GOVERNMENT OF BERMUDA
Department of Statistics

CONSUMER PRICE INDEX

January 2018

INFLATION DECLINES

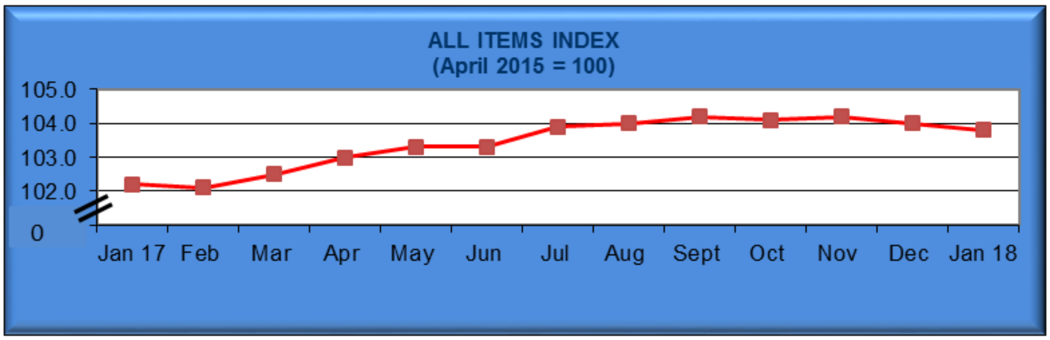
Consumers paid 1.6 per cent more in January 2018 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The level of inflation decreased 0.3 percentage points from the 1.9 per cent measured in December 2017.

Between December 2017 and January 2018, the average cost of goods and services in the CPI declined 0.2 per cent. The all-items index slipped to 103.8 in January. This means that the basket of goods and services that cost $100.00 in April 2015 now costs $103.80.

YEAR-TO-YEAR ANALYSIS

The Fuel & Power sector was the largest contributor to the year-over-year rise, advancing 9.1 per cent. The major driver in this sector was the introduction of the Regulatory Authority recovery fee.

In addition, the Transport & Foreign Travel sector and the Tobacco & Liquor sector rose 2.4 per cent and 9.3 per cent, respectively.



Inflation Rate 1.6%

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

Monthly Period	Monthly Index	Monthly Annual per cent Change	Quarterly Period	Quarterly Index	Quarterly Annual per cent Change
2017			**2016**		
Jan	102.2	+1.9	Q1	100.2	+1.3
Feb	102.1	+1.9	Q2	101.2	+1.0
Mar	102.5	+2.4	Q3	102.2	+1.6
Apr	102.8	+1.7	Q4	102.3	+1.8
May	103.3	+2.4			
Jun	103.3	+1.8	**2017**		
Jul	103.9	+1.7	Q1	102.3	+2.1
Aug	104.0	+2.3	Q2	103.1	+1.9
Sept	104.2	+1.5	Q3	104.0	+1.8
Oct	104.1	+1.4	Q4	104.1	+1.8
Nov	104.2	+2.0			
Dec	104.0	+1.9			
2018					
Jan	103.8	+1.6			

MONTH-TO-MONTH ANALYSIS

Food

The Food sector climbed 1.2 per cent in January. Items that were on special in December returned to regular pricing in January. Leading price increases were condensed milk (+8.6 per cent), fresh & frozen pork lion (+5.2 per cent) and rice (+5.0 per cent).

Rent

For the third consecutive month, the Rent sector reported no price movement.

Tobacco & Liquor

Increases in the average cost of spirits (+1.8 per cent) and beer (+0.2 per cent), aided the 0.3 per cent rise in the Tobacco & Liquor sector.

Education, Recreation, Entertainment & Reading

The Education, Recreation, Entertainment & Reading sector recorded a 0.1 per cent increase in January. The average cost of premium fuels increased 1.9 per cent.

Clothing & Footwear

The Clothing & Footwear sector reported no change for January. The increase in the average cost of female's clothing (+0.8 per cent) was offset by the average cost in men's clothing (-1.0 per cent).

Health & Personal Care

The Health & Personal Care sector remained unchanged for the month.

Household Goods, Services & Supplies

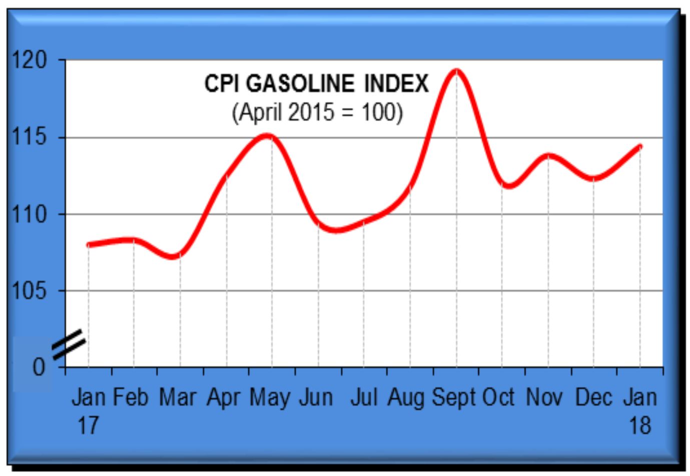
Price decreases in detergents and bleaches (-3.4 per cent) and cleaning materials (-1.2 per cent) led to 0.1 per cent decline in the Household Goods, Services & Supplies sector in January.

Fuel & Power

After no change in December, the Fuel & Power sector dropped 1.5 per cent in January. The fuel adjustment clause dipped 4.7 per cent.

Transport & Foreign Travel

The Transport & Foreign Travel sector decreased 1.9 per cent in January. Declines were reported in the average cost of air fares (-11.5 per cent), and car maintenance (-0.5 percent).



