



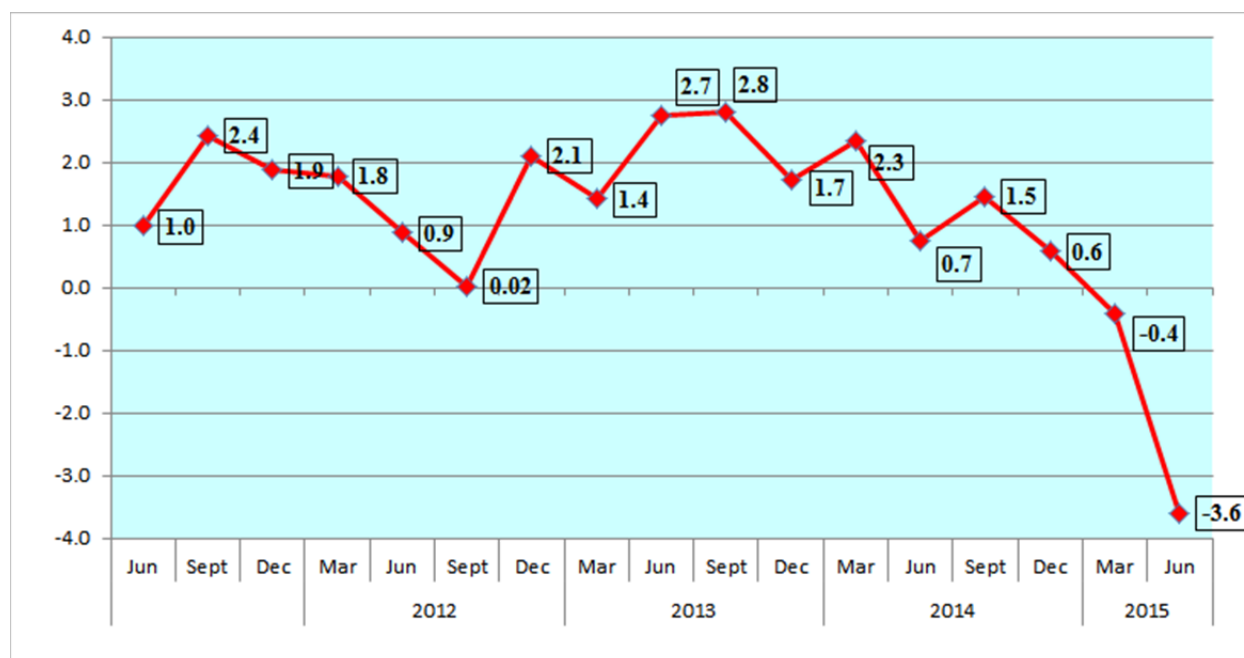
THE CAYMAN ISLANDS' CONSUMER PRICE INDEX REPORT: JUNE 2015

(Date of release: August 10, 2015)

CPI Falls by 3.6% in the Second Quarter of 2015

The overall Consumer Price Index (CPI) in the second quarter of 2015 was **101.2**, lower by 3.6 percent when compared to the second quarter in 2014. A comparison with the previous quarter ending March 2015 indicates a decline of 3.0 percent.

Figure 1: Inflation Rates (June 2011 - June 2015)
(% Change in CPI of Current Quarter over Same Quarter a Year Ago)



Annual changes: June 2014 over June 2015

The overall 3.6 percent decline in June 2015 in comparison to June 2014 is mainly due to reduced prices of items in the following divisions:

- **Housing and utilities:** the price index registered a decline of 9.4 percent year on year. Prices for electricity, gas and other fuels fell by 25.7 percent as a result of the decline in international oil prices. Water supply and miscellaneous services declined by 10.3 percent. Imputed rentals for owner-occupied housing fell by 8.4 percent while actual rentals averaged lower by 4.9 percent.

- **Transport:** the price index for the division recorded a decline of **7.6** percent as costs associated with the operation of personal transport equipment such as petrol fell by 9.5 percent. Transport services also recorded a fall of 5.8 percent. However, the index for purchase of vehicles rose by 1.2 percent.
- **Miscellaneous goods and services:** this division's price index moved downward by **1.6** percent as a result of reduced prices for personal effects not elsewhere classified (-5.8%), particularly accessories for ladies. Average insurance fees went down by 4.2 percent. Both outweighed the 4.7 percent increase in the price index for personal care, the 4.5 percent rise in the cost of social protection and the 1.2 percent upward movement in other services not elsewhere classified.
- **Restaurants and hotels:** the division's index fell by **1.4** percent as the accommodation services price index slid by 14.5 percent. However, there was a 0.7 percent rise in the price index for catering services.

