



THE CAYMAN ISLANDS' CONSUMER PRICE INDEX REPORT: DECEMBER 2012

(Date: February 12, 2013)

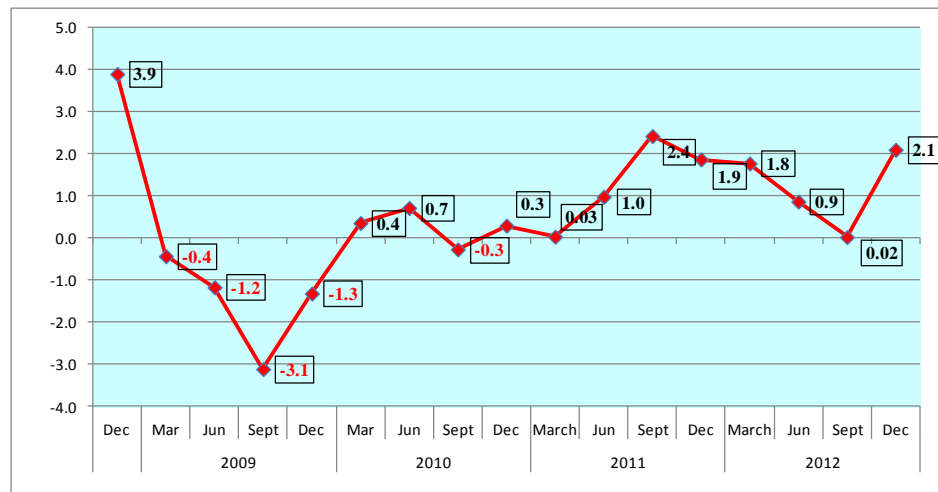
Average Consumer Price Index (CPI) increased by 1.2% in 2012

This report presents the average CPI in the year 2012 and the results of the December 2012 CPI Survey.

Average CPI in 2012

The average CPI in 2012 stood at 101.4, increasing by 1.2% from the average CPI in 2011. This overall movement was generated from a 1.8 percent increase in first quarter of 2012, 0.9 percent in the second quarter 2012, followed by 0.02 percent and 2.1 percent in the third and fourth quarters, respectively.

Figure 1: Inflation Rates
(% Change in CPI of Current Quarter Over Same Quarter A Year Ago)



By major division of goods and services in the CPI basket, increases were recorded in nine (9) out of the twelve (12) divisions as follows:

- Clothing and footwear, 6.6%;
- Food and non-alcoholic beverages, 4.2%;
- Alcohol and tobacco, 3.8%;
- Transport, 2.9%;
- Health, 2.5%;
- Miscellaneous goods and services, 1.8%;
- Household equipment, 0.9%;
- Education, 0.5% and
- Housing and utilities 0.2%.

The major divisions with average price declines were restaurants and hotels (-2.4%); recreation and culture (-1.8%), and communication (-0.1%):

December 2012 Consumer Price Index

Annual changes. The CPI for the quarter ended December 2012 increased by 2.1 percent compared to the same period a year ago. Contributing to this increase were the following major divisions:

