

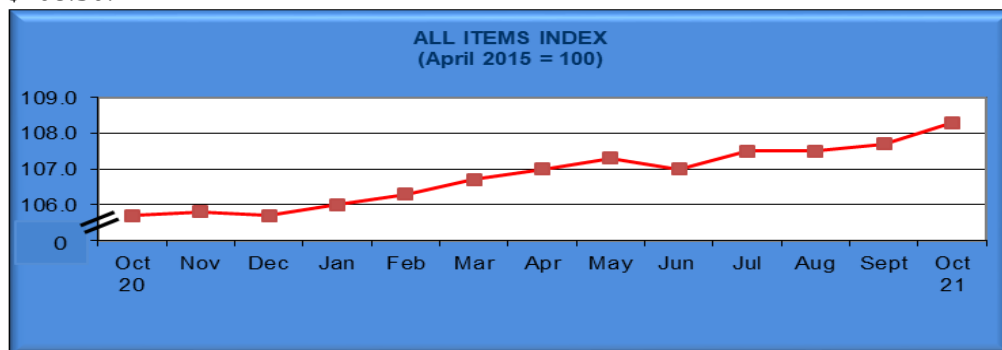


October 2021

ANNUAL INFLATION RATE ON THE RISE

Consumers paid 2.5 per cent more in October than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). This level of inflation rose 0.3 percentage points from the September 2021 annual inflation rate of 2.2 per cent.

Between September 2021 and October 2021, the average cost of goods and services in the CPI increased 0.6 per cent. The all-index rose from 107.7 to 108.3. This means that the basket of goods and services that cost \$100.00 in April 2015 now costs \$108.30.



YEAR-TO-YEAR ANALYSIS

The Transport & Foreign Travel sector continued to be the largest contributor to the twelve-month increase in the CPI (+13.9 per cent). On average, annual increases were reported in the cost of overseas hotel accommodations (+35.4 per cent) and airfares (+28.6 per cent). Premium fuel and mixed fuel prices rose 16.5 per cent and 15.3 per cent, respectively.

The Education, Recreation, Entertainment & Reading (+2.1 per cent) and Health & Personal Care (+1.7 per cent) sectors also impacted strongly on the annual inflation rate.

**Annual
Inflation
Rate
+2.5%**

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.

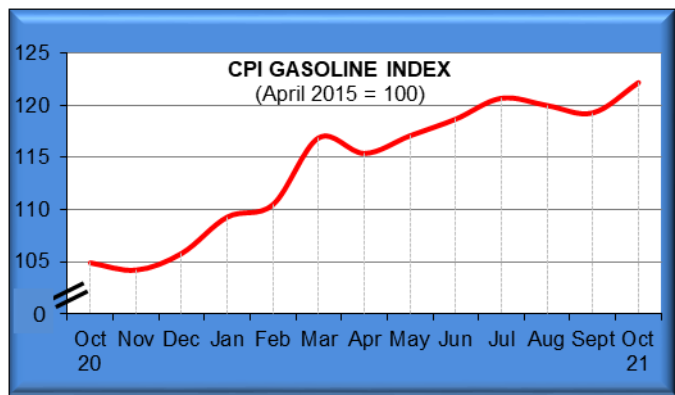
SUMMARY STATISTICS

Period	Monthly		Period	Quarterly	
	Index	Annual per cent Change		Index	Annual per cent Change
2020			2019		
Oct	105.7	-0.2	Q1	105.3	+1.2
Nov	105.8	-0.1	Q2	105.7	+0.7
Dec	105.7	+0.3	Q3	106.4	+1.1
			Q4	105.7	+0.7
2021			2020		
Jan	106.0	-0.3	Q1	106.1	+0.8
Feb	106.3	+0.2	Q2	105.8	+0.1
Mar	106.7	+0.8	Q3	105.5	-0.8
Apr	107.0	+0.9	Q4	105.7	Nil
May	107.3	+1.4			
June	107.0	+1.2	2021		
July	107.5	+2.2	Q1	106.3	+0.2
Aug	107.5	+1.6	Q2	107.1	+1.2
Sept	107.7	+2.2	Q3	107.6	+2.0
Oct	108.3	+2.5			

MONTH-TO-MONTH ANALYSIS

Transport & Foreign Travel

The Transport & Foreign Travel sector moved up 3.1 per cent in October. Increases were reported in the average cost of airfares (+7.7 per cent), overseas hotels (+7.5 per cent) and cars (+0.7 per cent).



Fuel & Power

Following no price movement for two months, the Fuel & Power sector jumped 6.9 per cent for the month. The fuel adjustment component of the average electricity bill spiked 23.2 per cent.

Household Goods, Services & Supplies

The Household Goods, Services & Supplies sector increased 0.5 per cent. The rise was mainly attributed to increases in the price of dining room furniture (+11.6 per cent) and bedroom furniture (+2.6 per cent).

Food

On average, the Food sector rose 0.2 per cent for October. Among the main items contributing to the increase were imported lettuce (+6.0 per cent), green peppers (+4.3 per cent) and eggs (+3.1 per cent).

Education, Recreation, Entertainment & Reading

The Education, Recreation, Entertainment & Reading sector climbed 0.1 per cent. The average cost of premium fuels rose 2.4 per cent.

Clothing & Footwear

Clothing & Footwear prices moved up 0.3 per cent for the month. On average, the cost of clothing repairs and alterations increased 2.1 per cent. In addition, the average cost of women's dress suits was up 1.5 per cent.

Tobacco & Liquor

The Tobacco & Liquor sector was static for the month. The rise in the average cost of wines (+0.3 per cent) was offset by the decline in the average cost of beer (-0.5 per cent).

