



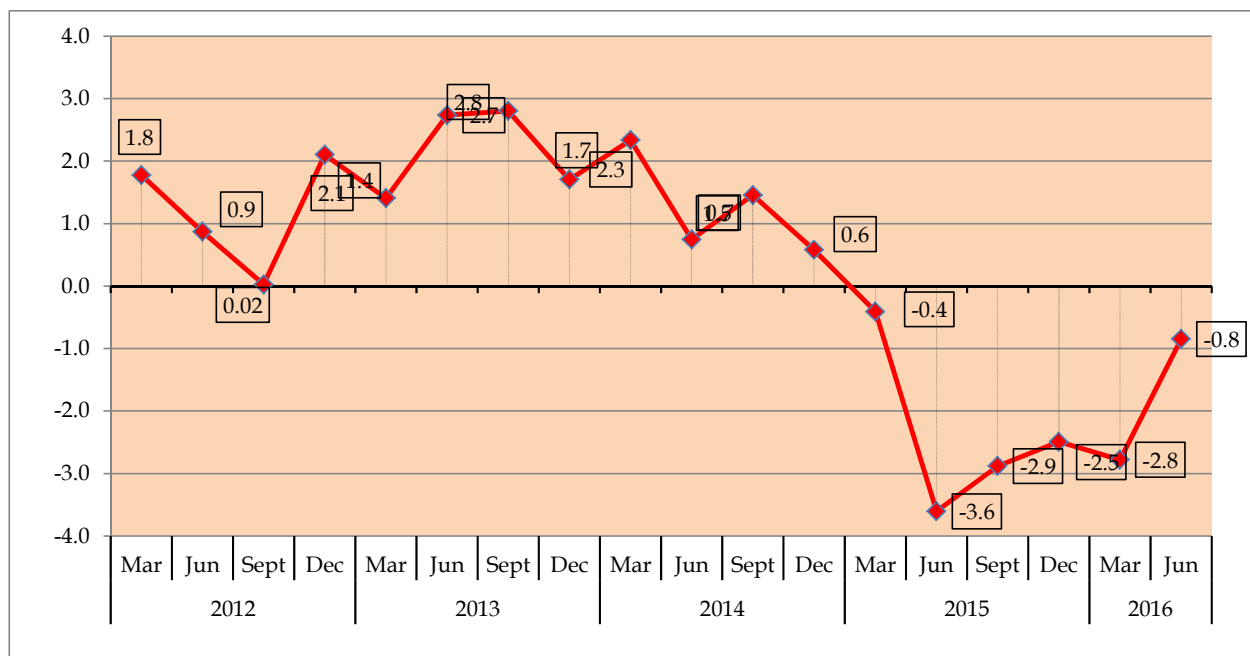
## THE CAYMAN ISLANDS' CONSUMER PRICE INDEX REPORT: JUNE 2016

(Date of release: August 10, 2016)

### CPI Falls by 0.8% in the Second Quarter of 2016

The overall Consumer Price Index (CPI) for the second quarter of 2016 was **100.3**, lower by 0.8 percent when compared to the second quarter of 2015. A comparison with the previous quarter ending March 2016 indicates a decline of 1.0 percent.

**Figure 1: Inflation Rates (June 2012 - June 2016)**  
(% Change in CPI of Current Quarter over Same Quarter a Year Ago)



### Annual changes: June 2016 over June 2015

The overall **0.8** percent decline in June 2016 in comparison to June 2015 is mainly due to reduced prices of items in the following divisions:

- **Housing and utilities:** the price index registered a decline of **3.0** percent. Prices for electricity, gas and other fuels fell by 12.8 percent as a result of the decline in oil prices. Water supply and miscellaneous services declined by 10.6 percent. Imputed rentals for owner-occupied housing and actual rentals were lower by 1.6 percent.

- **Restaurants and hotels:** the division's index fell by 1.0 percent as the accommodation services price index slid by 13.1 percent. However, there was a 0.6 percent rise in the price index for catering services.
- **Food and non-alcoholic beverages:** this index fell by 0.1 percent as the average cost of items in most components decreased, led by fruits; milk, cheese and egg. However, fish and seafood prices rose by 7.5 percent; coffee, tea, and cocoa went up 2.7 percent; and food products not elsewhere classified 0.7 percent. No price movements were recorded for vegetables.