Meanwhile, the following divisions recorded increases in June 2015 compared to June 2014:

- **Education:** there was a **4.5** percent rise above the June 2014 level due to increases in the average school fees for pre-primary and primary education (7.0%) and secondary education (5.5%). Tertiary education recorded no movement in its index for the period under review.
- **Communication:** there was a **3.0** percent rise in the price index as all sub-groups except telephone and telefax equipment registered at higher levels. Telephone and telefax services rose by 3.1 percent reflecting the impact of Internet services and subscription rates for fixed telephone lines. However, postal services also inched up by 0.3 percent as the price of private mail delivery services rose.
- **Clothing and footwear:** this division's index rose by **2.7** percent as clothing prices moved up by an average of 2.7 percent and footwear by 2.4 percent.
- **Recreation and culture:** the inflation rate for this division was **1.9** percent, coming mainly from newspapers, books and stationery (8.9%), audio-visual, photographic and information processing equipment (8.3%), recreational and cultural services (1.2%), and other major durables for recreation and culture (0.4%).
- **Food and non-alcoholic beverages:** this index rose by **1.2** percent as the average cost of most groups increased, led by meat and meat products (6.3%); vegetables (4.7%); coffee, tea and cocoa (2.4%); sugars, jam, honey, chocolate and confectionery (1.9%); bread and cereals (1.3%); and food products not elsewhere classified (1.2%). Price declines were recorded for fish and seafood (-2.7%); mineral water, soft drinks, fruit and vegetable juices (-2.1%); and fruits (-0.2%).

- **Alcohol and tobacco:** the index for this division moved upward by **0.8** percent as a result of a 1.1 percent rise in alcoholic beverages prices. On average, tobacco prices were stable.
- **Household equipment and routine maintenance:** this index increased by **0.2** percent, largely the result of higher prices for household textiles (2.5%); tools and equipment for house and garden (2.3%); and furniture and furnishings (1.5%). However, the 9.5 percent fall in the index for glassware, tableware and household utensils moderated the movement in the division's index.
- **Health:** there was a **0.2** percent increase in this division's price index largely traced to medical products, appliances, and equipment (1.7%) and hospital services (1.4%). There was a 0.4 percent decline in the index for outpatient services.

Quarterly changes: June 2015 compared to March 2015

The following divisions were the main contributors to the **3.0** percent CPI decrease over the first quarter of 2015:

- **Housing and utilities:** this index, which accounts for almost 2/5 of the entire CPI basket, declined by **7.3** percent. Except for actual rentals which recorded no movement, all other components had a quarterly downturn: electricity, gas and other fuels (-12.2%); imputed rentals for owner-occupied housing (-9.7%); water supply and miscellaneous services (-7.6%); and maintenance and repair of dwelling (-0.7%).
- **Transport:** this recorded a **6.8 percent** decrease, as all groups that make up this division recorded declines led by transport services which fell by 16.1 percent due to reductions in the average price of fuel.
- **Restaurants and hotels:** this index fell by **2.1** percent. The main contributor to the decline was the 16.6 percent downward movement in the index for accommodation services. However, there was a 0.2 percent increase in the index for catering services quarter on quarter.
- **Food and non-alcoholic beverages:** the index had a downward movement of **1.0** percent for the quarter. The main contributors were: milk, cheese and egg (-7.2%); fruits (-2.6%); fish and seafood (-2.3%); bread and cereals (-1.8%); and food products not elsewhere classified (-1.6%).

The following divisions recorded notable upward movements in their indices when compared to the quarter ending June 2015:

- **Communication:** this division experienced a price increase of **2.2** percent which is traced primarily to telephone and telefax services (2.2%).
- **Education:** there was a **1.8** percent rise in the index for this division. The movement was largely the result of a 3.2 percent increase in the index for secondary education, and a 2.6 percent incline for pre-primary and primary education.
- **Clothing and footwear:** the division's index went up by **1.6** percent as the two components of this division experienced increases, footwear rose by 2.4 percent and clothing by 1.4 percent.
- **Miscellaneous goods and services:** this index, the second largest weighted group in the entire CPI basket, increased by **0.5** percent. Price movements were recorded for other services not elsewhere classified (3.1%); personal care (2.6%), social protection; and personal effects not elsewhere classified (0.1%). These inclines were moderated by a price fall in insurance (-0.7%).
- **Alcohol and tobacco:** the index moved upwards by **0.3** percent as alcohol recorded an average price increase of 0.4%.