- **Alcohol and tobacco:** this price index rose by **13.7** percent, mainly due to an increase in import duties for tobacco effective September 2012 which pushed up the tobacco price index by 50.6 percent. Meanwhile, the average cost of alcohol also increased by 5.1 percent.
- **Clothing and Footwear:** the upward movement of this price index by **8.3** percent is traced to higher prices for both footwear (8.7%) and clothing (8.2%).
- **Miscellaneous goods and services:** this price index went up by **4.4** percent, driven by significant increases for personal effects not elsewhere classified (31.3%) which includes watches and jewellery items. Price upticks were also seen for personal care goods and services (5.0%) and insurance (3.0%).
- **Food and non-alcoholic beverages:** the division index increased **3.7** percent as all groups rose, led by fruits (10.9%); vegetables (4.5%) and breads and cereals (4.3%). Other positive price changes were recorded for oil and fats (4.2%), milk cheese and eggs (3.9%) coffee, tea and cocoa (3.1%) and food product not elsewhere classified (2.9%).
- **Transport:** the overall price index stood at 114.2, **3.2** percent above the index a year ago arising from higher acquisition cost of vehicles (9.4%) and operations of personal transport equipment (4.4%).
- **Health:** the price index was higher by **3.0** percent resulting from an increase in average prices for hospital (6.2%) and outpatient (4.2%) services.
- **Housing and utilities:** this moved up by **1.5** percent, following the price movement of electricity, gas and other fuels (5.5%), maintenance and repairs of dwellings (3.7%) and water supply and miscellaneous services (2.4%).
- **Education:** this overall price index stood at 106.4 or **1.0** percent above the level in December 2011. Although the average cost of tertiary education was stable, increases were marked for secondary education (3.3%) and pre-primary and primary education (1.1%).
- **Household equipment:** the division index was higher by **1.0** percent from a year ago, mainly due to an increase in the average cost of furniture and furnishings (3.5%) and household textiles (1.5%). Increases were also recorded for tools and equipment for house and garden (1.4%) and goods and services for routine household maintenance (1.4%). These were partially offset by declines in glassware, tableware and household utensils (-4.9%) and household appliances (-2.6%).

Meanwhile, the following divisions declined in December 2012 compared to December 2011:

- **Recreation and culture:** this moved down by **2.9** percent, as average prices for other major durables for recreation and culture fell by 11.8 percent, followed by recreational and cultural services (- 6.3%) and audio-visual, photographic and information processing equipment (- 4.1%). In contrast, price uptrends were recorded for newspaper, books and stationary (6.8%) and other recreational items and equipment, gardens and pets (1.6%).
- **Restaurants and hotels:** this declined by **2.4** percent despite a sharp increase in the average rates for accommodation as the average cost of catering services fell by 3.8 percent.
- **Communication:** the price index declined by **0.4** percent resulting from price reductions for telephone and telefax equipment (-10.0%) and telephone and telefax services (-0.3%).

Quarterly changes. The CPI stood at **102.5** in December 2012, up by 1.6 percent in comparison to September 2012. The upward movement was due to the following:

- **Alcohol and tobacco:** this price index rose by 13.2 percent, as prices of tobacco products and alcoholic beverages rose on average by 49.4 percent and 4.7 percent, respectively.
- **Transport:** this went up by **3.5** percent, resulting mainly from the 4.7 percent increase in the average cost of operation of personal transport equipment. The average cost of transport services and cost of vehicles were also higher by 1.7 percent and 0.2 percent, respectively.
- **Miscellaneous goods and services:** the index had a quarterly adjustment of **2.2** percent, emanating mainly from increases for personal effects not elsewhere classified (13.4%).
- **Housing and utilities:** this index, which accounts for almost 2/5 of the entire CPI basket, registered at 91.5 in December 2012. This is **2.0** percent above the level in September 2012 on account of an 11.5 percent rise in the average price of electricity, gas and other fuels. An increase of 3.3 percent was also shown for the average cost of water supply and miscellaneous services.
- **Restaurants and hotels:** the price index moved upward by **2.0** percent resulting mainly from higher accommodation rates (19.3%). In contrast, the average cost of catering services posted a marginal decline of 0.3 percent.
- **Food and non-alcoholic beverage:** the overall division index recorded a **0.6** percent increase. All groups in this division were higher compared to the previous quarter except for fish and seafood (-3.0%) and vegetables (-0.8%). The increase was led by fruits (3.7%), food products not elsewhere classified (1.3%) and milk, cheese and eggs (1.1%).
- **Clothing and footwear:** this went up by **0.5** percent resulting from movements in footwear prices (0.7%) and clothing (0.5%).
- **Communication:** the overall index of this division posted 0.4 percent adjustment arising from a similar price change for telefax and telephone services. The latter offset a 10.0 percent price decline for telefax and telephone equipment.

- **Health:** this increased by **0.1** percent as the average price of medical products, appliances and equipment rose by 0.4 percent. Meanwhile, average prices for hospital and outpatient services were stable.

