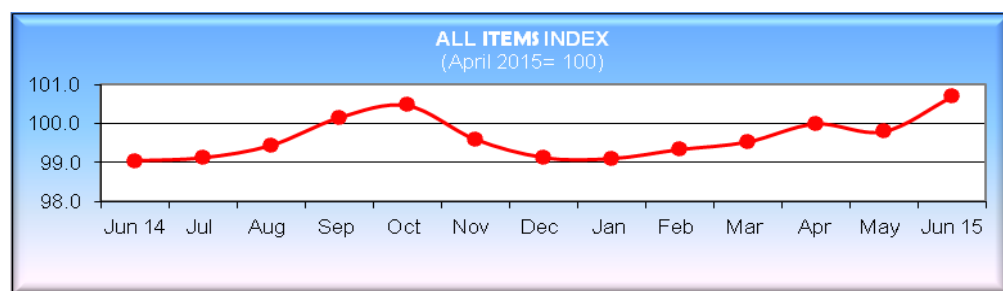## INFLATION RISES

Consumers paid 2.1 per cent more in June 2015 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 0.9 percentage points from the 1.2 per cent measured in May 2015.

Between May 2015 and June 2015, the average cost of goods and services in the Consumer Price Index rose 0.8 per cent. The all-items index climbed to 100.7 index points in June. This means that the basket of goods and services that cost $100.00 in April 2015 now cost $100.70.

YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector was the largest contributor to the year-over-year increase in the consumer price index, rising 8.5 per cent. The major drivers in this sector are the cost of health insurance, medical care and medicines.

The Transport & Foreign Travel and the Food sectors also had a large impact in the year-over-year increase. Price shifts in these sectors were measured at 3.7 and 3.4 per cent, respectively.

ALL **ITEMS** INDEX
(April 2015= 100)

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

	Monthly			Quarterly		
Period	**Index**	**Annual per cent Change**		**Period**	**Index**	**Annual per cent Change**
2014				**2013**		
Jun	98.6	+1.8		Q1	95.7	+2.0
Jul	98.7	+1.9		Q2	96.6	+1.8
Aug	99.0	+2.1		Q3	97.0	+1.7
Sep	99.7	+2.4		Q4	97.2	+1.6
Oct	100.0	+2.6				
Nov	99.1	+2.3		**2014**		
Dec	98.7	+1.5		Q1	97.5	+1.8
				Q2	98.5	+2.0
2015				Q3	99.1	+2.1
Jan	98.6	+1.4		Q4	99.3	+2.2
Feb	98.9	+1.6				
Mar	99.1	+1.2		**2015**		
Apr	100.0	+1.8		Q1	98.9	+1.5
May	99.8	+1.2		Q2	100.2	+1.7
Jun	100.7	+2.1				

MONTH-TO-MONTH ANALYSIS

Transport & Foreign Travel

The Transport & Foreign Travel sector climbed 5.9 per cent in June, following a decrease of 1.0 per cent in May. During the month of June, the average price of airfares and premium fuel increased 14.2 per cent and 6.7 per cent, respectively. In contrast, the average price of motor cycles fell 4.5 per cent.

CPI GASOLINE INDEX
2015 = 100
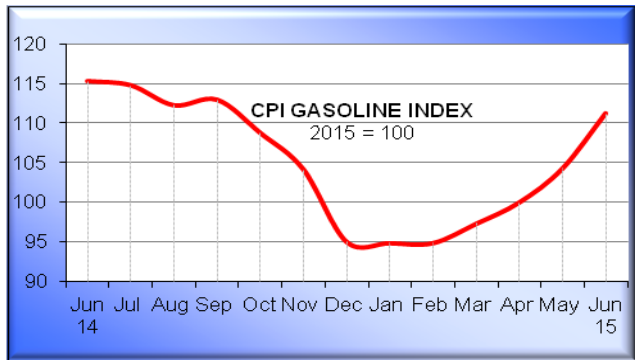
Education, Recreation, Entertainment & Reading

The Education, Recreation, Entertainment & Reading sector increased 0.3 per cent in June. Boat repair and maintenance costs increased 2.6 per cent, due to the increase in premium fuel.