Meanwhile, the index for the **recreation and culture** division 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
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
	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

Table 2
CAYMAN ISLANDS CONSUMER PRICE INDEX
 ANNUAL AVERAGES 1995 TO 2014
 (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

TABLE 3: CONSUMER PRICE INDICES AND INFLATION BY DIVISIONS AND GROUPS - SECOND QUARTER 2015

Major Group	Weight	Index			Percentage Change	
		June-15	Mar-15	June-14	3 months Ago	1 year ago
All Divisions - All items	1,000.0	101.2	104.3	104.9	(3.0)	(3.6)
01 Food & Non Alcoholic Beverage	79.6	125.3	126.6	123.8	(1.0)	1.2
Bread & cereals	9.9	123.3	125.5	121.6	(1.8)	1.3
Meat & meat products	10.4	136.5	134.5	128.4	1.5	6.3
Fish & seafood	4.2	125.5	128.5	129.0	(2.3)	(2.7)
Milk, cheese & egg	8.3	119.5	128.8	120.1	(7.2)	(0.5)
Oils & fats	2.0	110.4	107.8	109.5	2.4	0.9
Fruits	6.7	138.4	142.1	138.6	(2.6)	(0.2)
Vegetables	8.6	134.5	132.6	128.5	1.5	4.7
Sugars, jam, honey, chocolate & confectionery	5.5	127.8	127.5	125.4	0.2	1.9
Food products n.e.c.	5.6	120.6	122.6	119.1	(1.6)	1.2
Coffee, tea & cocoa	1.6	115.3	114.8	112.6	0.4	2.4
Mineral water, soft drinks, fruit & vegetable juices	16.9	116.0	116.2	118.5	(0.1)	(2.1)
02 Alcohol and Tobacco	6.5	132.4	132.0	131.4	0.3	0.8
Alcohol	5.6	114.9	114.5	113.7	0.4	1.1
Tobacco	0.9	246.0	246.0	246.0	-	-
03 Clothing and Footwear	34.3	115.0	113.2	112.0	1.6	2.7
Clothing	29.5	113.3	111.8	110.3	1.4	2.7
Footwear	4.8	125.1	122.1	122.1	2.4	2.4
04 Housing and Utilities	394.4	80.6	86.9	88.9	(7.3)	(9.4)
Actual rentals for housing	78.7	75.8	75.8	79.7	-	(4.9)
Imputed rentals for owner-occupied housing	223.4	73.8	81.8	80.6	(9.7)	(8.4)
Maintenance and repair of dwelling	28.5	124.2	125.1	119.6	(0.7)	3.8
Water supply and miscellaneous services	16.4	102.7	111.1	114.5	(7.6)	(10.3)
Electricity, gas and other fuels	47.3	86.4	98.4	116.2	(12.2)	(25.7)
05 Household Equipment	56.4	118.3	118.6	118.0	(0.2)	0.2
Furniture and furnishings	5.7	108.4	108.3	106.8	0.1	1.5
Household textiles	1.1	132.1	128.9	128.9	2.5	2.5
Household appliances	2.8	103.0	103.6	102.6	(0.6)	0.4
Glassware, tableware and household utensils	2.8	126.3	131.9	139.4	(4.3)	(9.5)
Tools and equipment for house and garden	1.5	95.1	95.0	93.0	0.1	2.3
Goods and services for routine household maintenance	42.4	120.6	120.7	119.8	(0.0)	0.7
06 Health	24.2	102.0	102.3	101.8	(0.3)	0.2
Medical products, appliances and equipment	5.0	110.1	110.2	108.2	(0.1)	1.7
Outpatient services	17.9	98.8	99.2	99.2	(0.4)	(0.4)
Hospital services	1.4	114.6	114.6	113.1	-	1.4
07 Transport	96.1	109.3	117.3	118.4	(6.8)	(7.6)
Purchase of vehicles	6.1	118.7	120.7	117.3	(1.7)	1.2
Operations of personal transport equipment	57.4	110.0	111.6	121.6	(1.4)	(9.5)
Transport services	32.6	106.4	126.8	113.0	(16.1)	(5.8)
08 Communication	69.7	109.6	107.3	106.4	2.2	3.0
Postal services	0.5	96.6	96.4	96.4	0.3	0.3
Telephone & telefax equipment	0.3	107.6	107.6	107.6	-	-
Telephone & telefax services	68.9	109.7	107.4	106.5	2.2	3.1
09 Recreation and Culture	40.5	100.3	100.2	98.5	0.0	1.9
Audio-visual, photographic and information processing equipment	4.2	78.6	79.8	72.5	(1.6)	8.3
Other major durables for recreation and culture	3.4	91.6	91.3	91.3	0.4	0.4
Other recreational items and equipment, gardens and pets	10.5	113.5	113.8	114.7	(0.3)	(1.0)
Recreational & cultural services	17.6	98.5	98.2	97.4	0.3	1.2
Newspapers, books and stationery	4.8	103.0	102.2	94.6	0.8	8.9
10 Education	27.9	118.1	116.0	113.0	1.8	4.5
Pre-primary and primary education	16.1	120.4	117.4	112.5	2.6	7.0
Secondary education	2.41	124.89	121.01	118.36	3.2	5.5
Tertiary education	9.4	112.5	112.5	112.5	-	-
11 Restaurants and Hotels	40.2	117.3	119.8	118.9	(2.1)	(1.4)
Catering Services	33.8	122.9	122.7	122.0	0.2	0.7
Accommodation Services	6.4	87.4	104.7	102.1	(16.6)	(14.5)
12 Miscellaneous Goods and Services	130.2	117.1	116.5	119.0	0.5	(1.6)
Personal care	26.5	117.9	114.9	112.6	2.6	4.7
Personal effects n.e.c.	7.7	120.3	120.2	127.7	0.1	(5.8)
Social protection	8.4	109.5	107.8	104.8	1.5	4.5
Insurance	74.8	118.1	119.0	123.3	(0.7)	(4.2)
Financial services n.e.c.	0.5	91.8	91.8	91.8	-	-
Other services n.e.c.	12.2	113.0	109.6	111.7	3.1	1.2



