



INFLATION RISES MODERATELY

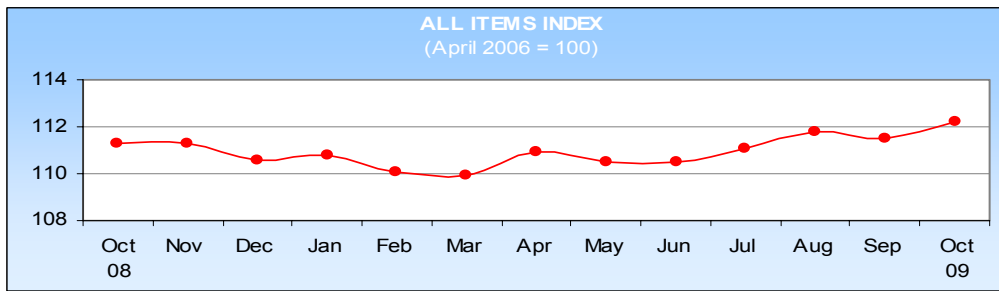
Consumers paid 0.7 per cent more in October 2009 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). This rate of inflation rose marginally from the 0.2 per cent measured in September 2009.

Between September 2009 and October 2009, the average cost of goods and services in the Consumer Price Index increased by 0.5 per cent. The all-items index rose from 111.5 index points to 112.1 in October. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$112.10.

YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector was the largest contributor to the twelve-month increase in the Consumer Price Index, overtaking the Food sector, which had been the lead contributor for the past ten months. On average, the cost of health and personal care items increased 7.3% year-over-year.

The Rent and Food sectors also impacted strongly on the annual rate of inflation, as price shifts in these sectors were 1.3 per cent and 2.8 per cent, respectively.



Inflation Rate
0.7%

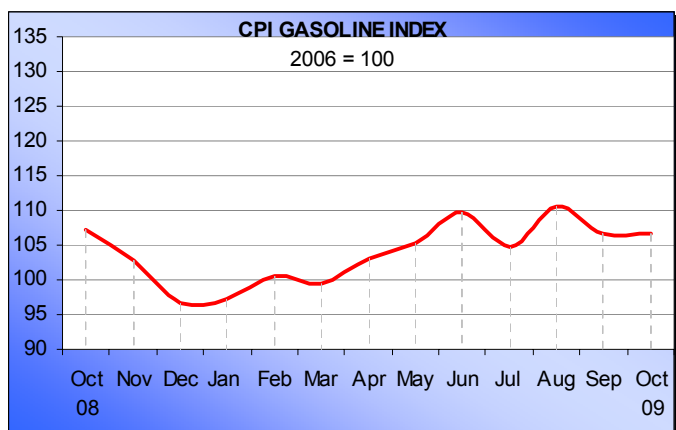
The compilation of the CPI involves the processing of several thousand price quotations. The Department of Statistics wishes to acknowledge the cooperation of the business community in supplying the required price data.

SUMMARY STATISTICS					
Period	Monthly		Period	Quarterly	
	Index	Annual per cent Change		Index	Annual per cent Change
2008			2007		
Oct	111.3	+5.6	Q2	103.9	+3.9
Nov	111.3	+5.2	Q3	105.0	+4.0
Dec	110.5	+4.9	Q4	105.5	+4.2
2009			2008		
Jan	110.8	+5.2	Q1	106.0	+3.8
Feb	110.2	+4.4	Q2	108.9	+4.8
Mar	109.9	+2.7	Q3	110.4	+5.1
Apr	110.6	+1.9	Q4	111.0	+5.2
May	110.5	+1.4	2009		
Jun	110.5	+1.2	Q1	110.3	+4.1
Jul	111.1	+1.2	Q2	110.5	+1.5
Aug	111.8	+1.6	Q3	111.5	+1.0
Sep	111.5	+0.2			
Oct	112.1	+0.7			

MONTH-TO-MONTH ANALYSIS

Transport & Vehicles

The Transport & Vehicle sector rose by 3.1 per cent overall, with foreign travel costs, which include airfare and hotel rates, increasing 8.7 per cent for the month. Additionally, consumers paid more for motor vehicles and motorcycles of 0.2 per cent and 0.9 per cent, respectively. Meanwhile, fuel prices remained unchanged for the month.



Health & Personal Care

The Health & Personal Care sector accelerated 1.5 per cent overall. This was due primarily to higher health care costs for doctors' visits, dentists' visits and eye care services. On average, consumers paid 15.5 per cent more for doctors' visits, while dental services climbed 8.5 per cent.

Rent

The Rent sector experienced little change for the month.

Household Goods, Services & Communications

The Household Goods, Services & Communications sector edged up 0.1 per cent for the month. This resulted from an increase in the price of household furnishings.

Fuel & Power

There was no change within the Fuel & Power sector during the month.

Food

The food sector remained unchanged for the month.

Education, Recreation & Reading

The Education, Recreation & Reading sector remained static for the month.

Clothing & Footwear

The Clothing & Footwear sector retracted 0.4 per cent as the average price of women's clothing and children's clothing fell by 1.2 per cent and 0.3 per cent, respectively.

