



## INFLATION RISES

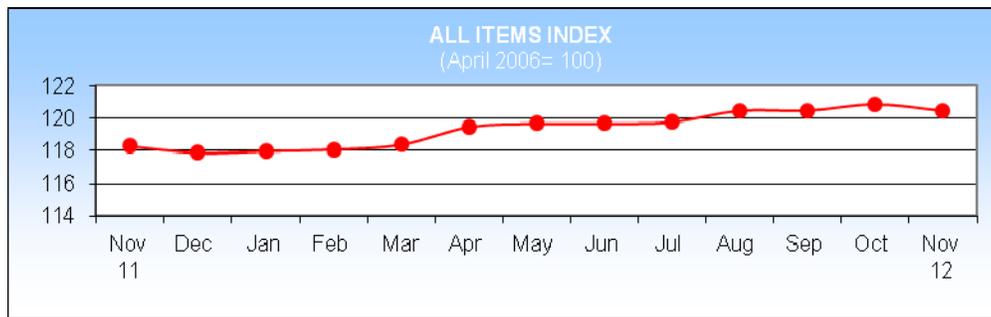
Consumers paid 1.9 per cent more in November 2012 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The annual inflation rate increased by 0.2 percentage points compared to the 1.7 per cent measured in October 2012.

Between October and November 2012, the average cost of goods and services in the Consumer Price Index fell 0.4 per cent. The all-items index decreased from 120.9 in October, to 120.5 index points in November. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$120.50.

## YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector was the largest contributor to the twelve-month increase in the Consumer Price Index. The average cost of Health & Personal care items increased 7.5 per cent year-over-year.

The Transport & Vehicle and Food sectors also impacted heavily on the annual rate of inflation. The level of price increases in these two sectors were 4.5 per cent and 2.4 per cent, respectively.



**Inflation  
Rate  
1.9%**

The compilation of the CPI involves the processing of several thousand price quotations. The Department of Statistics wishes to acknowledge the cooperation of the business community in supplying the required price data.

## SUMMARY STATISTICS

Period	Monthly		Period	Quarterly	
	Index	Annual per cent Change		Index	Annual per cent Change
<b>2011</b>			<b>2010</b>		
Nov	118.2	+3.1	Q1	112.1	+1.6
Dec	117.9	+2.9	Q2	113.6	+2.8
			Q3	114.4	+2.6
<b>2012</b>			Q4	114.9	+2.7
Jan	118.0	+3.0	<b>2011</b>		
Feb	118.1	+2.4	Q1	115.0	+2.6
Mar	118.4	+2.8	Q2	116.5	+2.6
Apr	119.5	+2.5	Q3	117.4	+2.6
May	119.7	+2.9	Q4	118.3	+3.0
Jun	119.7	+2.7	<b>2012</b>		
Jul	119.8	+2.5	Q1	118.2	+2.8
Aug	120.5	+3.1	Q2	119.6	+2.7
Sep	120.5	+1.9	Q3	120.3	+2.5
Oct	120.9	+1.7			
Nov	120.5	+1.9			

**MONTH ANALYSIS**

**Household Goods, Services & Communications**

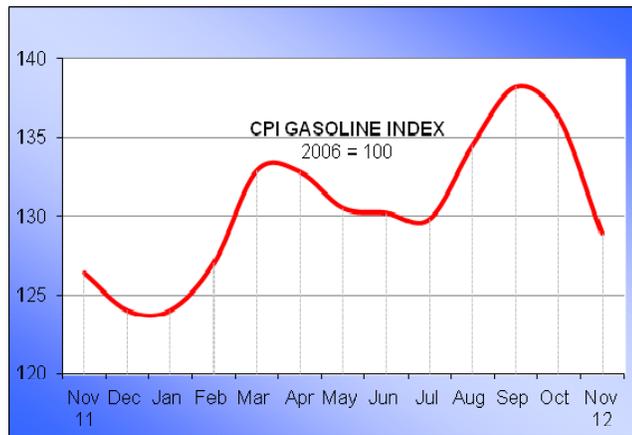
The Household Goods, Services & Communications sector was static in November.

**Rent**

The Rent sector increased by 0.1 per cent. Rents for controlled properties increased 0.1 per cent. Rental units not subject to rent control were unchanged during the month.

**Transport & Vehicles**

At the pump, gasoline prices decreased by 5.4 per cent. In contrast, overseas hotel accommodation increased by 5.5 in November. These offsetting price changes led to no overall movement in the Transport and Vehicle sector.



**Education, Recreation & Reading**

The Education, Recreation & Reading sector increased by 0.1 per cent for the month. Pet care costs rose by 1.4 per cent in November.

**Health & Personal Care**

The Health & Personal Care sector rose by 0.1 per cent in November. The sub-sectors for self-prescribed medicines and toiletries, cosmetics & perfumes both increased by 0.2 per cent.