COMPUTING PRICE INCREASES

The Department of Statistics receives 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.gov.bm.](http://www.gov.bm)

A) Month-to-Month Price Change

The price change between November and October, 2015 is calculated as Follows:

$$= \frac{\text{Nov15 index} - \text{Oct15 index}}{\text{Oct15 index}} \times 100$$

$$= \frac{100.5 - 100.6}{100.6} \times 100$$

$$= -0.1\%$$

B) Year-to-Year Price Change

The price change between December 2015 and December, 2014 is calculated as follows:

$$= \frac{\text{Dec15 index} - \text{Dec14 index}}{\text{Dec14 index}} \times 100$$

$$= \frac{100.5 - 98.7}{98.7} \times 100$$

$$= 1.8\%$$

C) Particular Period Price Change

The price change between April 2014 and January, 2016 is calculated as follows:

$$= \frac{\text{Jan 16 index} - \text{Apr14 index}}{\text{Apr14 index}} \times 100$$

$$= \frac{100.3 - 98.3}{98.3} \times 100$$

$$= 2.0\%$$

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)										
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
2016	+1.5	+1.9	+1.0	+0.4	+5.1	-3.3	+1.6	-2.2	+3.3	+4.5
2017	+1.9	+2.2	+0.1	+1.5	+7.8	+7.8	+0.5	+3.6	+2.0	+1.3
MONTHLY (per cent)										
2016										
Jan	-0.2	+1.2	-0.1	+0.1	+0.4	-3.7	+0.1	-1.6	Nil	Nil
Feb	-0.1	+0.6	+0.1	Nil	+1.1	Nil	Nil	-1.4	-0.3	+0.1
Mar	-0.1	-0.1	Nil	Nil	Nil	-0.8	+0.1	-0.7	+0.2	Nil
Apr	+0.9	+0.3	Nil	-0.5	+2.0	-2.6	Nil	+0.8	+2.7	+3.2
May	-0.1	-0.3	+0.1	Nil	+1.5	-5.0	Nil	-0.3	+0.5	Nil
Jun	+0.5	+0.2	Nil	Nil	+0.8	+10.4	Nil	+1.0	Nil	-0.1
Jul	+0.8	+0.3	+1.0	+0.1	Nil	+4.3	+0.1	+2.5	-0.2	Nil
Aug	-0.5	+0.1	+0.1	Nil	Nil	Nil	Nil	-4.3	Nil	Nil
Sept	+1.0	+0.1	Nil	Nil	+0.1	+6.0	+0.1	+4.5	+1.1	Nil
Oct	Nil	+0.1	Nil	+0.3	Nil	-0.9	+0.1	Nil	+0.1	+0.1
Nov	-0.5	-0.1	Nil	+0.1	Nil	-2.3	Nil	-2.8	-0.2	Nil
Dec	-0.1	-1.3	+0.1	Nil	-0.4	-3.1	Nil	+1.3	+0.1	Nil
2017										
Jan	+0.1	+2.0	Nil	+1.2	+0.8	-2.3	Nil	-1.2	Nil	Nil
Feb	-0.1	Nil	-0.8	Nil	-0.1	Nil	Nil	+0.8	-0.1	Nil
Mar	+0.4	+0.4	+0.1	Nil	+0.1	+3.9	Nil	+1.9	Nil	Nil
Apr	+0.3	-1.1	Nil	Nil	+2.8	+0.5	+0.1	+1.9	+0.2	+0.2
May	+0.4	+1.7	Nil	Nil	+4.7	+1.8	-0.1	Nil	+0.1	Nil
Jun	Nil	+0.6	+0.1	Nil	Nil	+3.3	+0.2	-1.2	-0.1	Nil
Jul	+0.6	+0.2	Nil	+0.2	+0.7	+3.0	+0.2	+2.4	+0.1	Nil
Aug	+0.1	+0.1	+0.1	Nil	Nil	Nil	Nil	Nil	+0.2	+0.5
Sept	+0.2	-0.1	Nil	Nil	+0.1	+0.2	+0.1	+0.2	+0.8	Nil
Oct	-0.1	+0.1	+0.1	+0.1	+0.2	Nil	Nil	-1.4	-0.2	+0.5
Nov	+0.1	+0.1	Nil	Nil	+0.1	-2.1	Nil	+1.2	+0.5	Nil
Dec	-0.2	-0.7	Nil	Nil	+0.1	Nil	Nil	-1.4	+0.1	Nil
2018										
Jan	-0.2	+1.2	Nil	Nil	+0.3	-1.5	-0.1	-1.9	+0.1	Nil
Jan '18	**103.8**	**106.0**	**101.4**	**102.3**	**117.0**	**104.4**	**103.4**	**99.5**	**107.0**	**105.1**
Jan '18 / Jan '17	**+1.6**	**+2.5**	**-0.3**	**+0.3**	**+9.3**	**+9.1**	**+0.5**	**+2.4**	**+1.7**	**+1.3**

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 & Foreign Travel
- Household Goods, Services & Supplies
- 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 97.2 for January 2014 with 100.4 for January 2016, reveals that prices have increased by 3.3 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

	2014	2015	2016	2017	Jan 17
Bermuda	2.0	1.5	1.5	1.9	+1.6
United States[1]	0.8	0.7	2.1	2.1	+2.1
Canada[2]	2.0	1.1	1.4	1.6	+1.7
United Kingdom[3]	2.4	1.0	1.8	3.6	+4.0

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

Published by the Government of Bermuda
March 2018

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.gov.bm