Meanwhile, the following divisions recorded increases in June 2016 compared to June 2015:

- **Recreation and culture:** this division rose by 1.9 percent, coming mainly from other recreational items and equipment, gardens and pets which went up by 7.6 percent; recreational and cultural services by 4.2 percent; and other major durables for recreation and culture by 1.5 percent. The movement in the division's index was moderated by declines in the index for audio-visual, photographic and information processing equipment which went down by 15.2 percent, and newspapers and stationery by 8.3 percent.
- **Education:** there was a 0.8 percent rise above the June 2015 price level due to increases in the average school fees for secondary up by 1.4 percent and pre-primary and primary education up by 1.1 percent. Tertiary education recorded no movement in its index for the period under review.
- **Clothing and footwear:** this division's index rose by 0.6 percent as footwear prices moved up by an average of 2.5 percent and clothing by 0.2 percent.
- **Alcohol and tobacco:** the index for this division moved upward by 0.3 percent as a result of a 0.5 percent rise in tobacco prices. On average, the prices for alcoholic beverages went up by 0.2 percent.
- **Health:** there was a 0.3 percent increase in this division's price index largely traced to both outpatient services and hospital services which recorded a 0.4 percent rise. There was a 0.1 percent decline in the index for medical products, appliances, and equipment.
- **Miscellaneous goods and services:** there was a 0.3 percent rise in the price index as personal effects not elsewhere classified (mainly jewellery) rose by 23.0 percent. Other services not elsewhere classified (such as legal services and funeral expenses) also rose by 4.7 percent, while personal care went up by 1.1 percent. The insurance price index went down by 3.0 percent. However, no price movements were recorded for social protection and financial services not elsewhere classified.

- **Communication:** there was a **0.1** percent rise in the price index as all sub-groups except telephone and telefax equipment registered at higher levels. Postal services and telephone and telefax services rose by 0.1 percent reflecting the impact of an increase in call rates.

Meanwhile, the index for the **transport and household equipment** divisions showed no movement over the previous year. For transport services, there was a 14.1 percent surge in the average cost of transport services (such as air fares) which offset the 7.7-percent decline in the cost of operation of personal transport equipment.

### Quarterly changes: June 2016 compared to March 2016

The following divisions were the main contributors to the **1.0** percent second quarter CPI decrease over the first quarter of 2016:

- **Restaurants and hotels:** this index fell by **3.2** percent. The main contributor to the decline was the 24.3 percent downward movement in the index for accommodation services. However, the index for catering services inched up marginally by 0.1 percent.
- **Miscellaneous goods and services:** this index, the second largest weighted group in the entire CPI basket, declined by **2.9** percent. Downward price movements were recorded for insurance by 4.3 percent; personal effects not elsewhere classified by 3.6 percent; personal care by 0.6 percent; and other services not elsewhere classified by 0.3 percent.
- **Food and non-alcoholic beverages:** the index had a downward movement of **1.5** percent for the quarter. The main contributors were fruits and vegetables of 5.9 and 5.6 percent, respectively. Meat and meat products also moved downward by 2.4 percent; coffee, tea and cocoa by 2.3 percent; milk, cheese, and egg by 1.5 percent; and mineral water, soft drinks, fruit and vegetable juices down by 1.2 percent. However, the index for fish and seafood rose by 5.3 percent and oils and fats up by 3.3 percent.
- **Housing and utilities:** this index, which accounts for almost 2/5 of the entire CPI basket, declined by **1.4** percent. Actual rentals and imputed rentals for owner-occupied housing recorded no movement. Other components had a quarterly downturn: electricity, gas and other fuels by 10.1 percent; and water supply and miscellaneous services by 5.7 percent. However, there was a 1.7 percent rise in the index for maintenance and repair of dwelling.

The following divisions recorded notable upward movements in their indices when compared to the quarter ending June 2016:

- **Recreation and culture:** this division experienced a price increase of **2.6** percent which is traced primarily to other recreational items and equipment, gardens and pets that

moved up by 9.0 percent. However, there was a 1.1 percent decline in the index for audio-visual, photographic, and information processing equipment.

