



## INFLATION DECLINES SLIGHTLY

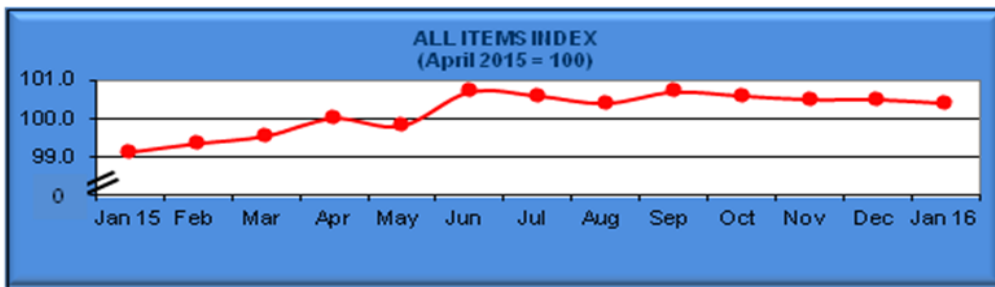
Consumers paid 1.7 per cent more in January 2016 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The level of inflation dropped 0.1 percentage point from the 1.8 per cent measured in December 2015.

Between December 2015 and January 2016, the average cost of goods and services in the CPI fell by 0.2 per cent. The all-items index dropped to 100.3 in January. This means that the basket of goods and services that cost \$100.00 in April 2015 now costs \$100.30.

## YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector was the largest contributor to the year-over-year increase, rising 7.0 per cent. The major driver in this sector was the cost of insurance premiums and prescribed medicines.

The Household Goods, Services & Supplies and Food sectors also had a large impact in the year-over-year increase. Price shifts in these sectors increased 2.6 and 2.0 per cent, respectively.



**Inflation  
Rate  
1.7%**

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
<b>2015</b>			<b>2013</b>		
Jan	98.6	+1.4	Q2	96.6	+1.8
Feb	98.9	+1.6	Q3	97.0	+1.7
Mar	99.1	+1.2	Q4	97.2	+1.6
Apr	100.0	+1.8			
May	99.8	+1.2	<b>2014</b>		
Jun	100.7	+2.1	Q1	97.5	+1.8
Jul	100.6	+1.9	Q2	98.5	+2.0
Aug	100.4	+1.4	Q3	99.1	+2.1
Sep	100.7	+1.0	Q4	99.3	+2.2
Oct	100.6	+0.6			
Nov	100.5	+1.4	<b>2015</b>		
Dec	100.5	+1.8	Q1	98.9	+1.5
			Q2	100.2	+1.7
<b>2016</b>			Q3	100.6	+1.5
Jan	100.3	+1.7	Q4	100.5	+1.2

**MONTH-TO-MONTH ANALYSIS**

**Food**

The Food sector increased 1.2 per cent in January, following two months of decline. Leading factors behind the increase were the average price of red grapes (7.0 per cent), pork loin rolls (6.4 per cent) and evaporated milk (6.3 per cent).

**Tobacco & Liquor**

The Tobacco & Liquor sector increased 0.4 per cent in January, as the average cost of spirits and beer increased 2.5 per cent and 0.6 per cent, respectively. In contrast, the average cost of wine fell 0.6 per cent.

**Household Goods, Services & Supplies**

The Household Goods, Services & Supplies sector edged up 0.1 per cent in January. Household supplies increased 1.2 per cent.

**Clothing & Footwear**

The Clothing & Footwear sector rose 0.1 per cent in January. The average price of men’s clothing increased 0.4 per cent.

**Education, Recreation, Entertainment & Reading**

The Education, Recreation, Entertainment & Reading sector was unchanged in January.

**Health & Personal Care**

The Health & Personal Care sector was static for the third consecutive month.

**Rent**

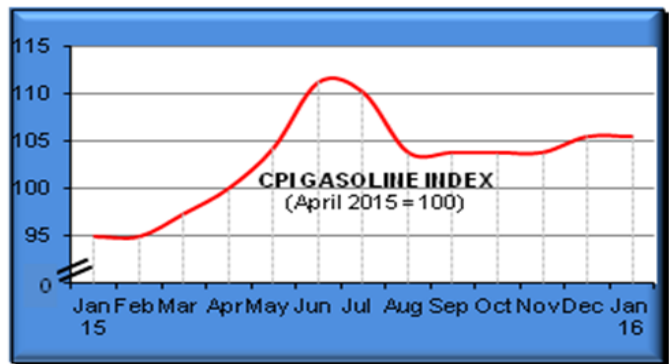
The Rent sector declined 0.1 per cent in January. The average land tax bill for all residential properties decreased by 6.3 per cent.

