



THE CAYMAN ISLANDS' CONSUMER PRICE REPORT:

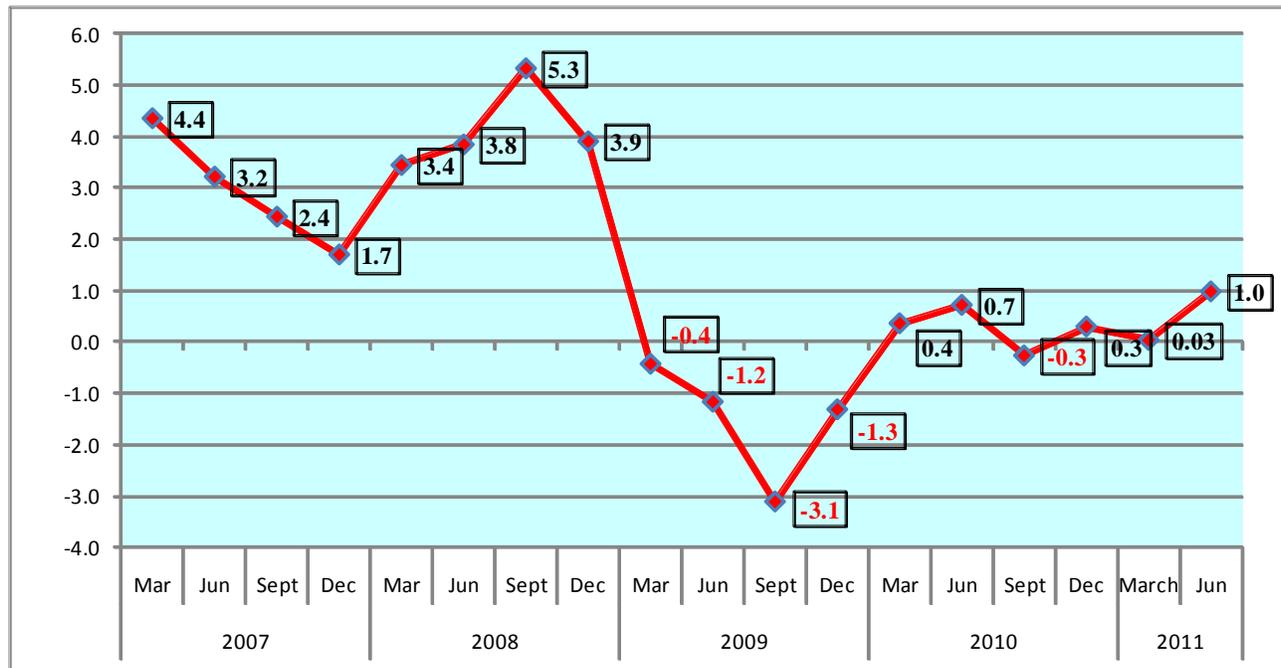
June 2011

(Date of release: July 2011)

Consumer Price Index (CPI) increased by 1.0 % in June 2011 compared to June 2010

The overall Consumer Price Index (CPI) stood at 100.5 in June 2011, up by 1.0 percent in comparison to June 2010, mainly due to a sharp increase in the transportation price index.

Figure 1: Inflation: March 2007- June 2011
(% Change in CPI of Current Quarter over Same Quarter a Year Ago)



Annual changes – June 2011 over June 2010

The upward movement of the CPI in the second quarter of 2011 compared to the second quarter of 2010 is traced to the price adjustments in the following divisions:

- **Transportation:** this price index increased by 13.3 percent due mainly to an increase in the average cost of operations of personal transport equipment (17.4%), associated with fuel prices which rose 35.3 percent. Transport services also recorded price increases by an average of 8.5 percent.