Tobacco & Liquor

Tobacco & Liquor prices declined 0.3 per cent. The price of wines fell 0.1 per cent, while the price of beer and spirits edged down 0.7 per cent and .03 percent, 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.

a) Month-to-Month Price Change

The price change between November and December, 2007 is calculated as follows:

$$= \frac{\text{Dec 07 index number} - \text{Nov 07 index number}}{\text{Nov 07 index number}} \times 100$$

$$= \frac{105.3 - 105.8}{105.8} \times 100$$

$$= -0.5\%$$

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

The price change between December, 2006 and December, 2007 is calculated as follows:

$$= \frac{\text{Dec 07 index number} - \text{Dec 06 index number}}{\text{Dec 06 index number}} \times 100$$

$$= \frac{105.3 - 101.6}{101.6} \times 100$$

$$= 3.6\%$$

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)										
2003	+3.2	+2.0	+1.8	+1.9	+1.4	+4.8	+2.2	+4.5	+5.8	+7.0
2004	+3.6	+2.5	+2.2	+1.9	+5.2	+1.9	+1.6	+4.0	+6.2	+9.1
2005	+3.1	+3.0	+2.8	+2.1	+2.6	+5.6	+1.4	+5.1	+5.1	+2.4
2006	+3.1	+2.0	+3.9	+3.3	+2.1	+9.5	+1.4	+1.2	+3.8	+5.7
2007	+3.8	+3.5	+2.6	+0.2	+1.9	+5.5	+2.2	+6.6	+4.8	+6.8
2008	+4.8	+5.6	+2.4	+2.7	+9.3	+31.8	+2.6	+3.9	+5.1	+6.6
MONTHLY (per cent)										
2007										
Sept	+0.2	+0.6	+0.3	Nil	+0.1	+1.5	+0.3	-1.7	+2.4	Nil
Oct	+0.3	+0.4	+0.1	-4.9	+0.1	Nil	+0.1	+1.9	Nil	+0.5
Nov	+0.4	+0.1	+0.2	+0.2	+0.5	+1.5	-0.1	+1.5	+0.2	+0.1
Dec	-0.5	-0.7	+0.2	Nil	+1.1	+4.6	Nil	-4.5	+0.1	Nil
2008										
Jan	+0.1	+1.5	+0.2	-0.6	+1.0	+0.1	+0.1	-1.3	-0.1	-0.1
Feb	+0.2	+0.4	+0.2	Nil	-0.2	+2.8	+0.1	-0.2	-0.1	Nil
Mar	+1.3	+0.5	+0.2	Nil	+2.8	+1.2	Nil	+7.6	+0.8	+0.1
Apr	+1.5	+1.0	+0.4	+7.3	+2.9	Nil	+1.0	+2.5	+0.1	+5.1
May	+0.3	-0.1	+0.3	Nil	+1.1	+2.0	-0.1	+0.4	+0.3	+0.2
June	+0.3	+1.5	+0.1	Nil	+0.4	+0.4	+0.5	-0.5	Nil	+0.4
July	+0.5	Nil	+0.3	-0.2	Nil	+8.9	+0.7	Nil	+0.2	+0.1
Aug	+0.3	+1.0	+0.3	Nil	+0.5	Nil	+0.6	-0.4	Nil	+0.1
Sept	+1.1	+0.4	+0.1	Nil	+0.5	+14.0	+0.3	-0.1	+4.4	+0.3
Oct	Nil	+2.0	+0.2	+1.1	+0.2	Nil	+0.1	-3.4	+0.6	+0.6
Nov	Nil	+0.4	+0.2	Nil	+0.9	-0.1	+0.1	-1.1	+0.5	Nil
Dec	-0.7	+0.1	+0.3	Nil	0.5	-3.5	-2.7	-2.7	+0.2	Nil
2009										
Jan	+0.3	+0.9	+0.2	-1.2	+0.5	-2.1	+0.3	+1.5	+0.2	Nil
Feb	-0.5	+0.3	+0.2	Nil	+0.3	-10.1	+0.2	-1.4	-0.4	Nil
Mar	-0.3	-0.3	+0.2	Nil	+0.1	-5.3	+0.1	-1.3	+0.2	+0.3
Apr	+0.7	Nil	+0.1	+1.7	+0.3	-0.1	+0.5	+1.6	+0.4	+2.8
May	-0.2	+0.3	+0.1	Nil	+0.1	Nil	+0.2	-3.4	-0.6	+2.1
Jun	+0.1	-0.1	-0.1	Nil	+0.3	Nil	+Nil	+0.3	+0.7	+0.2
Jul	+0.5	-0.3	-0.1	+0.9	+0.5	-3.6	+1.0	+4.4	+0.3	Nil
Aug	+0.6	+1.4	+0.1	Nil	+0.9	Nil	Nil	+2.6	+0.1	+0.1
Sep	-0.3	Nil	+0.3	Nil	+0.1	Nil	+0.4	-4.2	+1.8	+0.2
Oct	+0.5	Nil	Nil	-0.4	-0.3	Nil	+0.1	+3.1	Nil	+1.5
Oct '09	112.1	116.5	108.3	107.3	119.5	127.0	106.8	106.2	119.4	124.2
Oct'09 Oct'08	+0.7	+2.8	+1.3	+1.1	+4.1	-22.8	+0.1	-1.1	+3.3	+7.3

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 (PER CENT)

Selected Countries & Bermuda

	2005	2006	2007	2008	Oct 09
Bermuda	3.1	3.1	3.8	4.8	+0.7
United States¹	3.4	3.2	2.8	3.8	-0.2
Canada²	2.2	2.0	2.2	2.3	+0.1
United Kingdom³	2.1	2.3	2.3	3.6	-0.8

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