



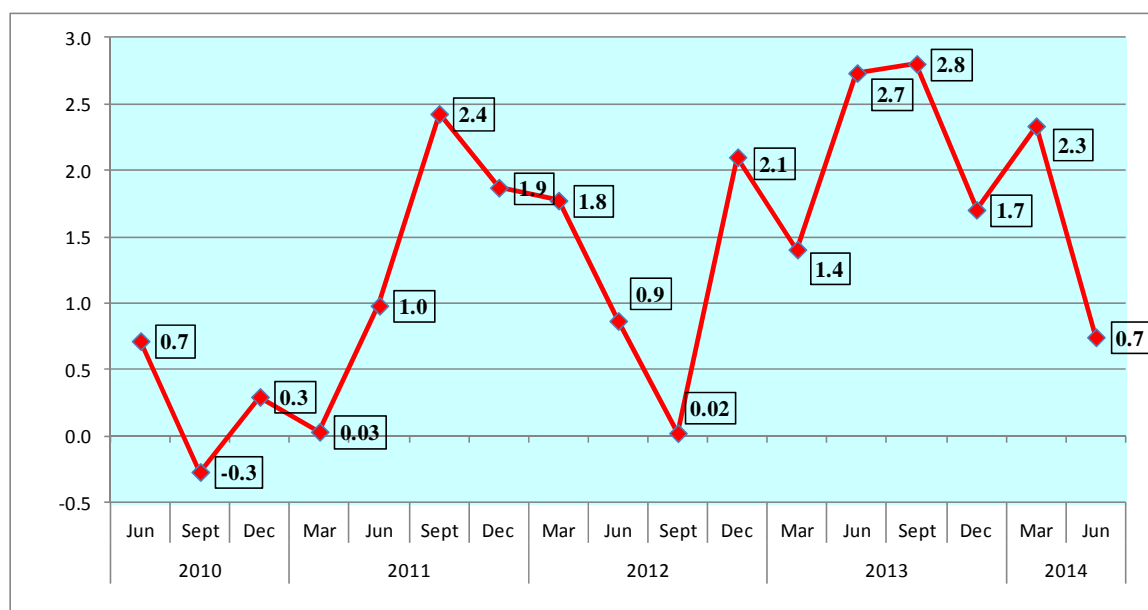
THE CAYMAN ISLANDS' CONSUMER PRICE INDEX REPORT: JUNE 2014

(Date of release: August 2014)

CPI Increased by 0.7% in June 2014

The overall Consumer Price Index (CPI) in the second quarter of 2014 was **104.9**, higher by 0.7 percent in comparison to June 2013. A comparison with the previous quarter ending March 2014, indicates an increase of 0.2 percent. These movements partly reflect the rebound in actual rentals for housing after 10 consecutive quarters of decline.

Figure 1: Inflation Rates (June 2010 – June 2014)
(% Change in CPI of Current Quarter over Same Quarter a Year Ago)



Annual changes: June 2014 over June 2013

The overall 0.7 percent increase in June 2014 compared to June 2013 is mainly due to increases in the following divisions:

- **Restaurants and hotels:** this price index moved up by 8.4 percent, driven mainly by an increase of 15.8 percent in the average cost of accommodation services. Catering services also showed an average price increase of 7.3 percent.

- **Household equipment:** the index for this division increased by **7.5** percent. This upward movement was largely the result of higher average costs for household textiles (11.4%); glassware, tableware and household utensils (9.0%) and goods and services for routine household maintenance (8.7%).
- **Transport:** this price index recorded an overall increase of **3.4** percent due to changes in the average cost of transport services (7.7%) and the purchase cost of vehicles (7.1%).
- **Food and non-alcoholic beverages:** this index increased by **2.4** percent as the average cost of most groups rose, led by fish and seafood (7.1 %) followed by meat and meat products (5.7%); food products not elsewhere classified (3.2%); milk, cheese and egg (2.4%); and sugars, jam, honey, chocolate and confectionery (1.8%). The groups vegetables, oils and fats, and fruits recorded declines.
- **Education:** there was a **2.1** percent rise above the level in June 2013 due to increases in the average school fees for pre-primary and primary (3.3%) and secondary education (3.1%).
- **Recreation and culture:** the overall price index increased by **1.9** percent due mainly to a 4.9 percent rise in the average cost of recreational and cultural services as well as other recreational items and equipment, gardens and pets (2.0%) and other major durables for recreation and culture (1.2%).
- **Communication:** there was a **1.4** percent rise in this price index as all sub-groups registered at higher levels led by price increases for telephone and telefax equipment (1.5%) and telephone and telefax services (1.4%). The average cost of postal services also moved up by 1.1 percent.
- **Clothing and Footwear:** this was higher by **0.7** percent as both components moved up.