On the other hand, the following divisions posted declines in December 2012 compared to September 2012:

- **Recreation and culture:** this price index declined by **0.5** percent, coming mainly from a 5.0 percent fall in the average cost of other major durables for recreation and culture. Decreases were also recorded for audio-visual, photographic and information processing equipment (-1.8%) and recreational and cultural services (-0.2%).
- **Household equipment:** the price index for this division fell by **0.3** percent led by a 4.2 percent reduction in the average cost of household textiles which includes beddings, blinds, towels and linens.

Meanwhile, the **education** index was stable, as school fees remained unchanged from the previous quarter.

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
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	100.8	0.3	2.4
	December	100.4	-0.4	1.9
2012	March	100.9	0.6	1.8
	June	101.4	0.5	0.9
	September	100.8	-0.6	0.02
	December	102.5	1.6	2.1

Table 2
CAYMAN ISLANDS CONSUMER PRICE INDEX
ANNUAL AVERAGES 1995 TO 2011
(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
2011	100.2	1.3
2012	101.4	1.2

TABLE 3: CONSUMER PRICE INDICES AND INFLATION BY DIVISIONS AND GROUPS - FORTH QUARTER 2012

Major Group	Weight	Index			Percentage Change	
		Dec-12	Sept-12	Dec-11	3 months	
					Ago	1 year ago
All Divisions - All items	1000.0	102.5	100.8	100.4	1.6	2.1
01 Food & Non Alcoholic Beverage	79.6	119.0	118.3	114.7	0.6	3.7
Bread & cereals	9.9	117.0	116.5	112.1	0.4	4.3
Meat & meat products	10.4	119.0	118.6	117.3	0.3	1.5
Fish & seafood	4.2	120.4	124.2	117.4	-3.0	2.6
Milk, cheese & egg	8.3	115.5	114.2	111.2	1.1	3.9
Oils & fats	2.0	110.0	109.2	105.5	0.7	4.2
Fruits	6.7	133.7	128.9	120.5	3.7	10.9
Vegetables	8.6	125.1	126.1	119.7	-0.8	4.5
Sugars, jam, honey, chocolate & confectionery	5.5	120.8	119.4	115.9	1.1	4.2
Food products n.e.c.	5.6	115.0	113.5	111.8	1.3	2.9
Coffee, tea & cocoa	1.6	110.8	110.7	107.5	0.1	3.1
Mineral water, soft drinks, fruit & vegetable juices	16.9	115.3	114.7	113.4	0.5	1.7
02 Alcohol and Tobacco	6.5	131.6	116.2	115.7	13.2	13.7
Alcohol	5.6	113.9	108.7	108.3	4.7	5.1
Tobacco	0.9	246.3	164.8	163.5	49.4	50.6
03 Clothing and Footwear	34.3	110.6	110.0	102.2	0.5	8.3
Clothing	29.5	109.5	109.0	101.2	0.5	8.2
Footwear	4.8	117.6	116.7	108.2	0.7	8.7
04 Housing and Utilities	394.4	91.5	89.7	90.1	2.0	1.5
Actual rentals for housing	78.7	79.6	79.6	79.8	0.0	-0.3
Imputed rentals for owner-occupied housing	223.4	83.3	83.3	83.0	0.0	0.4
Maintenance and repair of dwelling	28.5	120.4	118.6	116.2	1.6	3.7
Water supply and miscellaneous services	16.4	116.8	113.0	114.0	3.3	2.4
Electricity, gas and other fuels	47.3	123.7	111.0	117.3	11.5	5.5
05 Household Equipment	56.4	104.3	104.6	103.3	-0.3	1.0
Furniture and furnishings	5.7	104.6	104.8	101.1	-0.1	3.5
Household textiles	1.1	113.3	118.3	111.6	-4.2	1.5
Household appliances	2.8	102.8	102.8	105.5	0.0	-2.6
Glassware, tableware and household utensils	2.8	131.6	134.7	138.4	-2.3	-4.9
Tools and equipment for house and garden	1.5	92.5	92.6	91.3	-0.1	1.4
Goods and services for routine household maintenance	42.4	102.7	102.7	101.3	0.0	1.4
06 Health	24.2	101.9	101.8	98.9	0.1	3.0
Medical products, appliances and equipment	5.0	104.5	104.1	106.4	0.4	-1.8
Outpatient services	17.9	100.2	100.2	96.2	0.0	4.2
Hospital services	1.4	114.3	114.3	107.6	0.0	6.2
07 Transport	96.1	114.2	110.4	110.7	3.5	3.2
Purchase of vehicles	6.1	112.9	112.7	103.3	0.2	9.4
Operations of personal transport equipment	57.4	120.2	114.8	115.1	4.7	4.4
Transport services	32.6	104.0	102.2	104.2	1.7	-0.2
08 Communication	69.7	104.0	103.6	104.4	0.4	-0.4
Postal services	0.5	95.3	95.3	94.8	0.0	0.6
Telephone & telefax equipment	0.3	90.0	100.0	100.0	-10.0	-10.0
Telephone & telefax services	68.9	104.1	103.7	104.5	0.4	-0.3
09 Recreation and Culture	40.5	96.4	96.9	99.3	-0.5	-2.9
Audio-visual, photographic and information processing equipment	4.2	74.3	75.7	77.5	-1.8	-4.1
Other major durables for recreation and culture	3.4	89.0	93.7	100.9	-5.0	-11.8
Other recreational items and equipment, gardens and pets	10.5	112.2	111.8	110.5	0.4	1.6
Recreational & cultural services	17.6	92.8	93.0	99.1	-0.2	-6.3
Newspapers, books and stationery	4.8	99.5	99.5	93.1	0.0	6.8
10 Education	27.9	106.4	106.4	105.4	0.0	1.0
Pre-primary and primary education	16.1	108.9	108.9	107.7	0.0	1.1
Secondary education	2.4	114.8	114.8	111.2	0.0	3.3
Tertiary education	9.4	100.0	100.0	100.0	0.0	0.0
11 Restaurants and Hotels	40.2	110.1	108.0	112.8	2.0	-2.4
Catering Services	33.8	112.9	113.3	117.3	-0.3	-3.8
Accommodation Services	6.4	95.1	79.7	88.3	19.3	7.7
12 Miscellaneous Goods and Services	130.2	110.6	108.3	106.0	2.2	4.4
Personal care	26.5	114.4	112.2	108.9	2.0	5.0
Personal effects n.e.c.	7.7	136.8	120.5	104.1	13.4	31.3
Social protection	8.4	103.2	103.2	103.2	0.0	0.0
Insurance	74.8	107.1	105.5	104.0	1.6	3.0
Financial services n.e.c.	0.5	91.8	91.8	91.8	0.0	0.0
Other services n.e.c.	12.2	113.4	113.4	115.5	0.0	-1.8