Health & Personal Care

The Health & Personal Care sector was static in June. However, the average cost of prescribed medicines increased 1.6 per cent.

Food

The Food sector continued to climb, increasing 0.1 per cent in June, following a 0.4 per cent increase in May. Leading factors behind the increase were the average price of eggs (5.2 per cent), margarine (4.6 per cent) and canned evaporated milk (2.1 per cent).

Rent

The Rent sector was static in June despite average rental prices for rent controlled properties increasing by 0.1 per cent.

Tobacco & Liquor

The Tobacco & Liquor sector was unchanged in June. The increase in the average cost of beer (0.2 per cent) was offset by the decrease in the average cost of spirits (0.3 per cent).

Household Goods, Services & Supplies

The Household Goods, Services & Supplies was static in June.

Clothing & Footwear

During the month of June, there was no movement recorded in the Clothing & Footwear sector.

Fuel & Power

The Fuel & Power sector was unchanged in June.

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, 2014 is calculated as Follows:

$$= \frac{\text{Dec 14 index } - \text{Nov 14 index}}{\text{Nov 14 index}} \times 100$$

$$= \frac{99.1 - 99.6}{99.6} \times 100$$

$$= -0.5\%$$

B) Year-to-Year Price Change

The price change between December 2013 and December, 2014 is calculated as follows:

$$= \frac{\text{Dec 14 index } - \text{Dec 13 index}}{\text{Dec 13 index}} \times 100$$

$$= \frac{99.1 - 97.6}{97.6} \times 100$$

$$= 1.5\%$$

C) Particular Period Price Change

The price change between February 2013 and January, 2015 is calculated as follows:

$$= \frac{\text{Jan 15 index } - \text{Feb 13 index}}{\text{Feb 13 index}} \times 100$$

$$= \frac{99.1 - 96.2}{96.2} \times 100$$

$$= 3.0\%$$

APRIL 2015 = 100

	All Items	Food	Rent	Clothing & Footwear	Tobacco & Liquor	Fuel & Power	Household Goods, Services & Supplies	Transport & Foreign Travel	Education, Recreation, Entertain. & Reading	Health & Personal Care
2013 WEIGHT	1000	115	267	25	31	39	116	130	147	130
ANNUAL AVERAGE (per cent)										
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
2014	+2.0	+3.1	+0.8	+2.0	+2.4	-2.4	+0.8	+1.7	+1.9	+6.7
MONTHLY (per cent)										
2013										
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
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
Nov	-0.9	Nil	Nil	Nil	+0.1	Nil	+0.1	-7.2	Nil	Nil
Dec	-0.5	-0.7	Nil	Nil	-0.1	-9.0	Nil	Nil	-0.1	-0.1
2015										
Jan	Nil	1.3	+0.1	+0.2	+0.3	-2.5	+0.4	-1.7	Nil	+0.1
Feb	+0.2	+0.2	Nil	Nil	+0.1	Nil	Nil	+1.9	-0.6	Nil
Mar	+0.2	+0.3	+0.1	Nil	+0.1	+1.3	Nil	+0.7	-0.1	Nil
Apr	+1.0	Nil	+0.2	+0.5	+0.4	Nil	+0.1	+0.4	+0.1	+6.5
May	-0.2	+0.4	+0.1	Nil	Nil	-2.6	Nil	-1.0	Nil	Nil
Jun	+0.8	+0.1	Nil	Nil	Nil	Nil	Nil	+5.9	+0.3	Nil
Jun '15	**100.7**	**100.5**	**100.1**	**100.0**	**100.0**	**97.4**	**100.0**	**104.8**	**100.3**	**100.0**
$\frac{\text{Jun '15}}{\text{Jun '14}}$	**+2.1**	**+3.4**	**+0.5**	**+1.4**	**+1.0**	**-11.2**	**+0.9**	**+3.7**	**+1.2**	**+8.5**

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

	2011	2012	2013	2014	Jun 15
Bermuda	2.7	2.4	1.8	2.0	+2.1
United States[1]	3.0	1.7	1.5	0.8	+0.1
Canada[2]	2.9	1.5	0.9	1.9	+1.0
United Kingdom[3]	5.2	3.2	3.0	2.4	+1.0

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