



INFLATION RISES

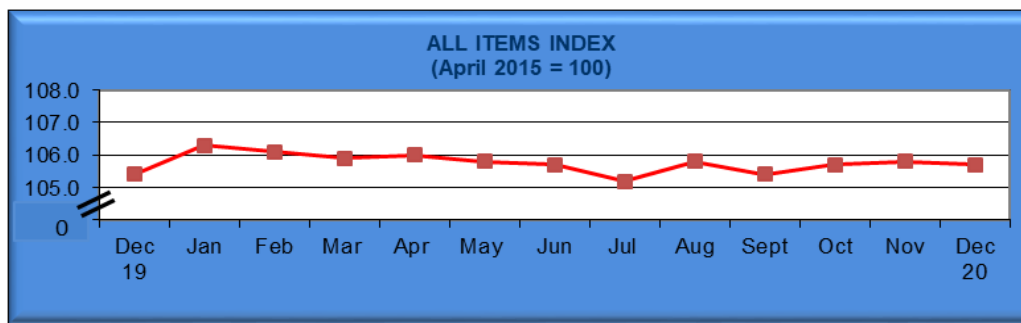
After five consecutive months of negative annual inflation, consumers paid 0.3 per cent more than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI).

Between November and December 2020, the average cost of goods and services in the CPI decreased 0.1 per cent. The all-items index declined from 105.8 to 105.7 in December. This means that the basket of goods and services that cost \$100.00 in April 2015 now costs \$105.70.

YEAR-TO-YEAR ANALYSIS

The Food sector was the largest contributor to the twelve-month increase in the CPI, up 2.7 per cent. On average, the price of fresh and frozen leg of lamb (+28.9 per cent) and fresh and frozen pork lions (+24.7 per cent) were the leading factors in the year-over-year increase in this sector.

The Health & Personal Care and Education, Recreation, Entertainment & Reading sectors also impacted strongly on the annual rate of inflation, with measured increases of 2.2 per cent and 1.8 per cent, respectively.



Annual Inflation Rate +0.3%

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
2019			2018		
Dec	105.4	+0.5	Q1	104.1	+1.8
2020			Q2	105.0	+1.8
Jan	106.3	+1.0	Q3	105.2	+1.2
Feb	106.1	+0.9	Q4	105.0	+0.9
Mar	105.9	+0.3	2019		
Apr	106.0	+0.0	Q1	105.3	+1.2
May	105.8	+0.4	Q2	105.7	+0.7
June	105.7	+0.0	Q3	106.4	+1.1
Jul	105.2	-1.4	Q4	105.7	+0.7
Aug	105.8	-0.7	2020		
Sept	105.4	-0.7	Q1	106.1	+0.8
Oct	105.7	-0.2	Q2	105.8	+0.1
Nov	105.8	-0.1	Q3	105.5	-0.8
Dec	105.7	+0.3	Q4	105.7	+0.0

MONTH-TO-MONTH ANALYSIS

Rent

The Rent sector edged up 0.5 per cent for the month. The increase was attributed to the 0.3 per cent rise in rent-controlled properties. Rental units not subject to rent control advanced 1.1 per cent.

Household Goods, Services & Supplies

The Household Goods, Services & Supplies sector increased 0.7 per cent in December. The average cost of food wraps & trash bags climbed 5.4 per cent.

Clothing & Footwear

The Clothing & Footwear sector reported no price movement for the month.

Fuel & Power

The Fuel & Power sector was unchanged.

Health & Personal Care

The Health & Personal Care sector was static for the month. The average costs of self-prescribed medicines and household medical supplies slipped 0.2 per cent.

Education, Recreation, Entertainment & Reading

The Education, Recreation, Entertainment & Reading sector declined 0.1 per cent in December. The average cost of sporting equipment fell 2.4 per cent.

