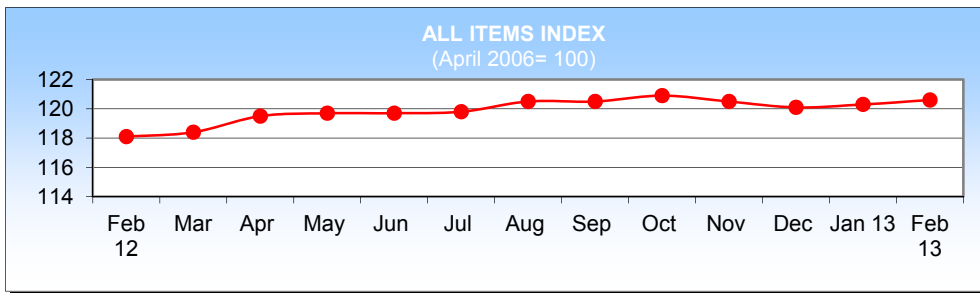## INFLATION RISES

Consumers paid 2.1 per cent more in February 2013 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The annual rate of inflation increased 0.2 percentage points from the 1.9 per cent measured in January 2013.

Between January and February 2013, the average cost of goods and services in the Consumer Price Index advanced 0.2 per cent. The all-items index increased from 120.3 to 120.6 index points in February. This means that the basket of goods and services that cost $100.00 in April 2006 now cost $120.60.

YEAR-TO-YEAR ANALYSIS

On a year-over-year basis the Health & Personal Care sector was the largest contributor to the twelve-month increase in the Consumer Price Index. The total cost of the Health & Personal Care basket increased 7.7 per cent year-over-year.

The Food and Transport & Vehicles sectors also impacted strongly on the annual rate of inflation. The rate of price increase for these sectors measured 3.7 per cent and 2.8 per cent, respectively.

ALL ITEMS INDEX
(April 2006= 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	
2012			**2010**			
Feb	118.1	+2.4	Q2	113.6	+2.8	
Mar	118.4	+2.8	Q3	114.4	+2.6	
Apr	119.5	+2.5	Q4	114.9	+2.7	
May	119.7	+2.9				
Jun	119.7	+2.7	**2011**			
Jul	119.8	+2.5	Q1	115.0	+2.6	
Aug	120.5	+3.1	Q2	116.5	+2.6	
Sep	120.5	+1.9	Q3	117.4	+2.6	
Oct	120.9	+1.7	Q4	118.3	+3.0	
Nov	120.5	+1.9				
Dec	120.1	+1.9	**2012**			
			Q1	118.2	+2.8	
2013			Q2	119.6	+2.7	
Jan	120.3	+1.9	Q3	120.3	+2.5	
Feb	120.6	+2.1	Q4	120.5	+1.8	

MONTH-TO-MONTH ANALYSIS

Transport & Vehicles

The combined increases in fuel prices (2.3 per cent), airfares (4.0 per cent) and overseas hotel accommodations (1.7 per cent) led to a 1.3 per cent rise in this sector.

CPI GASOLINE INDEX
2006 = 100
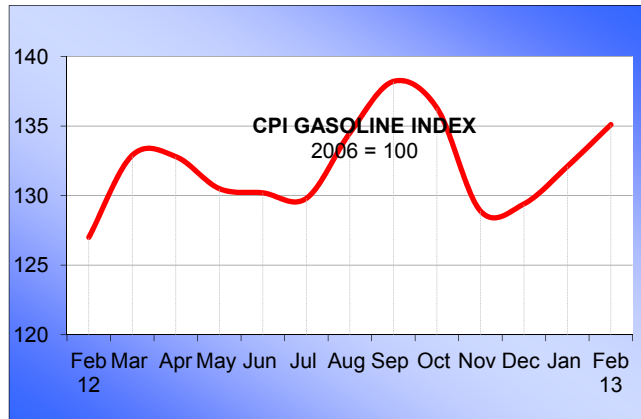
Fuel & Power

The Fuel and Power sector rose 1.4 per cent in February. Households paid 1.5 per cent more for electricity. In contrast, the cost of a cylinder of propane gas fell by 0.7 per cent.

Rent

The Rent sector rose fractionally by 0.1 per cent in the month of February. Rental prices for properties under rent control increased by 0.1 per cent.

Food

On average, the cost of the food basket at the sector level remained the same in February. However items such as stewed tomatoes (+7.8 per cent), fresh boneless pork loins (+7.2 per cent) and frozen spare ribs (+6.0 per cent) increased in price. These price increases were offset by declines in the price of red grapes (-5.8 per cent), oranges (-4.0 per cent) and salad dressings (-3.4 per cent).

Health & Personal Care

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

Clothing & Footwear

The Clothing & Footwear sector was static in February.

Education, Recreation & Reading

There was no measured movement in the overall Education, Recreation & Reading sector despite price decreases in consumer electronics such as stereo systems (-2.8 per cent), DVD players (-4.3 per cent) and camcorders (-3.1 per cent).

Tobacco & Liquor

The Tobacco & Liquor sector fell 0.2 per cent. This reflected a 0.2 per cent decrease in the average price of beers, wines and spirits.

Household Goods, Services & Communications

The Household Goods, Services & Communications sector was unchanged in February. However, consumers paid lower prices for washers & dryers and electrical tools, down 1.4 per cent and 1.0 per cent, respectively.