Meanwhile, the following divisions declined in June 2014 compared to June 2013:

- **Miscellaneous goods and services:** this price index fell by **2.7** percent as a result of reduced prices for personal effects not elsewhere classified (-6.6%) and insurance premiums (-3.5%). The latter is traced mainly to motor vehicle insurance.
- **Housing and utilities:** this price index registered a decrease of **1.4** percent year on year. This was due to the price movements for owner-occupied housing (-3.2%) and electricity, gas and other fuels (-1.2%). However, actual rentals for housing rose by 2.3 percent, the first increase since December 2011, mainly due to a rise in rents for one-bedroom units.

- **Health:** a **0.2** percent decline in this division's price index was largely the result of declines in the average cost of hospital (-1.1%) and outpatient services (-1.0%).
- **Alcohol and tobacco:** the index for this division moved downward by **0.2** percent. There were marginal declines in the index for alcohol (-0.2%) and tobacco (-0.1%).

Quarterly changes: June 2014 compared to March 2014

The following divisions were the main contributors to the **0.2** percent CPI increase compared to a quarter ago:

- **Communication:** the index for the division recorded a **1.6** percent rise which is traced to the price movements for telephone and telefax equipment (27.5%) and telephone and telefax services (1.5%).
- **Housing and utilities:** this index, which accounts for almost 2/5 of the entire CPI basket, was **1.2** percent higher than last quarter. Actual rentals for housing rose by 3.4 percent, driven particularly by movements in rents for one-bedroom units. Electricity, gas and other fuels went up by 2.0 percent while maintenance and repair of dwelling rose by 1.9 percent. Water supply and miscellaneous services also rose by 1.2 percent.
- **Transport:** was higher by **0.9** percent, resulting from price movements for operations of personal transport equipment (1.8%).
- **Food and non-alcoholic beverage:** the overall division index recorded a **0.6** percent increase as a result of increased prices for items such as fish and seafood (5.6%); bread and cereals (2.1%); and coffee, tea and cocoa (1.0%). The increase was moderated by declines in the index for oils and fats (-2.0%), vegetables (-1.8%) and sugars, jam, honey, chocolate and confectionery (-0.3%)
- **Clothing and footwear:** this division's index went up by **0.6** percent resulting from movements in clothing prices (0.9%).
- **Recreation and culture:** there was a marginal **0.1** percent increase in the index for this division. This movement resulted from increases in the average cost of other major durables for recreation and culture (1.2%) and other recreational items and equipment, gardens and pets (0.5%).

The following divisions recorded declines in the indices compared to March 2014:

- **Restaurants and hotels:** the index moved downward by **8.9** percent resulting mainly from the reduced prices for accommodation services (-41.8%).

- **Miscellaneous goods and services:** the index had a quarterly decline of **0.3** percent, emanating mainly from insurance prices (-0.3%).
- **Alcohol and tobacco:** this price index fell by **0.2** percent. A price reduction was recorded for alcohol (-0.3%).
- **Health:** there was a decline of **0.1** percent in the index for this division. The main contributor to this movement was the fall in the index for medical products, appliances and equipment (-0.9%) which offset a 1.1 percent rise for hospital services.

Meanwhile, the price index for **Education** was stable as fees for tuition do not usually change during the school year.

