



## INFLATION DECLINES

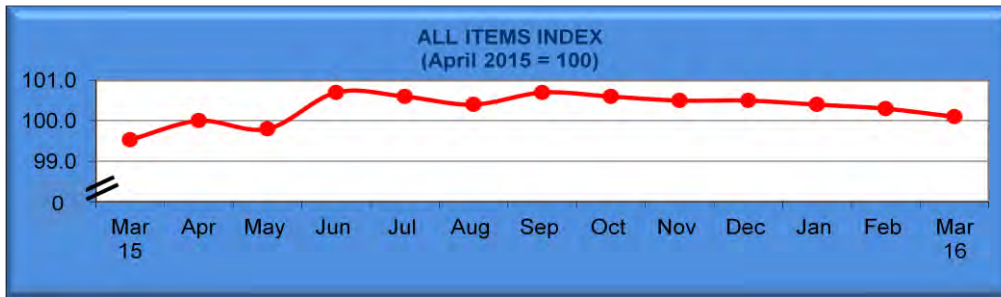
Consumers paid 1.0 per cent more in March 2016 than they did a year ago for the basket of goods and services included in the Consumer Price Index (CPI). The level of inflation dropped 0.3 percentage points from the 1.3 per cent measured in February 2016.

Between February 2016 and March 2016, the average cost of goods and services in the CPI fell by 0.1 per cent. The all-items index dropped to 100.1 in March. This means that the basket of goods and services that cost \$100.00 in April 2015 now costs \$100.10.

## YEAR-TO-YEAR ANALYSIS

The Fuel & Power sector continued to have a strong impact in the overall inflation rate, dropping 7.6 per cent year-over-year. The major driver in this sector was the lower cost of electricity.

In contrast, the Health & Personal Care sector and the Food sector both increased year-over-year. These sectors increased 7.1 per cent and 2.0 per cent, respectively.



**Inflation Rate**  
**1.0%**

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>2014</b> |           |                        |
| Mar                | 99.1    | +1.2                   | Q1          | 97.5      | +1.8                   |
| Apr                | 100.0   | +1.8                   | Q2          | 98.5      | +2.0                   |
| May                | 99.8    | +1.2                   | Q3          | 99.1      | +2.1                   |
| Jun                | 100.7   | +2.1                   | Q4          | 99.3      | +2.2                   |
| Jul                | 100.6   | +1.9                   | <b>2015</b> |           |                        |
| Aug                | 100.4   | +1.4                   | Q1          | 98.9      | +1.5                   |
| Sep                | 100.7   | +1.0                   | Q2          | 100.2     | +1.7                   |
| Oct                | 100.6   | +0.6                   | Q3          | 100.6     | +1.5                   |
| Nov                | 100.5   | +1.4                   | Q4          | 100.5     | +1.2                   |
| Dec                | 100.5   | +1.8                   | <b>2015</b> |           |                        |
| <b>2016</b>        |         |                        | Q1          | 100.2     | +1.3                   |
| Jan                | 100.3   | +1.7                   |             |           |                        |
| Feb                | 100.2   | +1.3                   |             |           |                        |
| Mar                | 100.1   | +1.0                   |             |           |                        |

**MONTH-TO-MONTH ANALYSIS**

**Education, Recreation, Entertainment & Reading**

The Education, Recreation, Entertainment & Reading sector increased 0.2 per cent in March. On average, boat fuel and pet supplies costs increased 6.1 per cent and 0.2 per cent, respectively.

**Rent**

The Rent sector was unchanged in March.

**Household Goods, Services & Supplies**

The Household Goods, Services & Supplies sector increased 0.1 per cent in March. The average cost of bed linens rose by 3.7 per cent.

**Health & Personal Care**

Offsetting price changes caused the Health & Personal Care sector to remain static in March. The average cost of prescribed medicines increased 1.5 per cent. In contrast, toiletries, cosmetics & perfumes decreased 0.2 per cent.

**Clothing & Footwear**

There were no changes in the Clothing & Footwear sector in March.

**Tobacco & Liquor**

There were no changes measured in the Tobacco & Liquor sector. The cost of a bottle of wine decreased 0.4 per cent, while the cost of spirits increased 0.3 per cent.

