



## INFLATION DROPS

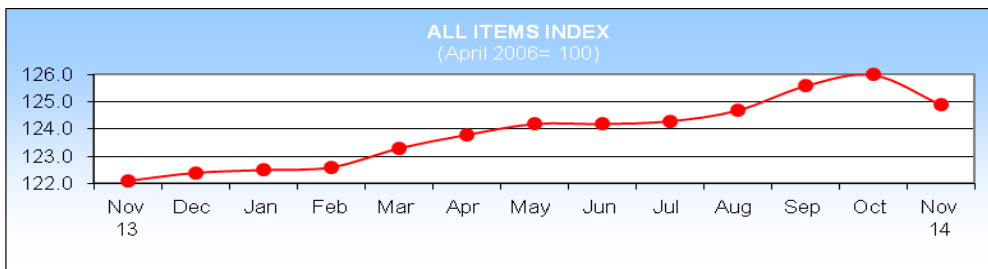
Consumers paid 2.3 per cent more in November 2014 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The level of inflation decreased 0.3 percentage points from the 2.6 per cent measured in October 2014.

Between October and November 2014, the average cost of goods and services in the Consumer Price Index decreased 0.9 per cent. The all-items index fell to 124.9 index points in November. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$124.90.

## 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 November 2014 measured 7.4 per cent.

The Transport & Vehicle sector recorded a small increase of 0.6 per cent year-over-year. Average gasoline prices fell to the lowest level since February 2011.



**Inflation  
Rate  
2.3%**

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
<b>2013</b>			<b>2012</b>		
Nov	122.1	+1.3	Q1	118.2	+2.8
Dec	122.4	+1.9	Q2	119.6	+2.7
			Q3	120.3	+2.5
<b>2014</b>			Q4	120.5	+1.8
Jan	122.5	+1.8	<b>2013</b>		
Feb	122.6	+1.7	Q1	120.6	+2.0
Mar	123.3	+2.0	Q2	121.7	+1.8
Apr	123.8	+1.9	Q3	122.3	+1.7
May	124.2	+2.1	Q4	122.4	+1.6
Jun	124.2	+1.8	<b>2014</b>		
Jul	124.3	+1.9	Q1	122.8	+1.8
Aug	124.7	+2.1	Q2	124.1	+2.0
Sep	125.6	+2.4	Q3	124.9	+2.1
Oct	126.0	+2.6			
Nov	124.9	+2.3			

**MONTH-TO-MONTH ANALYSIS**

**Household Goods, Services & Communications**

The Household Goods, Services & Communications sector increased 0.1 per cent in November. Average prices of household appliances increased by 0.3 per cent.

**Food**

The Food sector was unchanged in November, following a 0.1 per cent increase in October. On average the price of pineapples rose 3.3 per cent, but this was offset by a 2.6 per cent decrease in the price of powdered drink mixes.

**Tobacco & Liquor**

The Tobacco & Liquor sector increased 0.1 per cent for the second consecutive month. The price of wines increased 0.3 per cent.

**Clothing & Footwear**

The Clothing & Footwear sector was static in November, following a 0.5 per cent increase in October.

**Fuel & Power**

Following a 2.6 per cent decrease in October, the Fuel & Power sector was unchanged in November, as the fuel adjustment rate remained constant.

**Health & Personal Care**

The Health and Personal Care sector was unchanged in November.

**Education, Recreation & Reading**

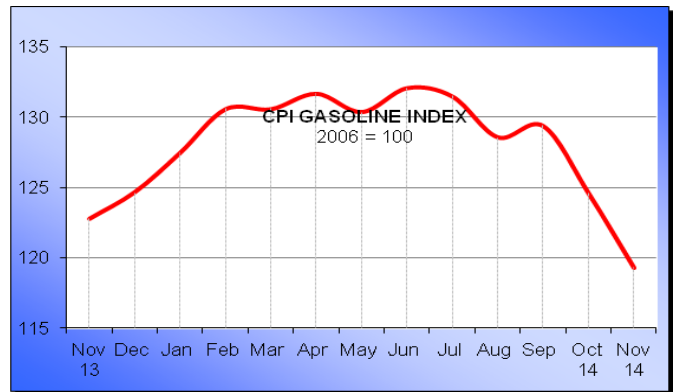
The Education, Recreation & Reading sector was static in November. The increased average cost of toys, games & hobbies (+1.4 per cent) was offset by a 1.7 per cent decrease in boat repair and maintenance costs.

**Rent**

A 0.1 per cent decrease in the price of rental units not subject to rent control coincided with a 0.1 per cent increase in the price of rent controlled properties. These movements led the Rent sector to remain unchanged.

**Transport & Vehicles**

The Transport & Vehicle sector plummeted 7.2 per cent in response to decreases in overseas hotel accommodations, foreign travel and gasoline prices of 21.7 per cent, 9.9 per cent, and 4.3 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. The monthly index numbers can be obtained from our website [www.statistics.gov.bm](http://www.statistics.gov.bm).

