1	157.0 152.0
DECEMBER %CHANGE PREV YEAR	7.4	4.0	139.3 2.9	-2.2	165.0	0.2	3.7	2.6	3.4
% CHANGE PREV TEAR					4.9				
/0 CHANGE PREV QIR	1.2	-1.2	-10.0	2.6	4.9	-4.1	-0.2	0.1	-3.2
ANNUAL AVERAGE 2008	150.2	139.1	147.6	112.5	154.1	138.7	283.1	147.1	153.7
% CHANGE PREV YEAR ANNUAL AVERAGE	5.6	22	42	0.0	7.5	44	4.2	2.0	44
ANNUAL AVERAGE	5.6	2.2	4.3	0.0	7.5	4.1	4.2	2.9	4.1



TABLE 5: AVERAGE PRICES OF SELECTED ITEMS DECEMBER 2008

	ITEM	QUANTITY	AVE	AVERAGE PRICES (CI\$)		
			Dec	Sept	Dec	
			2008	2008	2007	
101-04	Whole-wheat bread (imported)	1 lb. 4 oz	2.36	2.26	2.19	
107-04	Long grain rice	5 lb.	7.52	7.52	6.58	
107-01	Cornflakes	24 oz	4.68	4.68	4.64	
100-12	Cormanes	24 02	4.00	4.00	4.04	
111-01	Stew beef	1 lb.	4.12	4.22	4.19	
114-01	Bacon	1 lb.	6.48	6.48	6.24	
125-02	Snapper fillets (frozen)	1 lb.	8.66	8.66	7.32	
127-05	Canned Tuna in water	6.5 oz	1.36	1.24	1.19	
130-02	Eggs (Grade A Large)	1 doz.	2.32	2.28	2.24	
131-02	Anchor Butter	1 lb	3.76	3.36	3.36	
133-05	Fresh milk (McArthur)	1 gal.	6.29	6.36	5.99	
135-03	Evaporated milk	1 gai. 14.5 oz	1.28	1.28	1.16	
139-19	Shortening	3 lb.	7.21	7.11	5.63	
139-19	Shortening	3 ID.	7.21	7.11	5.05	
141-01	Plantains	1 lb.	1.02	0.82	0.86	
142-07	Idaho potatoes	1 lb.	1.06	1.22	0.89	
147-11	Lettuce	Head	1.52	1.59	1.92	
146-15	Sweet potatoes	1 lb.	2.16	1.76	1.02	
151-01	Tomatoes	1 lb.	3.16	2.76	2.02	
152-03	Ripe bananas	1 lb.	0.71	0.80	0.62	
153-01	Apples (Golden Delicious)	1 lb.	2.26	2.36	1.92	
155-11	Oranges	each	1.26	0.89	0.88	
161-01	Tea bags (Lipton)	48	3.69	3.56	3.15	
163-02	Instant coffee (Maxwell House)		5.41	5.41	5.61	
166-02	Soda	12 oz. can	0.69	0.68	0.68	
100-02	Soua	12 02. Call	0.09	0.00	0.00	
171-01	White sugar	2 kg.	3.12	3.12	3.23	
172-02	Strawberry Preserves	12 ozs	2.84	2.84	2.81	
101.00	0 1 11	40.5	4.70	4.00	4 47	
181-02	Canned vegetable soup	10.5 oz	1.70	1.60	1.47	
182-04	Corned beef hash	15 oz	2.89	2.49	2.56	
186-16	Salt	8 oz	0.78	0.78	0.76	
521-01	Petrol (Full Service)	1 gallon	3.34	4.95	4.17	
280-90	Electricity	First 200 kWh	53.80	73.66	63.20	
			33.33			