- **Communication:** this division's average price increased by 2.5 percent due to an increase in its main component (telephone and telefax services) by 2.6 percent.
- **Miscellaneous goods and services:** the upward change of this index by 2.3 percent is correlated mainly with price increases for personal effects not elsewhere classified such as jewellery and watches (5.8%); other services not elsewhere classified such as legal consultation fees and funeral services (5.8%); and social protection services such as nursery fees (3.2%).
- **Recreation and culture:** this index increased by 1.9 percent largely coming from other recreational items associated with gardens and pets (4.2%), recreational and cultural services (3.2%) and other major durables for recreation and culture (2.8%). On the other hand, there were decreases in the average cost of newspapers, books and stationery (-6.1%) and audio-visual, photographic and information processing equipment (-2.0%).
- **Education:** the overall price index stood at **105.4**. This was 1.8 percent above the level in June 2010 due to increases in the average cost of pre-primary and primary education (2.8%) and secondary education (1.7%).
- **Restaurants and hotels:** this price index moved upwards by 1.6 percent, driven by a 2.2 percent increase in cost for catering services. A fall of 1.9 percent was recorded for accommodation services during this period.
- **Food and non-alcoholic beverages:** the average price of this index increased by 1.6 percent resulting from a number of groups led by mineral water, soda drinks, fruits and vegetable juices (7.6%), meats and meat products (6.2%), fish and seafood (5.7%) and food products not elsewhere classified (4.0%). These were partially offset by declines for vegetables (-12.5%) and fruits (-4.8%).
- **Health:** the price index increased by 1.4 percent due to changes in the prices of outpatient services (1.6%) and medical products, appliances and equipment (1.2%), while average prices of hospital services showed no change.
- **Alcohol and tobacco:** this price index increased by 0.3 percent, as prices of tobacco products rose on average by 1.0 percent as compared to June 2010, while alcoholic beverages also registered an increase (0.2%).

Meanwhile, the following divisions showed declines:

- **Housing and utilities¹:** this price index, which accounts for approximately forty percent of the CPI basket, declined anew by 2.9 percent due to decreases in imputed rentals for

¹ The UN Classification of Individual Consumption According to Purpose (COICOP) name for this division is "housing, water, electricity gas and other fuels."

owner-occupied housing² (-11.1%) and actual rentals for housing (-1.3%). These offset a sharp increase in the average cost of electricity, gas and other fuels (23.8%), water supply and miscellaneous services (13.8%) and maintenance and repair of dwelling (4.4%).

- **Clothing and footwear:** this also fell by -1.1 percent due to a decrease in the average cost of clothing by 1.2 percent whilst footwear fell by 0.8 percent.
- **Household equipment:** this division's index moved downwards by 0.7 percent, mainly due to household appliances (-8.0%), tools and equipment for house and garden (-6.7%), and glassware, tableware and household utensils (-5.6%).

Quarterly changes – June 2011 over March 2011

The June 2011 CPI increased by 1.4 percent compared to the March 2011 CPI as a result of increases in the price indices of the following divisions:

- **Transportation:** this price index recorded a significant jump of 5.0 percent due to increases in the average cost of operations of personal transport equipment (8.0%), which came largely from the rising cost of fuel and related products.
- **Communication:** this division's average price rose by 3.1 percent mainly due to changes in prices for telephone and telefax services (3.2%). In contrast, the average cost of telephone and telefax equipment declined by 10.7 percent
- **Food and non-alcoholic beverages:** the average price of this index increased 1.8 percent resulting from increases in a number of groups led by mineral water, soft drinks, fruit and vegetable juices (4.9%), meat and meat products (3.2%) and bread and cereals (2.7%). All of the other groups had relatively mild increases except for vegetables (-5.1%).
- **Housing and utilities** this index went up by 1.4 percent which resulted mainly from price movements for electricity, gas and other fuels (8.3%) and water supply and miscellaneous services (4.8%). Meanwhile, actual and imputed rentals of housing were stable.
- **Health:** the price index inched upwards by 1.3 percent following an upward adjustment for outpatient services (2.1%), while medical products, appliances and equipment fell (-1.0%). Hospital services generally recorded stable prices.
- **Clothing and footwear:** this index increased by 0.7 percent as clothing registered a benign increase (0.8%) while footwear slid marginally (-0.1%).

