



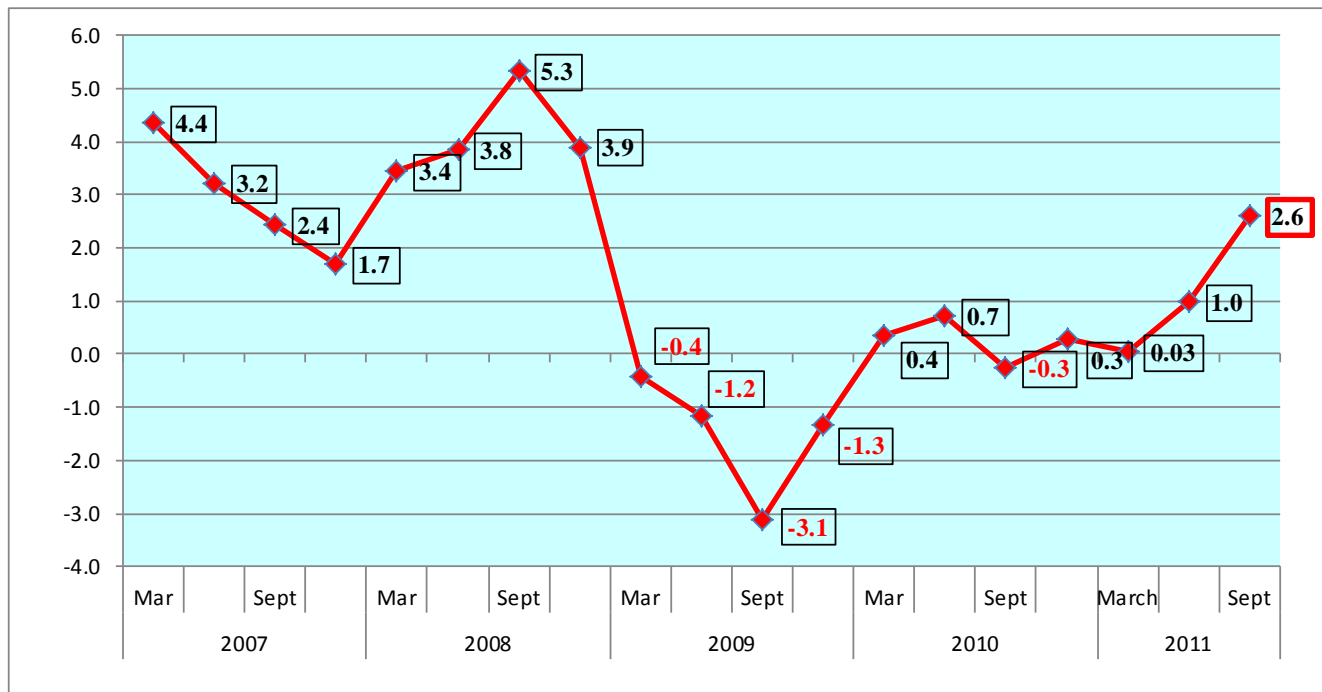
THE CAYMAN ISLANDS' CONSUMER PRICE REPORT: September 2011

(Date of release: November 2011)

Consumer Price Index (CPI) rose by 2.6 % in September 2011

The overall Consumer Price Index (CPI) stood at **101.0** in September 2011, which represents an increase of 2.6 percent in comparison to September 2010. This is mainly due to sharp increases in the indices for transportation, health and food.

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



Annual changes: September 2011 over September 2010

The increase in the Consumer Price Index in the third quarter of 2011 compared to the third quarter of 2010 was due to the following:

- **Transport:** this price index went up by **11.0** percent mainly due to changes in the average cost of operation of personal transport equipment (13.1%) and transport services (9.4%). These are directly related to the cost of fuel which recorded an average increase of 21.9 percent.

- **Health:** the price index increased by **8.4** percent due to price changes for outpatient services (11.9%) and hospital services (1.1%), amidst a 0.5-percent price decline for medical products, appliances and equipment.
- **Food and non-alcoholic beverages:** the average price of this index increased by **4.0** percent resulting from a number of sub-groups led by fish and seafood (11.4%), mineral water, soft drinks, fruit & vegetable juices (7.4%) and milk, cheese & egg (7.1%).
- **Housing and utilities¹:** this price index, which accounts for approximately 40.0 percent of the CPI basket, increased by **2.4** percent. This was primarily due to the increases in the following groups: electricity, gas and other fuels (22.5%), water supply and miscellaneous services (15.4%) and rentals for housing (3.3%). Meanwhile, imputed rentals for owner-occupied housing² declined by 3.8 percent.
- **Restaurants and hotels:** this price index moved upwards by **2.0** percent, driven by an increase in the average cost of accommodation services (2.2%), coupled with an increase in cost for catering services (2.0%).
- **Household equipment:** this division index moved up by **1.6** percent, mainly due to increases in the average cost of glassware, tableware and household utensils (30.7%) and household textiles (8.1%). Meanwhile, the average cost of household appliances declined by 7.1 percent.
- **Communication:** this division's average price increased by **1.1** percent due to an increase in its main component (telephone and telefax services) by 1.2 percent.