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
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
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

Table 2
CAYMAN ISLANDS CONSUMER PRICE INDEX
ANNUAL AVERAGES 1995 TO 2013
(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

TABLE 3: CONSUMER PRICE INDICES AND INFLATION BY DIVISIONS AND GROUPS - SECOND QUARTER 2014

Major Group	Weight	Index			Percentage Change	
		June-14	Mar- 14	June-13	3 months Ago	1 year ago
All Divisions - All items	1,000.0	104.9	104.7	104.2	0.2	0.7
01 Food & Non Alcoholic Beverage	79.6	123.8	123.1	121.0	0.6	2.4
Bread & cereals	9.9	121.6	119.2	116.2	2.1	4.7
Meat & meat products	10.4	128.4	127.1	121.5	1.0	5.7
Fish & seafood	4.2	129.0	122.2	120.5	5.6	7.1
Milk, cheese & egg	8.3	120.1	119.5	117.2	0.4	2.4
Oils & fats	2.0	109.5	111.7	110.6	-2.0	-1.0
Fruits	6.7	138.6	137.4	138.9	0.9	-0.2
Vegetables	8.6	128.5	130.8	130.3	-1.8	-1.3
Sugars, jam, honey, chocolate & confectionery	5.5	125.4	125.8	123.2	-0.3	1.8
Food products n.e.c.	5.6	119.1	119.1	115.5	0.0	3.2
Coffee, tea & cocoa	1.6	112.6	111.5	110.9	1.0	1.6
Mineral water, soft drinks, fruit & vegetable juices	16.9	118.5	118.2	116.8	0.2	1.4
02 Alcohol and Tobacco	6.5	131.4	131.7	131.6	-0.2	-0.2
Alcohol	5.6	113.7	114.0	113.9	-0.3	-0.2
Tobacco	0.9	246.0	246.0	246.3	0.0	-0.1
03 Clothing and Footwear	34.3	112.0	111.3	111.2	0.6	0.7
Clothing	29.5	110.3	109.3	110.1	0.9	0.2
Footwear	4.8	122.1	123.3	117.9	-0.9	3.6
04 Housing and Utilities	394.4	88.9	87.9	90.2	1.2	-1.4
Actual rentals for housing	78.7	79.7	77.0	77.9	3.4	2.3
Imputed rentals for owner-occupied housing	223.4	80.6	80.6	83.3	0.0	-3.2
Maintenance and repair of dwelling	28.5	119.6	117.3	118.9	1.9	0.6
Water supply and miscellaneous services	16.4	114.5	113.1	114.2	1.2	0.2
Electricity, gas and other fuels	47.3	116.2	113.9	117.7	2.0	-1.2
05 Household Equipment	56.4	118.0	117.6	109.8	0.3	7.5
Furniture and furnishings	5.7	106.8	102.5	105.4	4.2	1.3
Household textiles	1.1	128.9	126.8	115.7	1.6	11.4
Household appliances	2.8	102.6	102.8	102.9	-0.2	-0.3
Glassware, tableware and household utensils	2.8	139.4	144.7	127.9	-3.6	9.0
Tools and equipment for house and garden	1.5	93.0	93.6	90.1	-0.6	3.2
Goods and services for routine household maintenance	42.4	119.8	119.5	110.2	0.2	8.7
06 Health	24.2	101.8	102.0	102.1	-0.1	-0.2
Medical products, appliances and equipment	5.0	108.2	109.2	105.5	-0.9	2.6
Outpatient services	17.9	99.2	99.2	100.1	0.0	-1.0
Hospital services	1.4	113.1	111.8	114.3	1.1	-1.1
07 Transport	96.1	118.4	117.3	114.4	0.9	3.4
Purchase of vehicles	6.1	117.3	118.8	109.5	-1.3	7.1
Operations of personal transport equipment	57.4	121.6	119.4	120.4	1.8	1.0
Transport services	32.6	113.0	113.4	104.9	-0.4	7.7
08 Communication	69.7	106.4	104.7	104.9	1.6	1.4
Postal services	0.5	96.4	96.4	95.3	0.0	1.1
Telephone & telefax equipment	0.3	107.6	84.4	106.0	27.5	1.5
Telephone & telefax services	68.9	106.5	104.9	105.0	1.5	1.4
09 Recreation and Culture	40.5	98.5	98.4	96.6	0.1	1.9
Audio-visual, photographic and information processing equipment	4.2	72.5	74.0	73.2	-2.0	-1.0
Other major durables for recreation and culture	3.4	91.3	90.1	90.1	1.2	1.2
Other recreational items and equipment, gardens and pets	10.5	114.7	114.1	112.5	0.5	2.0
Recreational & cultural services	17.6	97.4	97.4	92.8	0.0	4.9
Newspapers, books and stationery	4.8	94.6	94.9	101.0	-0.3	-6.4
10 Education	27.9	113.0	113.0	110.6	0.0	2.1
Pre-primary and primary education	16.1	112.5	112.5	108.9	0.0	3.3
Secondary education	2.4	118.4	118.4	114.8	0.0	3.1
Tertiary education	9.4	112.5	112.5	112.5	0.0	0.0
11 Restaurants and Hotels	40.2	118.9	130.5	109.7	-8.9	8.4
Catering Services	33.8	122.0	122.0	113.7	0.0	7.3
Accommodation Services	6.4	102.1	175.5	88.2	-41.8	15.8
12 Miscellaneous Goods and Services	130.2	119.0	119.3	122.3	-0.3	-2.7
Personal care	26.5	112.6	113.1	113.6	-0.4	-0.9
Personal effects n.e.c.	7.7	127.7	127.7	136.8	0.0	-6.6
Social protection	8.4	104.8	104.8	103.2	0.0	1.6
Insurance	74.8	123.3	123.7	127.8	-0.3	-3.5
Financial services n.e.c.	0.5	91.8	91.8	91.8	0.0	0.0
Other services n.e.c.	12.2	111.7	111.7	112.6	0.0	-0.9