Health & Personal Care

The Health & Personal Care sector declined 0.2 per cent. The average cost of dentist visits declined 6.2 per cent.

Rent

The Rent sector was down 0.4 per cent. The average cost of properties not subject to rent control fell 0.8 per cent.

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: <https://www.gov.bm/departments/statistics>.

A) Month-to-Month Price Change

The price change between February 2020 and January 2020 is calculated as follows:

$$= \frac{\text{Feb 20 index} - \text{Jan 20 index}}{\text{Jan 20 index}} \times 100$$

$$= \frac{106.1 - 106.3}{106.3} \times 100$$

$$= -0.2\%$$

B) Year-to-Year Price Change

The price change between March 2020 and March 2019 is calculated as follows:

$$= \frac{\text{Mar 20 index} - \text{Mar 19 index}}{\text{Mar 19 index}} \times 100$$

$$= \frac{105.9 - 105.6}{105.6} \times 100$$

$$= 0.3\%$$

C) Particular Period Price Change

The price change between February 2020 and March 2018 is calculated as follows:

$$= \frac{\text{Feb 20 index} - \text{Mar 18 index}}{\text{Mar 18 index}} \times 100$$

$$= \frac{106.1 - 104.3}{104.3} \times 100$$

$$= 1.7\%$$

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)										
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
2018	+1.4	+2.1	+0.2	+1.5	+4.3	+5.8	-0.2	+0.3	+2.1	+3.1
2019	+1.0	+2.7	+0.9	+1.9	+3.8	+1.1	Nil	-3.0	+0.4	+3.4
2020	Nil	+4.5	-1.8	+0.9	+2.3	-1.8	+0.3	-4.6	+1.1	+2.8
MONTHLY (per cent)										
2019										
Oct	-0.2	-0.1	-0.9	+0.5	-0.3	-4.2	+0.1	+0.8	+0.1	+0.4
Nov	Nil	+0.5	-0.2	Nil	-0.7	-2.7	Nil	+0.9	Nil	Nil
Dec	-0.5	-0.1	Nil	Nil	+0.2	-1.5	-0.4	-2.8	Nil	Nil
2020										
Jan	+0.9	+0.8	+0.9	Nil	-0.4	Nil	+0.3	+2.2	+0.1	Nil
Feb	-0.2	Nil	-0.5	Nil	+0.8	Nil	+0.1	-0.7	Nil	Nil
Mar	-0.2	-0.3	-0.4	Nil	+0.6	Nil	Nil	-0.6	-0.1	Nil
Apr	+0.1	+0.8	-0.3	+0.5	+0.8	Nil	+0.1	-1.7	+0.1	+1.2
May	-0.2	+0.7	-0.9	Nil	-0.5	Nil	Nil	+0.1	Nil	Nil
Jun	-0.1	+0.2	-0.5	Nil	+0.1	Nil	Nil	-0.4	+0.1	Nil
Jul	-0.5	+0.1	-0.4	Nil	-0.2	-3.4	+0.1	-1.9	Nil	Nil
Aug	+0.6	+0.5	+0.3	Nil	+0.3	Nil	+0.1	+0.2	+1.7	+0.8
Sept	-0.4	+0.3	-1.3	Nil	+0.9	Nil	+0.1	-1.3	+0.1	Nil
Oct	+0.3	+0.1	+1.2	+0.2	-0.6	Nil	+0.3	+0.1	+0.1	Nil
Nov	+0.1	-0.2	-0.2	Nil	+0.1	Nil	+0.2	+1.5	-0.2	Nil
Dec	-0.1	-0.3	+0.5	Nil	-0.6	Nil	+0.7	-2.2	-0.1	Nil
2021										
Jan	+0.3	+0.1	+0.5	+0.5	+0.3	+1.0	Nil	+1.5	-0.1	Nil
Feb	+0.3	+0.3	Nil	Nil	-0.8	Nil	Nil	+2.2	+0.2	Nil
Mar	+0.4	+0.3	+0.2	Nil	Nil	Nil	Nil	+2.2	Nil	Nil
Apr	+0.3	Nil	Nil	-0.6	+0.1	+1.5	+0.3	+0.7	Nil	+1.1
May	+0.3	-0.1	-0.7	Nil	-0.1	+0.2	+0.3	+3.7	+0.1	Nil
Jun	-0.3	+0.5	-0.3	Nil	-1.3	-14.1	Nil	+0.8	+0.9	+0.7
Jul	+0.5	+0.1	+0.2	+1.1	+0.1	+2.8	Nil	+1.5	+0.1	Nil
Aug	Nil	+0.5	+0.6	Nil	+0.3	Nil	+0.1	-1.8	+0.1	Nil
Sept	+0.2	+0.3	-0.4	Nil	+0.2	Nil	Nil	+0.2	+1.2	Nil
Oct	+0.6	+0.2	-0.4	+0.3	Nil	+6.9	+0.5	+3.1	+0.1	-0.2
Oct '21	108.3	115.8	99.8	108.3	124.0	103.6	105.7	104.6	113.2	117.3
Oct '21 Oct '20	+2.5	+1.5	Nil	+1.3	-1.7	-3.0	+2.0	+13.9	+2.1	+1.7

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

	2017	2018	2019	2020	Oct 21
Bermuda	+1.9	+1.4	+1.0	Nil	+2.5
United States¹	+2.1	+2.4	+1.8	+1.2	+6.2
Canada²	+1.6	+2.3	+1.9	+0.7	+4.7
United Kingdom³	+3.6	+3.3	+2.6	+1.5	+6.0

Sources:

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

December 2021

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