



INFLATION INCREASES

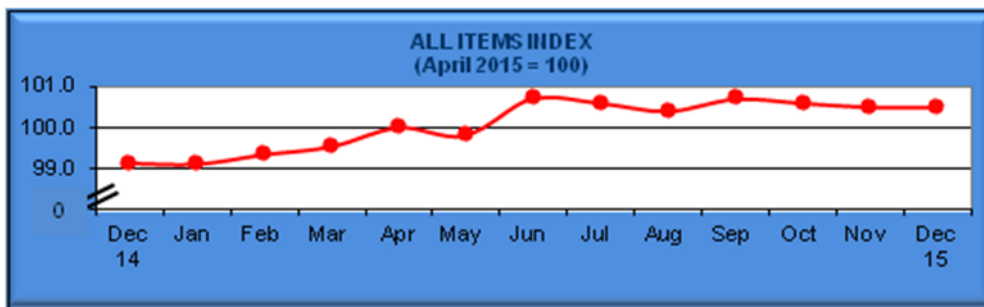
Consumers paid 1.8 per cent more in December 2015 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The level of inflation rose 0.4 percentage points from the 1.4 per cent measured in November 2015.

Between November 2015 and December 2015, the average cost of goods and services in the CPI was unchanged. The all-items index remained at 100.5 in December. This means that the basket of goods and services that cost \$100.00 in April 2015 now costs \$100.50.

YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector was the largest contributor to the year-over-year increase, rising 7.0 per cent. The major driver in this sector was the cost of insurance premiums and prescribed medicines.

The Household Goods, Services & Supplies and Food sectors also had a large impact in the year-over-year increase. Price shifts in these sectors increased 2.9 and 2.2 per cent, respectively.



**Inflation
Rate
1.8%**

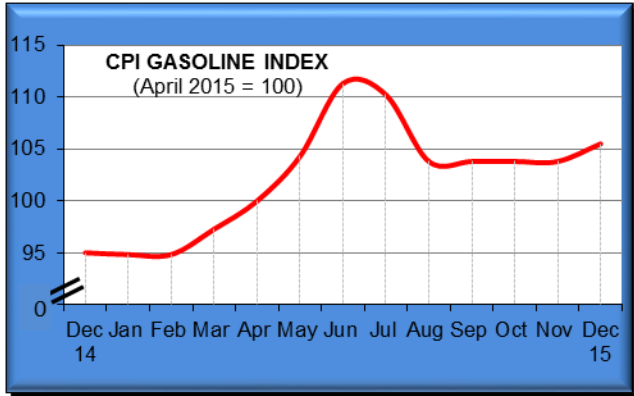
The compilation of the CPI involves the processing of several thousand price quotations. The Department of Statistics wishes to acknowledge the cooperation of the business community in supplying the required price data.

SUMMARY STATISTICS					
Period	Monthly		Period	Quarterly	
	Index	Annual per cent Change		Index	Annual per cent Change
2014			2013		
Dec	98.7	+1.5	Q2	96.6	+1.8
			Q3	97.0	+1.7
2015			Q4	97.2	+1.6
Jan	98.6	+1.4	2014		
Feb	98.9	+1.6	Q1	97.5	+1.8
Mar	99.1	+1.2	Q2	98.5	+2.0
Apr	100.0	+1.8	Q3	99.1	+2.1
May	99.8	+1.2	Q4	99.3	+2.2
Jun	100.7	+2.1	2015		
Jul	100.6	+1.9	Q1	98.9	+1.5
Aug	100.4	+1.4	Q2	100.2	+1.7
Sep	100.7	+1.0	Q3	100.6	+1.5
Oct	100.6	+0.6	Q4	100.5	+1.2
Nov	100.5	+1.4			
Dec	100.5	+1.8			

MONTH-TO-MONTH ANALYSIS

Transport & Foreign Travel

Prices at the gasoline pump increased 1.6 per cent in December. This led to a 0.4 per cent rise in the Transport & Foreign Travel sector. In stark contrast, the average cost of overseas hotel accommodations dropped 10.7 per cent.



Rent

The Rent sector increased 0.1 per cent in December, as rental units subject to rent control rose 0.2 per cent.

Education, Recreation, Entertainment & Reading

The Education, Recreation, Entertainment & Reading sector edged up 0.1 per cent in December. The average cost of pet up-keep increased by 0.8 per cent.

Tobacco & Liquor

The Tobacco & Liquor sector increased 0.3 per cent in December, as the average cost of wine increased 1.4 per cent.

Health & Personal Care

The Health & Personal Care sector was static for the second consecutive month.

Household Goods, Services & Supplies

The Household Goods, Services & Supplies sector remained unchanged in December.

Clothing & Footwear

There was no movement in the Clothing & Footwear sector for the fifth consecutive month.

Food

The Food sector continued to decline, falling 0.2 per cent in December, following a 0.5 per cent drop in November. Leading factors behind the decrease were the average price of roasting chickens (-5.8 per cent), pork loins rolls (-4.0 per cent) and lamb chops (-3.8 per cent).

Fuel & Power

The Fuel & Power sector declined 2.0 per cent in December as the cost of crude oil world wide continued to drop. The fuel adjustment rate for household consumers fell 6.3 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.

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:

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

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

$$= 3.0\%$$

BERMUDA CONSUMER PRICE INDEX

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)										
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
2015	+1.5	+2.7	+0.6	+1.3	+1.2	-8.9	+2.1	-1.3	+0.9	+7.8
MONTHLY (per cent)										
2013										
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
Jul	-0.1	+0.1	Nil	+0.7	Nil	+4.0	+2.1	-3.6	-0.1	Nil
Aug	-0.2	+0.3	+0.1	Nil	+0.1	Nil	Nil	-1.6	-0.2	+0.1
Sep	+0.3	-0.1	Nil	Nil	+0.2	Nil	+0.3	+0.9	+0.9	-0.1
Oct	-0.1	+0.2	+0.1	Nil	Nil	-1.3	Nil	-1.2	+0.2	+0.5
Nov	-0.1	-0.5	Nil	Nil	Nil	-1.3	Nil	+0.1	Nil	Nil
Dec	Nil	-0.2	+0.1	Nil	+0.3	-2.0	Nil	+0.4	+0.1	Nil
Dec '15	100.5	100.3	100.4	100.7	100.6	96.7	102.4	99.6	101.2	100.5
<u>Dec '15</u> Dec '14	+1.8	+2.2	+0.8	+1.4	+1.6	-4.5	+2.9	+0.9	+0.6	+7.0

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, Entertainment & 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 2015.

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 2015.

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 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

	2012	2013	2014	2015	Dec 15
Bermuda	2.4	1.8	2.0	1.5	+1.8
United States¹	1.7	1.5	0.8	0.7	+0.7
Canada²	1.5	0.9	2.0	1.1	+1.6
United Kingdom³	3.2	3.0	2.4	1.1	+1.2

Sources:

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

Published by the Government of Bermuda
February 2016

The Cabinet Office
Department of Statistics
Cedar Park Centre,
48 Cedar Avenue, Hamilton HM 11

P.O. Box HM 3015
Hamilton HM MX, Bermuda

Tel: (441) 297-7761, Fax: (441) 295-8390
Website: www.statistics.gov.bm