Meanwhile, the price indices of the following major categories declined:

- **Recreation and culture:** this price index decreased by 0.9 percent in September 2011 compared to September 2010, due mainly to a 2.8-percent decline in the average cost of audio- visual, photographic and information processing equipment, a 1.4-percent decrease in the average cost of recreational & cultural services and a 1.1-percent decrease in the average cost of newspapers, books and stationery. However, there was an increase in the average cost of other major durables for recreation and culture (1.4%).
- **Miscellaneous goods and services:** the downward movement of this price index by **0.7** percent resulted mainly from a decrease in the division's main group (insurance) by 3.7

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

² Imputed rentals are based on actual rentals for the same type of housing of a sample of owner-occupied houses.

percent. Financial services not elsewhere classified comprising bank charges remained stable.

- **Clothing and footwear:** this division's index fell by 0.1 percent due to a decrease in the average cost of footwear by 2.1 percent whilst clothing rose by 0.3 percent.
- **Alcohol and tobacco:** this index declined by 0.1 percent, as prices of alcohol beverages declined by 0.3 percent as compared to September 2010, while tobacco products registered an increase of 1.0 percent.

The education division showed no changes in average prices between September 2011 and September 2010.

Quarterly changes: September 2011 over June 2011

The September 2011 CPI increased by **0.5** percent compared to the June 2011 CPI as a result of increases in the price indices of the following major categories:

- **Health:** the price index went up by 7.0 percent due to changes in the prices of outpatient services (10.1%) and hospital services (1.1%), while average prices for medical products, appliances and equipment declined by 1.2 percent.
- **Household equipment:** this division's index registered an increase of **1.3** percent, mainly due to higher average cost of glassware, tableware and household utensils (17.2%) and household textiles (5.0%)
- **Transport:** this index moved upward by **1.1** percent arising from price movements in transport services (3.3%) and the operation of personal transport equipment (0.1%), while the average purchase cost of vehicles showed no changes.
- **Food and non-alcoholic beverages:** this rose by **1.1** percent resulting from a number of groups led by fruits (4.2%), vegetables (3.2%) and fish and seafood (3.0%). Meanwhile, there were decreases in the average cost of several groups led by bread and cereals (-1.1%), meat and meat products (-0.4%) and sugars, jam, honey, chocolate and confectionery (-0.1%).
- **Housing and utilities:** this was higher by **0.9** percent due to the movement in water supply and miscellaneous services (4.6%), electricity, gas and other fuels (3.7%), and maintenance and repair of dwelling (0.9%). Imputed rentals for housing recorded no change this quarter.
- **Restaurants and hotels:** this price index rose marginally by **0.2** percent, as the average cost of accommodation services rose by 5.6 percent.

- **Clothing and footwear:** This index stood at **101.0**, an increase of **0.1** percent compared to June 2011.

Meanwhile, the indices for the following divisions decreased in September 2011 compared to June 2011:

- **Miscellaneous goods and services:** this index went down by 1.7 percent, which resulted mainly from price movements for insurance (-3.7%)³.
- **Communication:** this price index fell by 1.2 percent mainly due to a fall in prices for telephone and telefax equipment (-24.5%) and telephone and telefax services (-1.2%). Meanwhile, the average cost of postal services was stable.
- **Recreation and culture:** this index declined by 0.3 percent which is traced primarily to price changes for audio-visual, photographic and information processing equipment (-2.0%) and recreational and cultural services (-1.0%). On the other hand, price increases were recorded for newspapers, books and stationery (2.4%) and other recreational items and equipment, gardens and pets (0.3%).
- **Alcohol and tobacco:** the price index stood at 115.7, a 0.1 percent decrease when compared to June 2011. Alcoholic beverages registered a mild decrease of 0.1 percent while tobacco products remained stable.

The education division showed no changes in average prices between June 2011 and September 2011.

³ The insurance index comprises of life, housing, health and vehicle.