² Imputed rentals are based on actual rentals of a sample of owner-occupied houses.

- **Alcohol and tobacco:** this rose by 0.6 percent, as the average price of alcohol products moved up by 0.7 percent, coupled with a relatively stable cost of tobacco.
- **Miscellaneous goods and services:** this price index inched up by 0.2 percent which resulted from an increase in personal effects not elsewhere classified (2.1%) and personal care (0.7%).

Meanwhile, the **education** division showed no changes in the average prices between March 2011 and June 2011.

Finally, the following divisions declined in June 2011 compared to March 2011:

- **Restaurants and hotels:** this price index dropped by 1.7 percent, driven mainly by a decrease in the average cost of accommodation services (-11.8%).
- **Household equipment:** this division's index decreased by 0.3 percent as prices declines were seen across all the groups except tools and equipment for house and garden which recorded an increase of 2.7 percent.
- **Recreation and culture:** this price index went down by 0.1 percent as small declines were recorded for recreational items and equipment, gardens and pets (-0.3%) and recreational and cultural services (-0.1%).

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
2001	March	80.3	0.5	1.8
	June	80.5	0.2	1.8
	September	79.9	-0.7	0.3
	December	80.5	0.8	0.8
2002	March	82.0	1.9	2.1
	June	82.0	0.0	1.9
	September	82.3	0.4	3.0
	December	82.9	0.7	3.0
2003	March	82.2	-0.8	0.2
	June	82.5	0.4	0.6
	September	82.9	0.5	0.7
	December	83.4	0.6	0.6
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

Table 2
CAYMAN ISLANDS CONSUMER PRICE INDEX
 ANNUAL AVERAGES 1995 TO 2010
 (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