**Fuel & Power**

The Fuel & Power sector continued to trend downward, declining 3.7 per cent in January. This decrease marks the fourth consecutive decline in this sector. The fuel adjustment rate for household consumers fell 11.1 per cent.

**Transport & Foreign Travel**

The Transport & Foreign Travel sector declined 1.6 per cent in January. On average, the cost of airfare fell 8.2 per cent while the average cost of cycle repair & maintenance fell 6.6 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. 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, 2014 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 2013 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 February 2013 and January, 2015 is calculated as follows:

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

$$= \frac{100.4 - 98.3}{98.3} \times 100$$

$$= 2.1\%$$

# 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, Entertainment & Reading	Health & Personal Care
<b>2013 WEIGHT</b>	1000	115	267	25	31	39	116	130	147	130

### ANNUAL AVERAGE ( per cent)

<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>2014</b>	+2.0	+3.1	+0.8	+2.0	+2.4	-2.4	+0.8	+1.7	+1.9	+6.7
<b>2015</b>	+1.5	+2.7	+0.6	+1.3	+1.2	-8.9	+2.1	-1.3	+0.9	+7.8

### MONTHLY ( per cent)

#### 2014

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
Dec	-0.5	-0.7	Nil	Nil	-0.1	-9.0	Nil	Nil	-0.1	-0.1

#### 2015

Jan	Nil	1.3	+0.1	+0.2	+0.3	-2.5	+0.4	-1.7	Nil	+0.1
Feb	+0.2	+0.2	Nil	Nil	+0.1	Nil	Nil	+1.9	-0.6	Nil
Mar	+0.2	+0.3	+0.1	Nil	+0.1	+1.3	Nil	+0.7	-0.1	Nil
Apr	+1.0	Nil	+0.2	+0.5	+0.4	Nil	+0.1	+0.4	+0.1	+6.5
May	-0.2	+0.4	+0.1	Nil	Nil	-2.6	Nil	-1.0	Nil	Nil
Jun	+0.8	+0.1	Nil	Nil	Nil	Nil	Nil	+5.9	+0.3	Nil
Jul	-0.1	+0.1	Nil	+0.7	Nil	+4.0	+2.1	-3.6	-0.1	Nil
Aug	-0.2	+0.3	+0.1	Nil	+0.1	Nil	Nil	-1.6	-0.2	+0.1
Sep	+0.3	-0.1	Nil	Nil	+0.2	Nil	+0.3	+0.9	+0.9	-0.1
Oct	-0.1	+0.2	+0.1	Nil	Nil	-1.3	Nil	-1.2	+0.2	+0.5
Nov	-0.1	-0.5	Nil	Nil	Nil	-1.3	Nil	+0.1	Nil	Nil
Dec	Nil	-0.2	+0.1	Nil	+0.3	-2.0	Nil	+0.4	+0.1	Nil

#### 2016

Jan	-0.2	+1.2	-0.1	+0.1	+0.4	-3.7	+0.1	-1.6	Nil	Nil
<b>Jan '16</b>	<b>100.3</b>	<b>101.5</b>	<b>100.3</b>	<b>100.8</b>	<b>101.0</b>	<b>93.1</b>	<b>102.5</b>	<b>98.0</b>	<b>101.2</b>	<b>100.5</b>

Jan '16

Jan '15

	<b>+1.7</b>	<b>+2.0</b>	<b>+0.6</b>	<b>+1.3</b>	<b>+1.7</b>	<b>-5.7</b>	<b>+2.6</b>	<b>+0.9</b>	<b>+0.6</b>	<b>+7.0</b>
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## 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

	2012	2013	2014	2015	Jan 16
<b>Bermuda</b>	2.4	1.8	2.0	1.5	+1.7
<b>United States<sup>1</sup></b>	1.7	1.5	0.8	0.7	+1.4
<b>Canada<sup>2</sup></b>	1.5	0.9	2.0	1.1	+2.0
<b>United Kingdom<sup>3</sup></b>	3.2	3.0	2.4	1.1	+1.3

#### Sources:

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

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