**Tobacco & Liquor**

The Tobacco & Liquor sector was unchanged in November.

**Clothing & Footwear**

There was no movement in the Clothing and Footwear sector in November.

**Food**

Food prices declined 0.4 per cent. Notable price decreases were: frozen spare ribs (-4.7 per cent), stewed tomatoes (-3.8 per cent) and fresh beef tenderloin (3.5 per cent).

**Fuel & Power**

The Fuel & Power sector declined 7.8 per cent as the fuel adjustment rate decreased from 19 cents to 16 cents per kilowatt hour. Households paid 8.2 per cent less for electricity.

**COMPUTING PRICE INCREASES**

The Department of Statistics receives numerous calls daily requesting the rate of inflation over specific periods of time. The following calculations are provided to guide users as to how to compute rates of price increases. The monthly index numbers can be obtained from our website [www.statistics.gov.bm](http://www.statistics.gov.bm).

**a) Month-to-Month Price Change**

The price change between November and December, 2009 is calculated as follows:

$$= \frac{\text{March 12 index number} - \text{Feb 12 index number}}{\text{Feb 12 index number}} \times 100$$

$$= \frac{118.4 - 118.1}{118.1} \times 100$$

$$= 0.2\%$$

**b) Year-to-Year Price Change** (annual rate of inflation)

The price change between December, 2008 and December, 2009 is calculated as follows:

$$= \frac{\text{March 12 index number} - \text{March 11 index number}}{\text{March 11 index number}} \times 100$$

$$= \frac{118.4 - 115.2}{115.2} \times 100$$

$$= 2.8\%$$

# BERMUDA CONSUMER PRICE INDEX

**APRIL 2006 = 100**

	All Items	Food	Rent	Clothing & Footwear	Tobacco & Liquor	Fuel & Power	Household Goods, Services & Communica- tions	Transport & Vehicles	Education, Recreation & Reading	Health & Personal Care
<b>2004 WEIGHT</b>	1000	146	325	37	20	30	140	139	71	92
<b>ANNUAL AVERAGE ( per cent)</b>										
<b>2006</b>	+3.1	+2.0	+3.9	+3.3	+2.1	+9.5	+1.4	+1.2	+3.8	+5.7
<b>2007</b>	+3.8	+3.5	+2.6	+0.2	+1.9	+5.5	+2.2	+6.6	+4.8	+6.8
<b>2008</b>	+4.8	+5.6	+2.4	+2.7	+9.3	+31.8	+2.6	+3.9	+5.1	+6.6
<b>2009</b>	+1.8	+5.4	+1.9	+3.0	+5.9	-6.3	+0.7	-4.3	+5.3	+6.7
<b>2010</b>	+2.4	+3.0	+1.3	+2.4	+1.9	-0.8	+1.6	+1.8	+2.5	+8.1
<b>2011</b>	+2.7	+2.3	+1.1	+5.7	+3.1	+11.3	+2.0	+0.6	+2.6	+7.5
<b>MONTHLY ( per cent)</b>										
<b>2010</b>										
Nov	-0.8	+0.1	+0.1	Nil	+0.2	Nil	Nil	-6.3	Nil	Nil
Dec	Nil	-1.6	Nil	Nil	+0.5	Nil	Nil	+1.5	+0.1	Nil
<b>2011</b>										
Jan	Nil	+0.8	+0.1	-0.1	+0.6	Nil	+0.7	-1.4	+0.1	Nil
Feb	+0.6	+0.8	+0.1	Nil	+0.7	Nil	Nil	+3.4	-0.1	Nil
Mar	-0.1	Nil	+0.2	Nil	+0.2	Nil	-0.1	-1.3	+0.1	+0.1
Apr	+1.3	-0.6	Nil	+4.7	Nil	Nil	-0.1	+3.8	+0.2	+6.6
May	-0.3	+0.4	+0.3	+0.1	Nil	Nil	Nil	-3.6	-0.1	Nil
Jun	+0.3	+0.5	+0.1	Nil	+0.2	+2.8	+1.2	-0.4	-0.4	+0.1
Jul	+0.2	-0.2	-0.1	-0.3	+0.6	+1.8	+0.1	+1.1	+0.4	+0.1
Aug	Nil	+2.1	Nil	+0.1	+0.2	+3.8	+0.2	-4.2	+0.2	+0.1
Sep	+1.2	+0.1	-0.4	Nil	+0.1	+3.7	+0.4	+8.0	+2.0	+0.1
Oct	+0.5	+0.4	+0.1	+4.6	+0.2	+0.6	+0.1	+1.5	-0.1	+0.1
Nov	-0.6	+0.2	Nil	Nil	+0.1	+0.1	+0.1	-4.9	+0.1	Nil
Dec	-0.2	-1.4	-0.1	Nil	+0.1	Nil	-0.1	+0.5	+0.1	0.2
<b>2012</b>										
Jan	+0.1	+1.6	Nil	Nil	-0.1	Nil	+0.1	-1.7	Nil	Nil
Feb	+0.1	-0.2	+0.1	Nil	+0.4	Nil	+0.1	+1.0	-0.1	Nil
Mar	+0.2	+0.9	+0.1	Nil	+0.2	Nil	+0.1	+0.4	-0.1	+0.1
Apr	+0.9	Nil	+0.1	+1.5	+0.7	Nil	Nil	+1.3	+0.2	+5.6
May	+0.2	+0.5	-0.1	+0.2	-0.1	Nil	Nil	+1.1	+0.2	Nil
Jun	Nil	+0.2	+0.2	Nil	+0.4	+5.3	-0.7	-1.8	+0.3	+0.1
Jul	+0.1	+0.2	-0.1	-1.8	+0.5	+2.4	+0.2	-0.5	Nil	-0.1
Aug	+0.6	+0.6	+0.3	Nil	+0.1	-1.8	+0.1	+4.1	-0.1	+0.1
Sep	Nil	+0.1	-0.2	Nil	+0.2	Nil	+0.3	-1.0	+2.1	+0.3
Oct	+0.3	+0.4	Nil	-2.0	+0.3	-1.9	+0.2	+1.3	+0.3	+1.5
Nov	-0.4	-0.4	+0.1	Nil	Nil	-7.8	Nil	Nil	+0.1	+0.1
<b>Nov '12</b>	<b>120.5</b>	<b>127.2</b>	<b>111.1</b>	<b>118.0</b>	<b>129.0</b>	<b>149.7</b>	<b>110.9</b>	<b>110.4</b>	<b>129.3</b>	<b>153.9</b>
<u>Nov'12</u> Nov'11	<b>+1.9</b>	<b>+2.4</b>	<b>+0.4</b>	<b>-2.2</b>	<b>+2.6</b>	<b>-4.2</b>	<b>+0.2</b>	<b>+4.5</b>	<b>+3.0</b>	<b>+7.5</b>