Tobacco & Liquor

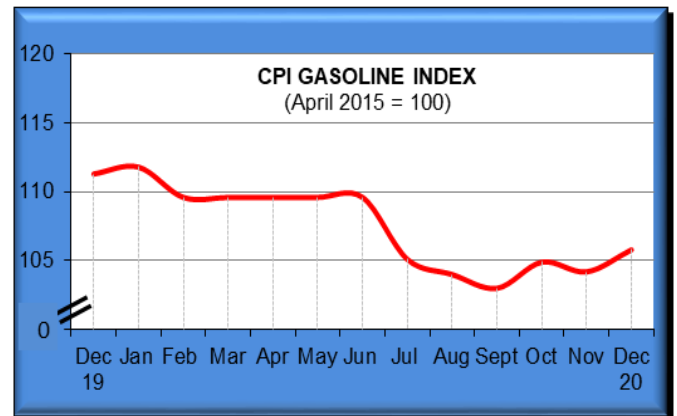
The Tobacco & Liquor sector dipped 0.6 per cent reflecting a decrease in the average price of spirits (-1.0 per cent).

Food

Within the Food sector, prices fell 0.3 per cent on average. Consumers paid less for sweet biscuits (-6.6 per cent), soft drinks (-5.2 per cent) and bagged apples (-4.1 per cent).

Transport & Foreign Travel

Transport & Foreign Travel sector prices abated 2.2 per cent on average as decreases in air fares (-13.0 per cent) and overseas car rental costs (-7.3 per cent) were reported for the month.



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 November and October, 2015 is calculated as follows:

$$= \frac{\text{Nov 15 index} - \text{Oct 15 index}}{\text{Oct 15 index}} \times 100$$

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

$$= -0.1\%$$

B) Year-to-Year Price Change

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

$$= \frac{\text{Dec 15 index} - \text{Dec 14 index}}{\text{Dec 14 index}} \times 100$$

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

$$= 1.8\%$$

C) Particular Period Price Change

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

$$= \frac{\text{Jan 16 index} - \text{Apr 14 index}}{\text{Apr 14 index}} \times 100$$

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

$$= 2.0\%$$

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, & 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	+0.0	+4.5	-1.8	+0.9	+2.3	-1.8	+0.3	-4.6	+1.1	+2.8
MONTHLY (per cent)										
2018										
Sept	+0.4	+0.3	Nil	Nil	+0.2	+1.5	+0.2	+1.3	+0.5	Nil
Oct	-0.1	+0.4	+0.1	-0.1	-0.1	Nil	-0.1	-1.0	Nil	Nil
Nov	-0.2	-0.1	+0.1	Nil	Nil	-0.6	Nil	-1.5	-0.1	Nil
Dec	-0.1	+0.3	Nil	Nil	+0.3	-1.8	Nil	-0.3	Nil	Nil
2019										
Jan	+0.2	+1.0	+0.5	+0.4	+0.3	Nil	+0.1	-0.7	+0.1	Nil
Feb	Nil	-0.2	+0.5	Nil	+0.2	Nil	+0.1	-0.9	Nil	Nil
Mar	+0.4	-0.1	+0.9	Nil	+0.4	Nil	Nil	+2.1	-0.4	-0.1
Apr	+0.4	-0.2	-0.1	Nil	+1.0	Nil	Nil	+0.4	+0.1	+2.3
May	-0.6	+0.3	-2.0	Nil	+0.8	+1.0	-0.2	-1.6	+0.1	Nil
Jun	+0.3	+1.0	-0.4	Nil	+1.1	+0.8	Nil	+0.7	-0.2	+1.4
Jul	+0.9	+0.4	+2.1	+0.2	-0.6	Nil	Nil	+2.7	+0.2	+0.1
Aug	-0.2	-0.1	+0.2	Nil	+0.2	Nil	+0.1	-1.7	-0.3	Nil
Sept	-0.4	+0.2	-0.2	Nil	+1.1	Nil	Nil	-3.0	+0.4	Nil
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
Dec '20	105.7	113.5	100.1	106.9	125.5	106.8	104.5	91.1	110.6	115.3
Dec '20	+0.3	+2.7	-1.7	+0.7	+1.4	+2.8	+1.9	-4.6	+1.8	+2.2
Dec '19										

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	Dec 20
Bermuda	+1.9	+1.4	+1.0	+0.0	+0.3
United States¹	+2.1	+2.4	+1.8	+1.2	+1.4
Canada²	+1.6	+2.3	+1.9	+0.7	+0.7
United Kingdom³	+3.6	+3.3	+2.6	+1.5	+1.2

Sources:

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

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