WHAT THE CPI BASKET MEANS FOR YOU

What is the CPI Basket Anyway?

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

1,647:
This is the number of goods and services in the CPI basket
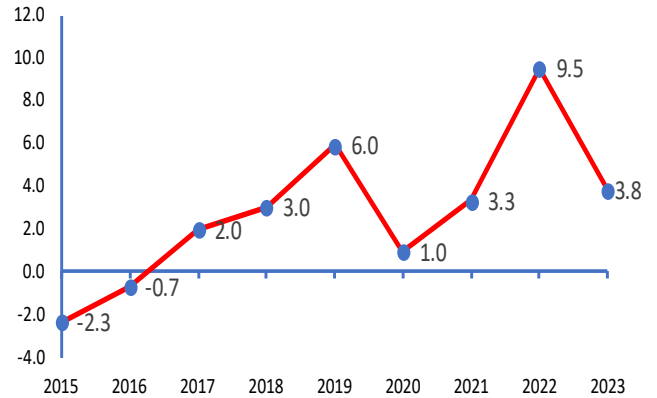
Who uses it?
Businesses, government departments, investors, consumers, economists, students, researchers

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

Average 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, HBS's were conducted in 2007 and 2015 to reflect these changes.

ECONOMICS AND STATISTICS OFFICE
GOVERNMENT OF THE CAYMAN ISLANDS
Information on hand

Lowes Formula: The CPI is computed using Lowe's formula. The Lowe indices is one of the widest and most popular classes 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 follows[1]:

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

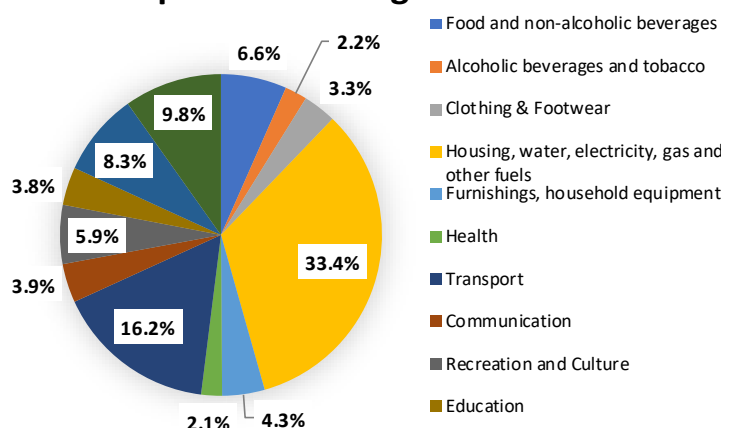Where n = number of products in the basket with prices pi and quantities qi

    0 = base period
    t = later period being compared

Geometric mean

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

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

2016 CPI Expenditure Weights

Legend:
- Food and non-alcoholic beverages
- Alcoholic beverages and tobacco
- Clothing & Footwear
- Housing, water, electricity, gas and other fuels
- Furnishings, household equipment
- Health
- Transport
- Communication
- Recreation and Culture
- Education