**A) Month-to-Month Price Change**

The price change between November and December, 2013 is calculated as follows:

$$= \frac{\text{Dec 13 index} - \text{Nov 13 index}}{\text{Nov 13 index}} \times 100$$

$$= \frac{122.4 - 122.1}{122.1} \times 100$$

$$= -0.3\%$$

**B) Year-to-Year Price Change**

The price change between December 2012 and December, 2013 is calculated as follows:

$$= \frac{\text{Dec 13 index} - \text{Dec 12 index}}{\text{Dec 12 index}} \times 100$$

$$= \frac{122.4 - 120.1}{120.1} \times 100$$

$$= 1.9\%$$

**C) Particular Period Price Change**

The price change between February 2010 and January, 2014 is calculated as follows:

$$= \frac{\text{Jan 14 index} - \text{Feb 10 index}}{\text{Feb 10 index}} \times 100$$

$$= \frac{122.5 - 111.7}{111.7} \times 100$$

$$= 9.7\%$$

# 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
<b>2004 WEIGHT</b>	1000	146	325	37	20	30	140	139	71	92
<b>ANNUAL AVERAGE ( per cent)</b>										
<b>2009</b>	+1.8	+5.4	+1.9	+3.0	+5.9	-6.3	+0.7	-4.3	+5.3	+6.7
<b>2010</b>	+2.4	+3.0	+1.3	+2.4	+1.9	-0.8	+1.6	+1.8	+2.5	+8.1
<b>2011</b>	+2.7	+2.3	+1.1	+5.7	+3.1	+11.3	+2.0	+0.6	+2.6	+7.5
<b>2012</b>	+2.4	+3.5	+0.2	+4.3	+2.5	+9.3	+1.0	+1.6	+2.7	+6.6
<b>2013</b>	+1.8	+3.0	-0.3	+0.1	+4.4	-1.9	+0.5	+1.4	+2.5	+8.3
<b>MONTHLY ( per cent)</b>										
<b>2012</b>										
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
<b>2013</b>										
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
Mar	+0.2	+0.4	-0.5	Nil	Nil	+2.8	Nil	+1.4	Nil	+0.1
Apr	+0.5	+0.4	-0.3	+0.8	+1.7	Nil	Nil	-1.9	Nil	+6.3
May	+0.1	-0.4	Nil	Nil	+2.0	-2.7	+0.1	+1.2	Nil	+0.7
Jun	+0.3	+0.1	Nil	Nil	+0.4	+1.8	-0.1	+1.6	-0.1	+0.1
Jul	Nil	+0.3	+0.2	+0.2	+0.1	Nil	+0.1	-1.8	-0.1	+0.1
Aug	+0.1	+0.8	+0.1	Nil	+0.1	+0.9	+0.4	-0.5	+0.1	Nil
Sep	+0.4	+0.2	Nil	Nil	-0.1	+0.8	-0.1	+2.2	+1.6	Nil
Oct	+0.1	-0.1	+0.1	+1.0	Nil	-0.8	+0.1	+0.5	-0.1	+0.4
Nov	-0.6	-0.4	Nil	+0.2	+0.4	-2.7	Nil	-3.2	-0.1	Nil
Dec	+0.3	-0.8	+0.1	Nil	+0.1	Nil	Nil	+2.6	+0.1	+0.1
<b>2014</b>										
Jan	+0.1	+1.5	+0.5	+0.7	+0.4	-2.9	Nil	-1.7	-0.1	Nil
Feb	+0.1	+0.3	Nil	Nil	-0.1	-2.1	Nil	+1.2	+0.2	-0.1
Mar	+0.5	+1.2	Nil	Nil	Nil	+2.1	+0.1	+2.0	Nil	Nil
Apr	+0.4	-0.2	+0.1	-0.3	+0.4	+1.1	Nil	-2.4	+0.2	+5.3
May	+0.3	-0.2	Nil	Nil	+0.1	+0.8	Nil	+2.6	+0.1	Nil
Jun	Nil	+0.2	+0.1	Nil	+0.1	+0.7	+0.5	-1.2	+0.1	+0.1
Jul	Nil	+0.7	Nil	+0.2	+0.1	+1.8	+0.2	-1.4	+0.1	+0.1
Aug	0.3	+0.7	Nil	Nil	-0.1	+1.3	Nil	+1.4	+0.1	Nil
Sep	0.7	+0.1	+0.1	Nil	Nil	+0.8	Nil	+4.3	+1.5	+0.1
Oct	0.3	+0.1	Nil	+0.5	+0.1	-2.6	+0.1	+1.0	-0.1	+1.7
Nov	-0.9	Nil	Nil	Nil	+0.1	Nil	+0.1	-7.2	Nil	Nil
<b>Nov '14</b>	<b>124.9</b>	<b>135.5</b>	<b>111.6</b>	<b>123.4</b>	<b>137.0</b>	<b>155.4</b>	<b>112.6</b>	<b>108.2</b>	<b>134.1</b>	<b>177.7</b>
Nov '14 Nov '13	<b>+2.3</b>	<b>+3.9</b>	<b>+0.8</b>	<b>+1.1</b>	<b>+1.2</b>	<b>+0.9</b>	<b>+1.0</b>	<b>+0.6</b>	<b>+2.1</b>	<b>+7.4</b>

## 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

	2010	2011	2012	2013	Nov 14
<b>Bermuda</b>	2.4	2.7	2.4	1.8	+2.3
<b>United States<sup>1</sup></b>	1.5	3.0	1.7	1.5	+1.3
<b>Canada<sup>2</sup></b>	1.8	2.9	1.5	0.9	+2.0
<b>United Kingdom<sup>3</sup></b>	4.6	5.2	3.2	3.0	+2.0

### Sources:

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

Published by the Government of Bermuda  
January 2015

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](mailto:statistics@gov.bm)  
Website: [www.statistics.gov.bm](http://www.statistics.gov.bm)