



INFLATION RISES

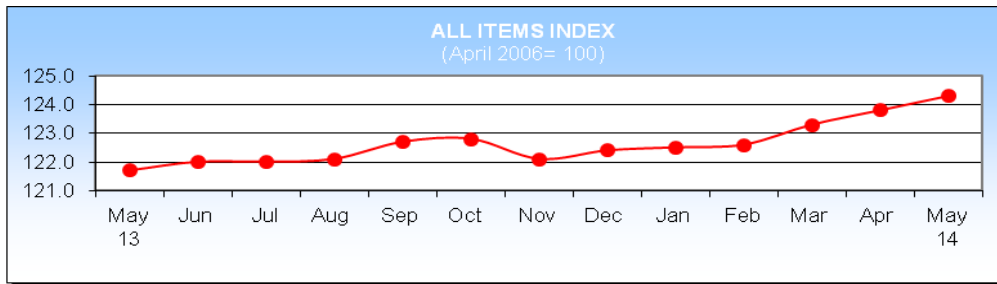
Consumers paid 2.1 per cent more in May 2014 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). This level of inflation increased 0.2 percentage points from the 1.9 per cent measured in April 2014.

Between April 2014 and May 2014, the average cost of goods and services in the Consumer Price Index increased 0.3 per cent. The all-items index increased to 124.2 index points in May. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$124.20.

YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector remained the largest contributor to the twelve-month rate of price increase. The annual increase to May 2014 measured 5.9 per cent, led by increased costs for health insurance premiums.

The Food and Transport & Vehicle sectors also impacted strongly on the annual rate of inflation. Price shifts in these two sectors stood at 2.8 per cent, respectively.



**Inflation
Rate
2.1%**

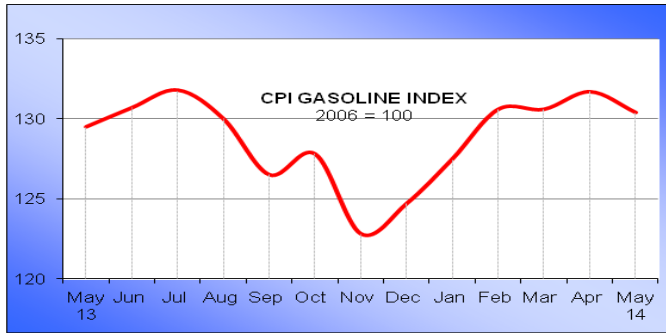
The compilation of the CPI involves the processing of several thousand price quotations. The Department of Statistics wishes to acknowledge the cooperation of the business community in supplying the required price data.

SUMMARY STATISTICS					
Period	Monthly		Period	Quarterly	
	Index	Annual per cent Change		Index	Annual per cent Change
2013			2012		
May	121.7	+1.7	Q1	118.2	+2.8
Jun	122.0	+1.9	Q2	119.6	+2.7
Jul	122.0	+1.8	Q3	120.3	+2.5
Aug	122.1	+1.3	Q4	120.5	+1.8
Sep	122.7	+1.8			
Oct	122.8	+1.6	2013		
Nov	122.1	+1.3	Q1	120.6	+2.0
Dec	122.4	+1.9	Q2	121.7	+1.8
			Q3	122.3	+1.7
2014			Q4	122.4	+1.6
Jan	122.5	+1.8			
Feb	122.6	+1.7	2014		
Mar	123.3	+2.0	Q1	122.8	+1.8
Apr	123.8	+1.9			
May	124.2	+2.1			

MONTH- MONTH ANALYSIS

Transport & Vehicles

The Transport & Vehicle sector increased 2.6 per cent in May, following a decrease of 2.4 per cent in April. The implementation of the taxi fare hike impacted strongly on the sector. The leading contributor to the increase was a 24.2 per cent increase in taxi fares. In addition, the average price of overseas hotel accommodations rose by 13.3 per cent.



Fuel & Power

The Fuel & Power sector increased 0.8 per cent in May following a 1.1 per cent increase in April. Residential consumers paid an average of 2.7 per cent more for electricity due to an increase in the fuel adjustment rate.

Rent

The Rent sector was unchanged in May following a 0.1 per cent increase in April.

Tobacco & Liquor

The Tobacco & Liquor sector rose 0.1 per cent. Average costs of wines increased 0.2 per cent in May.