## WHAT IS THE CONSUMER PRICE INDEX?

The Consumer Price Index (CPI) is a statistical tool used for measuring changes in the general level of prices of consumer goods and services purchased by private households.

The index measures price movements of a given quality and quantity of goods and services. The mix of these consumer goods and services comprising the index, are figuratively thought of as a “shopping basket.” In constructing this “shopping basket”, the selected goods and services are organized first by commodity type. They are then divided into sub-components and assigned to a major expenditure group. The Bermuda CPI is structured into nine expenditure groups or sectors:

- Food
- Rent
- Clothing & Footwear
- Tobacco & Liquor
- Fuel & Power
- Transport & Vehicles
- Household Goods, Services & Communications
- Education, Recreation & Reading
- Health & Personal Care

## CONCEPTS AND DEFINITIONS

### Base Period

The time period which is used as a reference point for measuring the price change of goods and services. The base period for the Bermuda CPI is April 2006.

### Price Index Number

A single figure that shows how a set of prices has changed over a specified period of time. An index number on its own means nothing. It must be compared with an index number from another period to have meaning. For example, a comparison of the index number 79.1 for January 1998 with 82.9 for January 2000, reveals that prices have increased by 4.8 percent.

### Laspeyres Equation

The CPI is computed using this statistical equation. This formula calculates the total amount of money a household needs today to purchase the same basket of goods and services that it bought in the base period, April 2006.

## WEIGHTED AVERAGE

A mathematical formula that takes into account the relative importance of an item’s price change compared to the overall change in the sector or CPI.

### Inflation

Inflation is the process of rising prices, resulting in diminishing purchasing power of a given sum of money.

### Cost of Living Index

Many individuals refer to the Consumer Price Index (CPI) as a cost-of-living index. The CPI is an index of pure price change only. A cost-of-living index reflects the changes in buying or consumption patterns that consumers would ordinarily make to adjust to any change in the price of a good or service.

## A COMPARISON OF RATES OF INFLATION (%) Selected Countries & Bermuda

	2008	2009	2010	2011	Nov 12
<b>Bermuda</b>	4.8	1.8	2.4	2.7	+1.9
<b>United States<sup>1</sup></b>	3.8	2.7	1.5	3.0	+1.8
<b>Canada<sup>2</sup></b>	2.3	0.3	1.8	1.8	+1.2
<b>United Kingdom<sup>3</sup></b>	3.6	-0.5	4.6	5.2	+3.0

### Sources:

1. US Bureau of Labour Statistics
2. Statistics Canada
3. UK Office of National Statistics

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