TABLE 3: CONSUMER PRICE INDICES AND INFLATION BY DIVISIONS AND GROUPS - FIRST QUARTER 2011

Major Group	Weight	Index			Percentage Change	
		June-11	Mar-11	June-10	3 months Ago	1 year ago
All Divisions - All items	1000.0	100.5	99.2	99.5	1.4	1.0
01 Food & Non Alcoholic Beverage	79.6	112.4	110.4	110.6	1.8	1.6
Bread & cereals	9.9	111.7	108.8	108.3	2.7	3.1
Meat & meat products	10.4	116.5	112.9	109.7	3.2	6.2
Fish & seafood	4.2	109.9	108.6	104.0	1.2	5.7
Milk, cheese & egg	8.3	109.4	107.5	107.0	1.7	2.2
Oils & fats	2.0	101.2	100.1	99.9	1.2	1.3
Fruit	6.7	120.0	117.8	126.0	1.8	-4.8
Vegetables	8.6	114.7	120.9	131.1	-5.1	-12.5
Sugars, jam, honey, chocolate & confectionery	5.5	111.7	110.4	109.7	1.1	1.9
Food products not elsewhere classified.	5.6	108.1	106.9	103.9	1.1	4.0
Coffee, tea & cocoa	1.6	103.3	101.6	101.5	1.7	1.8
Mineral water, soft drinks, fruit & vegetable juices	16.9	112.0	106.7	104.0	4.9	7.6
02 Alcohol and Tobacco	6.5	115.7	115.0	115.3	0.6	0.3
Alcohol	5.6	108.3	107.5	108.1	0.7	0.2
Tobacco	0.9	163.5	163.5	161.9	0.0	1.0
03 Clothing and Footwear	34.3	100.9	100.2	102.1	0.7	-1.1
Clothing	29.5	99.8	98.9	100.9	0.8	-1.2
Footwear	4.8	108.1	108.2	109.0	-0.1	-0.8
04 Housing and Utilities	394.4	90.4	89.2	93.1	1.4	-2.9
Actual rentals for housing	78.7	81.1	81.1	82.2	0.0	-1.3
Imputed rentals for housing	223.4	84.6	84.6	95.1	0.0	-11.1
Maintenance and repair of dwelling	28.5	113.0	113.5	108.2	-0.4	4.4
Water supply and miscellaneous services	16.4	109.3	104.3	96.1	4.8	13.8
Electricity, gas and other fuels	47.3	113.3	104.6	91.5	8.3	23.8
05 Household Equipment	56.4	102.2	102.5	102.9	-0.3	-0.7
Furniture and furnishings	5.7	102.8	105.1	101.7	-2.2	1.1
Household textiles	1.1	106.7	107.4	104.0	-0.7	2.6
Household appliances	2.8	106.5	106.8	115.8	-0.3	-8.0
Glassware, tableware and household utensils	2.8	117.9	119.2	124.9	-1.1	-5.6
Tools and equipment for house and garden	1.5	94.0	91.5	100.7	2.7	-6.7
Goods and services for routine household maintenance	42.4	100.9	101.0	100.8	-0.1	0.1
06 Health	24.2	99.1	97.9	97.7	1.3	1.4
Medical products, appliances and equipment	5.0	107.5	108.6	106.3	-1.0	1.2
Outpatient services	17.9	96.2	94.2	94.6	2.1	1.6
Hospital services	1.4	106.5	106.5	106.5	0.0	0.0
07 Transport	96.1	110.3	105.0	97.4	5.0	13.3
Purchase of vehicles	6.1	102.6	102.3	103.1	0.3	-0.5
Operations of personal transport equipment	57.4	115.6	107.0	98.5	8.0	17.4
Transport services	32.6	102.4	102.1	94.3	0.3	8.5
08 Communication	69.7	105.3	102.1	102.7	3.1	2.5
Postal services	0.5	92.8	92.7	94.8	0.1	-2.1
Telephone & telefax equipment	0.3	83.2	93.1	100.0	-10.7	-16.8
Telephone & telefax services	68.9	105.5	102.2	102.8	3.2	2.6
09 Recreation and Culture	40.5	99.4	99.5	97.5	-0.1	1.9
Audio-visual, photographic and information processing equipment	4.2	79.4	79.2	80.9	0.1	-2.0
Other major durables for recreation and culture	3.4	100.9	100.9	98.2	0.0	2.8
Other recreational items and equipment, gardens and pets	10.5	109.9	110.3	105.5	-0.3	4.2
Recreational & cultural services	17.6	100.1	100.2	97.0	-0.1	3.2
Newspapers, books and stationery	4.8	90.2	89.9	96.0	0.3	-6.1
10 Education	27.9	105.4	105.4	103.5	0.0	1.8
Pre-primary and primary education	16.1	107.7	107.7	104.7	0.0	2.8
Secondary education	2.4	111.2	111.2	109.3	0.0	1.7
Tertiary education	9.4	100.0	100.0	100.0	0.0	0.0
11 Restaurants and Hotels	40.2	115.5	117.5	113.6	-1.7	1.6
Catering Services	33.8	118.1	118.0	115.6	0.1	2.2
Accommodation Services	6.4	101.5	115.1	103.5	-11.8	-1.9
12 Miscellaneous Goods and Services	130.2	107.4	107.2	105.0	0.2	2.3
Personal care	26.5	107.1	106.4	105.4	0.7	1.7
Personal effects not elsewhere classified	7.7	107.7	105.5	101.8	2.1	5.8
Social protection	8.4	103.2	103.2	100.0	0.0	3.2
Insurance	74.8	106.7	106.8	105.2	-0.1	1.4
Financial services not elsewhere classified	0.5	91.8	91.8	91.8	0.0	0.0
Other services not elsewhere classified	12.2	115.5	115.5	109.2	0.0	5.8