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	107.1	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	105.4	99.4	105.4	115.5	107.4	100.5
SEPTEMBER	113.6	115.5	101.0	91.2	103.5	98.9	111.5	104.1	99.2	105.4	115.7	105.6	100.8
DECEMBER	114.7	115.7	102.2	90.1	103.3	98.9	110.7	104.4	99.3	105.4	112.8	106.0	100.4
ANNUAL AVERAGE 2011	112.8	115.5	101.1	90.3	102.8	98.7	109.4	104.0	99.3	105.4	115.4	106.5	100.2
2012													
MARCH	116.3	115.6	103.8	90.0	102.9	100.5	111.8	104.4	98.1	105.4	117.8	107.3	100.9
JUNE	116.7	116.2	106.4	90.5	103.1	100.4	114.0	103.6	98.6	105.4	114.5	107.7	101.4
SEPTEMBER	118.3	116.2	110.0	89.7	104.6	101.8	110.4	103.6	96.9	106.4	108.0	108.3	100.8
DECEMBER	119.0	131.6	110.6	91.5	104.3	101.9	114.2	104.0	96.4	106.4	110.1	110.6	102.5
% CHANGE PREV YEAR	3.7	13.7	8.3	1.5	1.0	3.0	3.2	-0.4	-2.9	1.0	-2.4	4.4	2.1
% CHANGE PREV QTR	0.6	13.2	0.5	2.0	-0.3	0.1	3.5	0.4	-0.5	0.0	2.0	2.2	1.6
ANNUAL AVERAGE 2012	117.6	119.9	107.7	90.4	103.7	101.2	112.6	103.9	97.5	105.9	112.6	108.5	101.4
% CHANGE PREV YEAR	4.2	3.8	6.6	0.2	0.9	2.5	2.9	-0.1	-1.8	0.5	-2.4	1.8	1.2