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
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
2013													
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
ANNUAL AVERAGE 2013	121.4	131.6	112.9	89.2	110.1	102.1	115.2	104.6	96.5	110.8	116.2	117.7	103.6
2014													
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
% CHANGE PREV YEAR	2.4	-0.2	0.7	-1.4	7.5	-0.2	3.4	1.4	1.9	2.1	8.4	-2.7	0.7
% CHANGE PREV QTR	0.6	-0.2	0.6	1.2	0.3	-0.1	0.9	1.6	0.1	0.0	-8.9	-0.3	0.2

TABLE 5: AVERAGE PRICES OF SELECTED ITEMS
Quarter Ending June 2014

Item	Quantity	Average Prices (CIS)		
		June-13	Mar-14	June-14
Loaf - Harddough	2 lb	3.54	3.66	3.94
Long Grain Rice	5 lb	2.51	2.49	2.62
Cornflakes (original)	24 oz	5.02	5.39	5.16
Stew Beef	per lb	4.14	4.43	4.78
Bacon	12 oz	4.32	5.39	6.32
Snapper Fillets (frozen)	per lb	9.88	9.53	9.63
Canned Tuna in water	6 oz	1.72	1.76	1.72
Eggs (Grade A Large)	1 doz	2.58	2.82	2.99
Margarine -Shedds Spread	45 oz	5.94	5.94	5.79
Fresh Milk (McArthur - Regular Vitamin D)	1 gal	6.36	6.46	6.49
Evaporated milk (Nestle Carnation)	14 oz	1.46	1.59	1.69
Vegetable Oil	24 oz	4.26	4.66	4.66
Plantain	per lb	1.01	1.16	1.04
Potatoes - Irish	per lb	0.94	1.06	0.96
Lettuce - Iceburg	each	2.34	2.18	2.11
Sweet Potatoes	per lb	2.61	2.40	2.66
Tomatoes - Slicing	per lb	2.85	2.77	2.81
Bananas - Ripe	per lb	0.98	0.92	0.93
Apple - Golden Delicious	per lb	2.52	2.50	2.46
Grapes - Red Seedless	per lb	4.13	4.00	4.06
Tea (Lipton Decaffeinated)	48 bags	3.81	3.89	4.02
Coffee - Instant -Classic Roast - Bottle	8 oz	6.72	6.72	6.76
Soda	12 oz	0.78	0.78	0.78
Sugar - Light Brown (Bag)	2 lb	2.09	2.09	2.09
Corned Beef - regular	340 g	3.96	3.99	3.94
Iodized Salt	26 oz	0.91	0.91	1.02
Petrol - Regular Full Service	per gal	5.63	5.47	5.56
Petrol - Premium Full Service	per gal	5.76	5.60	5.67
Diesel - Full Service	per gal	5.77	5.68	5.72

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
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).

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

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

Where n = number of products in the basket with prices p_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