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.

a) Month-to-Month Price Change

The price change between November and December, 2012 is calculated as follows:

$$= \frac{\text{Dec 12 index number - Nov 12 index number}}{\text{Nov 12 index number}} \times 100$$

$$= \frac{120.1 - 120.5}{120.5} \times 100$$

$$= -0.3\%$$

b) Year-to-Year Price Change (annual rate of inflation)

The price change between December, 2011 and December, 2012 is calculated as follows:

$$= \frac{\text{Dec 12 index number - Dec 11 index number}}{\text{Dec 12 index number}} \times 100$$

$$= \frac{120.1 - 117.9}{117.9} \times 100$$

$$= 1.9\%$$

BERMUDA CONSUMER PRICE INDEX

APRIL 2006 = 100

	All Items	Food	Rent	Clothing & Footwear	Tobacco & Liquor	Fuel & Power	Household Goods, Services & Communica-tions	Transport & Vehicles	Education, Recreation & Reading	Health & Personal Care
2004 WEIGHT	1000	146	325	37	20	30	140	139	71	92

ANNUAL AVERAGE (per cent)

	All Items	Food	Rent	Clothing & Footwear	Tobacco & Liquor	Fuel & Power	Household Goods, Services & Communica-tions	Transport & Vehicles	Education, Recreation & Reading	Health & Personal Care
2008	+4.8	+5.6	+2.4	+2.7	+9.3	+31.8	+2.6	+3.9	+5.1	+6.6
2009	+1.8	+5.4	+1.9	+3.0	+5.9	-6.3	+0.7	-4.3	+5.3	+6.7
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

MONTHLY (per cent)

	All Items	Food	Rent	Clothing & Footwear	Tobacco & Liquor	Fuel & Power	Household Goods, Services & Communica-tions	Transport & Vehicles	Education, Recreation & Reading	Health & Personal Care
2011										
Feb	+0.6	+0.8	+0.1	Nil	+0.7	Nil	Nil	+3.4	-0.1	Nil
Mar	-0.1	Nil	+0.2	Nil	+0.2	Nil	-0.1	-1.3	+0.1	+0.1
Apr	+1.3	-0.6	Nil	+4.7	Nil	Nil	-0.1	+3.8	+0.2	+6.6
May	-0.3	+0.4	+0.3	+0.1	Nil	Nil	Nil	-3.6	-0.1	Nil
Jun	+0.3	+0.5	+0.1	Nil	+0.2	+2.8	+1.2	-0.4	-0.4	+0.1
Jul	+0.2	-0.2	-0.1	-0.3	+0.6	+1.8	+0.1	+1.1	+0.4	+0.1
Aug	Nil	+2.1	Nil	+0.1	+0.2	+3.8	+0.2	-4.2	+0.2	+0.1
Sep	+1.2	+0.1	-0.4	Nil	+0.1	+3.7	+0.4	+8.0	+2.0	+0.1
Oct	+0.5	+0.4	+0.1	+4.6	+0.2	+0.6	+0.1	+1.5	-0.1	+0.1
Nov	-0.6	+0.2	Nil	Nil	+0.1	+0.1	+0.1	-4.9	+0.1	Nil
Dec	-0.2	-1.4	-0.1	Nil	+0.1	Nil	-0.1	+0.5	+0.1	0.2
2012										
Jan	+0.1	+1.6	Nil	Nil	-0.1	Nil	+0.1	-1.7	Nil	Nil
Feb	+0.1	-0.2	+0.1	Nil	+0.4	Nil	+0.1	+1.0	-0.1	Nil
Mar	+0.2	+0.9	+0.1	Nil	+0.2	Nil	+0.1	+0.4	-0.1	+0.1
Apr	+0.9	Nil	+0.1	+1.5	+0.7	Nil	Nil	+1.3	+0.2	+5.6
May	+0.2	+0.5	-0.1	+0.2	-0.1	Nil	Nil	+1.1	+0.2	Nil
Jun	Nil	+0.2	+0.2	Nil	+0.4	+5.3	-0.7	-1.8	+0.3	+0.1
Jul	+0.1	+0.2	-0.1	-1.8	+0.5	+2.4	+0.2	-0.5	Nil	-0.1
Aug	+0.6	+0.6	+0.3	Nil	+0.1	-1.8	+0.1	+4.1	-0.1	+0.1
Sep	Nil	+0.1	-0.2	Nil	+0.2	Nil	+0.3	-1.0	+2.1	+0.3
Oct	+0.3	+0.4	Nil	-2.0	+0.3	-1.9	+0.2	+1.3	+0.3	+1.5
Nov	-0.4	-0.4	+0.1	Nil	Nil	-7.8	Nil	Nil	+0.1	+0.1
Dec	-0.3	-1.0	Nil	Nil	+0.1	+2.9	Nil	-2.0	Nil	-0.1
2013										
Jan	+0.2	+2.3	-0.1	+1.1	+0.5	-1.4	+0.1	-1.2	+0.2	Nil
Feb	+0.2	Nil	+0.1	Nil	-0.2	+1.4	Nil	+1.3	Nil	Nil
Feb' 13	**120.6**	**128.8**	**111.1**	**119.3**	**129.5**	**154.0**	**111.0**	**108.3**	**129.5**	**153.8**
Feb'13 / Feb'12	**+2.1**	**+3.7**	**+0.4**	**-1.1**	**+2.6**	**-1.4**	**+0.2**	**+2.8**	**+3.2**	**+7.7**

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 & 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

	2009	2010	2011	2012	Feb 13
Bermuda	1.8	2.4	2.7	2.4	+2.1
United States[1]	2.7	1.5	3.0	1.7	+2.0
Canada[2]	0.3	1.8	2.9	1.5	+1.2
United Kingdom[3]	-0.5	4.6	5.2	3.2	+3.2

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

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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
E-mail: statistics@gov.bm
Website: www.statistics.gov.bm