

WHAT THE CPI BASKET MEANS FOR YOU

What is the Basket Anyway:

The Consumer Price Index (CPI) is a statistical tool for measuring the general change in the prices of goods and services purchased by households. It is the official measure of inflation in the Cayman Islands.

QUICK FACTS ON THE CPI

1,393



This is the number of goods and services in the CPI basket

Who uses it?



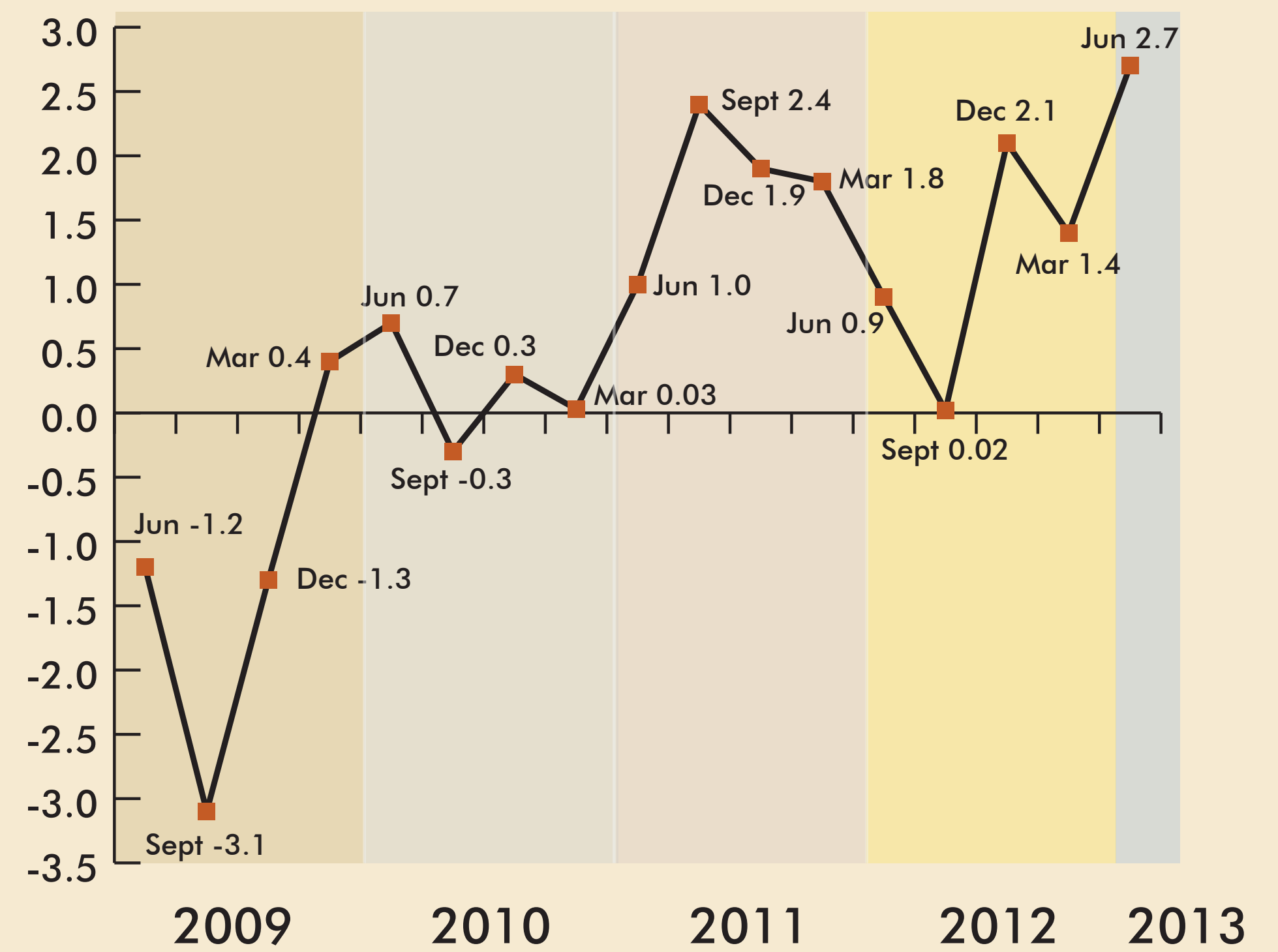
Business, government departments, investors, consumers, economist, students, researchers

Quarterly & Monthly



Prices are collected every second month of the quarter with the more volatile price items: gas, fruit, vegetables, fish & meat collected monthly

Year on Year Inflation Rates Percentage (%)



HISTORICAL CPI FACTS

1. An HBS is conducted to determine the goods and services to include in a CPI basket.
2. Households would keep a diary and list every item and service purchased over a period of time.
3. Based on the results of the HBS the CPI basket is derived.
4. The first HBS or HES as it is sometimes called for the Cayman Islands was created in 1984-1985.
5. And that was followed by the first CPI in 1991.
6. Households change their spending patterns over time therefore another HBS was conducted in 2007 to reflect these changes.

Lowes Formula

Index is the percentage change, between the periods compared, in the total cost of purchasing a given set of quantities, generally described as a "basket".

