## INFLATION REMAINS STABLE

Consumers paid 1.9 per cent more in January 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 was measured at 1.9 per cent for the third consecutive month.

Between December 2012 and January 2013, the average cost of goods and services in the Consumer Price Index increased by 0.2 per cent. The all-items index increased to 120.3 index points in January. This means that the basket of goods and services that cost $100.00 in April 2006 now cost $120.30.

YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector remained the largest contributor to the twelve-month rate of price increase. The annual increase in January 2013 was 7.7 per cent.

The Food and Transport & Vehicles sectors also impacted strongly on the annual rate of inflation. Price shifts in these two sectors were 3.5 and 2.5 per cent, respectively.

ALL ITEMS INDEX
(April 2006= 100)
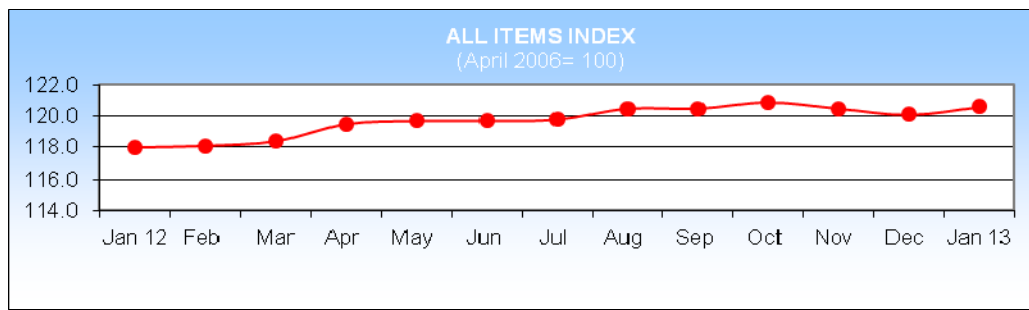
Inflation Rate 1.9%

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
2012			**2010**		
Jan	118.0	+3.0	Q2	113.6	+2.8
Feb	118.1	+2.4	Q3	114.4	+2.6
Mar	118.4	+2.8	Q4	114.9	+2.7
Apr	119.5	+2.5			
May	119.7	+2.9	**2011**		
Jun	119.7	+2.7	Q1	115.0	+2.6
Jul	119.8	+2.5	Q2	116.5	+2.6
Aug	120.5	+3.1	Q3	117.4	+2.6
Sep	120.5	+1.9	Q4	118.3	+3.0
Oct	120.9	+1.7			
Nov	120.5	+1.9	**2012**		
Dec	120.1	+1.9	Q1	118.2	+2.8
			Q2	119.6	+2.7
2013			Q3	120.3	+2.5
Jan	120.3	+1.9	Q4	120.5	+1.8

MONTH-TO-MONTH ANALYSIS

Food

On average, the basket price of food items purchased from grocery stores jumped 2.3 per cent for the month. The main items contributing to the increase were frozen spare ribs (+7.5 per cent), spices (+6.9 per cent) and canned tuna (+4.6 per cent).

Clothing & Footwear

On average, the cost of men's, women's and children's clothing increased by 3.2 per cent, 2.0 per cent and 0.7 per cent, respectively. These increases led to a 1.1 per cent rise in the Clothing & Footwear sector.

Household Goods, Services & Communications

The Household Goods, Services & Communications sector rose by 0.1 per cent for the month. The cost of subscription television services increased by 1.7 per cent.

Education, Recreation & Reading

The Education, Recreation & Reading sector increased 0.2 per cent. The cost of pet supplies rose by 1.5 per cent.

Health & Personal Care

The cost of self-prescribed medicines & household medical supplies rose 1.4 per cent. This was offset by the dip in the cost of ladies personal care hairstyling services (-1.1 per cent). As a result, the Health & Personal Care sector was unchanged for the month of January.

Tobacco & Liquor

The Tobacco & Liquor sector edged up 0.5 per cent as the price of alcohol spirits increased 1.6 per cent.

Rent

The rent sector fell 0.1 per cent between December and January. On average, the cost of rental units not subject to rent control decreased 0.2 per cent.

Fuel & Power

The Fuel & Power sector dropped 1.4 per cent in January. Residential consumers paid 1.5 per cent less for electricity.

Transport & Vehicles

The Transport & Vehicles sector contracted 1.2 per cent. On average, airfares and foreign hotel accommodation costs decreased 4.7 per cent and 5.7 per cent, respectively. In contrast, gasoline prices at the pump rose 2.1 per cent.
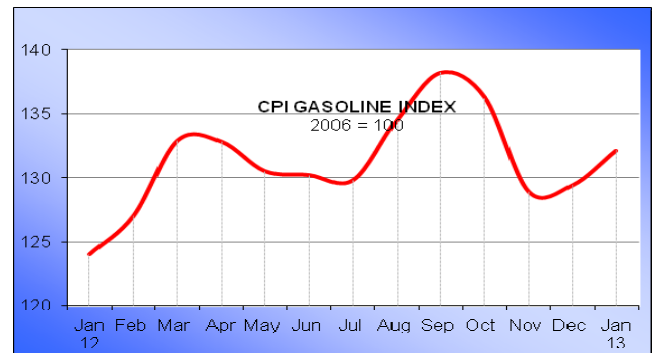
COMPUTING PRICE INCREASES

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.

a) Month-to-Month Price Change

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

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

$$= \frac{117.9 - 118.2}{118.2} \times 100$$

$$= -0.2\%$$

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

The price change between December, 2010 and December, 2011 is calculated as follows:

$$= \frac{\text{Dec 11 index number} - \text{Dec 10 index number}}{\text{Dec 10 index number}} \times 100$$

$$= \frac{117.9 - 114.6}{114.6} \times 100$$

$$= 2.9\%$$

BERMUDA CONSUMER PRICE INDEX

APRIL 2006 = 100

	All Items	Food	Rent	Clothing & Footwear	Tobacco & Liquor	Fuel & Power	Household Goods, Services & Communications	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 & Communications	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 & Communications	Transport & Vehicles	Education, Recreation & Reading	Health & Personal Care
2011										
Jan	Nil	+0.8	+0.1	-0.1	+0.6	Nil	+0.7	-1.4	+0.1	Nil
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
Jan '13	**120.3**	**128.8**	**111.0**	**119.3**	**129.7**	**151.9**	**111.0**	**106.9**	**129.5**	**153.8**
Jan '13 / Jan '12	**+1.9**	**+3.5**	**+0.4**	**-1.0**	**+3.2**	**-2.8**	**+0.3**	**+2.5**	**+3.1**	**+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	Jan 13
Bermuda	1.8	2.4	2.7	2.4	+1.9
United States[1]	2.7	1.5	3.0	1.7	+1.6
Canada[2]	0.3	1.8	2.9	1.5	+0.5
United Kingdom[3]	-0.5	4.6	5.2	3.2	+3.3

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

Published by the Government of Bermuda
March 2013

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