TABLE 5: AVERAGE PRICES OF SELECTED ITEMS
Quarter Ending September 2012

Item	Quantity	Average Prices (C\$)		
		Dec-11	Sept-12	Dec-12
Loaf - Harddough	2 lb	3.57	3.61	3.61
Long Grain Rice	5 lb	2.51	2.51	2.51
Cornflakes (original)	24 oz	5.06	4.92	4.99
Stew Beef	per lb	4.02	3.93	3.91
Bacon	12 oz	4.60	4.24	4.29
Snapper Fillets (frozen)	per lb	8.99	10.52	9.91
Canned Tuna in water	6 oz	1.52	1.64	1.64
Eggs (Grade A Large)	1 doz	2.51	2.52	2.72
Margarine -Shedds Spread	45 oz	5.12	5.94	5.94
Fresh Milk (McArthur - Regular Vitamin D)	1 gal	6.19	6.19	6.39
Evaporated milk (Nestle Carnation)	14 oz	1.66	1.36	1.42
Vegetable Oil	24 oz	4.22	4.26	4.26
Plantain	per lb	0.96	1.05	1.07
Potatoes - Irish	per lb	1.04	0.94	0.93
Lettuce - Iceburg	each	2.20	2.50	2.37
Potatoes - Sweet	per lb	2.17	2.49	2.45
Tomatoes - Slicing	per lb	2.70	2.68	2.72
Ripe Bananas	per lb	0.81	0.99	1.00
Apple - Golden Delicious	per lb	2.35	2.49	2.51
Grapes - Red-Seedless	per lb	3.62	3.92	4.25
Tea (Lipton - Decaffienated)	48 bags	4.02	3.81	3.81
Coffee - Instant -Classic Roast - Bottle	8 oz	7.02	7.09	7.12
Soda	12 oz	0.70	0.73	0.73
Sugar - Light Brown (Bag)	2 lb	2.09	2.38	2.38
Corned Beef - regular	340 g	3.62	3.74	3.92
Iodized Salt	26 oz	0.91	0.92	0.92
Petrol - Regular Full Service	per gal	5.58	5.52	5.76
Petrol - Premium Full Service	per gal	5.67	5.67	5.87
Diesel - Full Service	per gal	5.66	5.67	5.82

NOTES ON THE INDEX COMPILATION

1. CPI Revision

This report includes revisions in the CPI estimates as follows:

Revised Indices March - September 2012

Year	Quarter Ending	INDEX	
		Previous	Revised
2012	March	All items	101.0
		Restaurants and Hotels	118.2
	June	All items	101.4
		Restaurants and Hotels	118.7
	September	All items	100.9
		Restaurants and Hotels	113.3
	March	All items	100.9
		Restaurants and Hotels	107.6
	June	All items	101.4
		Restaurants and Hotels	108.4

The slight changes in the indices were due to corrections in the price data for restaurants and hotels.

2. 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	5
3	Clothing and footwear	137
4	Housing, utilities and fuels	6
5	Furnishings, household equipment and routine household maintenance.	191
6	Health	4
7	Transport	7
8	Communication	4
9	Recreation and Culture	6
1	Education	1
1	Restaurants and hotels	130
1	Miscellaneous goods and services	9

Total

1,393

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 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).

3. 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".¹ The Lowe index, P_{Lo}, is defined as follows²:

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

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 = [p₁, p₂, ..., p_n] for each item from different outlets is the average of prices of the outlets using geometric mean or the formula:

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

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**.

¹ ILO (2004, p. 2). Consumer price index manual

² Ibid, p.3