- **Household equipment:** the index moved upwards by **0.3** percent as all the components of this division recorded increased prices except household textiles. The index for tools and equipment for house and garden increased by 2.5 percent; and glassware, tableware and household utensils went up by 2.1 percent.
- **Clothing and footwear:** the division's index went up by **0.1** percent as footwear rose by 0.5 percent. Prices for clothing were stable.

Meanwhile, the index for the **alcohol and tobacco, health, transport, communication, and education** divisions showed no movement over 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
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
2013	March	102.3	-0.1	1.4
	June	104.2	1.8	2.7
	September	103.7	-0.5	2.8
	December	104.2	0.5	1.7
2014	March	104.7	0.5	2.3
	June	104.9	0.2	0.7
	September	105.2	0.2	1.5
	December	104.8	-0.3	0.6
2015	March	104.3	-0.5	-0.4
	June	101.2	-3.0	-3.6
	September	102.1	1.0	-2.9
	December	102.2	0.1	-2.5
<b>2016</b>	March	101.4	-0.8	-2.8
	<b>June</b>	<b>100.3</b>	<b>-1.0</b>	<b>-0.8</b>

**Table 2**  
**CAYMAN ISLANDS CONSUMER PRICE INDEX**  
 ANNUAL AVERAGES 1995 TO 2015  
 (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
2013	103.6	2.2
2014	104.9	1.3
<b>2015</b>	<b>102.4</b>	<b>-2.3</b>

