



## INFLATION CONTINUES TO RISE

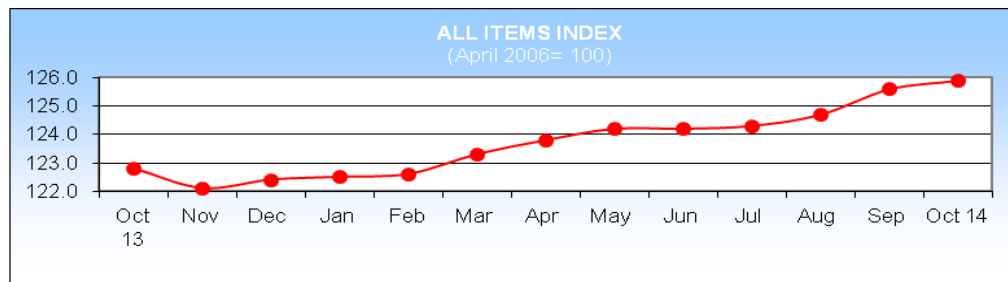
Consumers paid 2.6 per cent more in October 2014 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The level of inflation increased 0.2 percentage points from the 2.4 per cent measured in September 2014.

Between September and October 2014, the average cost of goods and services in the Consumer Price Index increased 0.3 per cent. The all-items index increased to 126.0 index points in October. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$126.00.

## YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector remained the largest contributor to the twelve-month rate of price increase. The annual increase in October 2014 measured 7.4 per cent.

Transport & Vehicle and Food sectors also had a strong impact on the annual rate of inflation. The price movements measured in these two sectors were 4.9 per cent and 3.5 per cent, respectively.



**Inflation  
Rate  
2.6%**

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>2013</b>			<b>2012</b>		
Oct	122.8	+1.6	Q1	118.2	+2.8
Nov	122.1	+1.3	Q2	119.6	+2.7
Dec	122.4	+1.9	Q3	120.3	+2.5
			Q4	120.5	+1.8
<b>2014</b>			<b>2013</b>		
Jan	122.5	+1.8	Q1	120.6	+2.0
Feb	122.6	+1.7	Q2	121.7	+1.8
Mar	123.3	+2.0	Q3	122.3	+1.7
Apr	123.8	+1.9	Q4	122.4	+1.6
May	124.2	+2.1			
Jun	124.2	+1.8	<b>2014</b>		
Jul	124.3	+1.9	Q1	122.8	+1.8
Aug	124.7	+2.1	Q2	124.1	+2.0
Sep	125.6	+2.4	Q3	124.9	+2.1
Oct	126.0	+2.6			

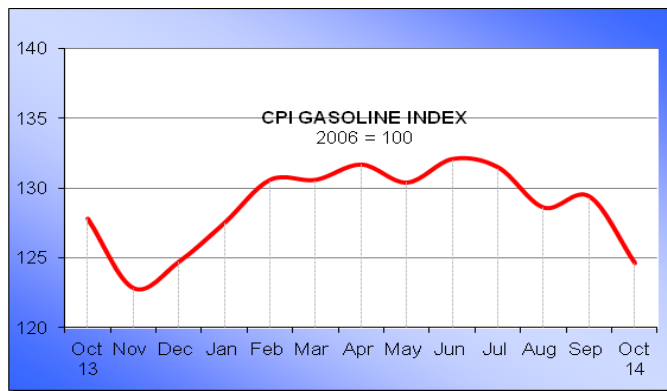
**MONTH-MONTH ANALYSIS**

**Health & Personal Care**

The Health and Personal Care sector increased 1.7 per cent in October. The average cost for dentist and doctor visits increased 12.0 per cent and 19.5 per cent, respectively.

**Transport & Vehicles**

The Transport & Vehicle sector rose 1.0 per cent in October as foreign travel and overseas hotel accommodations increased 8.0 and 1.6 per cent, respectively. In contrast, the average price of premium fuel fell 3.7 per cent.



**Food**

Food prices increased 0.1 per cent in October. The leading factors behind the increase were fresh pineapples (4.2 per cent), frozen turkey (3.3 per cent) and fresh local yams (3.2 per cent).

**Clothing & Footwear**

The Clothing & Footwear sector increased 0.5 per cent. The cost of shoe repair, children’s clothing and dry-cleaning rose by 12.1 per cent, 2.9 per cent and 3.1 per cent, respectively.

**Rent**

The Rent sector was unchanged in October.

**Household Goods, Services & Communications**

The Household Goods, Services & Communications sector increased 0.1 per cent in October. On average, bedroom furniture prices increased by 1.4 per cent.

**Tobacco & Liquor**

A 0.1 per cent increase in the average price of wine, led to a 0.1 per cent rise in the Tobacco & Liquor sector.

**Education, Recreation & Reading**

Lower fuel prices (-3.7 per cent) led to a 0.1 per cent decline in the Education, Recreation & Reading sector.

**Fuel & Power**

Following seven monthly increases, the Fuel & Power sector decreased 2.6 per cent in October. Residential consumers paid an average of 2.7 per cent less for electricity due to a 7.9 per cent decrease in the fuel adjustment rate.

**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, 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
<b>2004 WEIGHT</b>	1000	146	325	37	20	30	140	139	71	92
<b>ANNUAL AVERAGE ( per cent)</b>										
<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>2013</b>	+1.8	+3.0	-0.3	+0.1	+4.4	-1.9	+0.5	+1.4	+2.5	+8.3
<b>MONTHLY ( per cent)</b>										
<b>2012</b>										
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
Dec	+0.3	-0.8	+0.1	Nil	+0.1	Nil	Nil	+2.6	+0.1	+0.1
<b>2014</b>										
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
Jun	Nil	+0.2	+0.1	Nil	+0.1	+0.7	+0.5	-1.2	+0.1	+0.1
Jul	Nil	+0.7	Nil	+0.2	+0.1	+1.8	+0.2	-1.4	+0.1	+0.1
Aug	0.3	+0.7	Nil	Nil	-0.1	+1.3	Nil	+1.4	+0.1	Nil
Sep	0.7	+0.1	+0.1	Nil	Nil	+0.8	Nil	+4.3	+1.5	+0.1
Oct	0.3	+0.1	Nil	+0.5	+0.1	-2.6	+0.1	+1.0	-0.1	+1.7
<b>Oct '14</b>	<b>126.0</b>	<b>135.5</b>	<b>111.6</b>	<b>123.4</b>	<b>136.9</b>	<b>155.4</b>	<b>112.5</b>	<b>116.6</b>	<b>134.1</b>	<b>177.7</b>
<b>Oct '14</b>	<b>+2.6</b>	<b>+3.5</b>	<b>+0.8</b>	<b>+1.4</b>	<b>+1.5</b>	<b>-1.8</b>	<b>+0.9</b>	<b>+4.9</b>	<b>+2.1</b>	<b>+7.4</b>
<b>Oct '13</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

	2010	2011	2012	2013	Oct 14
<b>Bermuda</b>	2.4	2.7	2.4	1.8	+2.6
<b>United States<sup>1</sup></b>	1.5	3.0	1.7	1.5	+1.7
<b>Canada<sup>2</sup></b>	1.8	2.9	1.5	0.9	+2.4
<b>United Kingdom<sup>3</sup></b>	4.6	5.2	3.2	3.0	+2.3

### Sources:

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

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