**Food**

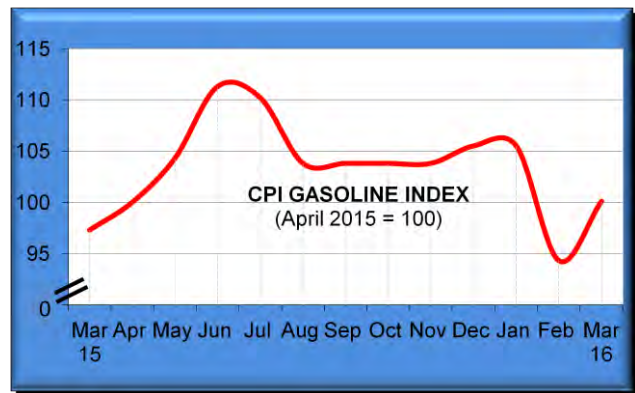
The Food sector decreased 0.1 per cent in March. Leading factors behind the decrease were the average price of fresh and frozen pork loin roll (-5.6 per cent), fresh cantaloupe (-4.6 per cent) and fresh and frozen stewed beef (-2.9 per cent).

**Fuel & Power**

The Fuel & Power sector declined 0.8 per cent in March as the fuel adjustment rate fell 2.5 per cent.

**Transport & Foreign Travel**

The Transport & Foreign Travel sector declined 0.7 per cent in March, following a 1.4 per cent decline in February. On average, the cost of airfares and overseas hotel accommodations dropped 8.6 per cent and 2.4 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.gov.bm](http://www.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, Entertain. & Reading | Health & Personal Care |
|-----------------------------------|--------------|--------------|--------------|---------------------|------------------|--------------|--------------------------------------|----------------------------|---|------------------------|
| <b>2013 WEIGHT</b>                | 1000         | 115          | 267          | 25                  | 31               | 39           | 116                                  | 130                        | 147   | 130                    |
| <b>ANNUAL AVERAGE ( per cent)</b> |              |              |              |                     |                  |              |                                      |                            |   |                        |
| <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                   |
| <b>MONTHLY ( per cent)</b>        |              |              |              |                     |                  |              |                                      |                            |   |                        |
| <b>2014</b>                       |              |              |              |                     |                  |              |                                      |                            |   |                        |
| 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                   |
| <b>2015</b>                       |              |              |              |                     |                  |              |                                      |                            |   |                        |
| 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                    |
| <b>2016</b>                       |              |              |              |                     |                  |              |                                      |                            |   |                        |
| Jan                               | -0.2         | +1.2         | -0.1         | +0.1                | +0.4             | -3.7         | +0.1                                 | -1.6                       | Nil   | Nil                    |
| Feb                               | -0.1         | +0.6         | +0.1         | Nil                 | +1.1             | Nil          | Nil                                  | -1.4                       | -0.3  | +0.1                   |
| Mar                               | -0.1         | -0.1         | Nil          | Nil                 | Nil              | -0.8         | +0.1                                 | -0.7                       | +0.2  | Nil                    |
| <b>Mar '16</b>                    | <b>100.1</b> | <b>102.0</b> | <b>100.4</b> | <b>100.8</b>        | <b>102.1</b>     | <b>92.4</b>  | <b>102.6</b>                         | <b>95.9</b>                | <b>101.1</b>                                | <b>100.6</b>           |
| <b>Mar '16</b>                    | <b>+1.0</b>  | <b>+2.0</b>  | <b>+0.6</b>  | <b>+1.3</b>         | <b>+2.5</b>      | <b>-7.6</b>  | <b>+2.7</b>                          | <b>-3.7</b>                | <b>+1.2</b>                                 | <b>+7.1</b>            |
| <b>Mar '15</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 & 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 | Mar 16 |
|-----------------------------------|------|------|------|------|--------|
| <b>Bermuda</b>                    | 2.4  | 1.8  | 2.0  | 1.5  | +1.0   |
| <b>United States<sup>1</sup></b>  | 1.7  | 1.5  | 0.8  | 0.7  | +0.9   |
| <b>Canada<sup>2</sup></b>         | 1.5  | 0.9  | 2.0  | 1.1  | +1.3   |
| <b>United Kingdom<sup>3</sup></b> | 3.2  | 3.0  | 2.4  | 1.1  | +1.6   |

#### Sources:

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

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