**TABLE 3: CONSUMER PRICE INDICES AND INFLATION BY DIVISIONS AND GROUPS - SECOND QUARTER 2016**

Major Group	Weight	Index			Percentage Change	
		June-16	Mar-16	June-15	3 months Ago	1 year ago
<b>All Divisions - All items</b>	<b>1,000.0</b>	<b>100.3</b>	<b>101.4</b>	<b>101.2</b>	<b>-1.0</b>	<b>-0.8</b>
<b>01 Food &amp; Non Alcoholic Beverage</b>	<b>79.6</b>	<b>125.2</b>	<b>127.0</b>	<b>125.3</b>	<b>-1.5</b>	<b>-0.1</b>
Bread & cereals	9.9	126.3	124.5	123.3	1.5	2.5
Meat & meat products	10.4	135.6	138.9	136.5	-2.4	-0.7
Fish & seafood	4.2	134.9	128.1	125.5	5.3	7.5
Milk, cheese & egg	8.3	116.1	117.8	119.5	-1.5	-2.8
Oils & fats	2.0	109.5	106.0	110.4	3.3	-0.8
Fruits	6.7	133.1	141.4	138.4	-5.9	-3.8
Vegetables	8.6	134.6	142.6	134.5	-5.6	0.0
Sugars, jam, honey, chocolate & confectionery	5.5	126.7	126.5	127.8	0.1	-0.9
Food products n.e.c.	5.6	121.4	121.0	120.6	0.3	0.7
Coffee, tea & cocoa	1.6	118.5	121.2	115.3	-2.3	2.7
Mineral water, soft drinks, fruit & vegetable juices	16.9	115.4	116.8	116.0	-1.2	-0.6
<b>02 Alcohol and Tobacco</b>	<b>6.5</b>	<b>132.8</b>	<b>132.9</b>	<b>132.4</b>	<b>0.0</b>	<b>0.3</b>
Alcohol	5.6	115.2	115.2	114.9	0.0	0.2
Tobacco	0.9	247.2	247.2	246.0	0.0	0.5
<b>03 Clothing and Footwear</b>	<b>34.3</b>	<b>115.6</b>	<b>115.5</b>	<b>115.0</b>	<b>0.1</b>	<b>0.6</b>
Clothing	29.5	113.6	113.6	113.3	0.0	0.2
Footwear	4.8	128.2	127.6	125.1	0.5	2.5
<b>04 Housing and Utilities</b>	<b>394.4</b>	<b>78.2</b>	<b>79.3</b>	<b>80.6</b>	<b>-1.4</b>	<b>-3.0</b>
Actual rentals for housing	78.7	74.6	74.6	75.8	0.0	-1.6
Imputed rentals for owner-occupied housing	223.4	72.7	72.7	73.8	0.0	-1.6
Maintenance and repair of dwelling	28.5	128.0	125.8	124.2	1.7	3.1
Water supply and miscellaneous services	16.4	91.8	97.3	102.7	-5.7	-10.6
Electricity, gas and other fuels	47.3	75.3	83.8	86.4	-10.1	-12.8
<b>05 Household Equipment</b>	<b>56.4</b>	<b>118.3</b>	<b>118.0</b>	<b>118.3</b>	<b>0.3</b>	<b>0.0</b>
Furniture and furnishings	5.7	108.7	108.5	108.4	0.2	0.3
Household textiles	1.1	115.6	118.8	132.1	-2.7	-12.4
Household appliances	2.8	101.4	100.9	103.0	0.5	-1.5
Glassware, tableware and household utensils	2.8	127.8	125.3	126.3	2.1	1.3
Tools and equipment for house and garden	1.5	95.6	93.2	95.1	2.5	0.5
Goods and services for routine household maintenance	42.4	121.0	120.9	120.6	0.1	0.3
<b>06 Health</b>	<b>24.2</b>	<b>102.3</b>	<b>102.3</b>	<b>102.0</b>	<b>0.0</b>	<b>0.3</b>
Medical products, appliances and equipment	5.0	110.0	110.1	110.1	0.0	-0.1
Outpatient services	17.9	99.1	99.1	98.8	0.0	0.4
Hospital services	1.4	115.0	115.0	114.6	0.0	0.4
<b>07 Transport</b>	<b>96.1</b>	<b>109.4</b>	<b>109.4</b>	<b>109.3</b>	<b>0.0</b>	<b>0.0</b>
Purchase of vehicles	6.1	118.7	118.8	118.7	-0.1	0.0
Operations of personal transport equipment	57.4	101.5	103.1	110.0	-1.5	-7.7
Transport services	32.6	121.4	118.7	106.4	2.2	14.1
<b>08 Communication</b>	<b>69.7</b>	<b>109.7</b>	<b>109.7</b>	<b>109.6</b>	<b>0.0</b>	<b>0.1</b>
Postal services	0.5	96.8	96.8	96.6	0.0	0.1
Telephone & telefax equipment	0.3	107.6	107.6	107.6	0.0	0.0
Telephone & telefax services	68.9	109.8	109.8	109.7	0.0	0.1
<b>09 Recreation and Culture</b>	<b>40.5</b>	<b>102.2</b>	<b>99.6</b>	<b>100.3</b>	<b>2.6</b>	<b>1.9</b>
Audio-visual, photographic and information processing equipment	4.2	66.6	67.4	78.6	-1.1	-15.2
Other major durables for recreation and culture	3.4	93.0	93.0	91.6	0.0	1.5
Other recreational items and equipment, gardens and pets	10.5	122.2	112.1	113.5	9.0	7.6
Recreational & cultural services	17.6	102.7	102.7	98.5	0.0	4.2
Newspapers, books and stationery	4.8	94.4	93.9	103.0	0.5	-8.3
<b>10 Education</b>	<b>27.9</b>	<b>119.1</b>	<b>119.1</b>	<b>118.1</b>	<b>0.0</b>	<b>0.8</b>
Pre-primary and primary education	16.1	121.8	121.8	120.4	0.0	1.1
Secondary education	2.41	126.69	126.69	124.89	0.0	1.4
Tertiary education	9.4	112.5	112.5	112.5	0.0	0.0
<b>11 Restaurants and Hotels</b>	<b>40.2</b>	<b>116.0</b>	<b>119.8</b>	<b>117.3</b>	<b>-3.2</b>	<b>-1.0</b>
Catering Services	33.8	123.6	123.5	122.9	0.1	0.6
Accommodation Services	6.4	75.9	100.3	87.4	-24.3	-13.1
<b>12 Miscellaneous Goods and Services</b>	<b>130.2</b>	<b>117.5</b>	<b>121.0</b>	<b>117.1</b>	<b>-2.9</b>	<b>0.3</b>
Personal care	26.5	119.3	119.9	117.9	-0.6	1.1
Personal effects n.e.c.	7.7	148.1	153.7	120.3	-3.6	23.0
Social protection	8.4	109.5	109.5	109.5	0.0	0.0
Insurance	74.8	114.6	119.8	118.1	-4.3	-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	118.3	118.7	113.0	-0.3	4.7