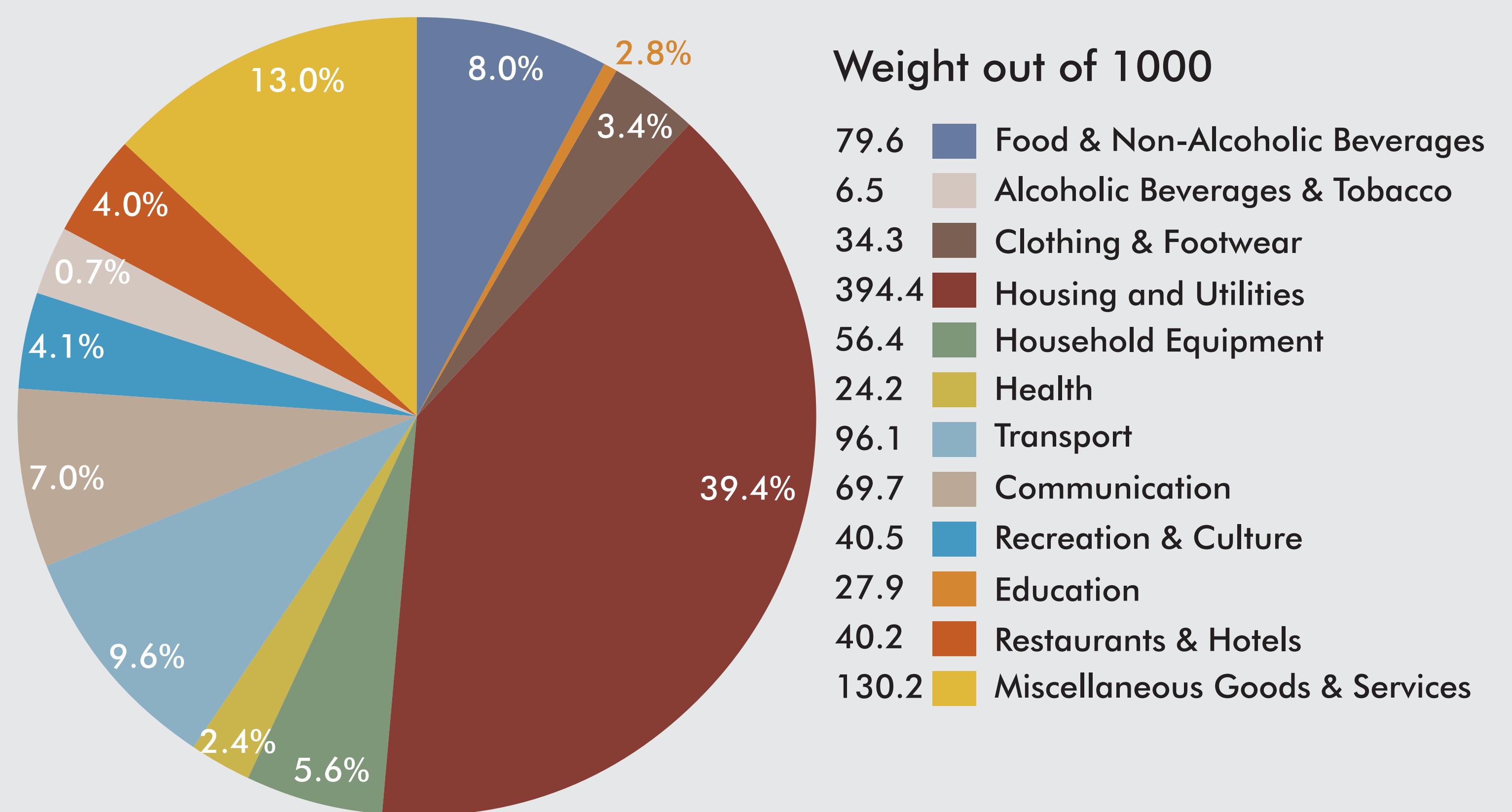
The lowe index, P_{Lo}, is defines as follows:

$$P_{Lo} = \frac{\sum_{i=1}^n p'_i q_i}{\sum p_i q_i}$$

P_{Lo}=

Where n+number of products in the basket with prices p_i and quantities q_i
 0+base period
 t+later period being compared

2008 CPI Expenditure Weights by Division (%)



Weight out of 1000

- 79.6 Food & Non-Alcoholic Beverages
- 6.5 Alcoholic Beverages & Tobacco
- 34.3 Clothing & Footwear
- 394.4 Housing and Utilities
- 56.4 Household Equipment
- 24.2 Health
- 96.1 Transport
- 69.7 Communication
- 40.5 Recreation & Culture
- 27.9 Education
- 40.2 Restaurants & Hotels
- 130.2 Miscellaneous Goods & Services

How the index has changed since 2008

FOOD & NON-ALCOHOLIC BEVERAGES	CLOTHING & FOOTWEAR	COMMUNICATION	EDUCATION
2008: 100.00 2013: 120.97 ↑ 21.0%	2008: 100.00 2013: 111.18 ↑ 11.2%	2008: 100.00 2013: 104.91 ↑ 4.9%	2008: 100.00 2013: 110.64 ↑ 10.6%

