



## INFLATION FALLS

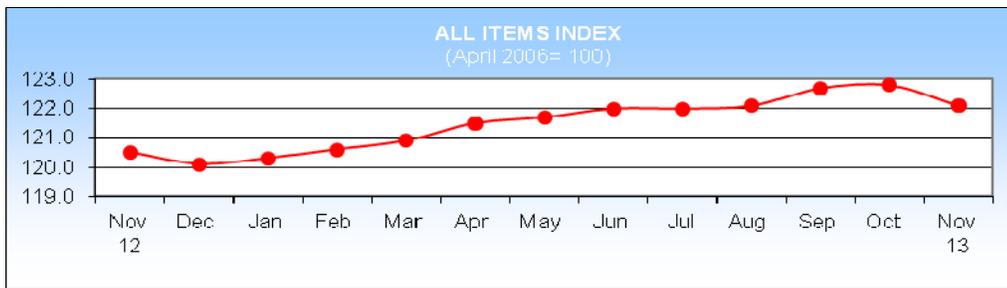
Consumers paid 1.3 per cent more in November 2013 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The rate of inflation decreased 0.3 percentage points from the 1.6 per cent recorded in October 2013.

Between October and November 2013, the average cost of goods and services in the Consumer Price Index decreased 0.6 per cent. The all-items index decreased to 122.1 in November. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$122.10.

## YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector continued to have the strongest impact on the twelve-month increase in the Consumer Price Index. The total cost of the Health & Personal Care basket increased 7.5 per cent year-over-year.

The Food and Education, Recreation & Reading sectors also had a significant impact on the annual rate of inflation, as price shifts in these sectors were 2.5 per cent and 1.5 per cent, respectively.



**Inflation  
Rate  
1.3%**

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>2012</b>			<b>2011</b>		
Nov	120.5	+1.9	Q1	115.0	+2.6
Dec	120.1	+1.9	Q2	116.5	+2.6
			Q3	117.4	+2.6
<b>2013</b>			Q4	118.3	+3.0
Jan	120.3	+1.9	<b>2012</b>		
Feb	120.6	+2.1	Q1	118.2	+2.8
Mar	120.9	+2.1	Q2	119.6	+2.7
Apr	121.5	+1.7	Q3	120.3	+2.5
May	121.7	+1.7	Q4	120.5	+1.8
Jun	122.0	+1.9	<b>2013</b>		
Jul	122.0	+1.8	Q1	120.6	+2.0
Aug	122.1	+1.3	Q2	121.7	+1.8
Sep	122.7	+1.8	Q3	122.3	+1.7
Oct	122.8	+1.6			
Nov	122.1	+1.3			

**MONTH-TO-MONTH ANALYSIS**

**Tobacco & Liquor**

The Tobacco & Liquor sector increased 0.4 per cent in November. The average cost of wines increased 1.2 per cent during the month.

**Clothing & Footwear**

The Clothing & Footwear sector climbed 0.2 per cent following a 1.0 per cent rise in October. The average cost of dry cleaning increased by 4.6 per cent.

**Health & Personal Care**

The Health and Personal Care sector was unchanged. The cost of self-prescribed medicines & household medical supplies rose by 0.2 per cent but were offset by a 0.2 per cent decrease in average price of toiletries, cosmetics & perfumes.

**Rent**

The Rent sector was static in November, after a rise of 0.1 per cent in October. Rental income from properties under rent control increased by 0.1 per cent. In contrast, properties not subject to rent controls decreased by 0.1 per cent.

**Household Goods, Services & Communications**

The Household Goods, Services & Communications sector was unchanged. The average cost of household appliances increased by 0.2 per cent. In contrast, the average price of household supply products fell by 0.6 per cent.

**Education, Recreation & Reading**

The Education, Recreation & Reading sector declined 0.1 per cent in November, as it did in October. Boat fuel costs fell by 3.9 per cent while television prices fell 1.1 per cent.

**Food**

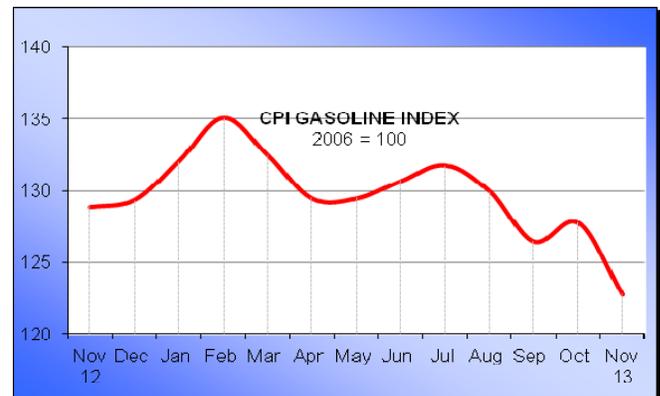
Food prices in grocery stores declined 0.4 per cent following a 0.1 per cent decline in October. Leading price decreases were reported for: frozen spare ribs (-9.9 per cent), whipping cream (-4.4 per cent) and canned vegetables (-3.5 per cent).