**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
<b>WEIGHT</b>	<b>79.6</b>	<b>6.5</b>	<b>34.3</b>	<b>394.4</b>	<b>56.4</b>	<b>24.2</b>	<b>96.1</b>	<b>69.7</b>	<b>40.5</b>	<b>27.9</b>	<b>40.2</b>	<b>130.2</b>	<b>1000</b>
<b>2011</b>													
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
<b>ANNUAL AVERAGE 2011</b>	<b>112.8</b>	<b>115.5</b>	<b>101.1</b>	<b>90.3</b>	<b>102.8</b>	<b>98.7</b>	<b>109.4</b>	<b>104.0</b>	<b>99.3</b>	<b>105.4</b>	<b>115.4</b>	<b>106.5</b>	<b>100.2</b>
<b>2012</b>													
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
<b>ANNUAL AVERAGE 2012</b>	<b>117.6</b>	<b>119.9</b>	<b>107.7</b>	<b>90.4</b>	<b>103.7</b>	<b>101.2</b>	<b>112.6</b>	<b>103.9</b>	<b>97.5</b>	<b>105.9</b>	<b>112.6</b>	<b>108.5</b>	<b>101.4</b>
<b>2013</b>													
MARCH	120.1	131.8	112.5	89.4	110.2	102.1	113.1	104.0	96.6	106.4	116.9	110.8	102.3
JUNE	121.0	131.6	111.2	90.2	109.8	102.1	114.4	104.9	96.6	110.6	109.7	122.3	104.2
SEPTEMBER	121.9	131.5	114.5	88.4	110.0	102.4	115.3	104.8	96.8	113.0	116.1	119.2	103.7
DECEMBER	122.7	131.6	113.3	88.8	110.4	101.8	117.8	104.7	96.1	113.0	121.9	118.5	104.2
<b>ANNUAL AVERAGE 2013</b>	<b>121.4</b>	<b>131.6</b>	<b>112.9</b>	<b>89.2</b>	<b>110.1</b>	<b>102.1</b>	<b>115.2</b>	<b>104.6</b>	<b>96.5</b>	<b>110.8</b>	<b>116.2</b>	<b>117.7</b>	<b>103.6</b>
<b>2014</b>													
MARCH	123.1	131.7	111.3	87.9	117.6	102.0	117.3	104.7	98.4	113.0	130.5	119.3	104.7
JUNE	123.8	131.4	112.0	88.9	118.0	101.8	118.4	106.4	98.5	113.0	118.9	119.0	104.9
SEPTEMBER	124.4	131.9	112.3	89.6	118.6	101.9	118.3	106.2	98.4	113.0	116.9	118.8	105.2
DECEMBER	125.6	131.9	112.6	88.9	118.5	101.8	117.6	105.1	99.4	116.0	119.2	116.9	104.8
<b>ANNUAL AVERAGE 2014</b>	<b>124.2</b>	<b>131.7</b>	<b>112.0</b>	<b>88.8</b>	<b>118.2</b>	<b>101.9</b>	<b>117.9</b>	<b>105.6</b>	<b>98.7</b>	<b>113.8</b>	<b>121.4</b>	<b>118.5</b>	<b>104.9</b>
<b>2015</b>													
MARCH	126.6	132.0	113.2	86.9	118.6	102.3	117.3	107.3	100.2	116.0	119.8	116.5	104.3
JUNE	125.3	132.4	115.0	80.6	118.3	102.0	109.3	109.6	100.3	118.1	117.3	117.1	101.2
SEPTEMBER	126.3	132.6	116.6	81.7	118.3	102.1	112.1	109.7	100.1	119.1	117.4	117.9	102.1
DECEMBER	126.7	132.8	116.6	81.4	118.3	102.0	110.0	109.7	99.8	119.1	123.8	118.7	102.2
<b>ANNUAL AVERAGE 2015</b>	<b>126.2</b>	<b>132.5</b>	<b>115.4</b>	<b>82.6</b>	<b>118.4</b>	<b>102.1</b>	<b>112.2</b>	<b>109.1</b>	<b>100.1</b>	<b>118.1</b>	<b>119.6</b>	<b>117.6</b>	<b>102.4</b>
<b>% CHANGE ANNUAL AVERAGE</b>	<b>1.6</b>	<b>0.6</b>	<b>3.0</b>	<b>-6.9</b>	<b>0.2</b>	<b>0.3</b>	<b>-4.8</b>	<b>3.3</b>	<b>1.5</b>	<b>3.8</b>	<b>-1.5</b>	<b>-0.8</b>	<b>-2.3</b>
<b>2016</b>													
MARCH	127.0	132.9	115.5	79.3	118.0	102.3	109.4	109.7	99.6	119.1	119.8	121.0	101.4
JUNE	125.2	132.8	115.6	78.2	118.3	102.3	109.4	109.7	102.2	119.1	116.0	117.5	100.3
<b>% CHANGE PREV YEAR</b>	<b>-0.1</b>	<b>0.3</b>	<b>0.6</b>	<b>-3.0</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.1</b>	<b>1.9</b>	<b>0.8</b>	<b>-1.0</b>	<b>0.3</b>	<b>-0.8</b>
<b>% CHANGE PREV QTR</b>	<b>-1.5</b>	<b>0.0</b>	<b>0.1</b>	<b>-1.4</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>2.6</b>	<b>0.0</b>	<b>-3.2</b>	<b>-2.9</b>	<b>-1.0</b>