CONSUMER PRICE REPORT JUNE 2015

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
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
ANNUAL AVERAGE 2014	124.2	131.7	112.0	88.8	118.2	101.9	117.9	105.6	98.7	113.8	121.4	118.5	104.9
2015													
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
% CHANGE PREV YEAR	1.2	0.8	2.7	-9.4	0.2	0.2	-7.6	3.0	1.9	4.5	-1.4	-1.6	-3.6
% CHANGE PREV QTR	-1.0	0.3	1.6	-7.3	-0.2	-0.3	-6.8	2.2	0.0	1.8	-2.1	0.5	-3.0

TABLE 5: AVERAGE PRICES OF SELECTED ITEMS
Quarter Ending June 2015

Item	Quantity	Average Prices (CIS)		
		June-14	Mar-15	June-15
Loaf - Harddough	2 lb	3.94	4.05	3.90
Long Grain Rice	5 lb	2.62	2.46	2.46
Cornflakes (original)	24 oz	5.16	5.16	5.22
Stew Beef	per lb	4.78	4.33	5.26
Bacon	12 oz	6.32	6.66	5.99
Snapper Fillets (frozen)	per lb	9.63	10.41	10.80
Canned Tuna in water	6 oz	1.72	1.79	1.79
Eggs (Grade A Large)	1 doz	2.99	4.20	3.42
Margarine -Shedds Spread	45 oz	5.79	5.79	5.86
Fresh Milk (McArthur - Regular Vitamin D)	1 gal	6.49	6.72	6.61
Evaporated milk (Nestle Carnation)	14 oz	1.69	1.46	1.52
Vegetable Oil	24 oz	4.66	4.46	4.46
Plantain	per lb	1.04	1.15	1.12
Potatoes - Irish	per lb	0.96	0.98	0.99
Lettuce - Iceburg	each	2.11	2.58	2.49
Sweet Potatoes	per lb	2.66	2.47	2.71
Tomatoes - Slicing	per lb	2.81	2.83	2.80
Bananas - Ripe	per lb	0.93	0.98	0.91
Apple - Golden Delicious	per lb	2.46	2.31	2.28
Grapes - Red Seedless	per lb	4.06	4.48	4.47
Tea (Lipton Decaffeinated)	48 bags	4.02	4.02	4.32
Coffee - Instant -Classic Roast - Bottle	8 oz	6.76	6.86	6.86
Soda	12 oz	0.78	0.78	0.78
Sugar - Light Brown (Bag)	2 lb	2.09	3.24	3.24
Corned Beef - regular	340 g	3.94	4.15	4.15
Iodized Salt	26 oz	1.02	1.09	1.09
Petrol - Regular Full Service	per gal	5.56	4.46	4.49
Petrol - Premium Full Service	per gal	5.67	4.60	4.62
Diesel - Full Service	per gal	5.72	4.75	4.55

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, PLo, 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