**Fuel & Power**

The Fuel & Power sector fell 2.7 per cent. Consumers paid 2.8 per cent less for electricity in November.

**Transport & Vehicles**

The Transport & Vehicle sector declined 3.2 per cent in November. The cost of premium fuel fell 3.9 per cent. In addition, overseas hotel accommodation costs dropped by 13.6 per cent.



**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, 2012 is calculated as follows:

$$= \frac{\text{Dec 12 index} - \text{Nov 12 index}}{\text{Nov 12 index}} \times 100$$

$$= \frac{120.1 - 120.5}{120.5} \times 100$$

$$= -0.3\%$$

**b) Year-to-Year Price Change**

The price change between December 2011 and December, 2012 is calculated as follows:

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

$$= \frac{120.1 - 117.9}{117.9} \times 100$$

$$= 1.9\%$$

**c) Particular Period Price Change**

The price change between February 2010 and January, 2013 is calculated as follows:

$$= \frac{\text{Jan 13 index} - \text{Feb 10 index}}{\text{Feb 10 index}} \times 100$$

$$= \frac{120.3 - 111.7}{111.7} \times 100$$

$$= 7.7\%$$

# 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>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>2012</b>	+2.4	+3.5	+0.2	+4.3	+2.5	+9.3	+1.0	+1.6	+2.7	+6.6
<b>MONTHLY ( per cent)</b>										
<b>2011</b>										
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
Dec	-0.3	-1.0	Nil	Nil	+0.1	+2.9	Nil	-2.0	Nil	-0.1
<b>2013</b>										
Jan	+0.2	+2.3	-0.1	+1.1	+0.5	-1.4	+0.1	-1.2	+0.2	Nil
Feb	+0.2	Nil	+0.1	Nil	-0.2	+1.4	Nil	+1.3	Nil	Nil
Mar	+0.2	+0.4	-0.5	Nil	Nil	+2.8	Nil	+1.4	Nil	+0.1
Apr	+0.5	+0.4	-0.3	+0.8	+1.7	Nil	Nil	-1.9	Nil	+6.3
May	+0.1	-0.4	Nil	Nil	+2.0	-2.7	+0.1	+1.2	Nil	+0.7
Jun	+0.3	+0.1	Nil	Nil	+0.4	+1.8	-0.1	+1.6	-0.1	+0.1
Jul	Nil	+0.3	+0.2	+0.2	+0.1	Nil	+0.1	-1.8	-0.1	+0.1
Aug	+0.1	+0.8	+0.1	Nil	+0.1	+0.9	+0.4	-0.5	+0.1	Nil
Sep	+0.4	+0.2	Nil	Nil	-0.1	+0.8	-0.1	+2.2	+1.6	Nil
Oct	+0.1	-0.1	+0.1	+1.0	Nil	-0.8	+0.1	+0.5	-0.1	+0.4
Nov	-0.6	-0.4	Nil	+0.2	+0.4	-2.7	Nil	-3.2	-0.1	Nil
<b>Nov '13</b>	<b>122.1</b>	<b>130.4</b>	<b>110.7</b>	<b>122.0</b>	<b>135.4</b>	<b>154.0</b>	<b>111.5</b>	<b>107.6</b>	<b>131.3</b>	<b>165.5</b>
<u>Nov'13</u> <u>Nov'12</u>	<b>+1.3</b>	<b>+2.5</b>	<b>-0.4</b>	<b>+3.4</b>	<b>+5.0</b>	<b>+2.9</b>	<b>+0.5</b>	<b>-2.5</b>	<b>+1.5</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

	2009	2010	2011	2012	Nov 13
<b>Bermuda</b>	1.8	2.4	2.7	2.4	+1.3
<b>United States<sup>1</sup></b>	2.7	1.5	3.0	1.7	+1.2
<b>Canada<sup>2</sup></b>	0.3	1.8	2.9	1.5	+0.9
<b>United Kingdom<sup>3</sup></b>	-0.5	4.6	5.2	3.2	+2.6

### Sources:

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

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