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
	September	101.0	0.5	2.6

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 - THIRD QUARTER 2011

Major Group	Weight	Index			Percentage Change	
		Sept-11	June-11	Sept-10	3 months Ago	1 year ago
All Divisions - All items	1000.0	101.0	100.5	98.4	0.5	2.6
01 Food & Non Alcoholic Beverage	79.6	113.6	112.4	109.3	1.1	4.0
Bread & cereals	9.9	110.4	111.7	107.8	-1.1	2.4
Meat & meat products	10.4	116.0	116.5	111.9	-0.4	3.7
Fish & seafood	4.2	113.2	109.9	101.7	3.0	11.4
Milk, cheese & egg	8.3	111.6	109.4	104.2	2.1	7.1
Oils & fats	2.0	101.4	101.2	99.9	0.2	1.6
Fruit	6.7	125.1	120.0	128.3	4.2	-2.5
Vegetables	8.6	118.4	114.7	116.6	3.2	1.5
Sugars, jam, honey, chocolate & confectionery	5.5	111.6	111.7	110.8	-0.1	0.8
Food products n.e.c.	5.6	109.3	108.1	104.5	1.2	4.6
Coffee, tea & cocoa	1.6	104.8	103.3	100.7	1.4	4.1
Mineral water, soft drinks, fruit & vegetable juices	16.9	112.4	112.0	104.7	0.4	7.4
02 Alcohol and Tobacco	6.5	115.5	115.7	115.6	-0.1	-0.1
Alcohol	5.6	108.1	108.3	108.5	-0.1	-0.3
Tobacco	0.9	163.5	163.5	161.9	0.0	1.0
03 Clothing and Footwear	34.3	101.0	100.9	101.1	0.1	-0.1
Clothing	29.5	99.8	99.8	99.5	0.0	0.3
Footwear	4.8	108.8	108.1	111.1	0.6	-2.1
04 Housing and Utilities	394.4	91.2	90.4	89.1	0.9	2.4
Actual rentals for housing	78.7	81.3	81.1	78.7	0.2	3.3
Imputed rentals for housing	223.4	84.6	84.6	87.9	0.0	-3.8
Maintenance and repair of dwelling	28.5	114.0	113.0	110.8	0.9	2.9
Water supply and miscellaneous services	16.4	114.3	109.3	99.0	4.6	15.4
Electricity, gas and other fuels	47.3	117.4	113.3	95.9	3.7	22.5
05 Household Equipment	56.4	103.5	102.2	101.8	1.3	1.6
Furniture and furnishings	5.7	103.9	102.8	102.6	1.1	1.3
Household textiles	1.1	111.9	106.7	103.6	5.0	8.1
Household appliances	2.8	106.7	106.5	115.0	0.2	-7.1
Glassware, tableware and household utensils	2.8	138.1	117.9	105.7	17.2	30.7
Tools and equipment for house and garden	1.5	91.6	94.0	91.5	-2.6	0.1
Goods and services for routine household maintenance	42.4	101.1	100.9	100.9	0.2	0.2
06 Health	24.2	106.1	99.1	97.8	7.0	8.4
Medical products, appliances and equipment	5.0	106.3	107.5	106.8	-1.2	-0.5
Outpatient services	17.9	105.9	96.2	94.6	10.1	11.9
Hospital services	1.4	107.6	106.5	106.5	1.1	1.1
07 Transport	96.1	111.5	110.3	100.5	1.1	11.0
Purchase of vehicles	6.1	102.6	102.6	103.0	0.0	-0.4
Operations of personal transport equipment	57.4	115.7	115.6	102.3	0.1	13.1
Transport services	32.6	105.8	102.4	96.7	3.3	9.4
08 Communication	69.7	104.0	105.3	102.9	-1.2	1.1
Postal services	0.5	92.8	92.8	94.8	0.0	-2.1
Telephone & telefax equipment	0.3	62.8	83.2	93.1	-24.5	-32.6
Telephone & telefax services	68.9	104.3	105.5	103.0	-1.2	1.2
09 Recreation and Culture	40.5	99.2	99.4	100.1	-0.3	-0.9
Audio-visual, photographic and information processing equipment	4.2	77.8	79.4	80.0	-2.0	-2.8
Other major durables for recreation and culture	3.4	100.9	100.9	99.5	0.0	1.4
Other recreational items and equipment, gardens and pets	10.5	110.3	109.9	110.5	0.3	-0.2
Recreational & cultural services	17.6	99.1	100.1	100.5	-1.0	-1.4
Newspapers, books and stationery	4.8	92.4	90.2	93.4	2.4	-1.1
10 Education	27.9	105.4	105.4	105.4	0.0	0.0
Pre-primary and primary education	16.1	107.7	107.7	107.7	0.0	0.0
Secondary education	2.4	111.2	111.2	111.2	0.0	0.0
Tertiary education	9.4	100.0	100.0	100.0	0.0	0.0
11 Restaurants and Hotels	40.2	115.7	115.5	113.4	0.2	2.0
Catering Services	33.8	117.3	118.1	115.1	-0.6	2.0
Accommodation Services	6.4	107.2	101.5	104.8	5.6	2.2
12 Miscellaneous Goods and Services	130.2	105.6	107.4	106.4	-1.7	-0.7
Personal care	26.5	109.2	107.1	106.2	1.9	2.8
Personal effects n.e.c.	7.7	108.2	107.7	101.8	0.5	6.4
Social protection	8.4	103.2	103.2	100.0	0.0	3.2
Insurance	74.8	102.8	106.7	106.7	-3.7	-3.7
Financial services n.e.c.	0.5	91.8	91.8	91.8	0.0	0.0
Other services n.e.c.	12.2	115.5	115.5	110.5	0.0	4.5