TABLE 4: CONSUMER PRICE INDICES BY DIVISION, 2009 TO 2011

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	107.0	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	105.3	99.4	105.4	115.5	107.4	100.5
% CHANGE PREV YEAR	1.6	0.3	-1.1	-2.9	-0.7	1.4	13.3	2.5	1.9	1.8	1.6	2.3	1.0
% CHANGE PREV QTR	1.8	0.6	0.7	1.4	-0.3	1.3	5.0	3.1	-0.1	0.0	-1.7	0.2	1.4

TABLE 5: AVERAGE PRICES OF SELECTED ITEMS
June 2011

Item	Quantity	Average Prices (CIS)		
		June-11	March-11	June-10
Loaf - Harddough	2 lb	3.65	3.65	3.64
Long Grain Rice	5 lb	2.38	2.32	2.32
Cornflakes (original)	24 oz	4.98	4.98	4.98
Stew Beef	per lb	4.06	4.02	4.05
Bacon	12 oz	4.30	4.24	3.69
Snapper Fillets (frozen)	per lb	8.99	8.24	7.30
Canned Tuna in water	6 oz	1.44	1.44	1.44
Eggs (Grade A Large)	1 doz	2.34	2.58	2.23
Margarine - Shedd's Spread	45 oz	4.92	4.92	4.91
Fresh Milk (McArthur - Regular Vitamin D)	1 gal	6.12	5.96	5.74
Evaporated milk (Nestle Carnation)	14 oz	1.19	1.12	1.16
Vegetable Oil	24 oz	4.12	4.12	3.96
Plantain	per lb	2.87	2.80	3.10
Potatoes - Irish	per lb	1.09	1.14	0.93
Lettuce - Iceburg	each	2.16	2.32	2.04
Potatoes - Sweet	per lb	1.96	2.20	2.76
Tomatoes - Slicing	per lb	2.52	2.98	3.16
Ripe Bananas	per lb	0.89	0.88	0.89
Apple - Golden Delicious	per lb	2.26	2.33	2.23
Grapes - Red-Seedless	per lb	3.16	3.75	4.00
Tea (Lipton - Decaffienated)	48 bags	3.79	3.76	3.74
Coffee - Instant -Classic Roast - Bottle	8 oz	6.88	6.82	6.36
Soda	12 oz	0.70	0.70	0.68
Sugar - Light Brown (Bag)	2 lb	2.07	2.07	2.36
Corned Beef - regular	340 g	3.39	3.33	3.43
Iodized Salt	26 oz	0.94	0.80	0.80
Petrol - Regular Full Service	per gal	5.86	4.97	4.38
Petrol - Premium Full Service	per gal	5.95	5.07	4.48
Diesel - Full Service	per gal	5.93	4.97	4.27

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:

Number of Items in the 2008 CPI Basket

Division		
1	Food and non-alcoholic beverages	477
2	Alcoholic beverages and tobacco	56
3	Clothing and footwear	137
4	Housing, utilities and fuels	67
5	Furnishings, household equipment and routine household maintenance.	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	96
Total		1,393

ESD 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”.³ The Lowe index, PLo , is defined as follows⁴:

³ ILO (2004, p. 2). Consumer price index manual

⁴ Ibid , p.3

$$P_{Lo} = \frac{\sum_{i=1}^n p_i^t q_i}{\sum_{i=1}^n p_i^0 q_i}$$

Where n = number of products in the basket with prices p_i and quantities q_i

0 = base period

t = later period being compared

3. Geometric mean

The price $p = [p_1, p_2, \dots, p_n]$ for each item from different outlets is the average of prices of the outlets using geometric mean or the formula:

$$p = \left(\prod_{i=1}^n p_i \right)^{1/n} = \sqrt[n]{p_1, p_2, \dots, p_n}$$

4. Key Terms

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.