Health & Personal Care

The Health and Personal Care sector was static in May. The average cost of health toiletries, cosmetics & perfumes increased 0.6 per cent. In contrast, the average cost of self-prescribed medicines declined 0.5 per cent.

Education, Recreation & Reading

The Education, Recreation & Reading sector rose 0.1 per cent in May. The capital cost of pleasure boats increased by 1.6 per cent.

Clothing & Footwear

The Clothing & Footwear sector was unchanged in May following a 0.3 per cent decline in April.

Household Goods, Services & Communications

The Household Goods, Services & Communications sector was static for consecutive months. The average price of power tools increased by 1.4 per cent. However, average costs for detergents & bleaches and food wraps & garbage bags declined by 1.4 per cent and 0.8 per cent, respectively.

Food

Food prices in grocery stores dipped 0.2 per cent in May. Fresh and frozen ribs (-4.8 per cent), tomatoes (-4.1 per cent) and fresh tenderloin (-3.0 per cent) were the largest contributors to the overall decrease.

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.

a) Month-to-Month Price Change

The price change between November and December, 2013 is calculated as follows:

$$= \frac{\text{Dec 13 index} - \text{Nov 13 index}}{\text{Nov 13 index}} \times 100$$

$$= \frac{122.4 - 122.1}{122.1} \times 100$$

$$= -0.3\%$$

b) Year-to-Year Price Change

The price change between December 2012 and December, 2013 is calculated as follows:

$$= \frac{\text{Dec 13 index} - \text{Dec 12 index}}{\text{Dec 12 index}} \times 100$$

$$= \frac{122.4 - 120.1}{120.1} \times 100$$

$$= 1.9\%$$

c) Particular Period Price Change

The price change between February 2010 and January, 2014 is calculated as follows:

$$= \frac{\text{Jan 14 index} - \text{Feb 10 index}}{\text{Feb 10 index}} \times 100$$

$$= \frac{122.5 - 111.7}{111.7} \times 100$$

$$= 9.7\%$$

BERMUDA CONSUMER PRICE INDEX

APRIL 2006 = 100

	All Items	Food	Rent	Clothing & Footwear	Tobacco & Liquor	Fuel & Power	Household Goods, Services & Communications	Transport & Vehicles	Education, Recreation & Reading	Health & Personal Care
2004 WEIGHT	1000	146	325	37	20	30	140	139	71	92
ANNUAL AVERAGE (per cent)										
2009	+1.8	+5.4	+1.9	+3.0	+5.9	-6.3	+0.7	-4.3	+5.3	+6.7
2010	+2.4	+3.0	+1.3	+2.4	+1.9	-0.8	+1.6	+1.8	+2.5	+8.1
2011	+2.7	+2.3	+1.1	+5.7	+3.1	+11.3	+2.0	+0.6	+2.6	+7.5
2012	+2.4	+3.5	+0.2	+4.3	+2.5	+9.3	+1.0	+1.6	+2.7	+6.6
2013	+1.8	+3.0	-0.3	+0.1	+4.4	-1.9	+0.5	+1.4	+2.5	+8.3
MONTHLY (per cent)										
2012										
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
2013										
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
Dec	+0.3	-0.8	+0.1	Nil	+0.1	Nil	Nil	+2.6	+0.1	+0.1
2014										
Jan	+0.1	+1.5	+0.5	+0.7	+0.4	-2.9	Nil	-1.7	-0.1	Nil
Feb	+0.1	+0.3	Nil	Nil	-0.1	-2.1	Nil	+1.2	+0.2	-0.1
Mar	+0.5	+1.2	Nil	Nil	Nil	+2.1	+0.1	+2.0	Nil	Nil
Apr	+0.4	-0.2	+0.1	-0.3	+0.4	+1.1	Nil	-2.4	+0.2	+5.3
May	+0.3	-0.2	Nil	Nil	+0.1	+0.8	Nil	+2.6	+0.1	Nil
May '14	124.2	132.9	111.4	122.5	136.7	152.3	111.6	112.1	131.9	174.4
<u>May '14</u>	+2.1	+2.8	+1.0	+1.9	+1.8	-1.1	+0.5	+2.8	+1.9	+5.9
May '13										

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

	2010	2011	2012	2013	May 14
Bermuda	2.4	2.7	2.4	1.8	+2.1
United States¹	1.5	3.0	1.7	1.5	+2.1
Canada²	1.8	2.9	1.5	0.9	+2.3
United Kingdom³	4.6	5.2	3.2	3.0	+2.4

Sources:

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

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