Table 4: Consumer Price Index, Averages by Major Groups
 (JUNE 2008 = 100)

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
SEPTEMBER	113.6	115.5	101.0	91.2	103.5	106.1	111.5	104.0	99.2	105.4	115.7	105.6	101.0
% CHANGE PREV YEAR	4.0	-0.1	-0.1	2.4	1.6	8.4	11.0	1.1	-0.9	0.0	2.0	-0.7	2.6
% CHANGE PREV QTR	1.1	-0.1	0.1	0.9	1.3	7.0	1.1	-1.2	-0.3	0.0	0.2	-1.7	0.5

**TABLE 5: AVERAGE PRICES OF SELECTED ITEMS
SEPTEMBER 2011**

Item	Quantity	Average Prices (C/\$)		
		Sept-11	June-11	Sept-10
Loaf - Harddough	2 lb	3.57	3.65	3.62
Long Grain Rice	5 lb	2.47	2.38	2.32
Cornflakes (original)	24 oz	5.06	4.98	4.98
Stew Beef	per lb	4.04	4.06	3.92
Bacon	12 oz	4.34	4.30	3.89
Snapper Fillets (frozen)	per lb	9.16	8.99	7.28
Canned Tuna in water	6 oz	1.46	1.44	1.44
Eggs (Grade A Large)	1 doz	2.44	2.34	2.29
Margarine -Shedds Spread	45 oz	5.12	4.92	4.91
Fresh Milk (McArthur - Regular Vitamin D)	1 gal	6.19	6.12	5.89
Evaporated milk (Nestle Carnation)	14 oz	1.24	1.19	1.10
Vegetable Oil	24 oz	3.84	4.12	3.96
Plantain	per lb	2.67	2.87	2.61
Potatoes - Irish	per lb	1.21	1.09	0.99
Lettuce - Iceburg	each	2.01	2.16	2.15
Potatoes - Sweet	per lb	2.47	1.96	2.81
Tomatoes - Slicing	per lb	2.52	2.52	2.47
Ripe Bananas	per lb	0.89	0.89	0.88
Apple - Golden Delicious	per lb	2.31	2.26	2.30
Grapes - Red-Seedless	per lb	3.75	3.16	3.64
Tea (Lipton - Decaffienated)	48 bags	3.79	3.79	3.74
Coffee - Instant -Classic Roast - Bottle	8 oz	6.94	6.88	6.42
Soda	12 oz	0.70	0.70	0.68
Sugar - Light Brown (Bag)	2 lb	2.07	2.07	2.38
Corned Beef - regular	340 g	3.42	3.39	3.40
Iodized Salt	26 oz	0.97	0.94	0.80
Petrol - Regular Full Service	per gal	5.70	5.86	4.69
Petrol - Premium Full Service	per gal	5.80	5.95	4.79
Diesel - Full Service	per gal	5.76	5.93	4.69

NOTES ON THE CPI COMPILATION

Data collection

1. This report uses the new CPI basket for the Cayman Islands which was developed based on the results of the 2007 Survey of Living Conditions/Household Budget Survey (HBS) as updated in June 2008. (ESO ceased the measurement of CPI using the 1994 CPI basket as of September 2009). The goods and services in the new 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 2008-based CPI 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

2. ESO 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 now 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).

CPI formula

3. 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”.⁴ The Lowe index, PLo , is defined as follows⁵:

⁴ International Labor Organization, Consumer Price Index Manual (2004)

⁵ 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

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:

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

Definition of common terms

4. **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.
5. **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**.
6. **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**.