**TABLE 5: AVERAGE PRICES OF SELECTED ITEMS**  
**Quarter Ending June 2016**

Item	Quantity	Average Prices (CIS)		
		June-15	Mar-16	June-16
Loaf - Harddough	2 lb	3.90	3.95	4.13
Long Grain Rice	5 lb	2.46	2.49	2.49
Cornflakes (original)	24 oz	5.22	5.22	5.39
Stew Beef	per lb	5.26	5.69	5.43
Bacon	12 oz	5.99	5.32	5.32
Snapper Fillets (frozen)	per lb	10.80	8.91	11.28
Canned Tuna in water	6 oz	1.79	1.86	1.66
Eggs (Grade A Large)	1 doz	3.42	3.26	2.66
Margarine -Shedds Spread	45 oz	5.86	5.79	5.79
Fresh Milk (McArthur - Regular Vitamin D)	1 gal	6.61	6.51	6.51
Evaporated milk (Nestle Carnation)	14 oz	1.52	1.46	1.62
Vegetable Oil	24 oz	4.46	4.29	4.46
Plantain	per lb	1.12	1.29	1.07
Potatoes - Irish	per lb	0.99	0.96	0.97
Lettuce - Iceburg	each	2.49	2.21	2.12
Sweet Potatoes	per lb	2.71	3.91	3.78
Tomatoes - Slicing	per lb	2.80	3.42	2.72
Bananas - Ripe	per lb	0.91	0.93	0.92
Apple - Golden Delicious	per lb	2.28	2.73	2.63
Grapes - Red Seedless	per lb	4.47	4.58	4.01
Tea (Lipton Decaffeinated)	48 bags	4.32	4.59	4.64
Coffee - Instant -Classic Roast - Bottle	8 oz	6.86	6.82	6.82
Soda	12 oz	0.78	0.79	0.79
Sugar - Light Brown (Bag)	2 lb	3.24	3.12	2.94
Corned Beef - regular	340 g	4.15	4.13	4.01
Iodized Salt	26 oz	1.09	0.99	0.99
Petrol - Regular Full Service	per gal	4.49	3.92	3.89
Petrol - Premium Full Service	per gal	4.62	4.17	4.17
Diesel - Full Service	per gal	4.55	3.94	3.83

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	47
2	Alcoholic beverages and tobacco	5
3	Clothing and footwear	13
4	Housing, utilities and fuels	6
5	Furnishings, household equipment and routine household maintenance.	19
6	Health	4
7	Transport	7
8	Communication	4
9	Recreation and Culture	6
1	Education	1
1	Restaurants and hotels	13
1	Miscellaneous goods and services	9
<b>Total</b>		<b>1,393</b>

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).

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”.<sup>1</sup> The Lowe index, PLo , is defined as follows<sup>2</sup>:

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

Where n = number of products in the basket with prices p<sub>i</sub> and quantities q<sub>i</sub>

0 = base period

t = later period being compared

### Geometric mean

The price p = [p<sub>1</sub>, p<sub>2</sub>, . . . , p<sub>n</sub>] 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**.

<sup>1</sup> ILO (2004, p. 2). Consumer price index manual

<sup>2</sup> Ibid , p.3